

A Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015



Terence R. McAuliffe
Governor

Richard D. Brown
Secretary of Finance

David A. Von Moll
Comptroller

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INTRODUCTORY SECTION

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Certificate of Achievement for Excellence in Financial Reporting
Organization of Executive Branch of Government
Organization of Government – Selected Government Officials – Executive Branch
Organization of the Department of Accounts



COMMONWEALTH of VIRGINIA

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December 15, 2015

The Honorable Terence R. McAuliffe
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor McAuliffe:

It is my pleasure to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015, in accordance with Section 2.2-813 of the *Code of Virginia*. This report consists of management's representations concerning the Commonwealth of Virginia's finances. Management assumes full responsibility for the completeness and reliability of all information presented. This report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). Data presented in this report is believed to be accurate in all material respects, and all disclosures that are necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

The 2015 CAFR is presented in three sections. The Introductory Section includes this transmittal letter and organization charts for state government. The Financial Section includes the State Auditor's Report, management's discussion and analysis (MD&A), audited government-wide and fund financial statements and notes thereto, required supplementary information other than MD&A, and the underlying combining and individual fund financial statements and supporting schedules. The Statistical Section sets forth selected unaudited economic, financial trend, and demographic information for the Commonwealth on a multi-year basis.

The Commonwealth's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management is required to use cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls. The Commonwealth's established internal controls fulfill these requirements and provide reasonable, but not absolute assurance, that the accompanying financial statements are free of material misstatement.

In accordance with Section 30-133 of the *Code of Virginia*, the Auditor of Public Accounts has audited the Commonwealth's financial statements for the year ended June 30, 2015. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the Federal Single Audit Act Amendments of 1996 and the related OMB Circular A-133 is performed at the statewide level. The Commonwealth's Single Audit Report will be issued at a later date. I would like to acknowledge the Auditor of Public Accounts' staff for their many contributions to the preparation of this report.

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. In addition to the financial analysis addressing the Commonwealth's governmental and business-type activities, the MD&A focuses on the Commonwealth's major funds: General, Commonwealth Transportation Special Revenue, Federal Trust Special Revenue, Literary Special Revenue, Virginia Lottery, Virginia College Savings Plan, and Unemployment Compensation. The Commonwealth's MD&A can be found on page 27 immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

Reporting Entity

For financial reporting purposes, the Commonwealth's reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (discrete component units). The funds and accounts of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or a component unit have been included. Further information can be found in Note 1.B. to the Financial Statements.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, as well as the Commonwealth's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth. The Commonwealth's discretely presented major component units are the Virginia Housing Development Authority, Virginia Public School Authority, Virginia Resources Authority, and Virginia College Building Authority.

The Commonwealth and its component units provide a wide range of services and funding to its citizens, including elementary, secondary and higher education; health and human services; economic development; environment and natural resources; public safety, corrections, and regulation; transportation; agriculture; and general government services. The financial activities associated with these services are reflected in both summary and detail throughout the CAFR.

Budgetary Control

In addition to the internal controls previously discussed, the Commonwealth maintains budgetary controls to ensure compliance with the legal provisions of the Commonwealth's Appropriation Act, which reflects the General Assembly's approval of a biennial budget. The financial transaction process begins with development and approval of the budget, after which budgetary control is maintained through a formal appropriation and allotment system. The budgeted amounts reflected in the accompanying financial statements represent summaries of agency budgets.

The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly on a biennial basis at the program level. The Commonwealth monitors spending activity to ensure the expenditures do not exceed the appropriated amounts at the agency level. The State Comptroller maintains a central general ledger that records total appropriations and related expenditures for all agencies and institutions included in the approved budget. Systemic controls are in place to prevent disbursements that exceed authorized appropriations. Additional information regarding the Commonwealth's budgetary process can be found in Note 1.E. to the Financial Statements.

ECONOMIC REVIEW

Local Economy

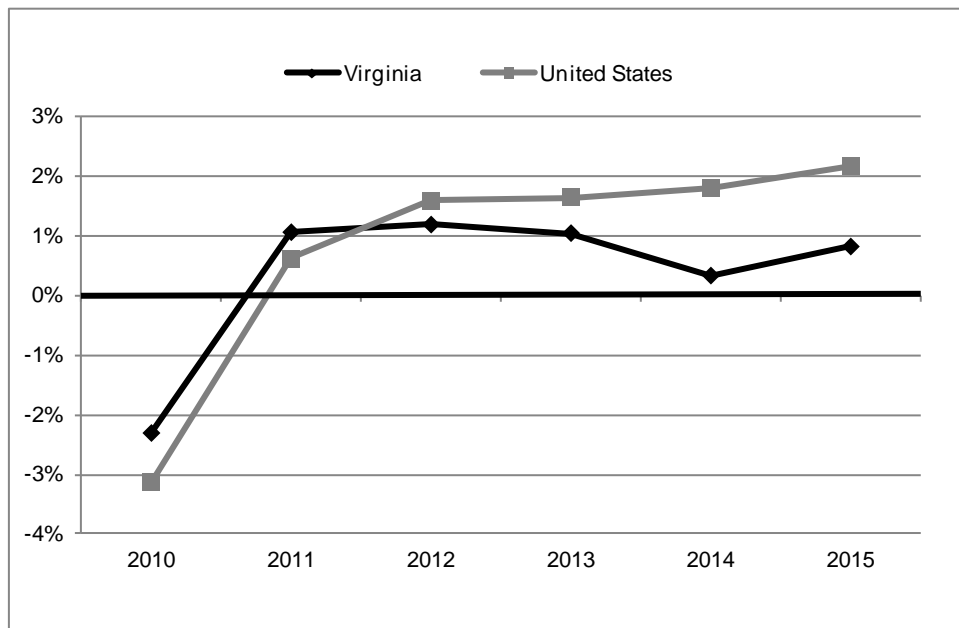
Introduction

This overview of the economy of the Commonwealth of Virginia was prepared by the Weldon Cooper Center for Public Service at the University of Virginia. In fiscal year 2015, Virginia's economy expanded, albeit at a significantly slower pace than the nation. Employment growth registered a slight uptick from the previous fiscal year while the jobless rate continued to decline towards pre-recessionary levels. Economic indicators such as personal income and taxable sales saw significant improvement, while housing market indicators showed a mixed picture of accelerating home sales, slower price appreciation and declining building permits. Federal government spending uncertainty and a "new normal" of moderate national economic growth suggest that state economic growth will be modest in the coming fiscal year.

Employment

Virginia experienced its fifth consecutive year of employment growth in fiscal year 2015, albeit growing slower than the nation for the last four of those years (**Figure 1**). The fiscal year 2015 growth rate of 0.8 percent was a slight improvement from 0.3 percent the fiscal year before. Federal budget sequestration and the associated decreases in defense and non-defense federal spending continued to have an outsized impact on the state economy. However, easing in federal spending restrictions afforded by the Bipartisan Budget Act of 2013 sequestration agreement and more robust national growth contributed to slightly improved circumstances in fiscal year 2015. Conditions are likely to be less than optimal in the next fiscal year because of continued federal budget uncertainties related to sequestration budget caps, budget reauthorization, and the debt ceiling. A global economic slowdown and likely commencement of Federal Reserve Board monetary tightening present additional downside growth risks for the coming year.

Figure 1
Annual Percentage Change in Nonfarm Payroll Employment
Fiscal Years 2010 – 2015



Source: U. S. Bureau of Labor Statistics

Virginia reached a significant jobs milestone in fiscal year 2015 with nonfarm payroll employment reaching 3,793,200. This number exceeded its fiscal year 2008 employment peak of 3,769,000 jobs for the first time. **Figure 2** shows changes in Virginia's nonfarm employment by industry for fiscal years 2010 through 2015 along with the employment change between fiscal years 2014 and 2015 for Virginia and the U.S. Federal Government employment declined for the second straight fiscal year, but the loss of 1,000 jobs was significantly less than the 4,500 jobs lost the fiscal year before. Professional and Business Services, a sector sensitive to federal government contracting, recovered 2,500 jobs after sharp reductions the fiscal year before. The mining and logging sector also experienced jobs losses because of declining state coal mining activity resulting from low coal prices, competition from alternative fuel sources such as natural gas, and regulatory pressures. The only other sector to lose jobs was the information sector. Three sectors, education and health services, leisure and hospitality, and construction, accounted for 16,800 increased jobs, which constituted over half of the total state job gains.

Figure 2
Nonfarm Payroll Employment
Fiscal Years 2010 – 2015

Industry*	Virginia Employment (000)						Change, Fiscal Year 2014 to Fiscal Year 2015		
	2010	2011	2012	2013	2014	2015	Virginia		U.S., Percent
							Number (000)	Percent	
Mining and logging	10.1	10.7	11.1	10.4	9.8	9.0	(0.8)	(8.2)	1.7
Construction	184.1	181.5	177.3	176.8	177.1	181.3	4.2	2.4	5.0
Manufacturing	233.1	230.0	231.5	231.2	231.1	232.9	1.8	0.8	1.6
Wholesale trade	110.0	111.2	111.2	111.4	110.6	111.5	0.9	0.8	1.8
Retail trade	396.9	400.1	404.6	406.6	412.5	413.2	0.7	0.2	1.9
Transportation and utilities	112.0	114.2	115.4	116.2	117.8	121.6	3.8	3.2	3.3
Information	77.9	75.0	72.5	71.4	71.6	70.7	(0.9)	(1.3)	1.9
Financial activities	178.1	180.6	185.3	190.9	193.1	194.1	1.0	0.5	1.7
Professional and business services	641.3	660.0	673.3	681.9	676.5	679.0	2.5	0.4	3.5
Education and health services	458.0	467.7	473.6	487.3	493.6	501.5	7.9	1.6	2.3
Leisure and hospitality	339.6	345.5	354.1	362.8	368.6	373.3	4.7	1.3	3.1
Other services	184.9	185.8	190.0	193.5	194.7	197.4	2.7	1.4	1.5
Federal government	171.0	174.6	173.9	175.2	170.7	169.7	(1.0)	(0.6)	(0.2)
State government	153.1	154.8	157.9	159.4	159.6	162.4	2.8	1.8	0.4
Local government	379.4	376.3	379.5	375.1	375.2	375.6	0.4	0.1	0.3
Total	3,629.5	3,668.0	3,711.2	3,750.1	3,762.5	3,793.2	30.7	0.8	2.2

Source: U. S. Bureau of Labor Statistics; details may not add due to totals due to rounding; some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

* North American Industry Classification System

Figure 3 shows the annual percentage change in nonfarm employment for 10 of the 11 Metropolitan Statistical Areas (MSAs) in Virginia. The Kingston-Bristol MSA is not included in this table because most of it is located in Tennessee and data for this indicator are not reported separately for the Virginia portion of the MSA. Each of the MSAs added jobs in fiscal year 2015. Three metropolitan areas, Staunton-Waynesboro, Virginia Beach-Norfolk-Newport News, and Roanoke, experienced employment growth rates well below the state average. Of those three metro areas, the Virginia Beach-Norfolk-Newport News MSA continues to be severely impacted by federal budget sequestration with just 0.4 percent growth in fiscal year 2015. In contrast, Northern Virginia, another region highly sensitive to federal spending reductions, bounced back from job losses in fiscal year 2014 to 1.0 percent growth in fiscal year 2015.

Figure 3
Annual Percent Change in Nonfarm Payroll Employment in Virginia's MSAs
 Fiscal Years 2010 – 2015

Area	2010	2011	2012	2013	2014	2015
Virginia	-2.3%	1.1%	1.2%	1.0%	0.3%	0.8%
Metropolitan areas (a)						
Blacksburg-Christiansburg-Radford	-3.6%	0.9%	2.5%	1.7%	1.1%	2.1%
Charlottesville	-1.8%	0.7%	1.7%	0.9%	0.6%	4.0%
Harrisonburg	-1.7%	1.9%	0.8%	0.9%	0.3%	1.1%
Lynchburg	-4.1%	-0.6%	-0.8%	0.3%	0.3%	1.1%
Northern Virginia	-0.7%	1.9%	1.9%	1.5%	-0.1%	1.0%
Richmond	-3.2%	0.8%	2.0%	1.8%	1.3%	1.3%
Roanoke	-2.8%	0.3%	1.0%	0.9%	0.8%	0.7%
Staunton-Waynesboro	-3.9%	0.1%	0.5%	0.0%	1.0%	0.2%
Virginia Beach-Norfolk-Newport News (b)	-2.5%	0.0%	0.6%	1.1%	0.6%	0.4%
Winchester (c)	-2.6%	3.1%	2.7%	1.8%	2.1%	2.4%

Source: U. S. Bureau of Labor Statistics; some prior year numbers have been revised to reflect the incorporation of newly available and revised source data

(a) Excludes Kingsport-Bristol MSA, most of which is located in Tennessee

(b) Includes portion in North Carolina

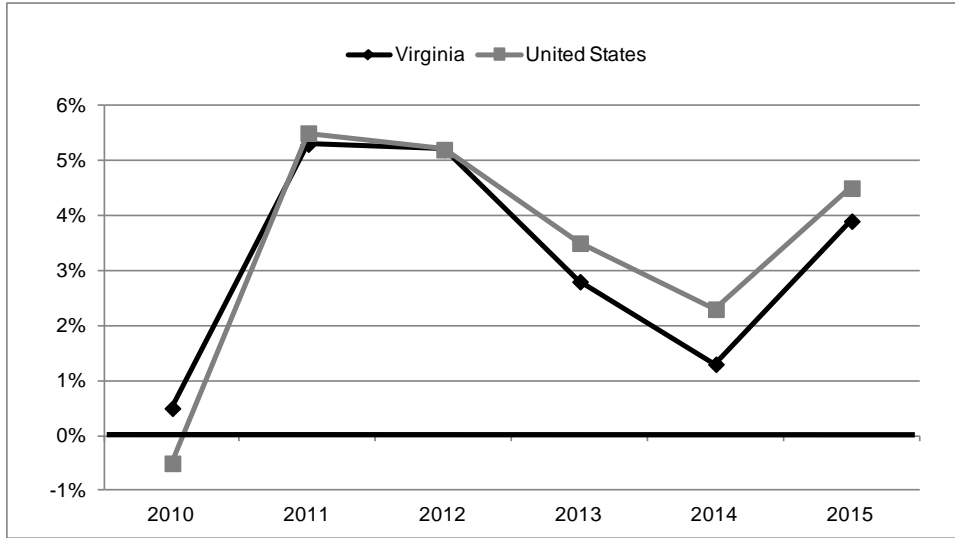
(c) Includes portion in West Virginia

Personal Income

Personal income provides the best currently available indicator of the health of Virginia's economy. Changes in personal income are also strongly correlated with state government revenues such as income tax and retail sales tax collections. As shown in **Figure 4**, personal income growth rebounded in Virginia to its highest rate (3.9 percent) in three years. Wages and salaries, which make up over half of Virginia total personal income, grew at a rate of 3.0 percent in fiscal year 2015. The next largest component is dividends, interest and rent, which expanded 3.7 percent. Among other components, transfer receipts grew 4.7 percent, supplements to wages and salaries expanded 1.9 percent, and proprietors' income advanced 7.2 percent.

Virginia's personal income growth trajectory generally follows the nation. Its growth rate has lagged the nation since fiscal year 2010, but this growth gap narrowed slightly in fiscal year 2015 to 0.6 percent from 1.0 percent in fiscal year 2014.

Figure 4
Percentage Change in Personal Income
 Fiscal Years 2010 – 2015

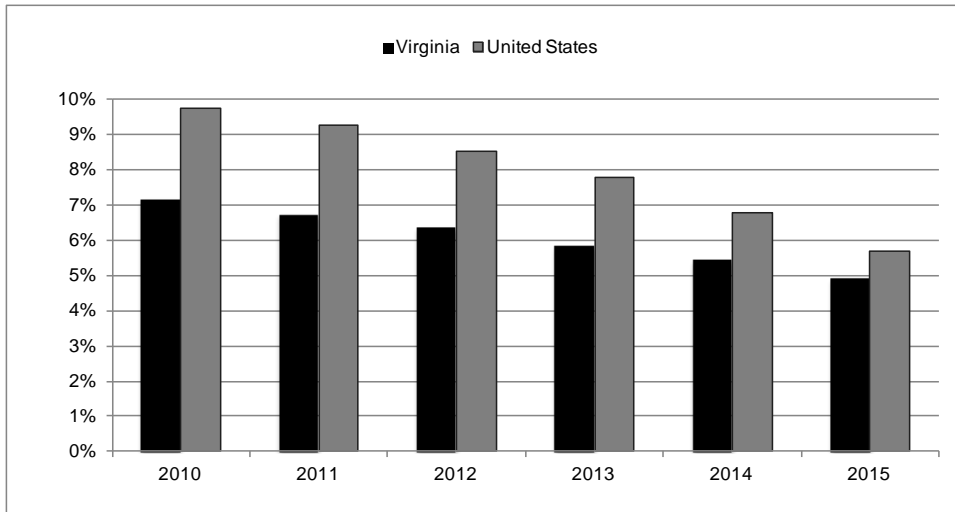


Source: U.S. Bureau of Economic Analysis

Unemployment

Unemployment rates at both the state and national levels continued to improve in fiscal year 2015. **Figure 5** shows that the unemployment rate in Virginia declined from 5.2 percent in fiscal year 2014 to 4.9 percent in fiscal year 2015, while the national rate decreased from 6.8 percent to 5.7 percent. These rates are significant improvements over the fiscal year highs of 7.2 percent and 9.8 percent, respectively, for fiscal year 2010 realized in the aftermath of the 2007-09 recession. However, they are still higher than the 3.0 percent and 4.5 percent unemployment rates, respectively, achieved in fiscal year 2007 before the onset of the recession. The unemployment rate (i.e., the U-3 measure) only counts people as unemployed if they do not have jobs but are actively seeking employment. It does not count so-called discouraged workers and those marginally attached to the labor force. It also counts part-time workers as employed, even if they desire full-time employment. When an alternative measure of the unemployment rate is used that takes into account these additional factors (i.e., the U-6 measure), Virginia's unemployment rate is 10.0 percent in fiscal year 2015 compared to 11.3 percent at the national level. These rates remain significantly elevated compared to the U-6 unemployment rates of 6.0 percent and 8.2 percent, respectively, estimated for fiscal year 2007.

Figure 5
Civilian Unemployment Rate
 Fiscal Years 2010 – 2015



Source: U.S. Bureau of Labor Statistics

Figure 6 shows unemployment rates for Virginia’s metropolitan and non-metropolitan regions. Unemployment rates for each of the 11 metropolitan areas decreased in fiscal year 2015. These decreases continue a pattern of gradual improvement in each metropolitan area over the fiscal year 2010 to fiscal year 2015 period. Below statewide average unemployment rates were observed in the Northern Virginia MSA (4.1 percent), the Charlottesville MSA (4.3 percent), the Winchester MSA (4.5 percent), and the Staunton-Waynesboro MSA (4.7 percent). The metropolitan area unemployment rate was significantly lower than the non-metropolitan area unemployment rate. But, the non-metropolitan area unemployment rate also improved in fiscal year 2015 as it had in each of the previous four years.

Figure 6
Civilian Unemployment Rate for Virginia’s MSAs
 Fiscal Years 2010 – 2015

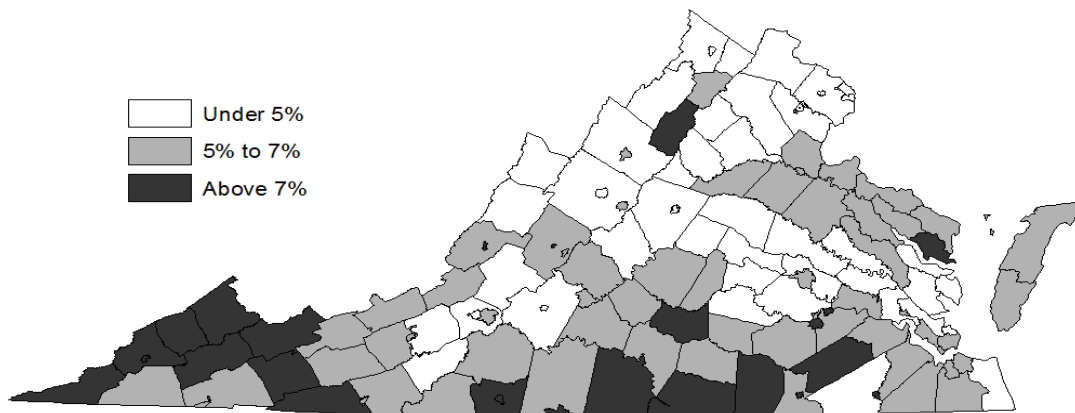
Area	2010	2011	2012	2013	2014	2015
Virginia	7.2%	6.7%	6.4%	5.8%	5.4%	4.9%
Metropolitan Areas	6.8%	6.4%	6.1%	5.6%	5.2%	4.7%
Blacksburg-Christiansburg-Radford	8.6%	7.5%	6.8%	6.5%	5.7%	5.1%
Charlottesville	6.4%	6.1%	5.8%	5.2%	4.7%	4.3%
Harrisonburg	6.9%	6.8%	6.6%	6.0%	5.4%	5.0%
Kingsport-Bristol *	9.1%	7.7%	7.3%	6.8%	6.3%	5.5%
Lynchburg	7.9%	7.4%	7.0%	6.5%	5.9%	5.4%
Northern Virginia	5.5%	5.1%	4.9%	4.6%	4.5%	4.1%
Richmond	8.1%	7.6%	7.0%	6.3%	5.8%	5.2%
Roanoke	7.7%	7.1%	6.6%	6.0%	5.5%	4.9%
Staunton-Waynesboro	7.4%	7.0%	6.5%	5.8%	5.2%	4.7%
Virginia Beach-Norfolk-New port News *	7.5%	7.3%	7.1%	6.4%	5.9%	5.4%
Winchester *	7.9%	7.0%	6.4%	5.7%	5.1%	4.5%
Non-metropolitan Areas	10.0%	9.4%	8.6%	8.1%	7.4%	6.5%

Source: U.S. Bureau of Labor Statistics; some prior year numbers have been revised to reflect the incorporation of newly available and revised source data

* Includes only the portion of the MSA located in Virginia

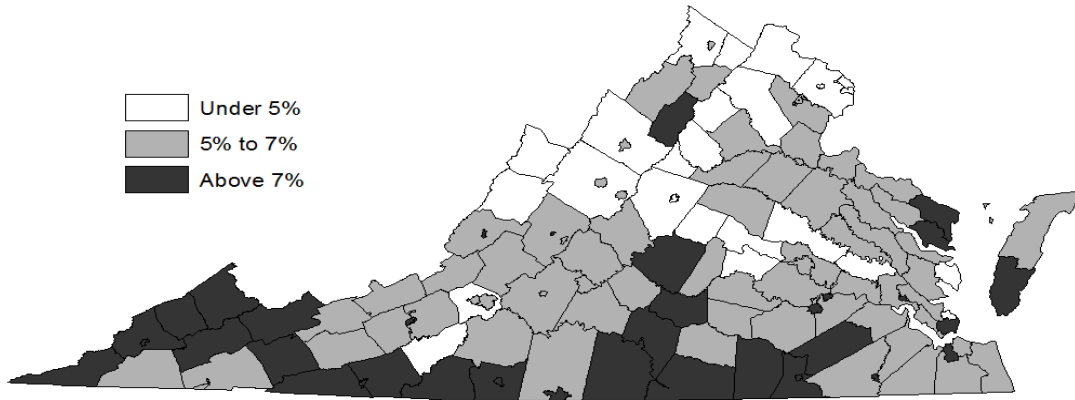
Figures 7a and **7b** show changes in the spatial pattern of unemployment in Virginia during the last two fiscal years using locality-level data. For fiscal year 2015, the highest unemployment rates were found in the Southwestern and South Central regions of the state. The Northern Neck, Delmarva Peninsula, and parts of Hampton Roads region also experienced unemployment levels above the statewide average of 4.9 percent. In comparison to fiscal year 2014 (shown in **Figure 7b**), many localities, most notably those within the Richmond metropolitan area and Roanoke and New River Valley regions, saw their unemployment rates fall below 5.0 percent.

Figure 7a
Unemployment Rate by Locality
 Fiscal Year 2015



Source: Virginia Employment Commission

Figure 7b
Unemployment Rate by Locality
 Fiscal Year 2014

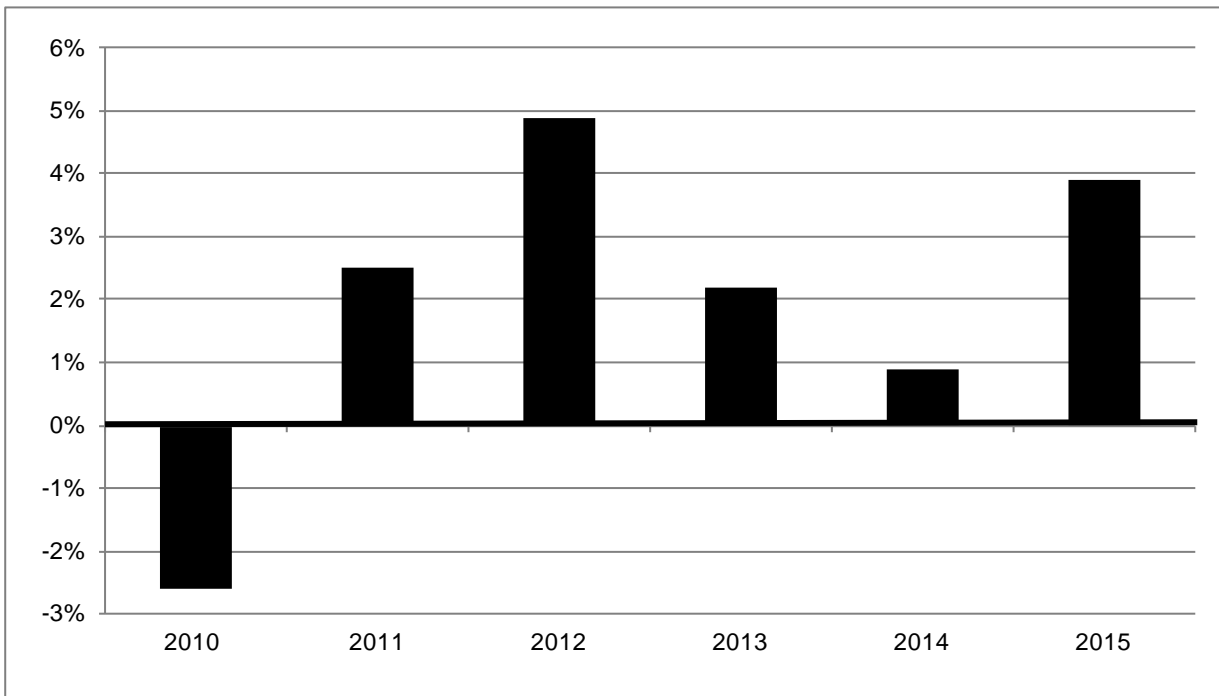


Source: Virginia Employment Commission

Taxable Sales

Changes in state retail sales are represented here using information on taxable sales. This measure is a useful proxy for retail sales, but omits some goods (e.g., motor vehicles, motor fuel sales) that appear in the comparable national measure and includes some services (e.g., restaurant sales, lodging sales) not included in that measure. **Figure 8** shows that taxable sales picked up in fiscal year 2015, rising from a post-recession low of 0.9 percent growth in fiscal year 2014 to 3.9 percent growth in fiscal year 2015. Taxable sales climbed to an all time high of \$98.1 billion in nominal dollars and the highest level since the pre-recessionary 2007 fiscal year in real dollars.

Figure 8
Annual Percentage Change in Taxable Sales in Virginia
 Fiscal Years 2010 – 2015

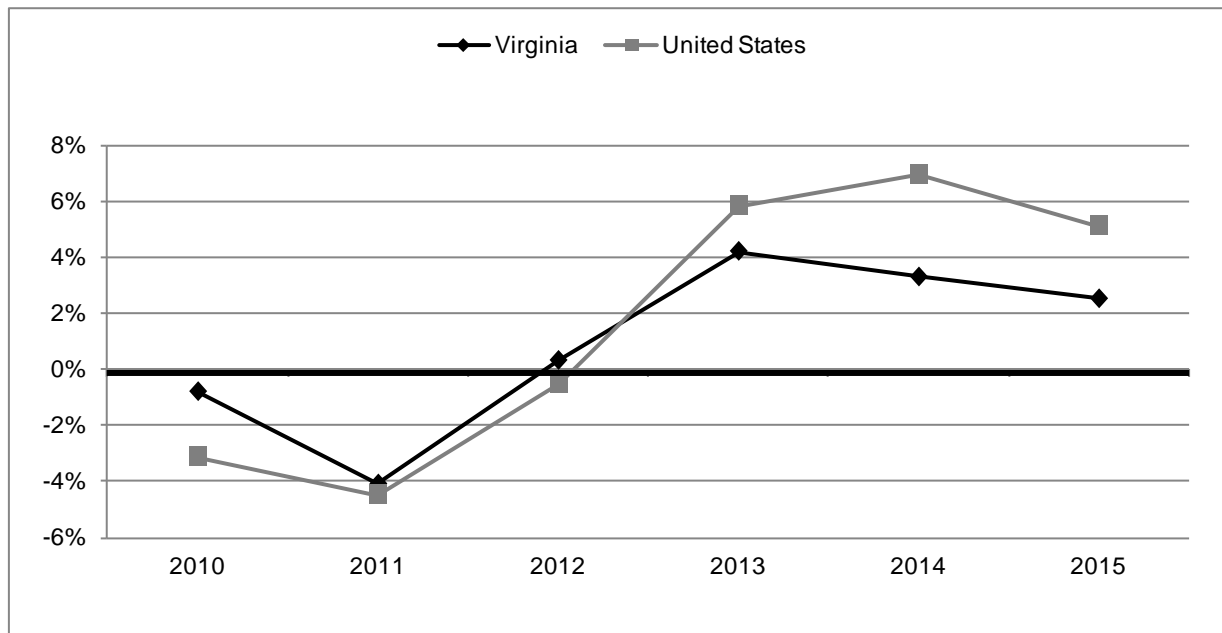


Source: Virginia Department of Taxation.

Housing Market

Housing market indicators provide a mixed picture of the health of Virginia's housing market. According to Virginia Association of Realtor reports, sales of single family homes, townhomes, and condos increased from 97,982 units in fiscal year 2014 to 102,986 units in fiscal year 2015. This constitutes a 5.1 percent rate of increase which compares to a 2.8 percent rate the fiscal year before. Housing prices published by the Federal Housing Finance Agency provide another measure of housing market conditions. **Figure 9** shows the percentage change in these housing prices for Virginia and the nation. Virginia housing prices appreciated 2.5 percent in fiscal year 2015, a downturn from 3.3 percent in fiscal year 2014 and 4.2 percent in fiscal year 2013. At the national level, housing prices grew 5.1 percent in fiscal year 2015, a decrease from the previous year's rate of 7.0 percent.

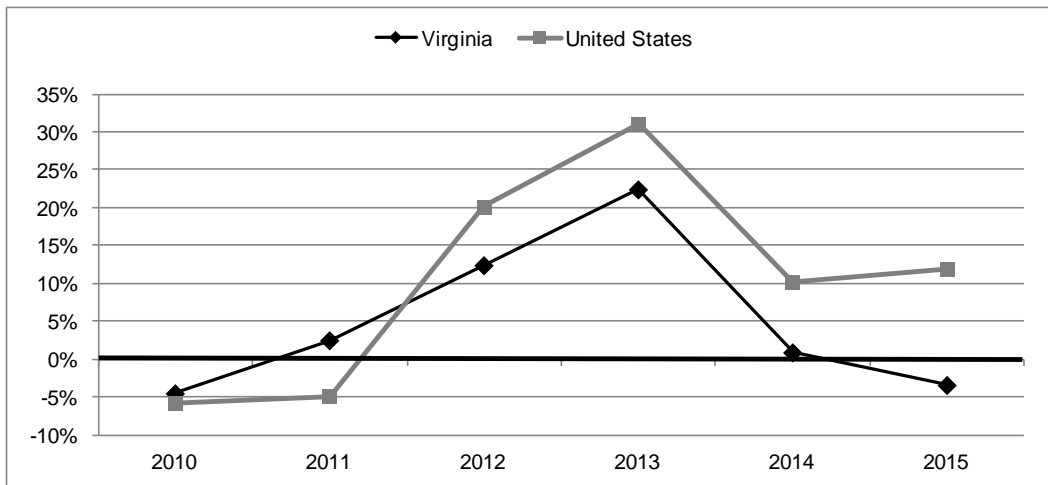
Figure 9
Percentage Change in Housing Prices
Fiscal Years 2010 – 2015



Source: Federal Housing Finance Agency

Current building permit data indicate that Virginia experienced a drop in new privately owned housing units authorized for construction in fiscal year 2015 of 3.4 percent (**Figure 10**). As in previous years, this rate is likely to be revised upwards slightly as rural jurisdictions that report building permits on an annual rather than monthly basis submit their data at the end of calendar year 2015. Nationally, building permits increased at an 11.9 percent rate during the same period, reflecting gradual improvement in the national housing market.

Figure 10
New Privately Owned Housing Units Authorized
Annual Percentage Change
 Fiscal Years 2010 – 2015



Source: U.S. Census Bureau

Conclusion

Fiscal year 2015 saw continued slow improvement in Virginia’s economy. The pace of employment growth picked up slightly and the unemployment rate eased. Personal income and taxable sales growth were also more robust. The Virginia housing market showed mixed results with home sales accelerating, housing price appreciation slowing, and building permit issuance turning negative. According to most available economic indicators, the state continued its recent pattern of lagging the nation.

Because of its heavy reliance on federal government spending, the state faces some economic uncertainty going into the next fiscal year due to the unknown status of federal budget sequestration caps and the potential for congressional disagreements over raising the debt limit and reauthorizing the budget that could trigger partial government shutdowns. Other challenges may arise from changes in the national macroeconomic climate due to anticipated Federal Reserve rate increases, a strengthening dollar, and a global economic slowdown. On the other hand, the national economic recovery is supported by healthy consumer spending and an improved housing market that should form the basis of continued moderate national economic growth.

MAJOR INITIATIVES

The CAFR has received unmodified audit opinions from fiscal year 1986 through fiscal year 2014. During this period, the Commonwealth has also received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. While we are very proud of these unmodified audit opinions and awards, we must be mindful of the fact that they are not automatic. The successes of the State Comptroller’s office are directly attributable not only to the professionalism, experience and integrity of the State Comptroller’s technical and accounting personnel, but also to the professionalism, experience and integrity of the financial and accounting personnel throughout the Commonwealth. These major initiatives will support efforts to continue our legacy of quality financial management.

Long-term Financial Planning

In 1992, an amendment to the Constitution of Virginia required the establishment of a Revenue Stabilization Fund. Annually, revenue collections are evaluated to determine whether deposits are required to the Fund. Withdrawals can only occur if the general fund revenues appropriated exceed the revised general fund revenue forecast by more than 2.0 percent of the certified tax revenues collected in the most recently ended fiscal year. Additionally, a withdrawal from the Fund cannot compensate for more than one-half of the difference between the general fund appropriations and revised estimate nor can it exceed more than one-half of the Fund balance. Further, pursuant to the constitutional amendment of Article X, Section 8, effective January 1, 2011, the amount on deposit cannot exceed 15.0 percent of the Commonwealth’s average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. This is an increase of the previous limit of 10.0 percent.

Enterprise Application Project

The Cardinal Project represents a shared vision between the offices of the Secretary of Transportation, Secretary of Finance and the Virginia Information Technologies Agency to replace the Commonwealth's financial system (CARS) and the Virginia Department of Transportation's (VDOT) financial system with a modern, enterprise-wide financial system (base financial system). The base financial system will provide a solid foundation for the Commonwealth to expand system functionality and facilitate better integration of key administrative systems across the state. This foundation will enable the Commonwealth to re-engineer activities to include taking advantage of shared services, increasing functionality for better fiscal management, and reducing redundant agency financial systems and related cost. The Cardinal Project will implement the base financial system in three phases. The first phase implemented VDOT's planned functionality on December 5, 2011, and the second phase implemented the Commonwealth's base financial system at the Department of Accounts (DOA) on October 1, 2012. The current phase of the project includes rolling Cardinal out to all other state agencies, at which time CARS will be retired. The remaining agencies have been divided into two waves, and the first wave was successfully implemented on October 1, 2014. The second wave is currently planned for February 1, 2016, with CARS being retired effective July 1, 2016. I, as State Comptroller, chair the Cardinal Steering Committee, and DOA has assigned full-time resources to this project.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth for its CAFR for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Commonwealth has received a Certificate of Achievement for the last 29 consecutive years (fiscal years 1986-2014). I believe that this year's report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

This report could not have been prepared without the full cooperation of all state agencies within the Executive Branch, the Legislature, the Judiciary, the Component Units, and especially the dedication and professionalism of the financial reporting staff in the Department of Accounts.

Respectfully submitted,

David A. Von Moll
Comptroller of the Commonwealth of Virginia



Government Finance Officers Association

**Certificate of
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for Excellence
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Presented to

Commonwealth of Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

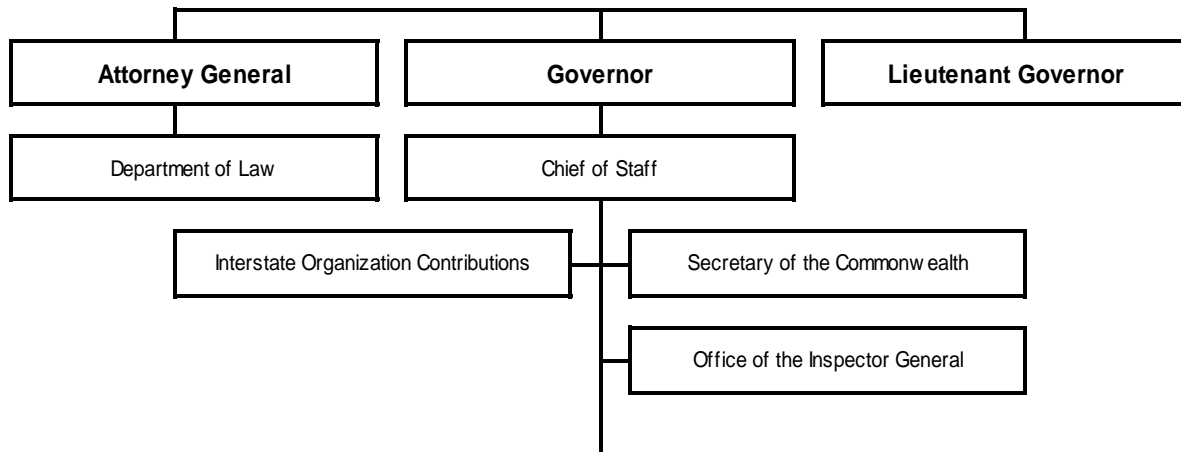
Executive Director/CEO



Organization Charts

Organization of Executive Branch of Government

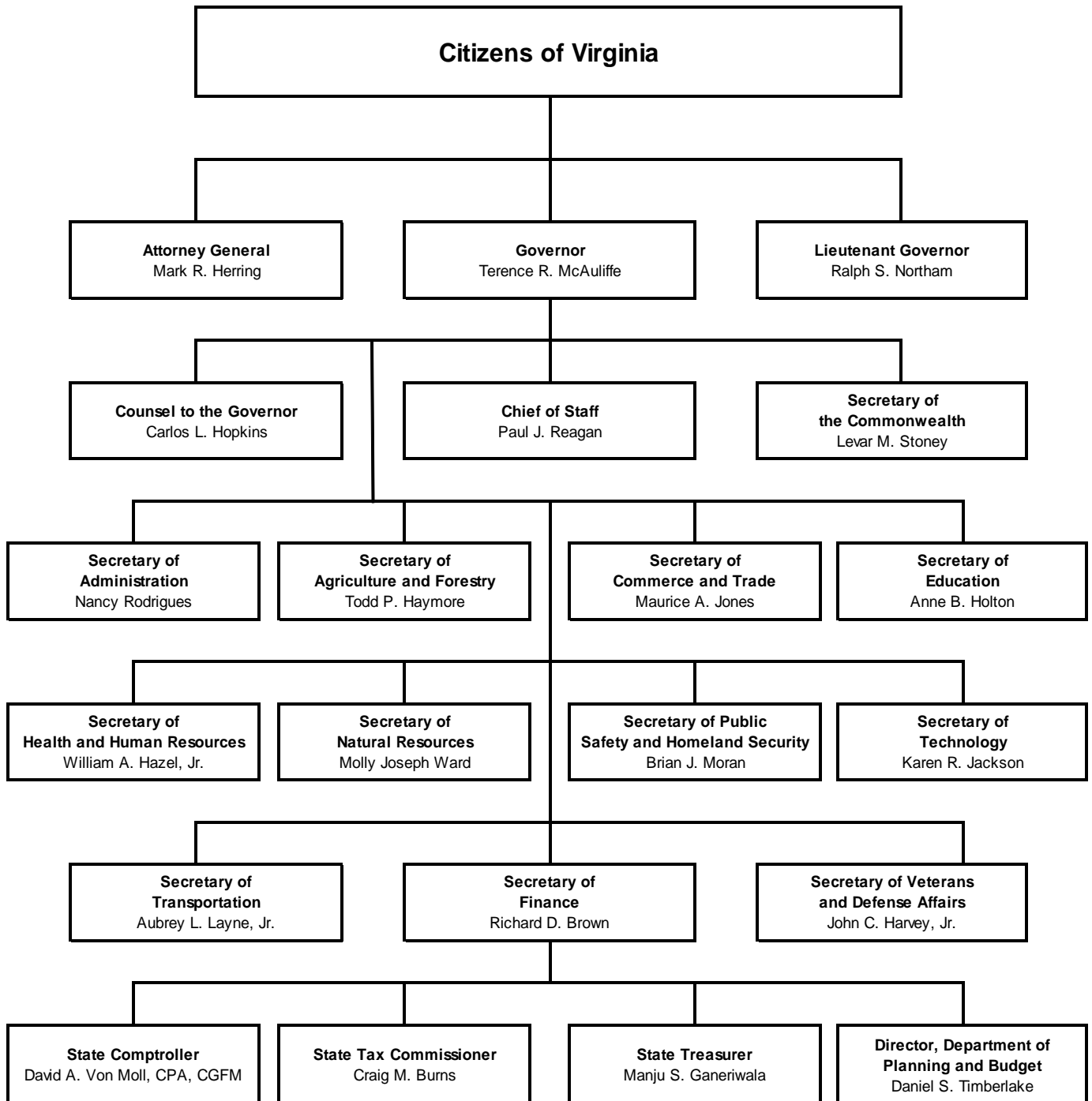
As of June 30, 2015



<p>Secretary of Administration Compensation Board Department of General Services Department of Human Resource Management Department of Elections</p>	<p>Secretary of Education Christopher Newport University Department of Education Frontier Culture Museum of Virginia George Mason University Gunston Hall Institute for Advanced Learning and Research James Madison University Jamestown-Yorktown Foundation Longwood University New College Institute Norfolk State University Old Dominion University Radford University Richard Bland College Roanoke Higher Education Authority Southern Virginia Higher Education Center Southwest Virginia Higher Education Center State Council of Higher Education for Virginia The College of William and Mary The Library of Virginia The Science Museum of Virginia University of Mary Washington University of Virginia Virginia College Building Authority Virginia Commission for the Arts Virginia Commonwealth University Virginia Community College System Virginia Institute of Marine Science Virginia Military Institute Virginia Museum of Fine Arts Virginia Polytechnic Institute and State University Virginia School for the Deaf and Blind Virginia State University</p>	<p>Secretary of Natural Resources Department of Conservation and Recreation Department of Environmental Quality Department of Game and Inland Fisheries Department of Historic Resources Marine Resources Commission Virginia Museum of Natural History</p>
<p>Secretary of Agriculture and Forestry Virginia Agricultural Council Department of Agriculture and Consumer Services Department of Forestry Virginia Racing Commission</p>	<p>Secretary of Finance Department of Accounts Department of Planning and Budget Department of Taxation Department of the Treasury Treasury Board</p>	<p>Secretary of Public Safety and Homeland Security Commonwealth Attorneys' Services Council Department of Alcoholic Beverage Control Department of Corrections Department of Criminal Justice Services Department of Emergency Management Department of Fire Programs Department of Forensic Science Department of Juvenile Justice Department of Military Affairs Department of State Police Virginia Correctional Enterprises Virginia Parole Board</p>
<p>Secretary of Commerce and Trade Board of Accountancy Department of Housing and Community Development Department of Labor and Industry Department of Mines, Minerals and Energy Department of Professional and Occupational Regulation Department of Small Business and Supplier Diversity Tobacco Indemnification and Community Revitalization Commission Virginia Economic Development Partnership Virginia Employment Commission Virginia Tourism Authority</p>	<p>Secretary of Technology Innovation and Entrepreneurship Investment Authority Virginia Information Technologies Agency</p>	<p>Secretary of Transportation Department of Aviation Department of Motor Vehicles Department of Rail and Public Transportation Department of Transportation Motor Vehicle Dealer Board Virginia Port Authority</p>
<p>Secretary of Health and Human Resources Office of Children's Services Department for Aging and Rehabilitative Services Department for the Blind and Vision Impaired Department for the Deaf and Hard-of-Hearing Department of Behavioral Health and Developmental Services Department of Health Department of Health Professions Department of Medical Assistance Services Department of Social Services Virginia Board for People with Disabilities Virginia Foundation for Healthy Youth Virginia Rehabilitation Center for the Blind and Vision Impaired Woodrow Wilson Rehabilitation Center</p>	<p>Secretary of Veterans and Defense Affairs Department of Veterans Services</p>	

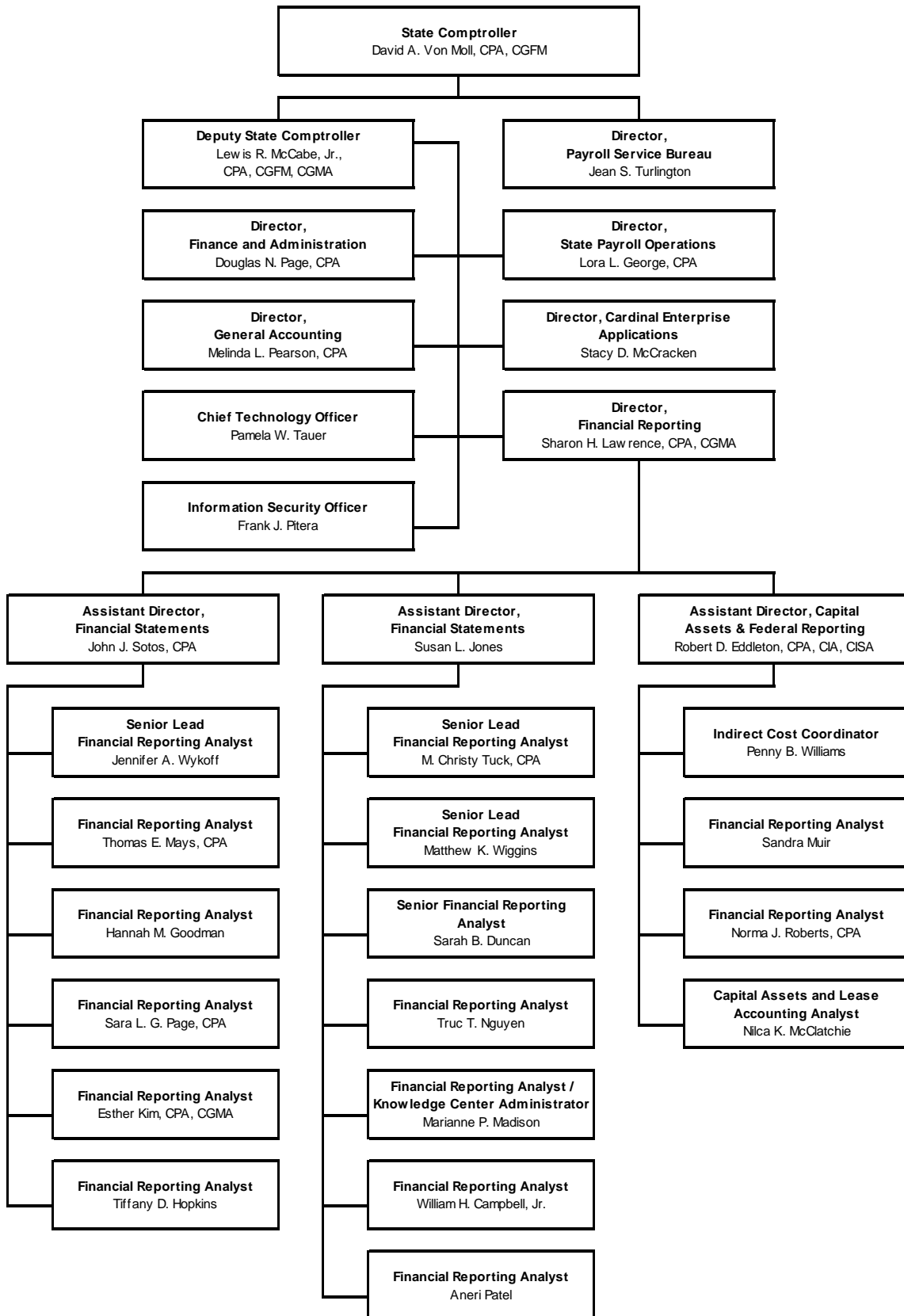
Organization of Government Selected Government Officials - Executive Branch

As of December 15, 2015



Organization of the Department of Accounts

As of December 15, 2015



FINANCIAL SECTION

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Combining and Individual Fund Statements and Schedules



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2015

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
And Review Commission

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information 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 Commonwealth'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 opinions on these financial statements based on our audit. We did not audit the financial statements of certain blended and aggregate discretely presented components units of the Commonwealth, which are discussed in Note 1.B. These component units account for the following percentages of total assets and deferred outflows of resources, revenues, and net position of the opinion units affected.

Opinion Unit	Total Assets and Deferred Outflows	Net Position	Revenues
Business-Type Activities	7.308%	0.091%	-
Aggregate Remaining Fund Information	0.392%	0.002%	-
Aggregate Discretely Presented Component Units	29.224%	24.094%	9.993%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for certain component units discussed in Note 1.B. are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Hampton Roads Sanitation District Commission, Science Museum of Virginia Foundation, Virginia Museum of Fine Arts Foundation, Library of Virginia Foundation, and Danville Science Center, Inc., which were audited by other auditors upon whose reports we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

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 financial statement presentation.

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

The Commonwealth of Virginia's basic financial statements for the year ended June 30, 2015, reflect the provisions of the Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension - 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*. The Commonwealth of Virginia implemented the requirements of GASB Statements No. 68 and 71 in accordance with their required effective date. See Notes 2, 13 and 15 in the accompanying financial statements for the impact of the standards' implementation. Our opinion is not modified with respect to this matter.

Correction of 2014 Financial Statements

As discussed in Note 2 of the accompanying financial statements, the fiscal year 2014 governmental activities, business-type activities, component units, Commonwealth Transportation major special revenue fund, and proprietary funds financial statements have been restated to correct misstatements. Our opinion is not modified with respect to these matters.

Change in Reporting Entity

In addition, as discussed in Note 2 of the accompanying financial statements, the component unit financial statements have been restated due to the removal of the Virginia Horse Center Foundation as a non-major component unit of the Commonwealth. 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 analysis, budgetary comparison schedules, schedule of changes in employer's net pension liability, schedule of employer contributions for pension plans, funding progress for other post-employment benefit plans, schedule of employer contributions for other post-employment benefit plans, and claims development information on pages 27 through 37 and 177 through 196 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 the 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth of Virginia's basic financial statements. The accompanying supplementary information, such as the combining and individual fund statements and schedules, and other information such as the introductory and statistical sections, are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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, our report dated December 15, 2015, on our consideration of the Commonwealth'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 is issued in the Commonwealth of Virginia Single Audit Report. 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 the 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 Commonwealth's internal control over financial reporting and compliance.

MARTHA S. MAVREDES
AUDITOR OF PUBLIC ACCOUNTS

Management's Discussion and Analysis

(Unaudited)

The following is a discussion and analysis of the Commonwealth of Virginia's (the Commonwealth) financial performance, including an overview and analysis of the financial activities of the Commonwealth for the fiscal year ended June 30, 2015. Readers should consider this information in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the Commonwealth's financial statements, including the notes to the financial statements, which are located after this analysis.

Financial Highlights

Government-wide Highlights

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2015, by \$20.8 billion. Net position of governmental activities increased by \$868.1 million and net position of business-type activities increased by \$303.0 million. Component units reported an increase in net position of \$1.1 billion from June 30, 2014.

Fund Highlights

At the end of the fiscal year, the Commonwealth's governmental funds reported a combined ending fund balance of \$4.3 billion, an increase of \$402.8 million in comparison with the prior year. Of this total fund balance, \$282.5 million represents nonspendable fund balance, \$2.2 billion represents restricted fund balance, \$2.5 billion represents committed fund balance, and \$28.8 million represents assigned fund balance. These amounts are offset by a negative \$713.1 million unassigned fund balance. The Enterprise Funds reported net position at June 30, 2015, of \$1.4 billion, an increase of \$303.9 million during the year which is primarily attributable to the Unemployment Compensation Fund and the Virginia College Savings Plan. See page 33 for additional information.

The General Fund recognized higher fund revenues and expenditures, as well as higher assets and deferred outflows of resources and lower liabilities and deferred inflows of resources when compared to fiscal year 2014. See page 34 for additional information.

Long-term Debt

The Commonwealth's total debt rose during the fiscal year to \$41.9 billion, an increase of \$4.3 billion, or 11.4 percent. During the fiscal year, the Commonwealth issued new debt in the amount of \$1.4 billion for the primary government and \$5.0 billion for the component units. These debt issuances increased the debt balances to \$14.7 billion for the primary government and \$27.2 billion for component units.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Commonwealth's basic financial statements, which include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also contains additional required supplementary information and other information.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commonwealth's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Commonwealth's financial position which helps readers determine whether the Commonwealth's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the full accrual basis of accounting. This means that all revenue and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30.

The Statement of Net Position (pages 40 and 41) presents information on all of the Commonwealth's assets and deferred outflows of resources, and liabilities and deferred inflows of resources; net position represents the difference between all other elements in a statement of financial position and is displayed in three components – net investment in capital assets; restricted; and unrestricted. Over time, increases or decreases in net position may indicate whether the financial position of the Commonwealth is improving or deteriorating.

The Statement of Activities (pages 42 through 44) presents information showing how the Commonwealth's net position changed during fiscal year 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Position and Statement of Activities report three separate activities. These activities are described as follows:

Governmental Activities – account for functions of the Commonwealth that are primarily supported by taxes and intergovernmental revenues. The majority of the Commonwealth’s basic services, such as education, individual and family services, transportation, resources and economic development, administration of justice, and general government, fall within this category.

Business-type Activities – account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. The major business-type activities of the Commonwealth include the Virginia Lottery, Virginia College Savings Plan, and Unemployment Compensation Fund.

Discretely Presented Component Units – account for functions of legally separate entities for which the Commonwealth is financially accountable. The Commonwealth has 26 non-higher education component units and 22 higher education institutions that are reported as discretely presented component units. Information regarding the individual financial statements of the component units is presented in the notes to the financial statements.

This report includes two schedules (pages 48 and 52) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (full accrual accounting). The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Internal service funds are reported as governmental activities in the government-wide statements, but are reported as proprietary funds in the fund financial statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in the governmental fund statements, but not deferred in the government-wide statements.
- Capital outlay spending in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
- Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commonwealth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Commonwealth’s funds can be divided into three categories: governmental, proprietary, and fiduciary. Each of these categories uses different accounting approaches. Fund financial statements begin on page 46 and provide detailed information about the major individual funds.

- **Governmental funds** – Most of the basic services provided by the Commonwealth are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Commonwealth’s current needs.

Because the focus of governmental funds is more limited than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison can help readers better understand the long-term impact of the Commonwealth’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Commonwealth reports 12 individual governmental funds. Information is presented separately in the governmental fund statements for the General, Commonwealth Transportation, Federal Trust, and Literary funds, which are all considered major funds. Data from the other 8 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the combining financial statements immediately following the required supplementary information.

- **Proprietary funds** – The Commonwealth maintains two different types of proprietary funds, enterprise and internal service. These funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting. Enterprise funds report activities that charge fees for supplies or services to the general public like the Virginia Lottery. Enterprise funds are reported as business-type activities on the government-wide financial statements.

The enterprise funds use the full accrual basis of accounting and the only differences between amounts reported on the government-wide statements and the enterprise fund statements are due to internal service fund activity (see reconciliations on pages 54 and 56). Internal service funds report activities that charge fees for supplies and services to other Commonwealth agencies, like Fleet Management. Internal service funds are reported as governmental activities in the government-wide statements because these types of services predominantly benefit governments rather than business-type functions.

The Commonwealth reports 24 individual proprietary funds. Information is presented separately in the proprietary fund statements for the Virginia Lottery, Virginia College Savings Plan, and Unemployment Compensation Funds, all of which are considered major funds. Data from the other enterprise funds are aggregated into a single column on the fund statements. All internal service funds are aggregated into a single column on the fund statements. Individual fund data for all nonmajor proprietary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Fiduciary funds** – These funds are used to account for resources held for the benefit of parties outside the government and use the full accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because the resources of these funds are restricted and cannot be used to finance the Commonwealth's operations. The Commonwealth's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position beginning on page 64.

The Commonwealth's fiduciary funds are the:

- Private Purpose Trusts, which reports the activities for 7 separate funds and accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments;
- Pension and Other Employee Benefit Trusts, which reports the activities of 13 separate pension and other employment retirement plans for employees;
- Investment Trust, which accounts for the activities of the external investment pool; and,
- Agency, which accounts for assets held on behalf of others in 20 separate funds.

Individual fund data for all fiduciary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Component Units** – The government-wide financial statements report information for all component units aggregated in a single column. Information is provided separately in the component unit fund statements for the Virginia Housing Development Authority, Virginia Public School Authority, Virginia Resources Authority, and Virginia College Building Authority, all of which are considered major component units. Data from the other component units are aggregated into a single column on the fund statements. Individual fund data for all nonmajor component units is provided in the combining financial statements immediately following the required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component unit fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles fund balances at June 30. It also includes information concerning the Commonwealth's funding progress and employer contributions for pension and other postemployment benefits and changes in employers' net pension liability, as well as trend information for Commonwealth-managed risk pools.

Other Information

The combining statements referred to earlier in connection with nonmajor funds and component units can be found beginning on page 197 of this report. The individual fund information is aggregated into a single total on the combining financial statements, which carries forward to the fund financial statements.

Government-wide Financial Analysis

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$20.8 billion during the fiscal year. The net position of the governmental activities increased \$868.1 million, or 4.7 percent, primarily due to increases in capital assets and deferred outflows of resources offset by increases in total liabilities and deferred inflows of resources. Capital assets are discussed further on page 35, the long-term liabilities are discussed further on page 36, and deferred inflows and outflows of resources are discussed in Note 13, "Deferred Outflows and Deferred Inflows of Resources." Business-type activities had an increase of \$303.0 million, or 28.2 percent, primarily due to an increase for the Unemployment Compensation Fund and Virginia College Savings Plan as discussed on page 33. The government-wide beginning balance was restated for 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*, and the correction of prior year errors to arrive at a restated beginning balance of \$19.6 billion.

Figure 11
Net Position as of June 30, 2015 and 2014
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014 as restated	2015	2014 as restated	2015	2014 as restated
Current and other assets	\$ 9,244,081	\$ 8,966,466	\$ 4,425,736	\$ 4,042,573	\$ 13,669,817	\$ 13,009,039
Capital assets	29,347,883	27,908,070	40,227	168,539	29,388,110	28,076,609
Deferred outflow s of resources	507,048	53,940	13,438	-	520,486	53,940
Total assets and deferred outflow s of resources	<u>39,099,012</u>	<u>36,928,476</u>	<u>4,479,401</u>	<u>4,211,112</u>	<u>43,578,413</u>	<u>41,139,588</u>
Long-term liabilities outstanding	11,953,821	11,996,146	2,736,277	2,779,870	14,690,098	14,776,016
Other liabilities	4,790,020	4,801,203	342,291	354,809	5,132,311	5,156,012
Deferred inflow s of resources	2,918,314	1,562,385	21,371	-	2,939,685	1,562,385
Total liabilities and deferred inflow s of resources	<u>19,662,155</u>	<u>18,359,734</u>	<u>3,099,939</u>	<u>3,134,679</u>	<u>22,762,094</u>	<u>21,494,413</u>
Net position:						
Net investment in capital assets	23,406,620	22,326,288	34,519	12,312	23,441,139	22,338,600
Restricted	1,435,961	1,465,891	845,213	586,073	2,281,174	2,051,964
Unrestricted	(5,405,724)	(5,223,437)	499,730	478,048	(4,905,994)	(4,745,389)
Total net position	<u>\$ 19,436,857</u>	<u>\$ 18,568,742</u>	<u>\$ 1,379,462</u>	<u>\$ 1,076,433</u>	<u>\$ 20,816,319</u>	<u>\$ 19,645,175</u>

The largest portion of the primary government's net position reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements and software), less any related outstanding debt and deferred inflows of resources used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The primary government uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the primary government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (**Figure 11**). The governmental activities net investment in capital assets amount exceeds total net position due to a negative unrestricted net position amount unrelated to capital assets.

An additional portion of the primary government's net position represents restricted net position. These resources are subject to external restrictions or constitutional provisions specifying how they may be used. The remaining balance of negative \$4.9 billion is unrestricted net position (**Figure 11**).

Approximately 55.4 percent of the primary government's total revenue came from taxes. While the primary government's expenses cover many services, the largest expenses are for education and individual and family services. General revenues normally fund governmental activities. For fiscal year 2015, governmental program and general revenues exceeded governmental expenses by \$274.3 million. Program revenues exceeded expenses from business-type activities by \$986.0 million. The following condensed financial information (**Figure 12**) was derived from the Government-wide Statement of Activities and provides detail regarding the change in net position (see page 42).

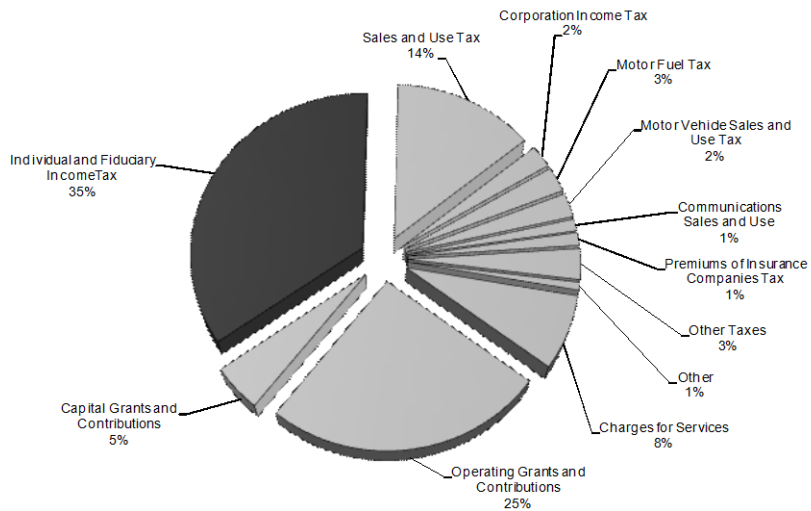
Figure 12
Changes in Net Position for the Fiscal Years Ended June 30, 2015 and 2014
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014 as restated	2015	2014 as restated	2015	2014 as restated
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,594,514	\$ 2,560,863	\$ 3,953,679	\$ 4,131,281	\$ 6,548,193	\$ 6,692,144
Operating Grants and Contributions	8,914,631	8,731,809	183	264	8,914,814	8,732,073
Capital Grants and Contributions	1,618,761	1,508,880	-	69,595	1,618,761	1,578,475
General Revenues:						
Taxes:						
Individual and Fiduciary Income	12,265,530	11,681,808	-	-	12,265,530	11,681,808
Sales and Use	4,829,677	4,597,105	-	-	4,829,677	4,597,105
Corporation Income	801,165	769,832	-	-	801,165	769,832
Motor Fuel	888,348	791,944	-	-	888,348	791,944
Motor Vehicle Sales and Use	846,197	780,817	-	-	846,197	780,817
Communications Sales and Use	416,051	420,371	-	-	416,051	420,371
Deeds, Contracts, Wills, and Suits	440,896	394,834	-	-	440,896	394,834
Premiums of Insurance Companies	453,376	459,933	-	-	453,376	459,933
Alcoholic Beverage Sales	139,832	132,044	-	-	139,832	132,044
Tobacco Products	178,954	182,110	-	-	178,954	182,110
Estate	92	149	-	-	92	149
Public Service Corporations	118,849	119,074	-	-	118,849	119,074
Beer and Beverage Excise	42,719	43,050	-	-	42,719	43,050
Wine and Spirits/ABC Liter	26,253	25,620	-	-	26,253	25,620
Bank Stock	19,030	22,581	-	-	19,030	22,581
Other Taxes	112,368	95,415	9,142	9,142	121,510	104,557
Unrestricted Grants and Contributions	48,613	48,730	-	-	48,613	48,730
Investment Earnings	15,970	44,571	1,603	1,735	17,573	46,306
Miscellaneous	205,625	233,716	243	358	205,868	234,074
Total Revenues	34,977,451	33,645,256	3,964,850	4,212,375	38,942,301	37,857,631
Expenses:						
General Government	3,267,325	3,545,550	-	-	3,267,325	3,545,550
Education	9,844,625	9,484,561	-	-	9,844,625	9,484,561
Transportation	4,369,089	4,060,677	-	-	4,369,089	4,060,677
Resources and Economic Development	970,515	1,163,797	-	-	970,515	1,163,797
Individual and Family Services	13,276,897	13,875,427	-	-	13,276,897	13,875,427
Administration of Justice	2,751,111	3,641,626	-	-	2,751,111	3,641,626
Interest and Charges on Long-term Debt	223,584	237,782	-	-	223,584	237,782
Virginia Lottery	-	-	1,299,753	1,281,732	1,299,753	1,281,732
Virginia College Savings Plan	-	-	155,331	110,156	155,331	110,156
Unemployment Compensation	-	-	431,437	535,715	431,437	535,715
Alcoholic Beverage Control	-	-	579,945	595,272	579,945	595,272
Risk Management	-	-	10,240	13,839	10,240	13,839
Local Choice Health Care	-	-	349,910	308,295	349,910	308,295
Route 460 Funding Corporation of Virginia	-	-	13,024	82,257	13,024	82,257
Virginia Industries for the Blind	-	-	42,722	39,198	42,722	39,198
Consolidated Laboratory	-	-	8,630	11,244	8,630	11,244
eVA Procurement System	-	-	22,563	23,739	22,563	23,739
Department of Environmental Quality Title V	-	-	10,444	16,287	10,444	16,287
Wireless E-911	-	-	36,804	46,598	36,804	46,598
Museum and Library Gift Shops	-	-	6,618	7,174	6,618	7,174
Behavioral Health Canteen and Work Activity	-	-	466	442	466	442
Total Expenses	34,703,146	36,009,420	2,967,887	3,071,948	37,671,033	39,081,368
Excess before transfers	274,305	(2,364,164)	996,963	1,140,427	1,271,268	(1,223,737)
Special Item	(134,561)	-	34,437	-	(100,124)	-
Transfers	728,371	723,701	(728,371)	(723,701)	-	-
Increase in net position	868,115	(1,640,463)	303,029	416,726	1,171,144	(1,223,737)
Net position, July 1, as restated	18,568,742	20,209,205	1,076,433	659,707	19,645,175	20,868,912
Net position, June 30	\$ 19,436,857	\$ 18,568,742	\$ 1,379,462	\$ 1,076,433	\$ 20,816,319	\$ 19,645,175

Governmental Activities Revenues

Figure 13 is a graphical representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$1.3 billion, or 4.0 percent. The net increase is mainly attributable to increases in the General Fund, which are discussed on page 34.

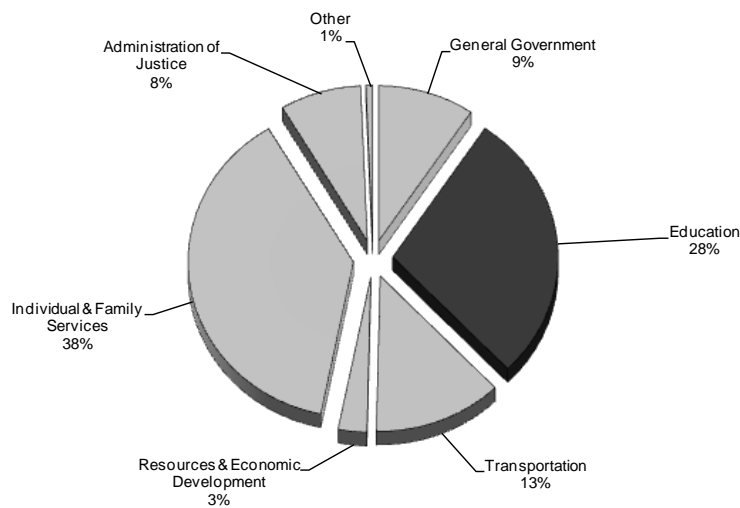
Figure 13
Revenues by Source – Governmental Activities
 Fiscal Year 2015



Governmental Activities Expenses

Figure 14 is a graphical representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses decreased by \$1.3 billion, or 3.6 percent. This change is primarily attributable to decreases in all expense types with the exception of Education and Transportation. See pages 34 and 35 for additional information.

Figure 14
Expenses by Type – Governmental Activities
 Fiscal Year 2015



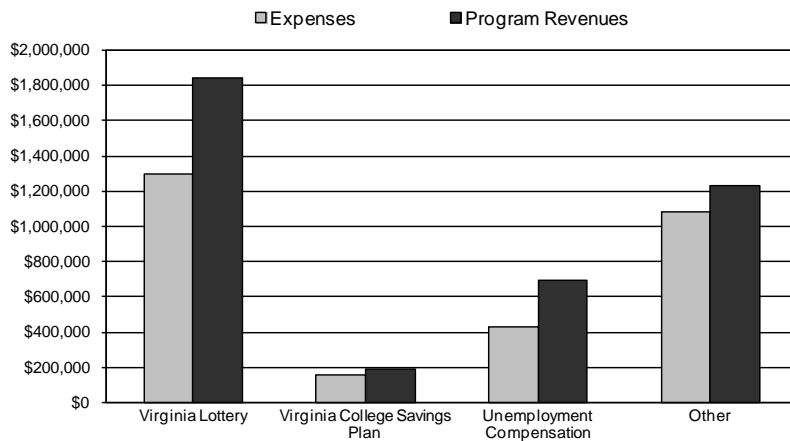
Net Position of Business-type Activities

Net position of business-type activities increased by \$303.0 million during the fiscal year. As shown in **Figure 15**, highlights of the changes in net position for the major enterprise funds were as follows:

- Lottery sales were \$1.8 billion, an increase of \$33.1 million over the prior year. Net income was \$545.5 million, a decrease of \$621,623 (0.1 percent) from fiscal year 2014. Sales of scratch games increased by \$29.9 million (3.0 percent) and online sales increased by \$3.2 million (0.4 percent). This is offset by an increase of \$33.4 million (2.6 percent) in total expenses, primarily attributable to the cost of prizes and claims.
- Virginia College Savings Plan's net position increased by \$32.2 million (6.3 percent) during the fiscal year. Although the investment income decreased from the prior year, total revenues still exceeded the increased expenses incurred during fiscal year 2015.
- Unemployment Compensation Fund net position increased by \$259.1 million during fiscal year 2015, primarily as a result of a decrease in benefit claims. Operating expenses decreased by \$104.3 million. These factors combined give the Trust Fund the large increase.

Over the one year period from July 1, 2014, to June 30, 2015, the unemployment rate declined from 5.2 percent to 4.9 percent. Additionally, there were approximately 51,270 fewer initial unemployment claims filed than in the previous year. These declines were accompanied by decreases in the average weekly benefit amounts from approximately \$290.9 to \$290.0 in fiscal year 2015 and decreases in the average benefit duration from 16.3 weeks to 16.0 weeks in fiscal year 2015. These multiple influences led to a decrease in the total benefit payments of \$104.3 million over the prior year.

Figure 15
Business-type Activities
Program Revenues and Expenses
 Fiscal Year 2015
 (Dollars in Thousands)



Fund Statements Financial Analysis

As of the end of the fiscal year, the primary government's governmental funds reported combined ending fund balances of \$4.3 billion, including a negative unassigned fund balance of \$713.1 million indicating that restricted and committed amounts exceed the available modified accrual basis fund balance. The remainder of fund balance is nonspendable, restricted or committed to indicate that it is not available for new spending.

General Fund Highlights

At the end of the fiscal year, the General Fund reported a combined ending fund balance of \$848.4 million, an increase of \$218.7 million in comparison with the prior year. Of this total fund balance, \$120.0 million represents nonspendable fund balance, \$1.1 billion represents restricted fund balance, and \$295.7 million represents committed fund balance. These amounts are offset by a negative \$653.4 million unassigned fund balance.

Fiscal year 2015 General Fund revenues were 3.5 percent, or \$642.6 million, higher than fiscal year 2014 revenues. This revenue change results from increases of \$762.2 million primarily attributable to individual and fiduciary income taxes (\$590.0 million), sales and use taxes (\$94.4 million), deeds, contracts, wills and suits taxes (\$35.4 million) and corporation income taxes (\$22.4 million) offset by decreases of \$119.6 million primarily attributable to interest, dividends, and rents (\$50.3 million), other revenue primarily relating to expenditure recoveries from prior years (\$34.9 million), and premiums of insurance companies taxes (\$14.0 million).

Fiscal year 2015 expenditures increased by 2.6 percent, or \$483.4 million, when compared to fiscal year 2014. This was primarily attributable to increases in individual and family services, education, general government, and administration of justice expenditures of \$262.4 million, \$161.6 million, \$30.2 million, and \$24.6 million, respectively. Net other financing sources and uses increased by \$67.8 million, which is primarily due to lower transfers out to and higher transfers in from nongeneral funds.

Budget Highlights

The General Fund began the year with an original revenue budget that was \$943.0 million, or 5.2 percent, higher than the final fiscal year 2014 revenue budget. Additionally, the final revenue budget was slightly lower (\$624.4 million or 3.3 percent) than the original budget. The change between the original and final budget was primarily attributable to decreases in the final budget for individual and fiduciary income taxes of \$533.6 million and other revenue primarily relating to expenditure recoveries from prior years of \$80.4 million due to revised economic forecasts. This was offset by increases in the final budget for premiums of insurance companies taxes of \$29.6 million and corporation income taxes of \$24.3 million. Total actual General Fund revenues were higher than final budgeted revenues by \$531.1 million due to stronger than anticipated collections.

Total final budget expenditures were lower than original budget expenditures by \$560.8 million, or 2.8 percent. This decrease was primarily attributable to budgeted expenditures for general government of \$561.4 million, individual and family services of \$96.0 million, and education of \$22.4 million, offset in part by increases in resources and economic development of \$56.8 million and administration of justice of \$52.7 million.

The Commonwealth spent less than planned so actual expenditures were \$272.3 million, or 1.4 percent, lower than final budget expenditures.

Budget Outlook

In order to mitigate the effects of difficult economic conditions over the past several years, the Commonwealth adopted temporary budget solutions such as accelerated sales taxes.

While some of the conditions left by the financial and economic downturn experienced between 2008 and 2010 are still visible in certain sectors, Virginia's economy continued to recover, however, at a slower rate than the national level. Data regarding the primary economic indicators – jobs and new housing units provide some improvement. The unemployment rate has decreased from the previous fiscal year while housing indicators show mixed results. During fiscal year 2015 the two General Fund revenue sources most closely tied to current economic activity – individual income taxes and retail sales taxes – experienced increases when compared to the 2014 collections by \$1.1 billion (9.6 percent) and \$169.0 million (5.5 percent), respectively. The individual income tax collections and retail sales taxes were more than the estimated revenue by \$512.4 million (4.3 percent) and \$17.6 million (0.5 percent), respectively. These increases resulted in a strong performance during the second half of the fiscal year.

Although the fiscal year 2015 revenue collections compared to fiscal year 2014 showed improvements over the estimate, the fiscal year 2016 General Fund Revenue estimate calls for a decline of 0.1 percent when compared to the fiscal year 2015 collections. This planned reduction reflects continued uncertainty related to federal spending cuts and concerns in the global market. The Governor will release his amendments to the 2016-2017 biennial budget on December 17, 2015.

Major Special Revenue Fund Highlights

The Commonwealth Transportation Fund ended the fiscal year with a fund balance of \$2.3 billion. Approximately \$3.9 billion is contractually committed for various highways, public transportation, and rail preservation projects (see Note 20). Additionally, revenues and expenditures increased \$434.1 million, or 8.7 percent, and \$284.1 million, or 5.5 percent, respectively. The revenue increase was primarily due to increases in tax collection of \$332.4 million or 11.2 percent and in other revenue of \$68.5 million or 49.7 percent. Expenditures increased mainly for highway maintenance, acquisition, and construction.

The Federal Trust Fund balance decreased by \$19.8 million, or 14.7 percent primarily due to a significant decrease in fines and forfeitures of \$89.4 million, or 93.7 percent, and a decrease in other revenue of \$32.1 million or 22.4 percent, offset by an increase in Federal Grants and Contracts revenue of approximately \$25.3 million and a decrease in expenditures of \$60.1 million. This change in the Federal Grants and Contracts revenue was mainly attributed to an increase in Medicaid funding (\$156.8 million), child and family assistance (\$61.8 million), and public safety (\$12.7 million), offset by decreases of American Recovery and Reinvestment Act revenue (\$21.6 million), unemployment insurance (\$78.8 million), food and home energy assistance programs (\$97.4 million), and education grants (\$28.5 million). The remaining difference is distributed over many other federal programs. Net other financing sources and uses decreased by \$10.9 million, or 89.4 percent primarily attributable to lower transfers in from other funds.

The Literary Fund ended the year with a deficit net position of \$37.5 million and a fund balance decrease of \$51.0 million, or 378.2 percent. These decreases resulted from both operating results and accruals. The net disbursements exceeded net receipts by \$63.4 million, offset by a cash transfer in of \$12.4 million representing unclaimed prizes from the Virginia Lottery (major enterprise). Additionally, loans of \$185.9 million owed to the Virginia Public School Authority (major component unit) exceeded the cash and accrued receivables at year end.

Capital Asset and Long-term Debt

Capital Assets. The primary government's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$29.4 billion (net of accumulated depreciation totaling \$16.4 billion). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements, and software. Infrastructure assets are items that are normally immovable such as roads, bridges, drainage systems, and other similar assets. As noted on page 30, increases in capital assets and deferred outflows of resources offset by increases in total liabilities and deferred inflows of resources resulted in an increase in net position of the governmental activities of \$868.1 million, or 4.7 percent. The increase in the primary government's net investment in capital assets was primarily attributable to increases in infrastructure of \$1.2 billion offset by decreases in construction-in-progress of \$90.5 million. These changes are primarily attributable to transportation. The primary government reports equipment with a value of \$50,000 or greater and an expected useful life of two or more years. The primary government capitalizes all land, buildings, infrastructure, and intangible assets that have a cost or value greater than \$100,000 and an expected useful life of two or more years. Additional information on the primary government's capital assets can be found in Note 12, Capital Assets.

Figure 16
Capital Assets as of June 30, 2015
(Net of Depreciation)
(Dollars in Thousands)

	Governmental Activities	Business-type Activities	Total
Land	\$ 2,935,504	\$ 1,977	\$ 2,937,481
Buildings	2,619,679	17,638	2,637,317
Equipment	485,154	12,149	497,303
Water Rights/Easements	69,770	-	69,770
Infrastructure	18,974,616	-	18,974,616
Software	244,070	3,861	247,931
Construction-in-Progress	4,019,090	4,602	4,023,692
Total	\$ 29,347,883	\$ 40,227	\$ 29,388,110

Long-term Debt. The Commonwealth is prohibited from issuing general obligation bonds for operating purposes. At the end of the current fiscal year, the Commonwealth had total debt outstanding of \$41.9 billion, including total tax-supported debt of \$19.8 billion and total debt not supported by taxes of \$22.2 billion. Bonds backed by the full faith and credit of the government and tax-supported total \$1.6 billion. Debt is considered tax-supported if Commonwealth tax revenues are used or pledged for debt service payments. An additional \$877.9 million is considered moral obligation debt which is not tax-supported. The Commonwealth has no direct or indirect pledge of tax revenues to fund reserve deficiencies. However, in some cases, the Commonwealth has made a moral obligation pledge to consider funding deficiencies in debt service reserves that may occur. The remainder of the Commonwealth's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

During fiscal year 2015, the Commonwealth issued \$6.4 billion of new debt for various projects. Of this new debt, \$1.4 billion was for the primary government and \$5.0 billion for the component units. Additional information on the Commonwealth's outstanding debt can be found in Note 26, "Long-Term Liabilities," as well as in the section entitled "Debt Schedules." The Commonwealth maintains a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service; Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc.; and Fitch, Inc.

State statutes limit the amount of general obligation debt the Commonwealth may issue for each specific type of debt. The 9(a) bonds, which may be issued to fund the defense of the Commonwealth; to meet casual deficits in revenue or in anticipation of the collection of revenues; or to redeem previous debt obligations, and are limited to 30.0 percent of 1.15 times the annual tax revenues for fiscal year 2015. The 9(b) bonds, which have been authorized by the citizens of Virginia through bond referenda to finance capital projects, are limited to 1.15 times the average of selected tax revenues for fiscal years 2013, 2014, and 2015. The 9(c) bonds, which have been issued to finance capital projects that will generate revenue upon their completion, are limited to 1.15 times the average of selected tax revenues for fiscal years 2013, 2014, and 2015. The current debt limitation for the Commonwealth is \$5.8 billion, \$17.6 billion, and \$17.3 billion, respectively, for the 9(a), 9(b), and 9(c) general obligation bond issues. These limits significantly exceed the Commonwealth's outstanding general obligation debt. Currently, there is no 9(a) debt outstanding.

Figure 17
Outstanding Debt as of June 30, 2015
General Obligation Bonds
(Dollars in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
General obligation bonds				
9(b)	\$ 642,181	\$ -	\$ 642,181	\$ -
9(c)	33,190	-	33,190	936,857
Total	<u>\$ 675,371</u>	<u>\$ -</u>	<u>\$ 675,371</u>	<u>\$ 936,857</u>

New Accounting Standard

The Commonwealth implemented 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*, during fiscal year 2015. The new GASB reporting requirements impact the measurement and recognition of pension-related liabilities, deferred outflows of resources, deferred inflows of resources and pension-related expenses in the Commonwealth's financial statements. As a result of these statements, the beginning net position has been restated for the primary government and component units by \$2.5 billion and \$1.7 billion, respectively, as further discussed in Note 2, "Restatement of Beginning Balances." The following amounts are reported for Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources in the Commonwealth's financial statements.

	<u>Primary Government</u>	<u>Component Units</u>
Net Pension Liability	\$ 4.3 billion	\$ 2.5 billion
Deferred Outflows of Resources	438.8 million	252.5 million
Deferred Inflows of Resources	768.7 million	473.1 million

While the above amounts are reported for the first time in fiscal year 2015, it is important to note that the Net Pension Obligation was previously reported in both the financial statements and notes to the financial statements. Further, the Unfunded Actuarially Accrued Liability amounts were previously reported in the notes to the financial statements and Required Supplementary Information. Additional information can be found in Note 13, Deferred Inflows and Deferred Outflows of Resources, and Note 15, Retirement and Pension Systems.

Economic Factors and Review

During fiscal year 2015, the Commonwealth's economy saw continued improvement, although at a slower rate than at the national level. The Commonwealth experienced a lower job growth rate than at the national level (0.8 percent at the state level versus 2.2 percent nationally), widening the gap between the Commonwealth's job growth rate and that of the nation during the last fiscal year. Personal income growth reached 3.9 percent during fiscal year 2015, compared to 1.3 percent in fiscal year 2014. This is the highest rate in the last three fiscal years. Unemployment in the Commonwealth and at the national level continued to decline during the fiscal year, reaching 4.9 percent and 5.7 percent, respectively. Total taxable sales in the Commonwealth experienced a considerable increase of 3.9 percent over fiscal year 2014. Economic indicators show that during fiscal year 2015, the housing market in the Commonwealth continued to decline while the national level experienced a slight increase. Additionally, housing prices in the Commonwealth again showed a positive change for fiscal year 2015, with an increase of approximately 2.5 percent, compared to just over 5.0 percent at the national level. Fiscal year 2015 indicates that the Commonwealth's economy will continue to improve; however, because of its dependence on federal government spending measures, the Commonwealth's economy may experience some economic unpredictability in the coming fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Commonwealth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State Comptroller's Office, Commonwealth of Virginia, P. O. Box 1971, Richmond, Virginia 23218. This report is also available for download at www.doa.virginia.gov.

The Commonwealth's component units issue their own separate financial statements. Contact information regarding each component unit is provided in Note 1.B.



Government-wide Financial Statements

Statement of Net Position

June 30, 2015

(Dollars in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 3,171,586	\$ 1,106,520	\$ 4,278,106	\$ 2,588,542
Investments (Notes 1 and 6)	1,854,522	2,499,354	4,353,876	13,709,567
Receivables, Net (Notes 1 and 7)	3,071,450	525,378	3,596,828	12,555,512
Contributions Receivable, Net (Notes 1 and 8)	-	-	-	380,944
Internal Balances (Note 1)	(62,763)	62,763	-	-
Due from Primary Government (Note 9)	-	-	-	12,297
Due from Component Units (Note 9)	21,055	-	21,055	143,170
Due from External Parties (Fiduciary Funds) (Note 9)	273	-	273	-
Inventory (Note 1)	157,835	68,089	225,924	129,934
Prepaid Items (Note 1)	114,152	2,119	116,271	139,024
Other Assets (Notes 1 and 10)	4,763	279	5,042	101,883
Loans Receivable from Primary Government (Notes 1 and 9)	-	-	-	185,850
Loans Receivable from Component Units (Notes 1 and 9)	18,992	-	18,992	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	892,216	135,458	1,027,674	2,158,109
Restricted Investments (Notes 6 and 11)	-	25,776	25,776	5,236,533
Other Restricted Assets (Note 11)	-	-	-	277,678
Nondepreciable Capital Assets (Notes 1 and 12)	7,347,105	6,579	7,353,684	2,696,127
Depreciable Capital Assets, Net (Notes 1 and 12)	22,000,778	33,648	22,034,426	14,371,900
Total Assets	38,591,964	4,465,963	43,057,927	54,687,070
Deferred Outflows of Resources (Notes 1, 13, and 14)	507,048	13,438	520,486	702,655
Total Assets and Deferred Outflows of Resources	39,099,012	4,479,401	43,578,413	55,389,725
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 24)	980,098	56,911	1,037,009	1,188,754
Amounts Due to Other Governments	852,758	7,439	860,197	114,891
Due to Primary Government (Note 9)	-	-	-	21,055
Due to Component Units (Note 9)	12,297	-	12,297	143,170
Due to External Parties (Fiduciary Funds) (Note 9)	24,991	776	25,767	29,352
Unearned Revenue (Note 1)	215,578	3,897	219,475	337,618
Obligations Under Securities Lending Program (Notes 1 and 6)	200,705	103,163	303,868	20,744
Other Liabilities (Notes 1, 14, and 25)	1,548,317	108,994	1,657,311	1,568,180
Loans Payable to Primary Government (Notes 1 and 9)	-	-	-	18,992
Loans Payable to Component Units (Notes 1 and 9)	185,850	-	185,850	-
Claims Payable (Notes 1 and 23):				
Due Within One Year	201,236	39,268	240,504	100,864
Due in More Than One Year	568,190	21,843	590,033	41,529
Long-term Liabilities (Notes 1, 21, 22, and 26):				
Due Within One Year	614,979	583,199	1,198,178	1,489,788
Due in More Than One Year	11,338,842	2,153,078	13,491,920	25,758,665
Total Liabilities	16,743,841	3,078,568	19,822,409	30,833,602
Deferred Inflows of Resources (Notes 1, 13, 14, and 37)	2,918,314	21,371	2,939,685	580,780
Total Liabilities and Deferred Inflows of Resources	19,662,155	3,099,939	22,762,094	31,414,382

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

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net Investment in Capital Assets	23,406,620	34,519	23,441,139	10,103,074
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	3,196,208
Permanent Funds	34,725	-	34,725	-
Other	-	-	-	159,825
Expendable:				
Agriculture and Forestry	1,573	-	1,573	-
Bond Indenture	-	-	-	2,682,279
Capital Projects/Construction/Capital Acquisition	6,059	-	6,059	1,696,896
Debt Service	44,729	-	44,729	101,253
Economic and Technological Development	2,286	-	2,286	-
Educational and Training Programs	10,522	-	10,522	-
Environmental Quality and Natural Resource Preservation	16,705	-	16,705	-
Gifts and Grants	136,170	-	136,170	141,371
Health and Public Safety	78,711	-	78,711	-
Higher Education	-	-	-	5,714,574
Lottery Proceeds Fund	7,063	-	7,063	-
Permanent Funds	1,447	-	1,447	-
Revenue Stabilization Fund	1,073,289	-	1,073,289	-
Transportation Activities	13,737	-	13,737	-
Unemployment Compensation Trust Fund	-	845,213	845,213	-
Virginia Pooled Investment Program	-	-	-	7,747
Virginia Water Supply Assistance Grant Fund	5,634	-	5,634	-
Other	3,311	-	3,311	10,546
Unrestricted	(5,405,724)	499,730	(4,905,994)	161,570
Total Net Position	\$ 19,436,857	\$ 1,379,462	\$ 20,816,319	\$ 23,975,343

Statement of Activities

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 3,267,325	\$ 297,095	\$ 146,717	\$ 8,067
Education	9,844,625	545,097	976,277	10,069
Transportation	4,369,089	691,049	59,701	1,585,958
Resources and Economic Development	970,515	378,875	157,730	4,260
Individual and Family Services	13,276,897	365,850	7,543,369	6,060
Administration of Justice	2,751,111	316,548	30,837	4,347
Interest and Charges on Long-term Debt	223,584	-	-	-
Total Governmental Activities	34,703,146	2,594,514	8,914,631	1,618,761
Business-type Activities				
Virginia Lottery	1,299,753	1,843,971	-	-
Virginia College Savings Plan	155,331	187,873	-	-
Unemployment Compensation	431,437	692,602	-	-
Alcoholic Beverage Control	579,945	730,043	183	-
Risk Management	10,240	8,487	-	-
Local Choice Health Care	349,910	343,478	-	-
Route 460 Funding Corporation of Virginia	13,024	-	-	-
Virginia Industries for the Blind	42,722	44,276	-	-
Consolidated Laboratory	8,630	10,107	-	-
eVA Procurement System	22,563	19,445	-	-
Department of Environmental Quality Title V	10,444	10,814	-	-
Wireless E-911	36,804	54,604	-	-
Museum and Library Gift Shops	6,618	7,493	-	-
Behavioral Health Canteen and Work Activity	466	486	-	-
Total Business-type Activities	2,967,887	3,953,679	183	-
Total Primary Government	\$ 37,671,033	\$ 6,548,193	\$ 8,914,814	\$ 1,618,761
Component Units				
Virginia Housing Development Authority	\$ 423,294	\$ 447,436	\$ 124,973	\$ -
Virginia Public School Authority	141,711	135,924	8,161	-
Virginia Resources Authority	158,410	148,908	-	54,357
Virginia College Building Authority	767,765	74,298	42,255	140
Nonmajor	13,924,995	9,541,330	2,483,700	603,781
Total Component Units	\$ 15,416,175	\$ 10,347,896	\$ 2,659,089	\$ 658,278

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,815,446)	\$ -	\$ (2,815,446)	\$ -
(8,313,182)	-	(8,313,182)	-
(2,032,381)	-	(2,032,381)	-
(429,650)	-	(429,650)	-
(5,361,618)	-	(5,361,618)	-
(2,399,379)	-	(2,399,379)	-
(223,584)	-	(223,584)	-
(21,575,240)	-	(21,575,240)	-
-	544,218	544,218	-
-	32,542	32,542	-
-	261,165	261,165	-
-	150,281	150,281	-
-	(1,753)	(1,753)	-
-	(6,432)	(6,432)	-
-	(13,024)	(13,024)	-
-	1,554	1,554	-
-	1,477	1,477	-
-	(3,118)	(3,118)	-
-	370	370	-
-	17,800	17,800	-
-	875	875	-
-	20	20	-
-	985,975	985,975	-
(21,575,240)	985,975	(20,589,265)	-
-	-	-	149,115
-	-	-	2,374
-	-	-	44,855
-	-	-	(651,072)
-	-	-	(1,296,184)
-	-	-	(1,750,912)

Continued on next page

Statement of Activities (Continued from previous page)

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Net (Expense) Revenue and Changes in Net Position			Component Units
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
General Revenues				
Taxes				
Individual and Fiduciary Income	12,265,530	-	12,265,530	-
Sales and Use	4,829,677	-	4,829,677	-
Corporation Income	801,165	-	801,165	-
Motor Fuel	888,348	-	888,348	-
Motor Vehicle Sales and Use	846,197	-	846,197	-
Communications Sales and Use	416,051	-	416,051	-
Deeds, Contracts, Wills, and Suits	440,896	-	440,896	-
Premiums of Insurance Companies	453,376	-	453,376	-
Alcoholic Beverage Sales	139,832	-	139,832	-
Tobacco Products	178,954	-	178,954	-
Estate	92	-	92	-
Public Service Corporations	118,849	-	118,849	-
Beer and Beverage Excise	42,719	-	42,719	-
Wine and Spirits/ABC Liter	26,253	-	26,253	-
Bank Stock	19,030	-	19,030	-
Other Taxes	112,368	9,142	121,510	-
Operating Appropriations from Primary Government	-	-	-	2,101,484
Unrestricted Grants and Contributions	48,613	-	48,613	93,289
Investment Earnings	15,970	1,603	17,573	374,962
Miscellaneous	205,625	243	205,868	104,383
Special Item (Note 31)	(134,561)	34,437	(100,124)	-
Transfers	728,371	(728,371)	-	-
Contributions to Permanent and Term Endowments	-	-	-	154,108
Total General Revenues, Special Item, Transfers, and Contributions	22,443,355	(682,946)	21,760,409	2,828,226
Change in Net Position	868,115	303,029	1,171,144	1,077,314
Net Position, July 1, as restated (Note 2)	18,568,742	1,076,433	19,645,175	22,898,029
Net Position, June 30	\$ 19,436,857	\$ 1,379,462	\$ 20,816,319	\$ 23,975,343

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

The Federal Trust Fund accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the General Fund, and institutions of higher education. The entire fund is restricted pursuant to federal regulations.

The Literary Fund accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings. While the entire fund is constitutionally restricted for public schools, the accrued liabilities exceed the accrued assets on the modified accrual basis at June 30.

Nonmajor Governmental Funds include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 199 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet – Governmental Funds

June 30, 2015

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 117,029	\$ 1,838,023	\$ 159,085	\$ 9,241
Investments (Notes 1 and 6)	1,797,355	2,219	107	31
Receivables, Net (Notes 1 and 7)	1,705,714	398,308	727,723	159,122
Due from Other Funds (Note 9)	18,874	-	2,778	-
Due from Component Units (Note 9)	1,118	-	-	-
Due from External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	41,838	76,563	15,791	-
Prepaid Items (Note 1)	78,209	8,983	1,420	-
Other Assets (Notes 1 and 10)	970	414	1,625	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	-	544,816	-	-
Total Assets	3,761,107	2,869,326	908,529	168,394
Deferred Outflows of Resources (Notes 1 and 13)				
Total Assets and Deferred Outflows of Resources	\$ 3,761,107	\$ 2,869,326	\$ 908,529	\$ 168,394
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable (Notes 1 and 24)	\$ 280,264	\$ 328,993	\$ 123,686	\$ 21
Amounts Due to Other Governments	427,398	45,357	226,667	-
Due to Other Funds (Note 9)	29,929	14,598	9,069	-
Due to Component Units (Note 9)	75	-	4,089	-
Due to External Parties (Fiduciary Funds) (Note 9)	15,909	4,106	2,102	-
Interfund Payable (Note 9)	-	-	7,094	-
Unearned Revenue (Note 1)	-	66,885	26,536	107
Unearned Taxes (Note 1)	73,199	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	120,538	63,540	3,056	883
Other Liabilities (Notes 1 and 25)	1,051,130	1,175	336,886	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	185,850
Long-term Liabilities Due Within One Year (Notes 1, 21, and 26)	1,603	122	121	-
Total Liabilities	2,000,045	524,776	739,306	186,861
Deferred Inflows of Resources (Notes 1 and 13)				
Total Liabilities and Deferred Inflows of Resources	912,706	73,443	53,787	19,011
	2,912,751	598,219	793,093	205,872
Fund Balances (Note 3):				
Nonspendable	120,047	85,546	17,211	-
Restricted	1,085,986	544,980	98,225	-
Committed	295,738	1,662,763	-	-
Assigned	-	-	-	-
Unassigned	(653,415)	(22,182)	-	(37,478)
Total Fund Balances (Deficit), (Note 4)	848,356	2,271,107	115,436	(37,478)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,761,107	\$ 2,869,326	\$ 908,529	\$ 168,394

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 933,685	\$ 3,057,063
54,576	1,854,288
71,590	3,062,457
9,686	31,338
-	1,118
71	71
122,763	122,763
5,335	139,527
19,741	108,353
1,751	4,760
18,992	18,992
-	544,816
<u>1,238,190</u>	<u>8,945,546</u>
-	-
\$ 1,238,190	\$ 8,945,546
\$ 57,981	\$ 790,945
475	699,897
6,019	59,615
21	4,185
2,529	24,646
-	7,094
6,413	99,941
-	73,199
5,989	194,006
3,497	1,392,688
-	185,850
325	2,171
<u>83,249</u>	<u>3,534,237</u>
34,986	1,093,933
<u>118,235</u>	<u>4,628,170</u>
59,720	282,524
450,212	2,179,403
581,177	2,539,678
28,846	28,846
-	(713,075)
1,119,955	4,317,376
<u>\$ 1,238,190</u>	<u>\$ 8,945,546</u>

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

June 30, 2015

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)	\$ 4,317,376
<p>When capital assets (land, buildings, equipment, construction-in-progress, intangible assets, and/or infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the primary government as a whole.</p>	
Nondepreciable Capital Assets	7,294,715
Depreciable Capital Assets	21,907,066
Deferred outflows associated with pension related costs are long-term in nature and therefore not reported in the funds.	419,929
Deferred outflows associated with loss on debt refundings are long-term in nature and therefore not reported in the funds.	81,643
<p>Long-term liabilities applicable to the primary government's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.</p>	
Pension Liability	(4,072,715)
OPEB Liability	(643,668)
Capital Leases	(37,177)
Installment Purchases	(81,899)
Compensated Absences	(303,959)
Uninsured Employer's Fund	(33,156)
Bonds	(6,587,140)
Notes	(307)
Accrued Interest Payable	(80,324)
Other Obligations	(52,478)
Pollution Remediation Liability	(11,954)
Internal service funds are used by the primary government to charge costs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	(469,592)
Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.	(396,297)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,093,934
Deferred inflows associated with Service Concession Arrangements are long-term in nature and therefore not reported in the funds.	(2,170,952)
Deferred inflows associated with pension related costs are long-term in nature and therefore not reported in the funds.	(736,188)
Net position of governmental activities (see Government-wide Statement of Net Position)	\$ 19,436,857

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



Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 18,157,864	\$ 3,310,694	\$ -	\$ -
Rights and Privileges	78,745	558,852	-	526
Institutional Revenue	38,148	-	-	-
Interest, Dividends, Rents, and Other Investment Income	42,120	20,644	720	12,651
Federal Grants and Contracts	6,414	1,326,091	8,394,672	-
Other (Note 27)	463,215	206,368	117,381	373,086
Total Revenues	18,786,506	5,422,649	8,512,773	386,263
Expenditures				
Current:				
General Government	2,259,292	74,273	143,931	21
Education	7,936,593	1,089	964,002	449,638
Transportation	836	5,327,222	14,355	-
Resources and Economic Development	414,083	10,970	160,976	-
Individual and Family Services	5,766,031	-	7,172,706	-
Administration of Justice	2,567,243	9,632	41,030	-
Capital Outlay	6,722	15,419	12,376	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	18,950,800	5,438,605	8,509,376	449,659
Revenues Over (Under) Expenditures	(164,294)	(15,956)	3,397	(63,396)
Other Financing Sources (Uses)				
Transfers In (Note 32)	844,391	76,502	2,334	12,445
Transfers Out (Note 32)	(466,765)	(381,202)	(25,593)	-
Notes Issued	433	-	-	-
Insurance Recoveries	65	46	3	-
Capital Leases Issued	-	51	33	-
Bonds Issued	-	274,980	-	-
Premium on Debt Issuance	-	26,013	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	4,889	19,438	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	383,013	15,828	(23,223)	12,445
Net Change in Fund Balances	218,719	(128)	(19,826)	(50,951)
Fund Balance, July 1, as restated (Note 2)	629,637	2,271,235	135,262	13,473
Fund Balance (Deficit), June 30 (Note 4)	\$ 848,356	\$ 2,271,107	\$ 115,436	\$ (37,478)

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 88,664	\$ 21,557,222
339,900	978,023
264,484	302,632
14,572	90,707
-	9,727,177
354,177	1,514,227
<u>1,061,797</u>	<u>34,169,988</u>
66,664	2,544,181
20,624	9,371,946
5,646	5,348,059
343,117	929,146
482,513	13,421,250
71,919	2,689,824
216,912	251,429
441,100	441,100
275,492	275,492
<u>1,923,987</u>	<u>35,272,427</u>
(862,190)	(1,102,439)
770,452	1,706,124
(98,296)	(971,856)
6,921	7,354
591	705
154	238
395,590	670,570
123,726	149,739
535,640	535,640
107	24,434
(617,667)	(617,667)
<u>1,117,218</u>	<u>1,505,281</u>
255,028	402,842
864,927	3,914,534
<u>\$ 1,119,955</u>	<u>\$ 4,317,376</u>

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

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)	\$ 402,842
<p>When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.</p>	
Nondepreciable Capital Assets Constructed/Acquired	2,111,401
Nondepreciable Capital Assets Disposed	(158,166)
Depreciable Capital Assets Acquired	889,710
Depreciable Capital Assets Disposed	(389,290)
Depreciation Expense	(1,036,573)
<p>Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Position.</p>	
Debt Issuance	(670,570)
Capital Lease Proceeds	(238)
Bond Premiums	(149,739)
Refunding Bonds Issued	(535,640)
Installment Purchase Proceeds	(7,354)
Other	(35)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.</p>	
Debt Service Fund Repayment of Debt Principal	441,100
<p>Payment to Refunded Bond Escrow Agent is an expenditure in the governmental funds, but the refunding reduces long-term debt in the Statement of Net Position.</p>	
	617,667
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	(593,183)
<p>Increases/decreases of expenses reported in the Statement of Activities that do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.</p>	
Increase in Pension Liability	64,122
Increase in OPEB Liability	(84,397)
Increase in Other Long-term Liabilities	2,224
Increase in Compensated Absences	10,380
Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability	66,785
Decrease in Other Liabilities	(134,251)
<p>Net Increase in Due to Component Units for Capital and Other Projects resulting from appropriation reductions or amounts due to Federal Governments for interest and rebate repayments, which are not reported as expenditures in the fund statements.</p>	
	(46,725)
<p>Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.</p>	
	39,300
<p>Deferred inflows and outflows associated with pension costs are not included in the funds.</p>	
	3,978
<p>Amortization of deferred inflows and outflows associated with Service Concession Arrangements are not included in the funds.</p>	
	24,767
Change in net position of governmental activities (See Government-wide Statement of Activities)	\$ 868,115

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

Proprietary Funds

The Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Major Enterprise Funds

The Virginia Lottery accounts for all receipts and expenses from the operations of the Virginia Lottery.

The Virginia College Savings Plan administers the Virginia529 prePAID Program, which is a defined benefit program that offers contracts, for actuarially determined amounts, that provide for full future tuition and mandatory fee payments at Virginia's higher education institutions and differing payouts at private or out-of-state institutions. The fund accounts for the actuarially determined contributions and payments for approved expenses.

The Unemployment Compensation Fund administers the temporary partial income replacement payments to unemployed covered workers.

Nonmajor Enterprise Funds include those operations of state agencies which are listed on page 211 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of state agencies which are listed on page 227 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position – Proprietary Funds

June 30, 2015

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 98,964	\$ 83,351	\$ 762,607	\$ 161,598
Investments (Notes 1 and 6)	21,538	-	-	130
Receivables, Net (Notes 1 and 7)	72,343	69,378	127,812	96,428
Due from Other Funds (Note 9)	-	-	682	733
Due from External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Due from Component Units (Note 9)	-	-	-	-
Inventory (Note 1)	2,158	-	-	65,931
Prepaid Items (Note 1)	318	172	-	1,629
Other Assets (Notes 1 and 10)	1	-	-	120,391
Restricted Cash and Cash Equivalents (Note 11)	-	-	-	135,458
Restricted Investments (Note 11)	-	-	-	25,776
Total Current Assets	195,322	152,901	891,101	608,074
Noncurrent Assets:				
Investments (Notes 1 and 6)	118,158	2,359,528	-	-
Receivables, Net (Notes 1 and 7)	-	159,417	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	-	-	-	6,579
Depreciable Capital Assets, Net (Notes 1 and 12)	6,504	9,143	-	18,001
Total Noncurrent Assets	124,662	2,528,088	-	24,580
Total Assets	319,984	2,680,989	891,101	632,654
Deferred Outflows of Resources (Notes 1, 13, 14, and 15)				
Total Assets and Deferred Outflows of Resources	322,740	2,682,056	891,101	642,269
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 24)	11,965	942	78	43,926
Amounts Due to Other Governments	-	-	5,155	2,284
Due to Other Funds (Note 9)	4,441	64	2,992	15,722
Due to External Parties (Fiduciary Funds) (Note 9)	155	59	-	562
Interfund Payable (Note 9)	-	-	-	37,065
Unearned Revenue (Note 1)	1,967	-	-	1,930
Obligations Under Securities Lending Program (Notes 1 and 6)	99,456	-	-	3,707
Other Liabilities (Notes 1 and 25)	64,093	1,058	37,663	6,180
Claims Payable Due Within One Year (Notes 1 and 23)	-	-	-	39,268
Long-term Liabilities Due Within One Year (Notes 1, 21, and 26)	19,175	239,900	-	324,124
Total Current Liabilities	201,252	242,023	45,888	474,768
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 23)	-	-	-	21,843
Long-term Liabilities Due in More Than One Year (Notes 1, 21, and 26)	147,641	1,893,782	-	111,655
Total Noncurrent Liabilities	147,641	1,893,782	-	133,498
Total Liabilities	348,893	2,135,805	45,888	608,266
Deferred Inflows of Resources (Notes 1, 13, 14, and 15)				
Total Liabilities and Deferred Inflows of Resources	353,185	2,137,386	45,888	623,764
Net Position				
Net Investment in Capital Assets	6,504	3,435	-	24,580
Restricted for Unemployment Compensation	-	-	845,213	-
Unrestricted	(36,949)	541,235	-	(6,075)
Total Net Position (Deficit) (Note 4)	\$ (30,445)	\$ 544,670	\$ 845,213	\$ 18,505

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included in business-type activities.

Net position of business-type activities

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

	Governmental Activities	
Total		Internal Service Funds
\$ 1,106,520	\$	461,923
21,668		234
365,961		8,993
1,415		52,087
-		202
-		19,340
68,089		18,308
2,119		5,799
120,392		11,061
135,458		-
25,776		-
1,847,398		577,947
2,477,686		-
159,417		-
6,579		52,390
33,648		93,712
2,677,330		146,102
4,524,728		724,049
13,438		5,475
4,538,166		729,524
56,911		82,687
7,439		889
23,219		2,006
776		345
37,065		18,524
3,897		116,142
103,163		6,699
108,994		1,217
39,268		201,236
583,199		10,161
963,931		439,906
-		60,080
21,843		568,190
2,153,078		118,248
2,174,921		746,518
3,138,852		1,186,424
21,371		11,173
3,160,223		1,197,597
34,519		106,581
845,213		-
498,211		(574,654)
\$ 1,377,943	\$	(468,073)

1,519
\$ 1,379,462

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Business-type Activities Enterprise Funds		
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation
Operating Revenues			
Charges for Sales and Services	\$ 1,843,876	\$ 160,367	\$ 680,122
Interest, Dividends, Rents, and Other Investment Income	-	27,506	12,531
Other (Note 27)	-	-	-
Total Operating Revenues	<u>1,843,876</u>	<u>187,873</u>	<u>692,653</u>
Operating Expenses			
Cost of Sales and Services	133,230	-	-
Prizes and Claims (Note 28)	1,104,203	-	431,420
Tuition Benefits Expense	-	135,063	-
Personal Services	27,626	9,263	-
Contractual Services	29,083	8,801	-
Supplies and Materials	527	43	-
Depreciation	3,117	527	-
Rent, Insurance, and Other Related Charges	1,791	144	-
Interest Expense	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other (Note 29)	-	1,284	-
Total Operating Expenses	<u>1,299,577</u>	<u>155,125</u>	<u>431,420</u>
Operating Income	<u>544,299</u>	<u>32,748</u>	<u>261,233</u>
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	859	-	-
Other (Note 30)	321	(182)	(51)
Total Nonoperating Revenues (Expenses)	<u>1,180</u>	<u>(182)</u>	<u>(51)</u>
Income Before Special Item and Transfers	545,479	32,566	261,182
Special Item (Note 31)	-	-	-
Transfers In (Note 32)	-	-	-
Transfers Out (Note 32)	(546,181)	(337)	(2,042)
Change in Net Position	<u>(702)</u>	<u>32,229</u>	<u>259,140</u>
Total Net Position (Deficit), July 1, as restated (Note 2)	(29,743)	512,441	586,073
Total Net Position (Deficit), June 30 (Note 4)	<u>\$ (30,445)</u>	<u>\$ 544,670</u>	<u>\$ 845,213</u>

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in Net Position of business-type activities

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

		Governmental Activities	
Nonmajor	Total	Internal Service Funds	
\$ 1,209,240	\$ 3,893,605	\$ 2,014,248	
-	40,037	-	
19,284	19,284	-	
1,228,524	3,952,926	2,014,248	
415,366	548,596	58,683	
336,049	1,871,672	1,314,498	
-	135,063	-	
129,992	166,881	52,778	
69,649	107,533	419,470	
39,326	39,896	9,199	
3,514	7,158	17,217	
32,886	34,821	77,307	
-	-	8	
34,347	34,347	-	
6,945	8,229	20,102	
1,068,074	2,954,196	1,969,262	
160,450	998,730	44,986	
1,730	2,589	1,268	
(3,619)	(3,531)	(1,882)	
(1,889)	(942)	(614)	
158,561	997,788	44,372	
34,437	34,437	-	
57	57	5,293	
(179,868)	(728,428)	(11,190)	
13,187	303,854	38,475	
5,318	1,074,089	(506,548)	
\$ 18,505	\$ 1,377,943	\$ (468,073)	

(825)
\$ 303,029

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 1,844,350	\$ 166,248	\$ 706,661	\$ 1,208,993
Receipts from Investments	-	-	12,531	-
Internal Activity-Receipts from Other Funds	-	-	5,257	8,970
Internal Activity-Payments to Other Funds	-	(404)	-	(2,380)
Payments to Suppliers for Goods and Services	(135,264)	(1,587)	-	(488,266)
Payments for Contractual Services	(21,341)	(8,282)	-	(69,973)
Payments for Prizes, Claims, and Loss Control (Note 35)	(1,137,625)	-	(447,855)	(339,087)
Payments for Tuition Benefits	-	(158,393)	-	-
Payments to Employees	(27,003)	(8,996)	-	(130,372)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(43,044)
Payments for Interest	-	-	-	-
Other Operating Revenue (Note 35)	-	(593)	45	6,056
Other Operating Expense (Note 35)	-	(134)	-	(5,421)
Net Cash Provided by Operating Activities	523,117	(12,141)	276,639	145,476
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	-	-	-	57
Transfers Out to Other Funds	(569,977)	(337)	(1,738)	(383,764)
Other Noncapital Financing Receipt Activities (Note 35)	499	-	25	251,556
Other Noncapital Financing Disbursement Activities (Note 35)	-	-	-	(26,693)
Net Cash Used for Noncapital Financing Activities	(569,478)	(337)	(1,713)	(158,844)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(2,681)	(112)	-	(10,833)
Payment of Principal and Interest on Bonds and Notes	-	(547)	-	(11,726)
Proceeds from Sale of Capital Assets	(67)	-	-	3
Other Capital and Related Financing Disbursement Activities (Note 35)	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	(2,748)	(659)	-	(22,556)
Cash Flows from Investing Activities				
Purchase of Investments	(578)	(1,605,458)	-	-
Proceeds from Sales or Maturities of Investments	23,798	1,527,588	-	10,285
Investment Income on Cash, Cash Equivalents, and Investments	681	113,737	-	1,364
Net Cash Provided by (Used for) Investing Activities	23,901	35,867	-	11,649
Net Increase (Decrease) in Cash and Cash Equivalents	(25,208)	22,730	274,926	(24,275)
Cash and Cash Equivalents, July 1	28,191	60,621	487,681	317,963
Cash and Cash Equivalents, June 30	\$ 2,983	\$ 83,351	\$ 762,607	\$ 293,688
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 98,964	\$ 83,351	\$ 762,607	\$ 161,598
Restricted Cash and Cash Equivalents	-	-	-	135,458
Cash and Travel Advances	1	-	-	209
Less:				
Securities Lending Cash Equivalents	(95,982)	-	-	(3,577)
Cash and Cash Equivalents per the Statement of Cash Flow s	\$ 2,983	\$ 83,351	\$ 762,607	\$ 293,688

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

		Governmental Activities	
		Internal Service Funds	
Total			
\$ 3,926,252	\$ 754,514		
12,531	-		
14,227	1,242,533		
(2,784)	(10,520)		
(625,117)	(139,593)		
(99,596)	(392,205)		
(1,924,567)	(1,294,554)		
(158,393)	-		
(166,371)	(52,798)		
(43,044)	-		
-	(8)		
5,508	-		
(5,555)	(21,137)		
933,091	86,232		
<hr/>			
57	5,293		
(955,816)	(11,110)		
252,080	153		
(26,693)	(1,900)		
<hr/>			
(730,372)	(7,564)		
<hr/>			
(13,626)	(4,538)		
(12,273)	(14,381)		
(64)	1,502		
-	(632)		
<hr/>			
(25,963)	(18,049)		
<hr/>			
(1,606,036)	-		
1,561,671	-		
115,782	1,140		
71,417	1,140		
248,173	61,759		
894,456	393,702		
\$ 1,142,629	\$ 455,461		
<hr/>			
<hr/>			
\$ 1,106,520	\$ 461,923		
135,458			
210	3		
<hr/>			
(99,559)	(6,465)		
\$ 1,142,629	\$ 455,461		

Continued on next page

Statement of Cash Flows – Proprietary Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 544,299	\$ 32,748	\$ 261,233	\$ 160,450
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation	3,117	527	-	3,514
Interest, Dividends, Rents, and Other Investment Income	(6,749)	(27,506)	-	-
Miscellaneous Nonoperating Income	-	-	(380)	13
Other	-	222	-	(7,997)
Change in Assets, Deferred Outflow s of Resources, Liabilities, and				
Deferred Inflow s of Resources				
(Increase) Decrease in Accounts Receivable	1,021	5,288	13,910	(3,300)
(Increase) Decrease in Due from Other Funds	-	-	594	119,823
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	-	-	-	-
(Increase) Decrease in Due from Component Units	-	-	-	-
(Increase) Decrease in Other Assets	-	21	-	(120,182)
(Increase) Decrease in Inventory	(2,034)	-	-	(3,743)
(Increase) Decrease in Prepaid Items	(46)	(126)	-	843
(Increase) Decrease in Deferred Outflow s of Resources	(1,281)	(524)	-	(3,428)
Increase (Decrease) in Accounts Payable	(2,217)	(354)	(112)	(6,784)
Increase (Decrease) in Amounts Due to Other Governments	-	-	(945)	1,370
Increase (Decrease) in Due to Other Funds	21	3	153	2,463
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	36	15	-	91
Increase (Decrease) in Unearned Revenue	(548)	-	-	(259)
Increase (Decrease) in Other Liabilities	2,116	843	2,186	(25)
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	(2,656)
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	596
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(5,321)	15,032	-	(44)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(13,589)	(39,911)	-	(10,767)
Increase (Decrease) in Deferred Inflow s of Resources	4,292	1,581	-	15,498
Net Cash Provided by (Used for) Operating Activities	<u>\$ 523,117</u>	<u>\$ (12,141)</u>	<u>\$ 276,639</u>	<u>\$ 145,476</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Capital Leases Used to Finance Capital Assets	\$ -	\$ -	\$ -	\$ -
Installment Purchases Used to Finance Capital Assets	-	-	-	-
Change in Fair Value of Investments	-	86,230	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 86,230</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 998,730	\$	44,986
7,158		17,217
(34,255)		-
(367)		30
(7,775)		(80)
16,919		502
120,417		4,064
-		(8)
-		(1,733)
(120,161)		(7,947)
(5,777)		(1,162)
671		(760)
(5,233)		(1,771)
(9,467)		24,049
425		(2,733)
2,640		314
142		38
(807)		(10,450)
5,120		365
(2,656)		(5,872)
596		25,815
9,667		857
(64,267)		(10,662)
21,371		11,173
<u>\$ 933,091</u>	<u>\$</u>	<u>86,232</u>
\$ -	\$	9,067
-		8,666
86,230		-
-		1,786
<u>\$ 86,230</u>	<u>\$</u>	<u>19,519</u>



Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds are trust arrangements that benefit individuals, private organizations, or other governments.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect the activities of the retirement systems and postemployment benefits administered by the Virginia Retirement System or the Department of Human Resource Management.

Investment Trust Fund

Investment Trust Fund reflects the external portion of the Local Government Investment Pool sponsored by the Commonwealth.

Agency Funds

Agency Funds report those funds for which the Commonwealth acts solely in a custodial capacity.

A listing of all Fiduciary Funds is located on pages 236-237 in the Combining and Individual Fund Statements and Schedules section of this report. Combining financial statements for all Fiduciary Funds begin on page 238.

Statement of Fiduciary Net Position – Fiduciary Funds

June 30, 2015

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Agency Funds
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 83,595	\$ 297,567	\$ 1,163,404	\$ 378,542
Investments (Notes 1 and 6):				
Bonds and Mortgage Securities	88,834	21,012,652	38,229	-
Stocks	342,974	23,695,874	-	-
Fixed Income Commingled Funds	-	745,010	-	-
Index and Pooled Funds	1,592,316	6,978,380	-	-
Real Estate	2,246	6,983,580	-	-
Private Equity	-	8,154,219	-	-
Mutual and Money Market Funds	843,587	-	-	-
Short-term Investments	-	288,384	1,525,541	70,009
Hybrid Defined Contribution Investments	-	23,346	-	-
Other	661,086	3,378,240	-	319,451
Total Investments	3,531,043	71,259,685	1,563,770	389,460
Receivables, Net (Notes 1 and 7):				
Accounts	6	-	-	58,210
Contributions	-	243,323	-	-
Interest and Dividends	2,174	224,154	755	-
Security Transactions	-	1,450,934	-	-
Other Receivables	-	188,069	-	-
Total Receivables	2,180	2,106,480	755	58,210
Due from Other Funds (Note 9)	-	20	-	-
Due from Internal Parties (Governmental Funds and Business-type Activities) (Note 9)	-	25,767	-	-
Due from Component Units (Note 9)	-	29,352	-	-
Prepaid Items (Note 1)	236	-	-	-
Other Assets (Notes 1 and 10)	-	-	-	26
Furniture and Equipment (Note 1)	618	29,889	-	-
Total Assets	3,617,672	73,748,760	2,727,929	826,238
Deferred Outflow of Resources (Notes 1, 13, 14, and 15)	448	-	-	-
Total Assets and Deferred Outflows of Resources	3,618,120	73,748,760	2,727,929	826,238
Liabilities and Deferred Inflows of Resources				
Accounts Payable and Accrued Expenses (Notes 1 and 24)	2,864	44,213	-	6,102
Amounts Due to Other Governments	-	-	-	256,309
Due to Other Funds (Note 9)	20	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities) (Note 9)	26	176	-	71
Obligations Under Securities Lending Program (Notes 1 and 6)	188	3,378,981	-	380
Other Liabilities (Notes 1 and 25)	3,786	307,834	-	563,069
Retirement Benefits Payable	-	324,173	-	-
Refunds Payable	-	4,148	-	-
Compensated Absences Payable (Notes 1 and 21)	280	2,819	-	-
Insurance Premiums and Claims Payable	-	64,072	-	307
Payable for Security Transactions	-	1,424,730	-	-
Net Pension Liability	3,288	-	-	-
Other Postemployment Benefits (OPEB) Liability	590	-	-	-
Total Liabilities	11,042	5,551,146	-	826,238
Deferred Inflows of Resources (Notes 1, 13, 14, and 15)	587	-	-	-
Total Liabilities and Deferred Inflows of Resources	11,629	5,551,146	-	826,238
Net Position Held in Trust for Pension/ Other Employment Benefits, Pool				
Participants, and Other Purposes	\$ 3,606,491	\$ 68,197,614	\$ 2,727,929	\$ -

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

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ 59,425	\$ 3,400,718	\$ 2,197
Distributions to Shareholders from Net Investment Income	-	-	(2,197)
Total Investment Income	59,425	3,400,718	-
Less Investment Expenses	4,413	402,089	-
Net Investment Income	55,012	2,998,629	-
Proceeds from Unclaimed Property	10,499	-	-
Contributions:			
Participants	402,333	-	-
Member	-	961,042	-
Employer	-	2,676,817	-
Total Contributions	402,333	3,637,859	-
Shares Sold	-	-	4,134,434
Reinvested Distributions	-	-	2,248
Other Revenue (Note 27)	13	2,164	-
Total Additions	467,857	6,638,652	4,136,682
Deductions:			
Loan Servicing Payments	36	-	-
Educational Expense Benefits	168,798	-	-
Retirement Benefits	-	4,115,209	-
Refunds to Former Members	-	106,236	-
Retiree Health Insurance Credits	-	147,989	-
Insurance Premiums and Claims	62,707	183,973	-
Trust Payments	2,836	-	-
Administrative Expenses	9,497	21,861	-
Other Expenses (Note 29)	-	3,913	-
Shares Redeemed	23,151	-	4,136,004
Long-term Disability Benefits	-	37,731	-
Total Deductions	267,025	4,616,912	4,136,004
Transfers:			
Transfers In	-	10	-
Transfers Out	-	(10)	-
Total Transfers	-	-	-
Net Increase	200,832	2,021,740	678
Net Position Held in Trust for Pension/ Other Employment Benefits, Pool Participants, and Other Purposes			
July 1, as restated (Note 2)	3,405,659	66,175,874	2,727,251
June 30	\$ 3,606,491	\$ 68,197,614	\$ 2,727,929

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



Component Units

Component Units are organizations that are legally separate from the primary government. Each discrete component unit serves or benefits those outside of the primary government.

The Virginia Housing Development Authority provides investment in and stimulates construction of low to moderate income housing for the citizens of the Commonwealth.

The Virginia Resources Authority provides financing for the construction of local water supply and wastewater treatment facilities and other local infrastructure projects.

The Virginia Public School Authority provides financing to cities and counties for capital construction of primary and secondary schools.

The Virginia College Building Authority provides financing of capital projects and equipment purchases by state-supported colleges and universities.

Nonmajor Component Units include those listed on pages 260-261 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Position – Component Units

June 30, 2015

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents (Notes 1 and 6)	\$ 2,145	\$ 19,369	\$ 8,141
Investments (Notes 1 and 6)	18,117	3,296,386	4,488
Receivables, Net (Notes 1 and 7)	6,794,866	65,287	4,303,934
Contributions Receivable, Net (Notes 1 and 8)	-	-	-
Due from Primary Government (Note 9)	-	-	-
Due from Component Units (Note 9)	-	-	-
Inventory (Note 1)	-	-	-
Prepaid Items (Note 1)	3,091	-	41
Other Assets (Notes 1 and 10)	9,122	-	393
Loans Receivable from Primary Government (Notes 1 and 9)	-	185,850	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	656,523	154,325	302,989
Restricted Investments (Notes 6 and 11)	508,388	-	370,099
Other Restricted Assets (Note 11)	52,093	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	8,623	-	-
Depreciable Capital Assets, Net (Notes 1 and 12)	17,704	-	113
Total Assets	8,070,672	3,721,217	4,990,198
Deferred Outflows of Resources (Notes 1, 13, 14, and 15)	-	151,715	80,586
Total Assets and Deferred Outflows of Resources	8,070,672	3,872,932	5,070,784
Liabilities and Deferred Inflows of Resources			
Accounts Payable (Notes 1 and 24)	41,203	67	222
Amounts Due to Other Governments	-	108,742	-
Due to Primary Government (Note 9)	-	-	-
Due to Component Units (Note 9)	-	-	-
Due to External Parties (Fiduciary Funds) (Note 9)	-	-	-
Unearned Revenue (Note 1)	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	-	-	-
Other Liabilities (Notes 1, 14 and 25)	521,867	58,331	48,144
Loans Payable to Primary Government (Notes 1 and 9)	-	-	-
Claims Payable (Notes 1 and 23):			
Due Within One Year	-	-	-
Due in More Than One Year	-	-	-
Long-term Liabilities (Notes 1, 21, and 26):			
Due Within One Year	287,329	291,734	154,205
Due in More Than One Year	4,399,988	3,445,857	3,355,268
Total Liabilities	5,250,387	3,904,731	3,557,839
Deferred Inflows of Resources (Notes 1, 13, 14, 15, and 37)	-	-	29,917
Total Liabilities and Deferred Inflows of Resources	5,250,387	3,904,731	3,587,756
Net Position			
Net Investment in Capital Assets	8,706	-	113
Restricted For:			
Nonexpendable:			
Higher Education	-	-	-
Other	-	-	-
Expendable:			
Bond Indenture	2,682,279	-	-
Capital Projects/Construction/Capital Acquisition	-	-	1,462,097
Debt Service	-	-	-
Gifts and Grants	-	-	-
Higher Education	-	-	-
Virginia Pooled Investment Program	-	-	7,747
Other	-	-	-
Unrestricted	129,300	(31,799)	13,071
Total Net Position (Deficit) (Note 4)	\$ 2,820,285	\$ (31,799)	\$ 1,483,028

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

Virginia College Building Authority	Nonmajor Component Units	Total
\$ 47	\$ 2,558,840	\$ 2,588,542
-	10,390,576	13,709,567
25,184	1,366,241	12,555,512
-	380,944	380,944
4,089	8,208	12,297
-	143,170	143,170
-	129,934	129,934
-	135,892	139,024
-	92,368	101,883
-	-	185,850
167,019	877,253	2,158,109
-	4,358,046	5,236,533
-	225,585	277,678
-	2,687,504	2,696,127
-	14,354,083	14,371,900
196,339	37,708,644	54,687,070
26,191	444,163	702,655
222,530	38,152,807	55,389,725
4	1,147,258	1,188,754
-	6,149	114,891
-	21,055	21,055
135,133	8,037	143,170
-	29,352	29,352
-	337,618	337,618
-	20,744	20,744
80,568	859,270	1,568,180
-	18,992	18,992
-	100,864	100,864
-	41,529	41,529
208,055	548,465	1,489,788
3,312,159	11,245,393	25,758,665
3,735,919	14,384,726	30,833,602
-	550,863	580,780
3,735,919	14,935,589	31,414,382
-	10,094,255	10,103,074
-	3,196,208	3,196,208
-	159,825	159,825
-	-	2,682,279
-	234,799	1,696,896
-	101,253	101,253
-	141,371	141,371
30,665	5,683,909	5,714,574
-	-	7,747
-	10,546	10,546
(3,544,054)	3,595,052	161,570
\$ (3,513,389)	\$ 23,217,218	\$ 23,975,343

Statement of Activities – Component Units

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Program Revenues				Net (Expenses) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Virginia Housing Development Authority	\$ 423,294	\$ 447,436	\$ 124,973	\$ -	\$ 149,115
Virginia Public School Authority	141,711	135,924	8,161	-	2,374
Virginia Resources Authority	158,410	148,908	-	54,357	44,855
Virginia College Building Authority	767,765	74,298	42,255	140	(651,072)
Total Major Component Units	1,491,180	806,566	175,389	54,497	(454,728)
Nonmajor Component Units:					
Higher Education	13,022,422	8,843,459	2,449,364	572,236	(1,157,363)
Other	902,573	697,871	34,336	31,545	(138,821)
Total Nonmajor Component Units	13,924,995	9,541,330	2,483,700	603,781	(1,296,184)
Total Component Units	\$ 15,416,175	\$ 10,347,896	\$ 2,659,089	\$ 658,278	\$ (1,750,912)

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

Operating Appropriations from Primary Government	General Revenues			Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1, as restated (Note 2)	Net Position (Deficit) June 30 (Note 4)
	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous				
\$ -	\$ -	\$ 27,579	\$ -	\$ -	\$ 176,694	\$ 2,643,591	\$ 2,820,285
-	-	119	320	-	2,813	(34,612)	(31,799)
-	-	-	-	-	44,855	1,438,173	1,483,028
285,915	-	-	-	-	(365,157)	(3,148,232)	(3,513,389)
285,915	-	27,698	320	-	(140,795)	898,920	758,125
1,710,512	75,712	334,479	85,843	151,053	1,200,236	19,985,792	21,186,028
105,057	17,577	12,785	18,220	3,055	17,873	2,013,317	2,031,190
1,815,569	93,289	347,264	104,063	154,108	1,218,109	21,999,109	23,217,218
\$ 2,101,484	\$ 93,289	\$ 374,962	\$ 104,383	\$ 154,108	\$ 1,077,314	\$ 22,898,029	\$ 23,975,343



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Notes to the Financial Statements

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

B. Reporting Entity

For financial reporting purposes, the Commonwealth of Virginia's (the Commonwealth's) reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading, and they are financially accountable to the primary government (discrete component units). The funds of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or a component unit have been included. GASB standards require the inclusion of numerous organizations that raise and hold funds for the direct benefit of the primary government.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, and the Commonwealth's ability to impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth. Additionally, in instances where the voting majority is not appointed, the above benefit/burden criteria apply. If the organization's assets are also held for, or can be accessed by, the Commonwealth, the organization is considered part of the reporting entity.

(1) Primary Government – A primary government consists of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, and departments are, for financial reporting purposes, part of the primary government.

(2) Blended Component Units – Though legally separate entities, these component units are, in substance, part of the primary government's operations. The blended component units serve or benefit the primary government almost exclusively. Financial information from these units is combined with that of the primary government. The Commonwealth's blended component units are:

Virginia Public Building Authority (VPBA) (nonmajor governmental fund) – The Authority was created as a body politic and corporate and is fiscally independent. A government instrumentality, the Authority finances the acquisition and construction of buildings for the use of the Commonwealth and other approved purposes. The Governor appoints the 7-member board, and the primary government is able to impose its will on the Authority. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Route 460 Funding Corporation of Virginia (nonmajor enterprise) – The Corporation, a private, non-stock nonprofit corporation was created to develop, construct, and provide financing for the U.S. Route 460 Corridor Improvements Project. The Corporation is a blended component unit of the Virginia Department of Transportation (VDOT) (primary government) because it is fiscally dependent on the primary government and there is a financial benefit/burden relationship between the primary government and the Corporation. The corporate offices of the Corporation are located at VDOT, 1401 East Broad Street, Richmond, Virginia 23219. Dixon Hughes Goodman, LLP audits the Corporation, and a separate report is available from VDOT. As discussed in Note 31, the continuing operations of the Corporation will cease during fiscal year 2016.

(3) Discrete Component Units – Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading. These discrete component units serve or benefit those outside of the primary government.

GASB statements generally require any organization that raises and holds economic resources for the direct benefit of the reporting

entity to be reported as a component unit, even if the reporting entity is not financially accountable for the organization. The entities are included in the Commonwealth's reporting entity as nonprofit charitable organizations and exist solely to support the Commonwealth's higher education institutions and certain state agencies. The higher education institution nonprofit organizations are included in the applicable higher education institution's column in the accompanying financial statements. In all instances where separate disclosure of these nonprofit organizations is required in the accompanying footnotes, the entities' totals are aggregated and disclosed as "foundations."

The criteria for reporting certain component units as major component units focuses on the nature and significance of the component unit's relationship to the primary government versus other component units.

Discretely presented component units are:

Virginia Housing Development Authority (VHDA) (major) – The Authority was created as a political subdivision and instrumentality of the Commonwealth and is granted both political and corporate powers by the *Code of Virginia*. The Governor appoints a majority of the Authority's board members and the remaining board members are ex-officio. The Commonwealth may make grants to the Authority including, but not limited to, reserve funds, which is a potential financial benefit/burden to the primary government. The Commonwealth is not legally obligated by the debt of the Authority. The Authority was created in the public interest to provide investment in and stimulate construction of low to moderate income housing which benefits the citizens of the Commonwealth. The administrative offices of the Authority are located at 601 South Belvidere Street, Richmond, Virginia 23220. KPMG, LLP audits the Authority, and a separate report is issued.

Virginia Public School Authority (VPSA) (major) – The Authority was created as a public body corporate, and an agency and instrumentality of the Commonwealth to finance capital projects of city and county school boards. The Governor appoints the board members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Virginia Resources Authority (VRA) (major) – The Authority was created as a public body corporate and a political subdivision of the Commonwealth to provide financing of infrastructure projects for water supply, wastewater, storm water, solid waste treatment, airports, public safety, brownfields

remediation and redevelopment, and recycling. The Governor appoints the 11-member board and the Executive Director of the Authority. The primary government is able to impose its will on the Authority, and there is a financial benefit/burden to the primary government. The Commonwealth does not guarantee any bonds issued by the Virginia Resources Authority. The administrative offices of the Authority are located at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219. Brown, Edwards and Company, LLP audits the Authority, and a separate report is issued.

Virginia College Building Authority (VCBA) (major) – The Authority was created as a public body corporate, a political subdivision, and an agency and instrumentality of the Commonwealth. The Governor appoints a majority of the board and members serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Authority finances certain capital projects and equipment purchases of state-supported colleges and universities. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by state-supported colleges and universities is included in the financial statements. The state-supported colleges and universities reported revenue from the Authority of \$513.2 million as Program Revenue Capital Grants and Contributions for the 21st Century Program and \$62.2 million as Program Revenue Operating Grants and Contributions for equipment. The Authority reported Operating Appropriations from Primary Government of approximately \$285.9 million. In addition, the Authority reported approximately \$29.8 million in payments from the state-supported colleges and universities for 21st Century and Equipment Program debt service costs and approximately \$12.5 million in interest on Build America Bonds. The Authority assists private institutions of higher education in the financing and refinancing of a broad range of facilities. The Authority is authorized to issue obligations and lend the proceeds to private institutions; however, such financings or refinancings are not obligations of the primary government nor the Authority, but are payable solely from the revenues pledged by the respective private institution. This indebtedness, totaling \$701.6 million, is not included in the financial statements.

Higher Education Institutions (nonmajor) – The Commonwealth's higher education institutions are granted broad corporate powers by state statutes. The Governor appoints the members of each institution's board of trustees. In addition to the annual appropriations to support the institutions'

operations, the Commonwealth provides funding for, and construction of, major academic plant facilities for the institutions. Institutions reported Operating Appropriations from Primary Government of approximately \$1.7 billion. Therefore, there is a financial benefit/burden to the primary government. The higher education institutions are: the University of Virginia, including the University of Virginia Medical Center and the University of Virginia's College at Wise; Virginia Polytechnic Institute and State University; Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority, the College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science; Virginia Military Institute; Virginia State University; Norfolk State University; University of Mary Washington; James Madison University; Radford University; Old Dominion University; George Mason University; Virginia Community College System; Christopher Newport University; and Longwood University. The Southwest Virginia Higher Education Center, Roanoke Higher Education Authority, Institute for Advanced Learning and Research, Southern Virginia Higher Education Center, and New College Institute are also included as higher education institutions. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. As previously noted, certain foundations are considered component units of the higher education institutions, and are included in the accompanying financial statements as well as the higher education institutions' individually published financial statements. The Auditor of Public Accounts (APA) does not audit the Roanoke Higher Education Authority, the Institute for Advanced Learning and Research, and the component units of the higher education institutions, including foundations, but relies on the reports issued by other auditors to render her opinion.

The APA audits the colleges and universities, and individual reports are issued under separate cover. Complete financial statements for each institution may be obtained from their respective administrative offices. The addresses for these institutions may be obtained from the Department of Accounts, 101 North 14th Street, Richmond, Virginia 23219-3638.

Innovation and Entrepreneurship Investment Authority (IEIA) (nonmajor) – The Authority is granted corporate powers by the *Code of Virginia*. The Authority serves to facilitate the marketing, organization, and development of scientific research and technology by the state's institutions of higher education and private industry in the Commonwealth. In addition, the Authority serves to promote the economic development of the Commonwealth by attracting and

retaining high technology jobs and businesses in Virginia. The Governor and General Assembly appoint the 15-member board, and there is a financial benefit/burden to the primary government. The Authority's combined financial statements include the accounts of the Center for Innovative Technology (CIT) after elimination of all significant intercompany balances and transactions. CIT is a non-stock, not-for-profit corporation, which acts as the operating arm of the Authority. The address for the administrative offices of the Authority is CIT Building, Suite 600, 2214 Rock Hill Road, Herndon, Virginia 20170-4228. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Economic Development Partnership (VEDP) (nonmajor) – The Partnership was created as a body corporate and operates to encourage, stimulate, and support the development and expansion of commerce in the Commonwealth. The Governor appoints the 15-member board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Byrd Street, Post Office Box 798, Richmond, Virginia 23218-0798. The Auditor of Public Accounts audits the Partnership, and a separate report is issued.

Virginia Outdoors Foundation (nonmajor) – The Foundation was created as a body politic and is administratively assigned to the Department of Conservation and Recreation (part of primary government) and charged with promoting preservation through the acceptance of donated conservation easements and raising funds for the purchase of preservation land. The Governor appoints the 7-member board of trustees, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 39 Garret St, Suite 200, Warrenton, VA 20186. Hicok, Fern & Company CPAs audits the Foundation, and a separate report is issued.

Virginia Port Authority (VPA) (nonmajor) – The Authority was established as a corporate body and operates to serve the citizens and promote commerce through the harbors and ports of Virginia. The Governor appoints a majority of the 12-member board, and the primary government is able to impose its will on the Authority. There is also a financial benefit/burden to the primary government. The administrative offices of the Authority are located at 600 World Trade Center, Norfolk, Virginia 23510. PBMares, LLP, audits the Authority, and a separate report is issued.

Virginia Tourism Authority (nonmajor) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority encourages, stimulates, and promotes tourism and film

production industries of the Commonwealth. The Governor appoints all of the board members, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Byrd Street, 19th Floor, Richmond, Virginia 23218-0798. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Foundation for Healthy Youth (nonmajor) – The Foundation was created as a body corporate and as a political subdivision of the Commonwealth. The Foundation was established to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund and to distribute monies in this fund for such efforts as restricting the use of tobacco products by minors and the enforcement of laws restricting the distribution of tobacco products to minors. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 500, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation, and a separate report is issued.

Tobacco Indemnification and Community Revitalization Commission (nonmajor) – The Commission was created as a body corporate and as a political subdivision of the Commonwealth. The Commission was established to determine the appropriate recipients of the monies in the Tobacco Indemnification and Community Revitalization Fund. This fund is to provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and barns, as well as lost tobacco production opportunities. It also provides monies to revitalize tobacco dependent communities. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 501, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Commission, and a separate report is issued.

Hampton Roads Sanitation District Commission (nonmajor) – The Commission was established as a political subdivision of the Commonwealth and a government instrumentality. The Commission, which is the governing board of the district, was granted corporate powers by the *Code of Virginia*. The Governor appoints the Commission members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Commission. The Commonwealth is not obligated by the debt of the Commission. The Commission was established to benefit the inhabitants of the district and operates a sewage system for 17 localities in the Chesapeake Bay area. The address for the

administrative offices of the Commission is 1434 Air Rail Avenue, Virginia Beach, Virginia 23455. KPMG, LLP, audits the Commission, and a separate report is issued.

Virginia Biotechnology Research Partnership Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in the development of a biotechnology research park. The Governor appoints the board members of the Authority, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 800 East Leigh Street, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

The Authority issued the 2002 Series, the 2013B Series, and the 2013A Series of revenue bonds for specific customers. The 2002 Series variable rate revenue bonds were for a facility built specifically for the United Network for Organ Sharing. The 2013B Series variable rate revenue bonds were for the Virginia Blood Services project. The 2013A Series variable rate revenue bonds were to assist the Institute for Transfusion Medicine (ITxM). The bonds are secured by a letter of credit and are payable solely from the payments made by the borrower under the loan agreement. Neither of these bonds constitutes a debt or pledge of the Authority or the Commonwealth. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Virginia Small Business Financing Authority (VSBFA) (nonmajor) – Section 2.2-2280 of the *Code of Virginia* established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 11-member board, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority can provide financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby encouraging the investment of private capital in small businesses in the Commonwealth. The Authority can loan money to local governments as defined by the *Code of Virginia* for economic development purposes. The Authority also guarantees loans made to small businesses by banks. The administrative offices of the Authority are located at 101N. 14th Street, 11th Floor, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

The Authority has issued Industrial Development Revenue Bonds to provide

financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Authority nor the Commonwealth is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities on the accompanying financial statements.

Virginia School for the Deaf and Blind Foundation (nonmajor) – The Foundation operates as a nonprofit educational and fundraising organization solely in connection with, and exclusively for the benefit of the Virginia School for the Deaf and Blind (part of primary government). The Foundation uses a December 31 calendar year-end. The administrative offices are located at Post Office Box 2069, Staunton, Virginia 24402.

Science Museum of Virginia Foundation (nonmajor) – The Foundation is a non-stock, nonprofit corporation established to implement and fund programs, projects, and operations that are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden relationship between the primary government and the Foundation. The administrative offices of the Foundation are located at 2500 West Broad Street, Richmond, Virginia, 23220. Cherry, Bekaert, & Holland, LLP, audits the Foundation, and a separate report is issued.

Virginia Commercial Space Flight Authority (VCSFA) (nonmajor) – The Authority is a legally separate political subdivision of the Commonwealth created by the General Assembly to facilitate and coordinate scientific and technological research and development and to promote the industrial and economic development of the Commonwealth. The Governor appoints the 9-member board and there is a potential financial benefit/burden to the primary government. The Commonwealth provided \$26.0 million in bond offerings through the Virginia Public Building Authority (nonmajor) to the VCSFA in fiscal year 2009. The Commonwealth provided \$25.6 million in capital contributions through a memorandum of understanding in September 2012. The Commonwealth provided an additional \$10.0 million of capital contributions through a settlement agreement by and among the VCSFA, the Commonwealth, and Orbital Sciences Corporation to the VCSFA in January 2014. The Commonwealth approved the conversion of a \$5.0 million interest-free note to repair Pad 0A into a grant in March 2015. The administrative offices of the Authority are located at 4111 Monarch Way, Suite 303,

Norfolk, Virginia 23508. Dixon Hughes Goodman, LLP audits the Authority, and a separate report is issued.

Danville Science Center, Inc. (nonmajor) – The Center is a nonprofit corporation formed for the purpose of implementing and funding those programs, projects and operations which are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden to the primary government. The administrative offices of the Center are located at 677 Craghead Street, Post Office Box 167, Danville, Virginia 24541. Kania & Associates, LLP, audits the Center, and a separate report is issued.

Virginia Museum of Fine Arts Foundation (nonmajor) – The Foundation operates as a nonprofit corporation under the laws of Virginia to fund exhibitions, programs, and capital asset expansion to ensure that the Virginia Museum of Fine Arts (part of primary government) has the space and resources for art to help improve the quality of life for many. There is a financial benefit/burden to the primary government. The administrative offices of the Foundation are located at 200 North Boulevard, Richmond, Virginia 23220. Dixon Hughes Goodman, LLP, audits the Foundation, and a separate report is issued.

A. L. Philpott Manufacturing Extension Partnership (nonmajor) – The Partnership has the mission to foster economic growth by enhancing the competitiveness of Virginia's manufacturers. The Partnership provides manufacturing firms with fee-based technology consulting services, access to business modernization resources, and support for interfirm collaboration. Further, the Partnership provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. The Partnership has a 24-member board of trustees. The board consists of the presidents of two public four-year institutions of higher education; three community college presidents; one president of a private four-year institution of higher education; the director of Virginia's Center for Innovative Technology; Virginia's Secretary of Commerce and Trade; Virginia's Secretary of Technology; and 15 citizen members, representing manufacturing industries, appointed by the Governor. There is also a financial benefit/burden to the primary government. The administrative office is located at 32 Bridge Street, Suite 200, Martinsville, VA 24112. The Auditor of Public Accounts audits the Partnership, and a separate report is issued.

Virginia University Research Partnership (nonmajor) – The Partnership was created as a nonprofit, non-stock corporation to receive grant monies appropriated by the General Assembly. The Partnership oversees the

administration of those grant payments for use by a nonprofit, public benefit research institute that conducts research and development for government agencies, commercial businesses, foundations, and other organizations as well as commercializes technology. Due to the primary government being the sole source of funding, it is able to impose its will on the Partnership. The administrative offices are located at 901 East Byrd Street, Post Office Box 798, Richmond, Virginia 23218-0798.

Fort Monroe Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in formulating a reuse plan for Fort Monroe. The Governor appoints a majority of the 17-member board, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 20 Ingalls Road, Fort Monroe, Virginia 23651. Cherry, Bekaert, & Holland, LLP, audits the Authority, and a separate report is issued.

Assistive Technology Loan Fund Authority (nonmajor) – The Authority was created as a political subdivision and public body corporate by the *Code of Virginia*. The Governor appoints the board of directors as directed by the *Code* and the primary government is able to impose its will on the Authority. The Authority manages a fund to provide loans to individuals to acquire assistive technology, other equipment, or other authorized purposes designed to help disabled individuals become more independent. The administrative offices are located at 1602 Rolling Hills Drive, Suite 107, Henrico, Virginia 23229. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Sesquicentennial of the American Civil War Foundation (nonmajor) – The Foundation was established to prepare for and commemorate the sesquicentennial of Virginia's participation in the American Civil War. The Foundation was formed under the Virginia Nonstock Corporation Act. The economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the primary government. The administrative offices are located at the General Assembly Building, 2nd Floor, 201 North 9th Street, Richmond, VA 23219. Brown, Edwards & Company, LLP, audits the Foundation, and a separate report is issued.

Virginia Land Conservation Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (part of primary government) by acquiring interests in preservation land and providing grants to other entities to acquire interests in preservation land. The Governor appoints the 18-member board, and the primary government can impose its will on the

Foundation. The administrative offices of the Foundation are located at 600 East Main Street, 24th Floor, Richmond, VA 23219. The Auditor of Public Accounts audits the Foundation as part of the Department of Conservation and Recreation (part of primary government) and discloses its existence in that report.

Virginia Arts Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Virginia Commission for the Arts (part of primary government) by promoting the arts in the Commonwealth. The Governor appoints the board of trustees for the Virginia Commission for the Arts, which also serves as the board for the Virginia Arts Foundation. The Director of the Virginia Commission for the Arts serves as the board chairman. In addition, the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 1001 East Broad Street, Suite 3300, Richmond, VA 23219. The Auditor of Public Accounts audits the Foundation as part of the Virginia Commission for the Arts.

Library of Virginia Foundation (nonmajor) – The Foundation was created as a private, nonprofit 501(c)(3) corporation supporting the Library of Virginia (part of primary government). The Foundation was established upon receipt of a major bequest. The articles of incorporation stipulate that the Foundation shall at all times be operated solely in connection with, and exclusively for the benefit of, the Library of Virginia. The Foundation is governed by a separate board of directors, and promotes and supports the Library of Virginia in all activities. The administrative offices of the Foundation are located at 800 East Broad Street, Richmond, Virginia 23219. Mitchell, Wiggins and Company, LLP audits the Foundation, and a separate report is issued.

Virginia Health Workforce Development Authority (nonmajor) – The Authority is a legally separate public body corporate and a political subdivision of the Commonwealth created by the General Assembly. The Authority facilitates the development of a statewide health professions pipeline. The Governor appoints a majority of the board members, and the primary government is able to impose its will on the Authority. The administrative offices of the Authority are located at 6800 Paragon Place, Suite 620, Richmond, Virginia 23294. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

(4) Related Organizations – Organizations for which the primary government appoints a majority of the board, but is not financially accountable, are related organizations. Related organizations are:

Tobacco Settlement Financing Corporation – The Corporation was created by the Tobacco Settlement Financing Corporation Act, Chapters 482 and 488 of the Acts of the General Assembly during the 2002 General Assembly Session. The Corporation is a public body corporate entity and an independent instrumentality of the Commonwealth, managed by a 6-member board, including the State Treasurer. The Corporation purchased all of the future tobacco settlement revenue allocated to the Tobacco Indemnification and Community Revitalization Commission (nonmajor component unit). Neither the Commonwealth's nor the Virginia Foundation for Healthy Youth's (nonmajor component unit) tobacco revenue was securitized. The administrative offices of the Corporation are located at 101 N. 14th Street, 3rd Floor, Post Office Box 1879, Richmond, Virginia 23218-1879. Brown, Edwards, and Company, LLP audits the Corporation, and a separate report is issued.

Virginia Recreational Facilities Authority – The Authority was created as a political subdivision and instrumentality of the Commonwealth and given separate corporate powers by the *Code of Virginia*. The Governor appoints the 13-member board of directors. The Authority operates educational programs, tourism, and commerce in the Roanoke Valley. The address for the administrative offices of the Authority is 5204 Bernard Drive SW, Post Office Box 29800, Roanoke, Virginia 24018.

Jamestown-Yorktown Foundation, Inc. – The nonprofit corporation was created by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The corporation board consists of five members selected from the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Corporation's basic activities consist of soliciting and collecting contributions, purchasing artifacts, sponsoring events and exhibits, and overseeing investments. The administrative offices of the Corporation are located at 2207 Colonial Parkway, Post Office Box 3605, Williamsburg, Virginia 23187. Keiter Certified Public Accountants audits the Corporation, and a separate report is issued.

Jamestown-Yorktown Educational Trust – The Trust was created as a nonprofit corporation by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The Trust board consists of six members selected from the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Trust operates the Jamestown Settlement and Yorktown Victory Centers' gift shops and café. The address for

the administrative offices of the Trust is 2207 Colonial Parkway, Post Office Box 3605, Williamsburg, Virginia 23187. Keiter Certified Public Accountants audits the Trust, and a separate report is issued.

Virginia Birth-Related Neurological Injury Compensation Program – The Program was created to provide a no-fault alternative for birth-related neurological injuries. The Governor appoints the 9-member board. The administrative offices of the Program are located at 7501 Boulders View Drive, Suite 210, Richmond, Virginia 23225. KPMG, LLP, audits the Program, and a separate report is issued.

Chesapeake Bay Bridge and Tunnel Commission – The Commission was created to establish policy and administer operations of the Chesapeake Bay Bridge Tunnel District. Any of the 11 members of the Commission appointed or reappointed on or after July 1, 1998, shall be appointed by the Governor, subject to confirmation by each house of the General Assembly. The administrative offices of the Commission are located at 32386 Lankford Highway, Cape Charles, Virginia 23310. KPMG, LLP, audits the Commission, and a separate report is issued.

C. Government-wide and Fund Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all nonfiduciary activities of the primary government and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Also, the primary government activity is reported separately from the legally separate component units for which the Commonwealth is financially accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a specific function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. In addition, to the extent that indirect costs are allocated to the various functions, the program expenses will include both direct and indirect costs. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit, as well as investment income generated by operations. Program revenues also include grants, contributions, and investment income that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items properly

excluded from program revenues are reported as general revenues.

Fund equity is restricted when constraints are placed on them that are imposed by external parties or constitutional provisions. When both restricted and unrestricted resources are available for use, the Commonwealth's policy is to use the restricted resources first. Some institutions of higher education may follow a different policy. When committed, assigned, and unassigned resources are available for use, the Commonwealth's policy is to use the committed resources first, assigned resources next, and unassigned resources last.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and component units. However, fiduciary funds are not included in the government-wide statements. Major governmental funds, enterprise funds, and component units are reported in separate columns in the fund financial statements, with nonmajor funds being aggregated into a single column.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year (or one year for Medicaid). Significant revenues subject to accrual include federal grants and income and sales taxes. Income tax revenues for tax underpayments are only recognized to the extent of the primary government's estimated refunds for tax overpayments received. Revenues that the primary government earns by incurring obligations are recognized in the same period as when the obligations are recognized.

Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when the payment is due.

The primary government reports the following major governmental funds:

General Fund – Accounts for the transactions related to resources received and used for those services traditionally provided by a state government, and which are not accounted for in any other fund. These services include general government, legislative and judicial activities, public safety, health and behavioral health programs, resources and economic development, licensing and regulation, and primary and secondary education.

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

Federal Trust Special Revenue Fund – Accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the General Fund, and component units.

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

Proprietary Funds, Fiduciary Funds, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds, and component units are reported using the economic resources measurement focus and the full accrual basis of accounting. As with the government-wide statements, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus since they only report assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

Foundations' (component units) financial statements are prepared using the economic resources measurement focus and the full accrual

basis of accounting. The financial statements are prepared under FASB rather than GASB standards. In some instances, activities of the foundations (component units) are reported separately within the footnotes because of the different reporting standards. Also, some foundations (component units) have a December 31st or March 31st year-end rather than a fiscal year-end. Foundations (component units) with different year-ends are included in these financial statements for the year ending December 31, 2014, or March 31, 2015. Significant intrafund activity/balances between each higher education institution and their foundations have been eliminated.

The following amounts could not be eliminated due to the differing year-ends:

- University of Virginia (nonmajor component unit):
 - institution assets of \$429,925
 - institution revenue of \$7.7 million
 - foundation assets of \$1.0 million
 - foundation liabilities of \$436,727
 - foundation expenses of \$7.1 million
- Old Dominion University (nonmajor component unit):
 - institution liabilities of \$62.1 million
 - foundation assets of \$51.0 million

The primary government reports the following major enterprise funds:

Virginia Lottery Fund – Accounts for all receipts and expenses of the Virginia Lottery.

Virginia College Savings Plan Fund – Administers the Virginia529 prePAID Program.

Unemployment Compensation Fund – Accounts for receipts from employers and expenses incurred to provide benefits to eligible unemployed workers.

Additionally, the primary government reports the following fund types:

Governmental Fund Types:

Special Revenue Funds – Account for transactions related to resources received and used for restricted, committed, or specific purposes.

Debt Service Funds – Account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations.

Capital Project Funds – Account for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds. The primary resource for these funds is the proceeds of bond issues and energy

performance contracts. Principal uses are for construction and improvement of state office buildings, correctional and behavioral health facilities, and parks.

Permanent Funds – Account for transactions of the Commonwealth Health Research Fund and the Behavioral Health Endowment Funds whose principal must remain intact and whose income is used to benefit the Commonwealth's citizens and behavioral health patients.

Proprietary Fund Types:

Enterprise Funds – Account for transactions related to resources received and used for financing self-supporting activities of the primary government that offer products and services on a user-charge basis to external users.

Internal Service Funds – Account for transactions related to the financing and sale of goods or services provided by the agencies of the primary government to other agencies and institutions of the Commonwealth. Activities include the provision of information technology, manufacturing activities, insurance programs, fleet services, facilities and property management, engineering and payroll services.

Fiduciary Fund Types:

Private Purpose Trust Funds – Account for transactions of all other trust arrangements in which the principal and income benefit individuals, private organizations, or other governments. These trusts include those for escheat property, educational savings plan, and others.

Pension and Other Employee Benefit Trust Funds – Account for transactions of the Commonwealth administered retirement systems and other employment benefits.

Investment Trust Fund – Accounts for the external portion of the Local Government Investment Pool that is sponsored by the Commonwealth.

Agency Funds – Account for amounts held in trust by the primary government for others. Agency funds include those funds established to account for the collection of taxes and fees for distribution to localities and other states, employee benefits, deposits of insurance carriers, child support collections and other miscellaneous accounts.

E. Budgetary Process

Budgetary amounts shown in the Required Supplementary Information and Combining and Individual Fund Statements and Schedules Sections represent the total of the original budgeted amounts and all supplemental appropriations. The

Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. Unexpended appropriations at the end of the fiscal year generally lapse. However, they may be reappropriated for expenditure in the following fiscal year. The Governor, as required by the *Code of Virginia*, submits a budget composed of all proposed expenditures for the Commonwealth, and of estimated revenues and borrowing for a biennium, to the General Assembly. Budgets are adopted for the General and Special Revenue Funds, except for the Literary Fund (major special revenue). Formal budgetary integration is not employed for the Capital Projects (nonmajor governmental), Debt Service (nonmajor governmental), Permanent Funds (nonmajor governmental), and the Literary (major special revenue) Funds because effective budgetary control is alternatively achieved through the General Fund and the remaining Special Revenue Funds.

The budget is prepared on a biennial basis; however, the budgets of the General and Special Revenue Funds contain separate appropriations for each year within the biennial budget, as approved by the General Assembly and signed into law by the Governor. For management control purposes, the budget is controlled at the program level. The Governor may transfer an appropriation within a state agency or from one state agency to another, provided that total fund appropriations, as contained within the budget, are not exceeded. Increases in General Fund appropriations must be approved by the General Assembly.

Appropriations for programs funded from Special Revenue Funds may allow expenditures in excess of the original appropriations to the extent that revenues of the funds exceed original budget estimates and such additional expenditures are approved by the Governor through supplemental appropriations.

F. Cash, Cash Equivalents, Investments, and Derivatives

Cash

In order to maximize the Commonwealth's earning potential, the majority of the primary government's cash balances are pooled together in the general account for investment purposes. The amounts required for operations are liquidated as needed. Since all amounts not required for operations are held in investment securities, it is possible that the cash balances could be negative due to timing differences in liquidating the investments.

As of June 30, 2015, the General Fund had a negative cash balance of \$3.9 billion. In order to properly reflect the general account position, this negative cash balance has been eliminated in the accompanying statements and offset against the primary government's cash equivalents and investments (see Note 6).

Cash Equivalents

Cash equivalents are investments with an original maturity of 90 days or less.

Investments

Investments are principally comprised of monies held by component units, Pension and Other Employee Benefit Trust Funds, and monies held by the State Treasurer in both the general account and other fiduciary accounts.

Governmental and proprietary funds, both primary government and component units, report investments in money market and in the Commonwealth sponsored investment pools at amortized cost which approximates fair value. All other investments are reported at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Investments administered by the Virginia Retirement System (the System) are reported at fair value. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. Investments in affiliated organizations are accounted for on the equity method of accounting and the System's share of their earnings (losses) for the period is included in investment income using the equity method.

Investments of higher education institutions (nonmajor component units) are reported at fair value, except for money market investments and investments in the Commonwealth sponsored investment pools, which are reported at amortized cost.

Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes (see Note 14).

G. Receivables

Receivables in the governmental funds consist primarily of the accrual of taxes, as well as receivables of the primary government's Medicaid program. Receivables in the proprietary funds consist primarily of tuition contribution receivables and unemployment compensation. Receivables of fiduciary funds are primarily the accrual of security transactions in the Pension and Other Employee Benefit Trust Funds. Receivables of the component units consist primarily of mortgage receivables, loan receivables, patient receivables, and student receivables. Receivables are recorded net of allowances for doubtful accounts (see Note 7).

H. Contributions Receivable, Net

Contributions Receivable reported by the foundations (component units) represents pledges or unconditional promises to give that have been discounted (see Note 8).

I. Internal Balances

Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities (see Note 9).

J. Inventory

Inventories consist of materials and supplies and are reported as expenditures when consumed. These assets are classified as nonspendable fund balance. Inventories exceeding \$1.0 million of the General and the Special Revenue Funds are maintained at cost using the first-in, first-out (FIFO) methodology, except for the following:

- Department of State Police (VSP)
- Virginia Department of Transportation (VDOT)

VSP inventories are recorded in the General (major) and Other Special Revenue (nonmajor) Funds using the average cost methodology and are maintained at cost. VDOT inventories are recorded in the Commonwealth Transportation Fund (major special revenue) using the FIFO and average cost methodologies and are maintained at either cost or average cost.

In addition to inventories maintained as stated above, the following agencies reported donated inventory balances on hand at June 30, 2015:

- Department of Health (VDH)
- Department of Corrections (VADOC)
- Department of Behavioral Health and Developmental Services (DBHDS)
- Department of Juvenile Justice (DJJ)

Inventories maintained by the Virginia Museum of Fine Arts (nonmajor enterprise fund), the Science Museum of Virginia (nonmajor enterprise fund), and the Consolidated Laboratory (nonmajor enterprise fund) are stated at cost using FIFO.

Inventories maintained by the Department of Alcoholic Beverage Control (nonmajor enterprise fund) are stated at average cost using FIFO.

Inventories maintained by the Virginia Lottery (major enterprise fund) and the Virginia Industries for the Blind (nonmajor enterprise fund) are stated at cost using the average cost methodology.

Inventories maintained by Correctional Enterprises (internal service fund) are stated at the lower of cost or market using FIFO. Inventories maintained

by the internal service funds except for Correctional Enterprises are stated at cost using FIFO.

Institutions of higher education (nonmajor component units) use several methods for inventory valuations, including cost using FIFO, the lower of cost or market using FIFO, or weighted average methods. Inventories maintained by the Virginia Port Authority (nonmajor component unit), the Hampton Roads Sanitation District Commission (nonmajor component unit), and the Danville Science Center (nonmajor component unit) are reported using the moving average unit cost methodology. Inventories at the gift shop run by the Library of Virginia Foundation (nonmajor component unit) are stated at lower of cost or market using FIFO.

K. Prepaid Items

Prepaid assets for rent, insurance, and similar items are recognized when purchased and expensed when used.

L. Interfund Loans Receivable/Payable

Loans Receivable/Payable represents working capital advances from one fund to another (see Note 9).

M. Other Assets

Other Assets include those balances of a miscellaneous nature that are not specifically classified elsewhere (see Note 10).

N. Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the Government-wide Statement of Net Position. Capital assets of the other funds and component units are capitalized in the fund in which they are utilized. All depreciable capital assets are depreciated on the straight-line basis over their useful lives (see Note 12).

Capital assets are stated at historical cost or, in some instances, estimated historical cost. Donated capital assets from entities external to the reporting entity are stated at fair market value at the time of donation. Asset transfers or donations from within the reporting entity are recorded at the carrying value of the transferring entity as required by GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The primary government capitalizes all equipment that has a cost or value greater than \$50,000 and expected useful life of greater than two years. The primary government capitalizes all land, water rights/easements, buildings, infrastructure, and software that have a cost or value greater than \$100,000 and an expected useful life of greater than two years. Selected agencies, business-type entities, and component units utilize a capitalization limit lower or higher than the primary government's

established thresholds for various reasons. Accordingly, reported capital assets may include some items that cost less than those thresholds. Infrastructure, including highways, bridges, and rights-of-way, is capitalized using the historical approach and includes any assets acquired prior to fiscal year 1980.

The primary government's capitalization policy regarding works of art/historical treasures is that capitalization is encouraged, but not required, for works of art/historical treasures that meet the following conditions:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain;
- The collection is protected, kept unencumbered, cared for and preserved; and,
- The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for the collection.

The primary government capitalizes construction-in-progress when project expenditures, including construction of intangible assets, exceed \$100,000. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset. The total interest cost incurred during the fiscal year was \$15.1 million. None of the interest cost incurred this fiscal year was capitalized.

Expenditures are classified as construction-in-progress if:

- (1) They extend the asset life, improve productivity, or improve the quality of service; and,
- (2) They fall into the planning, acquisition, construction, improvement, renovation, repair, replacement, relocation, or demolition phase of the asset life.

The estimated lives of capital assets are as follows:

	<u>Years</u>
Buildings	10–75
Equipment	2–50
Infrastructure	5–50
Software	5–35

Selected agencies, business-type entities, and component units may utilize estimated lives and policies that differ from the above for various reasons.

O. Deferred Outflows of Resources

Deferred outflows of resources are a consumption of assets by the government that is applicable to a future reporting period. Deferred outflows have a natural debit balance and, therefore increase net

position similar to assets (see Notes 13, 14, and 15).

P. Accounts Payable

Accounts payable represent amounts, including salaries and wages, owed for goods and services received prior to year-end. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, accounts payable also includes payments for nonexchange transactions that met eligibility requirements prior to fiscal year-end (see Note 24).

Q. Unearned Revenue

Unearned revenue represents monies received or revenues accrued but not earned as of June 30, 2015. The majority of unearned revenue is reported by higher education institutions (nonmajor component units), where it is primarily composed of revenue for student tuition accrued in advance of the semester and advance payments on grants and contracts. In the special revenue funds, unearned revenue is composed primarily of prepaid toll revenue and contributions from localities and private sectors for highway construction projects recorded in the Commonwealth Transportation Special Revenue Fund (major governmental). In the enterprise funds, a majority of unearned revenue represents online ticket monies received by the Virginia Lottery (major enterprise) for which corresponding drawings have not been held.

Unearned revenue in the internal service funds primarily represents unearned premiums in the Risk Management Fund; the transfer and purchase of assets for transition agencies, as well as advanced customer receipts in the Virginia Information Technologies Agency Fund; and prepaid rent and work orders in the Property Management Fund.

Unearned revenues in the other component units consist primarily of fees related to various activities.

R. Unearned Taxes

Unearned taxes represent income taxes related to the period January through June 2015. This amount is the estimate to be refunded (overpayments by taxpayers) reduced by the estimate to be received (underpayments from taxpayers) that will be finalized when income tax returns are filed in subsequent years. Individual income tax estimated overpayments total \$928.1 million and estimated underpayments total \$863.6 million. This results in unearned taxes of \$64.5 million.

Corporate income tax estimated overpayments total \$45.4 million and estimated underpayments total \$36.7 million. This results in unearned taxes of \$8.7 million.

S. Obligations Under Securities Lending Program

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, liabilities resulting from these

transactions have been recorded as obligations under securities lending transactions.

T. Other Liabilities

Other liabilities represent amounts owed for various governmental and proprietary activities. Some of these amounts will be paid shortly after fiscal year-end (see Note 25).

U. Claims Payable

Claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable at June 30, 2015. This includes both actual claims submitted, as well as actuarially determined claims incurred but not reported. Claims relating to the primary government's liability insurance programs are reported in the Risk Management – internal service fund and the Risk Management – nonmajor enterprise fund. Also, health insurance claims are reported in the Health Care – internal service fund and the Local Choice Health Care – nonmajor enterprise fund (see Notes 23.A. and 23.B.). Claims payable reported by the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) represents estimated malpractice, workers' compensation, and medical claims payable amounts.

V. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. The governmental fund statements reflect the portion of long-term liabilities that will be paid from expendable resources that represent payments to employees for separations that occurred prior to June 30. The proprietary fund statements and discrete component unit statements reflect total long-term liabilities and distinguish between those portions payable within one year and those payable in future years (see Note 26).

Bond premiums and discounts are amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, excluding prepaid insurance, are expensed.

Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund (nonmajor) when due. In these fund statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds

received, are reported as debt service expenditures (see Note 26).

W. Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of assets by the government that is applicable to a future reporting period. Deferred inflows have a natural credit balance and, therefore decrease net position similar to liabilities (see Notes 13, 14, 15, and 37).

X. Nonspendable Fund Balances

Nonspendable fund balances indicate that portion of fund balance that cannot be spent because it is either not in spendable form or is legally or contractually required to be maintained intact.

Y. Restricted Fund Balances

Restricted fund balances are amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Z. Committed Fund Balances

Committed fund balances are amounts that have constraints placed on the use of resources that are imposed by the formal action of the government's highest level of decision-making authority through legislative action. The distinction between restricted and committed fund balances is the source and strength of the constraints placed on them. The highest level of decision authority for the Commonwealth is the General Assembly and the Governor.

AA. Assigned Fund Balances

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are identified by Commonwealth management pursuant to the delegation of authority granted by the General Assembly and Governor specified in the Appropriation Act.

BB. Unassigned Fund Balances

Unassigned fund balance is the amount of fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes with the General Fund. Additionally, accrued liabilities exceed accrued assets on the modified accrual basis for the Commonwealth Transportation Fund (major special revenue) and Literary Fund (major special revenue) by \$22.2 million and \$37.5 million, respectively. As there are no assigned balances in these funds to offset the negative fund balance restricted for specific purposes, these amounts are reported as Unassigned Fund Balance.

CC. Cash Management Improvement Act

Included in Amounts Due to Other Governments is the Commonwealth's Cash Management Improvement Act (CMIA) interest liability to the federal government, which is calculated in accordance with the interest calculation and exchange provisions of the Federal Cash Management Improvement Act of 1990. The Commonwealth's interest liability is subject to review and final confirmation by the Bureau of the Fiscal Service (BFS) of the U.S. Treasury. If required, the payment is to be made on March 31 of the following year. Payment will be made from a sum sufficient appropriation authorized for this purpose by the Appropriation Act. The CMIA interest rate of exchange is based by law on the average of the bond equivalent rates of 13-week Treasury Bills auctioned during the annual reporting period as calculated by BFS. There was no payment required as of June 30, 2015.

DD. Investment Income

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investment income reported in the accompanying financial statements include changes in the fair value of investments and the amount reported may be negative. Additionally, the Commonwealth's policy is to record all unrealized gains or losses for the State Treasurer's Portfolio in the General Fund.

EE. Intrafund Eliminations

Eliminations have been incorporated into the report to eliminate intrafund transactions within the related fund type. These eliminations prevent overstatement of financial activity.

FF. Interfund Activity

Generally, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are 1) activities between funds reported as governmental activities and funds reported as business-type activities, and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions.

In the fund financial statements, transfers represent the movement of resources between funds. For example, transfers are recorded when a fund receives revenue and subsequently disburses the resources to another fund for expenditure.

2. RESTATEMENT OF BEGINNING BALANCES

The government-wide beginning balance restatements resulted from the following:

Government-wide Activities

• Governmental Activities

The Governmental Activities were restated for the following:

- The Commonwealth implemented 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*, effective for the fiscal year ended June 30, 2015. This implementation resulted in restatements for the difference between the beginning net pension liability less the beginning deferred outflows of resources for fiscal year 2014 employer contributions and the prior year's net pension obligation under the previous GASB Statement No. 27. Accordingly, the Governmental Activities were restated by \$2.4 billion.

- Capital Asset balances were restated by \$9.5 million due to errors that resulted in an understatement of previous balances.

- The Commonwealth Transportation (major special revenue) balances were restated by \$6.5 million due to errors that resulted in an overstatement of prior year liabilities.

• Business-type Activities

- As a result of the implementation of GASB Statement No. 68 and GASB Statement No. 71 discussed previously, Virginia Lottery (major), Virginia College Savings Plan (major), and numerous nonmajor enterprise funds have restated beginning balances by \$15.9 million, \$5.8 million, and \$55.5 million, respectively.

- The Wireless E-911 Service Board (nonmajor enterprise) beginning balance was restated by \$8.2 million due to errors attributable primarily to the overstatement of receivables and the understatement of liabilities.

Fund Statements

The fund statement beginning balance restatements resulted from the following:

- The Commonwealth Transportation (major special revenue) balances were restated by \$6.5 million due to errors that resulted in an overstatement of prior year liabilities as discussed previously.
- As a result of the implementation of GASB Statement No. 68 and GASB Statement No. 71 discussed previously, the following funds have been restated:
 - Virginia Lottery (major), Virginia College Savings Plan (major), and numerous nonmajor enterprise funds have restated beginning balances by \$15.9 million, \$5.8 million, and \$55.5 million, respectively.
 - Internal Service funds have been restated by \$41.4 million.
 - The Private Purpose Trust Funds have been restated by \$2.0 million.
- The Wireless E-911 Service Board (nonmajor enterprise) beginning balance was restated by \$8.2 million due to errors attributable primarily to the overstatement of receivables and the understatement of liabilities as discussed previously.

Component Units

The government-wide and fund statements were restated for the following.

- As a result of the implementation of GASB Statement No. 68 and GASB Statement No. 71 discussed previously, Virginia Resources Authority (major) and nonmajor component units restated balances by \$317,016 and \$1.7 billion, respectively.
- The Virginia College Building Authority (major) has restated balances by \$8.5 million to reflect the removal of unamortized premiums related to bonds that matured in prior years.
- The University of Virginia (nonmajor) has restated balances by \$121.5 million for the inclusion of The College Foundation of the University of Virginia.
- The Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University - nonmajor) has restated balances by \$46.1 million for the Community Memorial Hospital affiliation.
- The nonmajor component unit balance has been restated by \$8.6 million due to contractual modifications in January 2015 resulting in the removal of the Virginia Horse Center Foundation from the Commonwealth's reporting entity.
- The Virginia Port Authority (nonmajor) has restated balances by \$28.7 million due to errors resulting in the understatement of capitalized interest.
- The Hampton Roads Sanitation District Commission (nonmajor) has restated balances by \$25.1 million due to errors resulting in the understatement of inventory.

Beginning Balance Restatement

(Dollars in Thousands)

	Balance as of June 30, 2014	GASBS No. 68 Pension-Related Items	Change in Reporting Entity	Correction of Prior Year Errors	Balance June 30, 2014 as restated
Government-wide Activities:					
Primary Government:					
Governmental Activities	\$ 20,962,156	\$ (2,409,435)	\$ -	\$ 16,021	\$ 18,568,742
Business-type Activities	1,161,822	(77,159)	-	(8,230)	1,076,433
Total Primary Government	<u>\$ 22,123,978</u>	<u>\$ (2,486,594)</u>	<u>\$ -</u>	<u>\$ 7,791</u>	<u>\$ 19,645,175</u>
Component Units	<u>\$ 24,425,826</u>	<u>\$ (1,749,089)</u>	<u>\$ 158,973</u>	<u>\$ 62,319</u>	<u>\$ 22,898,029</u>
Fund Statements - Governmental Funds					
Major Governmental Funds:					
General	\$ 629,637	\$ -	\$ -	\$ -	\$ 629,637
Special Revenue Funds:					
Commonwealth Transportation	2,264,744	-	-	6,491	2,271,235
Federal Trust	135,262	-	-	-	135,262
Literary	13,473	-	-	-	13,473
Nonmajor Governmental Funds	864,927	-	-	-	864,927
Total Governmental Funds	<u>\$ 3,908,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,491</u>	<u>\$ 3,914,534</u>
Fund Statements - Proprietary Funds					
Major Enterprise Funds:					
Virginia Lottery	\$ (13,850)	\$ (15,893)	\$ -	\$ -	\$ (29,743)
Virginia College Savings Plan	518,243	(5,802)	-	-	512,441
Unemployment Compensation	586,073	-	-	-	586,073
Nonmajor Enterprise Funds	69,012	(55,464)	-	(8,230)	5,318
Total Enterprise Funds	<u>\$ 1,159,478</u>	<u>\$ (77,159)</u>	<u>\$ -</u>	<u>\$ (8,230)</u>	<u>\$ 1,074,089</u>
Internal Service	<u>\$ (465,192)</u>	<u>\$ (41,356)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (506,548)</u>
Fiduciary Funds					
Private Purpose Funds	<u>\$ 3,407,620</u>	<u>\$ (1,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,405,659</u>
Pension and Other Employee Benefit Trust Funds	<u>\$ 66,175,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,175,874</u>
Investment Trust Funds	<u>\$ 2,727,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,727,251</u>
Fund Statements - Component Units:					
Virginia Housing Development Authority	\$ 2,643,591	\$ -	\$ -	\$ -	\$ 2,643,591
Virginia Public School Authority	(34,612)	-	-	-	(34,612)
Virginia Resources Authority	1,437,856	317	-	-	1,438,173
Virginia College Building Authority	(3,156,748)	-	-	8,516	(3,148,232)
Nonmajor Component Units	23,535,739	(1,749,406)	158,973	53,803	21,999,109
Total Component Units	<u>\$ 24,425,826</u>	<u>\$ (1,749,089)</u>	<u>\$ 158,973</u>	<u>\$ 62,319</u>	<u>\$ 22,898,029</u>

3. NET POSITION/FUND BALANCE CLASSIFICATIONS

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, improves the reporting of fund balance so that classifications are more easily understood and can be applied consistently between information reported in the government-wide financial statements and the governmental fund financial statements. The governmental fund balance classifications defined in GASB Statement No. 54 are: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balance includes inventories, prepaid items, and the principal of a permanent fund. These funds are not available for expenditure in the current or following period.

Restricted fund balances include amounts that have constraints placed on the use of resources by the Constitution of Virginia or a party external to the Commonwealth.

Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the General Assembly and Governor through enacted legislation. The distinction between restricted and committed fund balances is the source and strength of the constraints placed on them.

Assigned fund balances are those that the government intends to use for a specific purpose, but for which the use is not legislatively mandated. The assignments are identified by Commonwealth management pursuant to the delegation of authority granted by the General Assembly and Governor specified in the Appropriation Act. The following schedule includes committed and assigned amounts that share the same purpose and title. The distinction between these classifications results from whether there is a statutory restriction on certain amounts contained within the fund.

Unassigned fund balance for the General Fund (major) is the residual classification. A negative amount indicates that restricted and committed amounts exceed the available modified accrual basis fund balance. Unassigned fund balance for the Commonwealth Transportation Fund (major special revenue) and Literary Fund (major special revenue) indicates that the amounts restricted for specific purposes exceeds the modified accrual basis fund balance available for these specific purposes.

The governmental fund balance classifications and amounts at June 30, 2015, are shown in the following table.

Governmental Fund Balance Classifications

(Dollars in Thousands)

	General Fund	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental	Total
Nonspendable						
Inventory	\$ 41,838	\$ 76,563	\$ 15,791	\$ -	\$ 5,254	\$ 139,446
Prepaid Items	78,209	8,983	1,420	-	19,741	108,353
Permanent Funds	-	-	-	-	34,725	34,725
Total Nonspendable	<u>120,047</u>	<u>85,546</u>	<u>17,211</u>	<u>-</u>	<u>59,720</u>	<u>282,524</u>
Restricted						
Agriculture and Forestry	-	-	-	-	1,573	1,573
Capital Projects/Construction/Capital Acquisition	-	-	-	-	288,127	288,127
Debt Service	-	-	-	-	44,729	44,729
Economic and Technological Development	-	-	-	-	12	12
Educational and Training Programs	-	-	-	-	10,522	10,522
Environmental Quality and Natural Resource Preservation	-	-	-	-	16,704	16,704
Gifts and Grants	-	-	98,225	-	2,211	100,436
Government Operations:						
Legislative Services	-	-	-	-	7	7
Administrative Services	-	-	-	-	3,304	3,304
Health and Public Safety	-	-	-	-	83,023	83,023
Lottery Proceeds Fund	7,063	-	-	-	-	7,063
Revenue Stabilization Fund	1,073,289	-	-	-	-	1,073,289
Transportation Activities	-	544,980	-	-	-	544,980
Virginia Water Supply Assistance Grant Fund	5,634	-	-	-	-	5,634
Total Restricted	<u>1,085,986</u>	<u>544,980</u>	<u>98,225</u>	<u>-</u>	<u>450,212</u>	<u>2,179,403</u>
Committed						
Agriculture and Forestry	66	-	-	-	23,512	23,578
Amount Required for Mandatory Reappropriation	58,543	-	-	-	-	58,543
Amount Required for Reappropriation of 2015 Unexpended Balances for Capital Outlay	21,487	-	-	-	-	21,487
Capital Projects/Construction/Capital Acquisition	543	-	-	-	573	1,116
Central Capital Planning Fund	13,790	-	-	-	-	13,790
Commonwealth's Development Opportunity Fund	23,543	-	-	-	-	23,543
Communications Sales and Use Tax	2,157	-	-	-	-	2,157
Contract and Debt Administration	-	10,285	-	-	1,119	11,404
Economic and Technological Development	32,521	-	-	-	50,556	83,077
Educational and Training Programs	624	1,574	-	-	6,797	8,995
Environmental Quality and Natural Resource Preservation	3,800	-	-	-	102,257	106,057
Federal Action Contingency Trust Fund	437	-	-	-	-	437
Government Operations:						
Legislative Services	-	-	-	-	180	180
Administrative Services	84	-	-	-	80,585	80,669
Health and Public Safety	9,095	3,375	-	-	177,441	189,911
Natural Disaster Sum Sufficient	24,110	-	-	-	-	24,110
Regulatory Oversight	-	-	-	-	131,096	131,096
Transportation Activities	-	1,647,529	-	-	7,061	1,654,590
Virginia Health Care Fund	10,390	-	-	-	-	10,390
Virginia Water Quality Improvement Fund	94,548	-	-	-	-	94,548
Total Committed	<u>295,738</u>	<u>1,662,763</u>	<u>-</u>	<u>-</u>	<u>581,177</u>	<u>2,539,678</u>
Assigned						
Agriculture and Forestry	-	-	-	-	114	114
Economic and Technological Development	-	-	-	-	1,750	1,750
Educational and Training Programs	-	-	-	-	6,734	6,734
Environmental Quality and Natural Resource Preservation	-	-	-	-	8,325	8,325
Health and Public Safety	-	-	-	-	11,923	11,923
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,846</u>	<u>28,846</u>
Unassigned						
	<u>(653,415)</u>	<u>(22,182)</u>	<u>-</u>	<u>(37,478)</u>	<u>-</u>	<u>(713,075)</u>
Total Fund Balance	<u>\$ 848,356</u>	<u>\$ 2,271,107</u>	<u>\$ 115,436</u>	<u>\$ (37,478)</u>	<u>\$ 1,119,955</u>	<u>\$ 4,317,376</u>

4. DEFICIT FUND BALANCES/NET POSITION

The Literary Fund (major special revenue) ended the year with a deficit fund balance of \$37.5 million. The deficit was the result of current year expenditures for teacher retirement and education technology loans exceeding revenue, coupled with the fund accruing loans payable to the Virginia Public School Authority (major component unit) that exceeded the accrued assets on the modified accrual basis.

The Virginia Lottery (major enterprise fund), the Department of Alcoholic Beverage Control (nonmajor enterprise fund), the Department of General Services' Consolidated Laboratory Services Fund (nonmajor enterprise fund), the Department of Environmental Quality's Title V Air Pollution Permit Fund (nonmajor enterprise fund), and the Payroll Service Bureau (internal service fund) ended the year with deficit net positions of \$30.4 million, \$84.8 million, \$146,069, \$8.3 million, and \$2.2 million, respectively. This was solely attributable to the net pension liability resulting from 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*, and the net other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The Risk Management Fund (nonmajor enterprise fund) ended the year with a deficit net position balance of \$13.8 million. The deficit was a result of increasing claims liability for constitutional officers' programs.

The Virginia Information Technologies Agency (internal service fund) ended the year with a deficit net position balance of \$36.7 million. The deficit was a result of transfers to the General Fund mandated by the Appropriation Act, operating expenses exceeding revenues in previous years, and noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Enterprise Application Fund (internal service fund) ended the year with a deficit net position balance of \$4.7 million. This deficit was the result of high capital expenses and significant expenses relating to Phase III of the Cardinal project which were excluded from billing, coupled with noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Property Management Fund (internal service fund) ended the year with a deficit net position balance of \$25.8 million. This deficit was the result of the purchase of a leasehold interest in a state-owned building in fiscal year 2006. Also, the Property Management Fund incurred additional capital lease liabilities due to transfers of leases from other state agencies in fiscal year 2009. Additionally, in fiscal year 2012, the Property Management Fund entered into three energy leases where the asset is reported in the governmental fund and the liability is recorded in the internal service fund. Further, there are noncurrent liabilities related to

net pension liabilities and other postemployment benefit obligations.

The Risk Management Fund (internal service fund) ended the year with a deficit net position balance of \$521.4 million. The deficit was the result of the Worker's Compensation Program having estimated claims payable exceeding the available equity in the fund. Claims are paid on a pay-as-you-go basis. To the extent that claims exceed current resources, they will ultimately become a liability of the fund from which the claim originated.

The Virginia Public School Authority (major component unit) ended the year with a deficit net position balance of \$31.8 million. This deficit is the result of an accrued credit against future debt service payments on Local School Bonds due from the localities subsequent to June 30.

The Virginia College Building Authority (major component unit) ended the year with a deficit net position balance of \$3.5 billion. This deficit occurs because the Authority issued bonds for the 21st Century College and Equipment programs subject to future appropriations from the General Fund of the Commonwealth without any other security. These future appropriations are not included as assets of the Authority.

The Southern Virginia Higher Education Center (nonmajor component unit) ended the year with a deficit net position balance of \$547,614. This was solely attributable to the entries for the net pension liability resulting from 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*.

The Virginia Economic Development Partnership (nonmajor component unit) ended the year with a deficit net position balance of \$11.1 million. This deficit occurs because the partnership's Statement of Net Position reflects \$13.0 million in non-current liabilities related to compensated absences, net pension liabilities, and net other postemployment benefit obligation. The Partnership is funded mainly by state appropriations, which show current funding only.

The Virginia Tourism Authority (nonmajor component unit) ended the year with a deficit net position balance of \$2.4 million. This deficit occurs because the Authority's Statement of Net Position reflects \$7.3 million in non-current liabilities related to compensated absences, net pension liabilities, and net other postemployment benefit obligation.

5. REVENUE STABILIZATION FUND

In accordance with Article X, Section 8 of the Constitution of Virginia, the amount estimated as required for deposit to the Revenue Stabilization Fund must be appropriated for that purpose by the General Assembly. A deposit of \$243.2 million was made during fiscal year 2015 as required by Section 2.2-1829 of the *Code of Virginia*, which includes the advance

reservation of \$95.0 million provided in Chapter 2, 2014 Acts of Assembly. Additionally, during fiscal year 2015, in accordance with the provisions of Article X, Section 8 of the Constitution of Virginia and Section 2.2-1830 of the *Code of Virginia*, a withdrawal of \$467.7 million was made from the fund. Further, Chapter 665, 2015 Acts of Assembly, authorizes an additional withdrawal estimated at \$235.0 million from the fund during fiscal year 2016.

Under the provisions of Article X, Section 8 of the Constitution of Virginia, a deposit of \$605.6 million is required during fiscal year 2017 based on fiscal year 2015 revenue collections. This required deposit is included as a restricted component of fund balance and includes the advance reservation of \$129.5 million provided in Chapter 665, 2015 Acts of Assembly.

Section 2.2-1829(b) of the *Code of Virginia* requires an additional deposit into the Fund when specific criteria have been met. No such deposit is required since the specified criteria were not met for fiscal year 2015.

The Revenue Stabilization Fund has principal and interest on deposit of \$467.7 million restricted as a part of General Fund balance. Pursuant to the constitutional amendment of Article X, Section 8, effective January 1, 2011, the amount on deposit cannot exceed fifteen percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. As of June 30, 2015, the Constitutional maximum is \$2.4 billion.

6. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2015, the carrying amount of cash for the primary government was \$3.4 billion and the bank balance was \$476.7 million. The carrying amount of cash for component units was \$2.2 billion and the bank balance was \$957.0 million. Cash equivalents are investments with an original maturity of 90 days or less. Cash and cash equivalents for foundations (component units) totaled \$386.8 million as of year-end. A portion of this amount and some balances during the year exceeded Federal Deposit Insurance Corporation (FDIC) insurance coverage. Foundation investments are disclosed in the Interest Rate Risk section of this note.

For purposes of this note, primary government includes governmental, business-type activities, and fiduciary funds. The deposits of the primary government and the component units, excluding foundations (component units), are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400 of the *Code of Virginia*. The act requires any public depository that receives or holds public deposits to pledge collateral to the Treasury Board to cover public deposits in excess of Federal deposit insurance. The required collateral percentage is determined by the Treasury Board and ranges from 50.0 percent to 100.0 percent for financial institutions choosing the pooled method of collateralization, and from 105.0 percent to 130.0 percent for financial institutions choosing the dedicated method of collateralization. As stated in Note 1.DD, unrealized gains or losses for the State Treasurer's Portfolio are recorded in the General Fund.

Certain deposits are held by trustees in accordance with the Trust Subsidiary Act, Section 6.2-1057 of the *Code of Virginia*. The act requires that cash held by trustees while awaiting investment or distribution is not to be used by an affiliate bank of the trustee in the conduct of its business unless the affiliate bank delivers securities to the trust department as collateral that is at least equal to the fair value of the trust funds held on deposit in excess of amounts insured by the FDIC.

The Commonwealth is authorized, in accordance with the guidelines set forth in Section 2.2-4500 et seq. of the *Code of Virginia*, to invest public funds in the following:

- U.S. Treasury and agency securities
- Corporate debt securities
- Asset-backed securities
- Mortgage-backed securities
- Municipal securities
- AAA rated obligations of foreign governments
- Bankers' acceptances and bank notes
- Negotiable certificates of deposit
- Repurchase agreements
- Money market funds

Permitted investments include agency mortgage-backed securities, corporate or private label mortgage-backed securities, and asset-backed securities which by definition usually expose the investor to prepayment risk. Prepayment risk, or the prepayment option granted the borrower, can create uncertainty concerning cash flows, can affect the price of the security causing negative convexity, and can expose the investor to reinvestment risk. Similarly, many agency and corporate securities are callable after some predetermined date at a predetermined price. The call options in regular agency debentures and some corporate securities can be open ended and may significantly impact cash flows, security pricing, and reinvestment risks of these securities.

At June 30, 2015, the State Treasurer held no security that was in default as to principal or interest. The State Treasurer, with the exception of securities lending and one security in one nonmajor component unit portfolio with a one-day (July 1, 2015) maturity, had no securities that were out of compliance with guidelines.

Public funds held by the Commonwealth, public officers, municipal corporations, political subdivisions, and any other public body of the Commonwealth shall be held in trust for the citizens of the Commonwealth. Any investment of such funds pursuant to the provisions of this chapter shall be made solely in the interest of the citizens of the Commonwealth and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Certain investments held in trust by the State Treasurer in accordance with bond indentures and resolutions may have more restrictive investment policies. Investment policies of institutions of higher education (component units) are established by the institutions' governing boards.

The Board of Trustees of the Virginia Retirement System (the System) (part of primary government) has full power to invest and reinvest the trust funds in accordance with Section 51.1–124.30 of the *Code of Virginia*, as amended. This section requires the Board to discharge its duties solely in the interest of the beneficiaries and to invest the assets with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Board must also diversify such investments so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so. The System does not have investment policies that place specific restrictions on investments related to custodial risk, interest rate risk, credit risk, or foreign currency risk. The System investment portfolio is intended to be managed through diversification and prudent judgment, rather than through specific policy restrictions.

The information presented for the external investment pool was obtained from audited financial statements. Copies of the Local Government Investment Pool (LGIP) report may be obtained by writing the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218. Participation in this pool is voluntary.

Custodial Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commonwealth may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Policies related to custodial credit risk pertaining to the Commonwealth's securities lending program are found in the securities lending section of this note.

As of June 30, 2015, the primary government had \$2.1 billion of cash equivalents and investments that were exposed to custodial risk as uninsured and uncollateralized. The majority of this amount, held by the System, consisted of various types of debt and equity securities that were held by counterparties' trust departments or agents, but not in the System's name. Common and preferred stocks represented \$1.6 billion of the total. The remainder was for various types of debt securities. The component units had no cash equivalents and investments that were exposed to custodial risk as uninsured and uncollateralized.

As of June 30, 2015, the investments of the Pension and Other Employee Benefit Trust Funds were approximately 80.7 percent of the primary government investments, and 99.9 percent of those were exposed to custodial risk.

Interest Rate Risk

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

The State Treasurer's guidelines limit the following maximum durations for any single security of the following investment types:

<u>Security Type</u>	<u>Maximum Duration</u>
Corporate Security	15 years
Asset-Backed Securities	5 years
Sovereign Government Obligations (excluding U.S.)	5 years
Negotiable Certificates of Deposit and Negotiable Bank Notes	5 years

The State Treasurer's guidelines further describe target durations for the overall general account portfolio of 1.7 years.

The System manages the risk within the portfolio using the effective duration or option-adjusted methodology. It is widely used in the management of fixed income portfolios in that it quantifies, to a much greater degree, the risk of interest rate changes. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the System's fixed income portfolios are managed in accordance with the System's investment guidelines, most of which are specific as to the degree of interest rate risk that can be taken.

At June 30, 2015, the Commonwealth had the following investments and maturities:

Primary Government Investments

(Dollars in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<u>Debt Securities</u>					
U. S. Treasury and Agency Securities	\$ 5,416,720	\$ 554,148	\$ 3,384,874	\$ 941,967	\$ 535,731
Corporate Bonds and Notes	13,825,977	3,890,846	4,962,172	3,404,876	1,568,083
Commercial Paper	3,870,883	3,870,883	-	-	-
Negotiable Certificates of Deposit	3,046,197	3,045,895	302	-	-
Repurchase Agreements	1,537,266	1,537,266	-	-	-
Municipal Securities	261,636	2,649	37,700	104,324	116,963
Asset-Backed Securities	576,120	316,619	96,135	46,311	117,055
Agency Mortgage-Backed Securities	2,640,167	208,636	1,587,664	728,920	114,947
Agency Unsecured Bonds and Notes	2,415,108	1,726,719	451,182	11,810	225,397
Mutual and Money Market Funds (Includes SNAP)	1,595,375	1,595,375	-	-	-
The Boston Company Pooled Employee Trust Fund	221,875	221,875	-	-	-
Guaranteed Investment Contracts	778,274	-	778,274	-	-
Fixed Income and Commingled Funds	1,243,271	256	267,647	975,368	-
Investments held by broker-dealers under securities loans					
U. S. Government and Agency Securities	430	102	328	-	-
Corporate Bonds	1,139	325	521	293	-
Other	1,108,199	456,644	387,664	206,625	57,266
Total	\$ 38,538,637	\$ 17,428,238	\$ 11,954,463	\$ 6,420,494	\$ 2,735,442

Component Unit Investments

(Dollars in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<u>Debt Securities</u>					
U. S. Treasury and Agency Securities	\$ 1,065,757	\$ 112,636	\$ 247,685	\$ 30,153	\$ 675,283
Corporate Bonds and Notes	437,752	147,404	244,794	40,903	4,651
Commercial Paper	323,819	319,819	4,000	-	-
Negotiable Certificates of Deposit	52,761	23,119	29,642	-	-
Repurchase Agreements	25,741	25,741	-	-	-
Reverse Repurchase Agreements	340,000	340,000	-	-	-
Municipal Securities	3,516,659	20,989	78,418	98,432	3,318,820
Asset-Backed Securities	176,753	10,207	122,115	9,474	34,957
Agency Unsecured Bonds and Notes	320,016	263,036	49,966	6,723	291
Agency Mortgage-Backed Securities	121,518	17,270	38,589	11,641	54,018
Mutual and Money Market Funds (Includes SNAP)	971,923	789,728	19,477	158,625	4,093
Guaranteed Investment Contracts	57,278	2,155	9,775	19,066	26,282
Fixed Income and Commingled Funds	46,437	892	44,637	908	-
Other	7,476	6,233	1,178	65	-
Total	\$ 7,463,890	\$ 2,079,229	\$ 890,276	\$ 375,990	\$ 4,118,395

Foundation Investments
(Dollars in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasury and Agency Securities	\$ 1,025,876
Common & Preferred Stocks	941,811
Corporate Bonds and Notes	193,776
Negotiable Certificates of Deposit	14,048
Municipal Securities	3,180
Repurchase Agreements	443
Asset Backed Securities	1,361
Agency Mortgage Backed	5,201
Mutual and Money Market Funds	754,639
Real Estate	547,452
Index Funds	154,109
Hedge Funds	2,356,270
Partnerships	2,135,161
Venture Capital	384,142
Others	3,301,328
Total	\$ 11,818,797

Note: Foundations represent FASB reporting entities defined in Note 1.B. A portion of these amounts are reported at cost rather than fair value because fair value was not available or readily determinable.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State Treasurer places emphasis on securities of high credit quality and marketability. At the time of purchase, the following limitations are in place:

- Bankers acceptances: P-1, Moody's Investors Service (Moody's) and A-1, Standard & Poor's (S&P)
- Negotiable CDs and bank notes:
 - maturities of one year or less: P-1, Moody's and A-1, S&P
 - maturities over one year: Aa, Moody's and AA, S&P
- Commercial paper: P-1, Moody's and A-1, S&P
- Corporate Notes and Bonds: A3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P. However, each external investment manager may invest up to 10.0 percent of their portfolio in Baa2/BBB rated bonds which, at a minimum, must be rated Baa2/BBB by two nationally recognized rating agencies, one of which must be either Moody's or S&P.
- Municipal Bonds: A3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P
- Asset-backed securities: AAA by two nationally recognized rating agencies, one of which must be Moody's or S&P

- Dollar denominated obligations of sovereign governments: Aaa, Moody's and AAA, S&P
- Commercial Mortgage-Backed Securities (CMBS) and Collateralized Mortgage Obligations (CMOs): AAA by two nationally recognized rating agencies, one of which must be Moody's or S&P

The following tables present the credit ratings for the majority of the investments of the primary government and component units as of June 30, 2015. The ratings presented are using S&P and Moody's rating scales. Within the primary government, the investments presented in the table represented 83.3 percent of the total debt securities. Within the component units, the investments presented in the table represented 87.3 percent of the total debt securities, 44.2 percent of which were invested in unrated Municipal Securities.

Credit risk for derivative instruments held by the Commonwealth results from counterparty risk assumed by the Commonwealth. This is essentially the risk that the borrower will be unable to meet its obligation. Information regarding the Commonwealth's credit risk related to derivatives is found in Note 14.

Policies related to credit risk pertaining to the Commonwealth's securities lending program are found in the Securities Lending section of this note.

Credit Rating - Primary Government
(Dollars in Thousands)

<u>Investment</u>	<u>Amount</u>	<u>Rating Agency</u>	<u>Rating</u>	<u>Percent of Portfolio</u>
U. S. Treasury and Agency Securities	\$ 5,416,720	N/A	N/A	14.1%
Commercial Paper	2,461,000	Moody's	P-1	6.4%
Agency Mortgage Backed Securities	2,444,628	Moody's	Aaa	6.3%
Agency Unsecured Bonds and Notes	2,072,195	Standard & Poor's	AA+	5.4%
Corporate Bonds and Notes	1,925,346	Moody's	NR	5.0%
Negotiable Certificates of Deposit	1,526,351	Standard & Poor's	A-1	4.0%
Negotiable Certificates of Deposit	1,384,418	Moody's	P-1	3.6%
Corporate Bonds and Notes	1,158,783	Moody's	Baa2	3.0%
Corporate Bonds and Notes	1,083,140	Moody's	Baa1	2.8%
Corporate Bonds and Notes	998,931	Moody's	A3	2.6%
Corporate Bonds and Notes	932,203	Moody's	Aa3	2.4%
Corporate Bonds and Notes	851,803	Moody's	Aa2	2.2%
Corporate Bonds and Notes	797,714	Moody's	Baa3	2.1%
Corporate Bonds and Notes	791,931	Moody's	A1	2.1%
Commercial Paper	790,233	Standard & Poor's	A-1	2.1%
Guaranteed Investment Contracts	778,274	N/A	N/A	2.0%
Corporate Bonds and Notes	634,271	Moody's	A2	1.7%
Other Debt Securities	632,067	Moody's	Aaa	1.6%
Repurchase Agreements	623,581	Moody's	NR	1.6%
Commercial Paper	619,650	Moody's	P-2	1.6%
Repurchase Agreements	600,000	Standard & Poor's	AA+	1.6%
Mutual and Money Market Funds (Include SNAP)	589,187	Standard & Poor's	A-3	1.5%
Corporate Bonds and Notes	584,225	Moody's	B1	1.5%
Fixed Income and Commingled Funds	538,026	Moody's	Baa1	1.4%
Fixed Income and Commingled Funds	497,121	N/A	N/A	1.3%
Mutual and Money Market Funds (Include SNAP)	466,158	Standard & Poor's	Aaa	1.2%
Corporate Bonds and Notes	412,163	Moody's	Ba3	1.1%
Corporate Bonds and Notes	411,878	Moody's	Ba1	1.1%

Credit Rating - Component Units
(Dollars in Thousands)

<u>Investment</u>	<u>Amount</u>	<u>Rating Agency</u>	<u>Rating</u>	<u>Percent of Portfolio</u>
Municipal Securities	\$ 3,301,153	N/A	N/A	44.2%
U. S. Treasury and Agency Securities	1,065,757	N/A	N/A	14.3%
Mutual and Money Market Funds (Include SNAP)	618,586	Standard & Poor's	AAA	8.3%
Reverse Repurchase Agreements	340,000	Standard & Poor's	BBB-	4.6%
Agency Unsecured Bonds and Notes	276,821	Moody's	Aaa	3.7%
Mutual and Money Market Funds (Include SNAP)	243,057	N/A	N/A	3.3%
Commercial Paper	228,747	Moody's	P-1	3.1%
Asset Backed Securities	83,504	Moody's	Aaa	1.1%
Commercial Paper	72,083	N/A	N/A	1.0%
Corporate Bonds and Notes	65,000	Moody's	A1	0.9%
Corporate Bonds and Notes	58,175	N/A	N/A	0.8%
Guaranteed Investment Contracts	53,291	Moody's	A2	0.7%
Agency Mortgage Backed Securities	49,521	Standard & Poor's	AA+	0.7%
Fixed Income and Commingled Funds	46,437	N/A	N/A	0.6%

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 issuer. The Commonwealth holds no investment in the securities of a single issuer that is more than 5.0 percent of the total market value of its investments. In addition, the State Treasury and the System have individual investment policies limiting the amounts that may be invested in any single issuer.

It is the State Treasurer's policy that each portfolio will be diversified with no more than 4.0 percent of the value of the fund invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit. Certain portfolios are limited to amounts less than 4.0 percent of the value of the fund invested in the securities of any single issuer.

The System investment guidelines for each specific portfolio also limit investments in any corporate entity to no more than 5.0 percent of the market value of the account for both the internally and externally managed portfolios. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits.

Foreign Currency Risk

Primary Government

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. All primary government investments exposed to foreign currency risk were part of the System, the Virginia College Savings Plan, and the Unclaimed Property portfolios at June 30, 2015.

Foreign currency risk exposure, or exchange rate risk, primarily exists in the international and global equity investment holdings. From time to time, external managers may hedge their portfolios' foreign currency exposures with currency forward contracts. This will depend upon their views about a specific foreign currency relative to the U.S. dollar. Exposure to foreign currency risk is highlighted in the following table.

Component Units

All nonmajor component unit investments exposed to foreign currency risk were part of the College of William and Mary, James Madison University, the Virginia Economic Development Partnership, and the Virginia Biotechnology Research Partnership Authority portfolios at June 30, 2015.

Foreign Currency Exposures by Asset Class - Primary Government
(Dollars in Thousands)

Currency	Cash & Cash Equivalents	Equity	Fixed Income	Private Equity	Real Estate	Corporate Bonds	International Funds	Total
Euro Currency Unit	\$ 24,798	\$ 1,232,550	\$ (55,109)	\$ 738,777	\$ 59,682	\$ 21,699	\$ -	\$ 2,022,397
Japanese Yen	22,445	1,147,646	(1,216)	-	498	6,002	-	1,175,375
Hong Kong Dollar	2,226	673,036	(2,281)	-	4,939	3,552	-	681,472
British Pound Sterling	4,783	628,210	(316)	-	(184,953)	3,278	-	451,002
South Korean Won	1,467	395,561	(23,077)	-	-	-	-	373,951
Australian Dollar	1,494	390,771	(1,981)	-	(35,998)	-	-	354,286
Swiss Franc	4,501	302,137	7	-	1,084	2,188	-	309,917
Canadian Dollar	1,076	251,299	441	-	23,330	2,817	-	278,963
New Taiwan Dollar	3,441	255,486	-	-	-	-	-	258,927
US Dollar	-	-	-	-	-	-	251,608	251,608
Brazil Real	1,743	179,751	32,295	-	-	-	-	213,789
South African Comm Rand	886	168,480	44,268	-	-	-	-	213,634
New Turkish Lira	473	100,564	46,206	-	-	-	-	147,243
Norwegian Krone	717	144,307	-	-	(1,073)	-	-	143,951
Indian Rupee	292	87,734	35,390	-	-	-	-	123,416
Mexican New Peso	1,238	48,888	69,970	-	810	-	-	120,906
Thailand Baht	404	88,130	23,901	-	-	-	-	112,435
Swedish Krona	109	99,552	-	-	-	-	-	99,661
Malaysian Ringgit	581	56,753	39,225	-	-	-	-	96,559
Indonesian Rupiah	1,011	57,564	37,398	-	-	-	-	95,973
Polish Zloty	1,204	25,038	44,933	-	-	-	-	71,175
Danish Krone	99	68,739	-	-	(406)	-	-	68,432
Chilean Peso	436	38,905	319	-	-	-	-	39,660
Philippine Peso	148	18,902	9,935	-	-	-	-	28,985
Colombian Peso	700	298	22,548	-	-	-	-	23,546
Russian Ruble	241	2,758	15,234	-	-	-	-	18,233
Hungarian Forint	257	7,012	7,418	-	-	-	-	14,687
Turkish Lira	7,189	-	-	-	-	-	-	7,189
Egyptian Pound	105	6,561	-	-	-	-	-	6,666
Peruvian Nuevo Sol	-	9	6,411	-	-	-	-	6,420
Nigerian Naira	285	-	4,153	-	-	-	-	4,438
Romanian Leu	140	-	4,051	-	-	-	-	4,191
Qatari Riyal	-	1,330	-	-	-	-	-	1,330
UAE Dirham	-	945	-	-	-	-	-	945
Israeli Shekel	786	558	(525)	-	-	-	-	819
Czech Koruna	4	488	-	-	-	-	-	492
Chinese Yuan Renminbi	1	-	-	-	-	-	-	1
Moroccan Dirham	1	-	-	-	-	-	-	1
Singapore Dollar	1,976	(66,163)	(19,667)	-	-	1,236	-	(82,618)
New Zealand Dollar	342	(110,004)	260	-	-	-	-	(109,402)
Total	\$ 87,599	\$ 6,303,795	\$ 340,191	\$ 738,777	\$ (132,087)	\$ 40,772	\$ 251,608	\$ 7,630,655

Foreign Currency Exposures by Asset Class - Component Units
(Dollars in Thousands)

Currency	Cash & Cash Equivalents	Equity	Fixed Income	Private Equity	Real Estate	International Funds	Total
U.S. Dollar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 574	\$ 574
British Pound Sterling	1,327	-	-	-	-	-	1,327
Euro Currency Unit	2,808	-	-	-	-	-	2,808
Other	4	-	-	-	-	-	4
Total	\$ 4,139	\$ -	\$ -	\$ -	\$ -	\$ 574	\$ 4,713

Securities Lending

The State Treasury's securities lending program is managed by Deutsche Bank AG, New York (Deutsche Bank), under a contract dated March 28, 2014. The enabling legislation for the securities lending program is Section 2.2-4506 of Chapter 45 of the *Code of Virginia*, as amended. No violations of legal or contractual provisions were noted during the year. The general account participated in a securities lending program for the entire year.

All securities lending loans are on an open-ended or one-day basis and may be terminated by the State Treasury with a 24-hour notice or are term loans with the right of substitution. While all securities may be recalled on a daily basis, securities are often on loan for much longer periods. Generally cash reinvestments security maturities do not match the maturities of loans. Per the contract with Deutsche Bank, all cash collateral reinvestment securities attributable to loans made on the Commonwealth's behalf shall be maintained by Deutsche Bank, and the State Treasury cannot pledge or sell such collateral absent a default.

The State Treasury's contract with Deutsche Bank provides for loss indemnification against insolvency default with respect to lending transactions and in the case of reverse transactions (Repurchase Agreements) as defined in the applicable Agency Securities Lending and Repurchase Agreement. Additionally, Deutsche Bank AG is liable for any losses experienced from reinvestment of cash collateral in investments not authorized by the provisions of the investment guidelines for the Commonwealth of Virginia agreed upon by both parties and made a part of the Agency Securities Lending and Repurchase Agreement. There were no realized losses resulting from default during this reporting period.

When securities are loaned, the collateral received is at least 100.0 percent of fair value of the securities loaned and must be maintained at 100.0 percent or greater. There are no stated restrictions on the amount of securities that may be loaned, but the basic composition of the general account portfolio effectively restricts the maximum percentage of the portfolio that may be loaned. During the past fiscal year, approximately 9.4 percent of the general account securities were on loan.

During the past year, a combination of U.S. Treasury, agency, agency mortgage and corporate securities have been loaned, with the majority of the loaned securities being U.S. Treasury and agency securities. At June 30, 2015, all collateral received was in the form of cash.

Securities loaned for the State Treasurer's cash collateral reinvestment pool, which consisted of 69.4 percent general account funds and 30.6 percent Virginia Lottery funds as of June 30, 2015, had a carrying value of \$270.4 million and a fair value of \$319.3 million. The fair value of the collateral received was \$325.1 million providing for coverage of 101.8 percent. At year-end, the State Treasury's securities lending program has no credit risk exposure to borrowers because the amounts it owes the borrowers exceeded the amounts the borrowers owe Treasury's securities lending program. All securities are marked to market daily. The carrying

value of the cash collateral reinvestment pool received was \$325.1 million and the fair value of the investments purchased with the cash collateral was \$325.0 million. As of June 30, 2015, the State Treasurer's cash collateral reinvestment pool had an unrealized loss of \$15,055, and is recorded in the General Fund as stated in Note 1.DD. This amount is included in the total State Treasurer's Portfolio discussed earlier in this note.

Cash collateral reinvestment guidelines were amended effective April 16, 2014. Approved investment instruments include Indemnified Repurchase Agreements marked to market daily and preapproved Government Money Market Funds. Term repurchase agreements are limited to 93 days. At June 30, 2015, approximately 96.5 percent of cash collateral reinvestments were in indemnified repurchase agreements, and 3.5 percent were legacy direct investments of asset-backed (including mortgage-backed) floating rate securities.

At June 30, 2015, the cash collateral reinvestment portfolio had a weighted average maturity of four days using the next interest reset date as the maturity date for floating rate securities. Using the expected maturity date, the weighted average maturity was 261 days and using the final maturity date, which assumes no pay downs on any asset-backed or mortgage-backed securities, the weighted average maturity was 1.4 years.

At June 30, 2015, \$11.4 million, or 3.5 percent, of the total par value of the cash collateral reinvestment portfolio was out of compliance with the State Treasury's current cash collateral reinvestment guidelines due to various security ratings downgrades during the past few years and adoption of more restrictive reinvestment guidelines in 2014. The securities are not in default and are making principal payments. Approximately 69.4 percent of these out of compliance securities are part of the general account portion of the securities lending program and the other 30.6 percent is the Virginia Lottery's portion of the securities lending program. The Commonwealth regularly evaluates these positions to determine the most beneficial course of action going forward.

Under authorization of the Board, the Virginia Retirement System (the System) lends its fixed income and equity securities to various broker-dealers on a temporary basis. This program is administered through an agreement with the System's custodial agent bank. All security loan agreements are collateralized by cash, securities, or an irrevocable letter of credit issued by a major bank, and have a market value equal to at least 102.0 percent of the market value for domestic securities and 105.0 percent for international securities. Securities received as collateral cannot be pledged or sold by the System unless the borrower defaults. Contracts require the lending agents to indemnify the System if the borrowers fail to return the securities lent and related distributions and if the collateral is inadequate to replace the securities lent. All securities loans can be terminated on demand by either the System or the borrowers. The majority of loans are open loans, meaning the rebate is set daily. This results in a maturity of one or two days on average, although securities are often on loan for longer periods. The maturity of loans generally does not match the maturity

of collateral investments, which averages 26 days. At year-end, the System has no credit risk exposure to borrowers because the amounts it owes the borrowers exceeded the amounts the borrowers owe the System. All securities are marked to market daily and carried at market value. The market value of securities on loan at June 30, 2015, was \$7.5 billion. The June 30, 2015, balance was composed of U.S. Government and agency securities of \$3.1 billion, corporate and other bonds of \$254.1 million and common and preferred stocks of \$4.2 billion. The value of collateral (cash and non-cash) at June 30, 2015, was \$8.0 billion.

At June 30, 2015, the invested cash collateral had a market value of \$3.4 billion and was composed of commercial paper of \$375.8 million, certificates of deposit of \$323.0 million, floating rate notes of \$2.1 billion, asset-backed securities of \$0.2 million, money funds of \$190.2 million, and repurchase agreements of \$385.5 million.

7. RECEIVABLES

The following schedule (dollars in thousands) details the accounts, loans, interest, taxes, prepaid tuition contributions, security transactions, and other receivables presented in the major funds, aggregated nonmajor funds by type, internal service funds, fiduciary funds, major component units, and aggregated nonmajor component units, as of June 30, 2015.

	Accounts Receivable	Loans / Mortgage Receivable	Interest Receivable	Taxes Receivable	Prepaid Tuition Contributions Receivable
Primary Government:					
General	\$ 1,031,333	\$ 260	\$ 353,324	\$ 1,797,693	\$ -
Major Special Revenue Funds:					
Commonwealth Transportation	135,391	113,410	-	178,520	-
Federal Trust	733,922	228	-	-	-
Literary	272,327	127,800	28,223	-	-
Nonmajor Governmental Funds	106,482	291	12,007	7,145	-
Major Enterprise Funds:					
Virginia Lottery	72,343	-	-	-	-
Virginia College Savings Plan	15,003	-	4,523	-	209,269
Unemployment Compensation	157,284	-	-	-	-
Nonmajor Enterprise Funds	98,195	-	-	-	-
Internal Service Funds	9,479	-	-	-	-
Private Purpose Trust Funds	2	4	2,174	-	-
Pension and Other Employee Benefit Trust Funds (1)	243,323	-	224,154	-	-
Investment Trust Fund	-	-	755	-	-
Agency Funds	641	-	-	104,946	-
Total Primary Government (2)	<u>\$ 2,875,725</u>	<u>\$ 241,993</u>	<u>\$ 625,160</u>	<u>\$ 2,088,304</u>	<u>\$ 209,269</u>
Discrete Component Units:					
Virginia Housing Development Authority (3)	\$ -	\$ 6,949,124	\$ 31,649	\$ -	\$ -
Virginia Public School Authority	-	-	65,287	-	-
Virginia Resources Authority	-	4,273,425	29,668	-	-
Virginia College Building Authority	-	-	25,184	-	-
Nonmajor Component Units (4)	1,652,679	172,284	3,124	5,929	-
Total Component Units	<u>\$ 1,652,679</u>	<u>\$ 11,394,833</u>	<u>\$ 154,912</u>	<u>\$ 5,929</u>	<u>\$ -</u>

Note (1): Other Receivables of the Pension and Other Employee Benefit Trust Fund of \$188,069 (dollars in thousands) are made up of \$176,313 (dollars in thousands) in pending investment transactions, which includes \$174,203 (dollars in thousands) futures margins receivable and \$2,110 (dollars in thousands) in securities lending; and \$11,756 (dollars in thousands) in other receivables related to benefit plans.

Note (2): Fiduciary net receivables in the amount of \$2,167,625 (dollars in thousands) are not included in the Government-wide Statement of Net Position.

Note (3): Virginia Housing Development Authority (major component unit) reports \$6,670,592 (dollars in thousands) as Restricted Loans Receivable, \$29,853 (dollars in thousands) as Restricted Interest Receivable, and \$339,849 as Restricted Other Receivables.

Note (4): Other Receivables of the nonmajor component units are primarily comprised of pledges receivable of \$20,007 (dollars in thousands) reported by the University of Virginia; sponsors accounts receivable of \$25,050 (dollars in thousands) reported by Virginia Commonwealth University; premium receivables of \$78,859 (dollars in thousands) and third-party settlements and non-patient receivables of \$60,193 (dollars in thousands) reported by Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University); grants and contracts receivable of \$23,987 (dollars in thousands) reported by George Mason University; and \$58,386 (dollars in thousands) reported by foundations of the higher education institutions representing FASB reporting entities defined in Note 1.B.; and \$28,250 (dollars in thousands) reported by the Virginia Biotechnology Research Partnership Authority.

Security Transactions	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Amounts to be Collected Greater than One Year
\$ -	\$ -	\$ (1,476,896)	\$ 1,705,714	\$ 375,568
-	-	(29,013)	398,308	3,786
-	-	(6,427)	727,723	10
-	-	(269,228)	159,122	111,319
-	1	(54,336)	71,590	285
-	-	-	72,343	-
-	-	-	228,795	159,417
-	-	(29,472)	127,812	-
-	-	(1,767)	96,428	-
-	-	(486)	8,993	-
-	-	-	2,180	-
1,450,934	188,069	-	2,106,480	-
-	-	-	755	-
-	-	(47,377)	58,210	5,816
<u>\$ 1,450,934</u>	<u>\$ 188,070</u>	<u>\$ (1,915,002)</u>	<u>\$ 5,764,453</u>	<u>\$ 656,201</u>
\$ -	\$ 7,949	\$ (193,856)	\$ 6,794,866	\$ 6,428,428
-	-	-	65,287	-
-	1,154	(313)	4,303,934	4,030,520
-	-	-	25,184	-
-	322,115	(789,890)	1,366,241	245,235
<u>\$ -</u>	<u>\$ 331,218</u>	<u>\$ (984,059)</u>	<u>\$ 12,555,512</u>	<u>\$ 10,704,183</u>

8. CONTRIBUTIONS RECEIVABLE, NET

The following schedule details the contributions receivable for foundations⁽¹⁾ included with the nonmajor component units, as of June 30, 2015. The major component units reported no contributions receivable for fiscal year 2015.

(Dollars in Thousands)

	Due in Less Than One Year	Due Between One and Five Years	Due in More Than Five Years	Subtotal	Present Value Discount (2)	Allowance for Doubtful Accounts	Contributions Receivable, Net
Discrete Component Units:							
Nonmajor Component Units	\$ 143,141	\$ 219,429	\$ 67,873	\$ 430,443	\$ (23,734)	\$ (25,765)	\$ 380,944
Total Component Units	<u>\$ 143,141</u>	<u>\$ 219,429</u>	<u>\$ 67,873</u>	<u>\$ 430,443</u>	<u>\$ (23,734)</u>	<u>\$ (25,765)</u>	<u>\$ 380,944</u>

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Note (2): The discount rate used to determine present value ranges from 0.1 percent to 10.0 percent.

9. INTERFUND AND INTER-ENTITY ASSETS / LIABILITIES

Due from/to Other Funds

Due from Other Funds are amounts to be received from one fund by another fund for goods sold or services rendered. Due to Other Funds are amounts owed by one fund to another fund for goods purchased or services obtained.

The following line items are included in the category "Due from Other Funds":

- Due from Other Funds
- Due from Internal Parties (Governmental Funds and Business-type Activities)
- Due from External Parties (Fiduciary Funds)

The following line items are included in the category "Due to Other Funds":

- Due to Other Funds
- Due to Internal Parties (Governmental Funds and Business-type Activities)
- Due to External Parties (Fiduciary Funds)

The following schedule shows the Due from/to Other Funds as of June 30, 2015.

Schedule of Due from/to Other Funds
June 30, 2015

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		Primary Government	
General Fund	\$ 18,874	Major Special Revenue Funds:	
		Federal Trust	\$ 347
		Major Enterprise Funds:	
		Virginia Lottery	4,255
		Nonmajor Enterprise Funds	13,056
		Internal Service Funds	1,216
Major Special Revenue Funds:		Major Enterprise Funds:	
Federal Trust	2,778	Unemployment Compensation	2,778
Nonmajor Governmental Funds	9,686	Major Special Revenue Funds:	
		Commonwealth Transportation	5,374
		Federal Trust	3,008
		Nonmajor Governmental Funds	400
		Major Enterprise Funds:	
		Unemployment Compensation	214
		Nonmajor Enterprise Funds	611
		Internal Service Funds	79
Major Enterprise Funds:		General Fund	550
Unemployment Compensation	682	Major Special Revenue Funds:	
		Commonwealth Transportation	1
		Federal Trust	22
		Nonmajor Governmental Funds	91
		Major Enterprise Funds:	
		Virginia Lottery	4
		Nonmajor Enterprise Funds	14
Nonmajor Enterprise Funds	733	General Fund	169
		Major Special Revenue Funds:	
		Commonwealth Transportation	294
		Federal Trust	79
		Nonmajor Governmental Funds	116
		Nonmajor Enterprise Funds	12
		Internal Service Funds	63
Internal Service Funds	52,087	General Fund	29,210
		Major Special Revenue Funds:	
		Commonwealth Transportation	8,929
		Federal Trust	5,613
		Nonmajor Governmental Funds	5,412
		Major Enterprise Funds:	
		Virginia Lottery	182
		Virginia College Savings Plan	64
		Nonmajor Enterprise Funds	2,029
		Internal Service Funds	648
Pension and Other Employee Benefit Trust Funds	20	Private Purpose Trust Funds	20
Total Primary Government	<u>\$ 84,860</u>	Total Primary Government	<u>\$ 84,860</u>

Schedule of Due from/to Internal/External Parties

June 30, 2015

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		Primary Government	
Nonmajor Governmental Funds	\$ 71	Agency	\$ 71
Internal Service Funds	202	Private Purpose Trust	26
		Pension and Other Employee Benefit Trust Funds	176
Pension and Other Employee Benefit Trust Funds	25,767	General Fund	15,909
		Major Special Revenue Funds:	
		Commonwealth Transportation	4,106
		Federal Trust	2,102
		Nonmajor Governmental Funds	2,529
		Major Enterprise Funds:	
		Virginia Lottery	155
		Virginia College Savings Plan	59
		Nonmajor Enterprise Funds	562
		Internal Service Funds	345
Total Primary Government	<u>\$ 26,040</u>	Total Primary Government	<u>\$ 26,040</u>

Interfund Receivables/Payables

Interfund Receivables/Payables are loans made by one fund to another.

The following schedule shows the Interfund Receivables/Payables for the primary government as of June 30, 2015. There were no Interfund Receivables/Payables for the component units as of June 30, 2015.

(Dollars in Thousands)

Receivable From:	Amount	Payable To:	Amount
Primary Government		Primary Government	
Nonmajor Governmental Funds	\$ 122,763	Major Special Revenue Funds:	
		Federal Trust	\$ 7,094
		Nonmajor Enterprise Funds	37,065
		Internal Service Funds	78,604
Total Primary Government	<u>\$ 122,763</u>	Total Primary Government	<u>\$ 122,763</u>

Due from/to Primary Government and Component Units

Included in this category is activity between the Commonwealth and its component units, as well as activity between component units.

A due from primary government amount that is due from the Federal Trust Fund (major special revenue) to the Virginia College Building Authority (major component unit) of \$4.1 million is for interest on Build America Bonds (BABs).

A \$8.2 million due from primary government amount represents General Fund (major governmental) appropriation available amounts that are due from the General Fund to higher education institutions (nonmajor component units). The General Fund reports \$74,929 in the fund financial statements and \$8.1 million in the government-wide financial statements.

A \$20,798 due from primary government amount represents an amount due from a nonmajor governmental fund related to the Department of the Treasury's reimbursement programs to a higher education institution (nonmajor component unit).

A \$1.1 million due from component units amount represents amounts due to the General Fund (major governmental) from higher education institutions (nonmajor component units) related to interest.

A \$19.3 million due from component units in the Health Care Fund (internal service fund) represents amounts due from the nonmajor component units.

A \$596,684 due from component units represents monies owed for administrative and project expenses from the Science Museum of Virginia Foundation (nonmajor component unit) to a nonmajor governmental fund. The entire nonmajor governmental amount is reported in the government-wide financial statements.

The \$135.1 million due from component units amount represents amounts due from the Virginia College Building Authority (major component unit) for the Department of the Treasury's reimbursement programs to higher education institutions (nonmajor component units). There is a due to component units of \$8.0 million from a foundation of the Old Dominion University (nonmajor component unit) to the Virginia Commercial Space Flight Authority (nonmajor component unit).

Due from/to Component Units and Fiduciary Funds

A \$29.4 million due from component units in the Pension and Other Employee Benefit Trust Funds (fiduciary funds) represents amounts due from nonmajor component units.

Loans Receivable/Payable Between Primary Government and Component Units

The Richard Bland College (part of the College of William and Mary – nonmajor component unit) loan of \$129,092 was to advance fund the VCBA Equipment Trust Fund program. The George Mason University and the Virginia Community College System (nonmajor component units) loans of \$12.5 million and \$4.0 million, respectively, were used to advance fund federally-funded programs. The Roanoke Higher Education Authority (nonmajor component unit) loan of \$2.4 million was used to advance fund the VCBA 21st Century program. These amounts are due to a nonmajor governmental fund.

The \$185.9 million in loans receivable from primary government represents loans from the Virginia Public School Authority (VPSA) (major component unit) to the Literary Special Revenue Fund (major governmental fund). The VPSA makes grants to local school divisions to finance the purchase of educational technology equipment. The VPSA makes these grants using the proceeds of notes issued for that purpose, which will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Special Revenue Fund (major governmental fund).

10. OTHER ASSETS

The following table summarizes Other Assets as of June 30, 2015.

(Dollars in Thousands)

	Cash and Travel Advances	Other Assets	Total Other Assets
Primary Government:			
General	\$ 970	\$ -	\$ 970
Major Special Revenue Funds:			
Commonwealth Transportation	414	-	414
Federal Trust	1,625	-	1,625
Nonmajor Governmental Funds	729	1,022	1,751
Major Enterprise Funds:			
Virginia Lottery	1	-	1
Nonmajor Enterprise Funds (1)	209	120,182	120,391
Internal Service Funds (2)	3	11,058	11,061
Agency Funds (3)	-	26	26
Total Primary Government (3)	<u>\$ 3,951</u>	<u>\$ 132,288</u>	<u>\$ 136,239</u>
Discrete Component Units:			
Virginia Housing Development Authority	\$ -	\$ 9,122	\$ 9,122
Virginia Resources Authority	-	393	393
Nonmajor Component Units	2,819	89,549	92,368
Total Component Units	<u>\$ 2,819</u>	<u>\$ 99,064</u>	<u>\$ 101,883</u>

Note (1): Of the \$120,391 (dollars in thousands) shown above, \$120,113 (dollars in thousands) represents amounts owed to the Route 460 Funding Corporation of Virginia (nonmajor enterprise) by the Commonwealth Transportation Fund (major special revenue) that will not be received within 60 days. This amount is reclassified to an internal balance on the Government-wide Statement of Net Position.

Note (2): Of the \$11,061 (dollars in thousands) shown above, \$9,079 (dollars in thousands) and \$1,979 (dollars in thousands) represent Virginia Information Technologies Agency and Virginia Correctional Enterprises, respectively, amounts due from various governmental funds that will not be received within 60 days. These amounts are reclassified to an internal balance on the Government-wide Statement of Net Position.

Note (3): Other Assets of the Agency Funds represent prepaid expenses and advances to third party agents. The \$26 (dollars in thousands) shown above is not included in the Government-wide Statement of Net Position.

11. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The Commonwealth Transportation Fund (major special revenue), Debt Service Fund (nonmajor governmental), and Capital Project Fund (nonmajor governmental) reported \$892.2 million in restricted assets related to bond agreements.

The Route 460 Funding Corporation of Virginia (nonmajor enterprise) reported restricted assets of \$161.2 million for future debt service payments.

The Virginia Housing Development Authority, the Virginia Public School Authority, and the Virginia College Building Authority (all major component units) reported restricted assets totaling \$1.2 billion, \$154.3 million, and \$167.0 million, respectively. These major component units' assets are restricted for debt service under a bond indenture or other agreement, or for construction and equipment.

The Virginia Resources Authority (major component unit) reported restricted assets of \$673.1 million. Of this amount, \$665.4 million is restricted for loans to local governments, bond indentures, or federal and state regulations for various revolving funds, and \$7.7 million is restricted for the Operating Reserve Fund for the Virginia Pooled Financing Program.

The Virginia Port Authority (nonmajor component unit) reported restricted assets of \$156.0 million primarily for debt service under bond agreements, construction and other project funds.

The Tobacco Indemnification and Community Revitalization Commission (nonmajor component unit) reported restricted assets of \$214.0 million to be used for financial aid to tobacco growers and to foster community economic growth.

The Hampton Roads Sanitation District Commission (nonmajor component unit) reported restricted assets of \$86.5 million. Of this amount, \$66.2 million is for debt service and \$20.3 million is revenue bond construction funds.

The Virginia Small Business Financing Authority (nonmajor component unit) reported restricted assets of \$38.3 million for gifts and grants.

The higher education institutions (nonmajor component units) reported restricted assets totaling approximately \$4.7 billion primarily for endowment and other contractual obligations. Included in this amount is approximately \$4.0 billion of foundations' restricted assets. The two museum foundations, the Virginia Museum of Fine Arts Foundation (nonmajor component unit) and the Science Museum of Virginia Foundation (nonmajor component unit) had restricted assets of \$259.4 million and \$20.0 million, respectively, primarily for donor-imposed restricted endowments.

The remaining \$4.8 million is spread among the following nonmajor component units: the Virginia Outdoors Foundation, the Danville Science Center, the Fort Monroe Authority, the Virginia Arts Foundation, the Library of Virginia Foundation, and the Virginia Health Workforce Development Authority.

12. CAPITAL ASSETS

The following schedule presents the changes in the Capital Assets as of June 30, 2015.

Schedule of Changes in Capital Assets Governmental Activities

(Dollars in Thousands)

	Balance July 1, as restated (1)	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	\$ 2,821,876	\$ 164,548	\$ (50,920)	\$ 2,935,504
Water Rights and/or Easements	64,870	4,900	-	69,770
Infrastructure	322,741	-	-	322,741
Construction-in-Progress (2)	3,981,983	1,961,045	(1,923,938)	4,019,090
Total Nondepreciable Capital Assets	<u>7,191,470</u>	<u>2,130,493</u>	<u>(1,974,858)</u>	<u>7,347,105</u>
Depreciable Capital Assets:				
Buildings (3)	3,830,496	205,517	(24,949)	4,011,064
Equipment	1,117,366	70,746	(26,267)	1,161,845
Infrastructure (4)	30,670,853	2,430,551	(410,904)	32,690,500
Software	475,847	21,047	-	496,894
Total Capital Assets being Depreciated	<u>36,094,562</u>	<u>2,727,861</u>	<u>(462,120)</u>	<u>38,360,303</u>
Less Accumulated Depreciation for:				
Buildings	1,313,636	93,396	(15,647)	1,391,385
Equipment	632,590	65,807	(21,706)	676,691
Infrastructure	13,209,454	864,048	(34,877)	14,038,625
Software	222,282	30,542	-	252,824
Total Accumulated Depreciation	<u>15,377,962</u>	<u>1,053,793</u>	<u>(72,230)</u>	<u>16,359,525</u>
Total Depreciable Capital Assets, Net	<u>20,716,600</u>	<u>1,674,068</u>	<u>(389,890)</u>	<u>22,000,778</u>
Total Capital Assets, Net	<u>\$ 27,908,070</u>	<u>\$ 3,804,561</u>	<u>\$ (2,364,748)</u>	<u>\$ 29,347,883</u>

Note (1): Beginning balances have been restated by \$9.5 million as discussed in Note 2. There have also been reclassifications in the beginning balances of certain line items above.

Note (2): Decreases include permanently impaired assets with a carrying value of \$93,265 (dollars in thousands) as discussed in Note 31.

Note (3): Includes temporarily impaired assets with a carrying value of \$3,353 (dollars in thousands).

Note (4): Decreases include permanently impaired assets with a carrying value of \$41,296 (dollars in thousands) as discussed in Note 31.

Depreciation Expense Charged to Functions of the Primary Government

June 30, 2015

(Dollars in Thousands)

Governmental Activities:	
General Government	\$ 32,349
Education	13,409
Transportation	894,868
Resources and Economic Development	18,407
Individual and Family Services	28,983
Administration of Justice	48,557
Capital Assets held by the Internal Service	
Funds are charged to various functions	17,220
Total	<u>\$ 1,053,793</u>

**Schedule of Changes in Capital Assets
Business-type Activities**

(Dollars in Thousands)

	Balance July 1	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	\$ 1,977	\$ -	\$ -	\$ 1,977
Construction-in-Progress (1)	132,165	5,120	(132,683)	4,602
Total Nondepreciable Capital Assets	<u>134,142</u>	<u>5,120</u>	<u>(132,683)</u>	<u>6,579</u>
Depreciable Capital Assets:				
Buildings	30,639	145	-	30,784
Equipment	63,835	3,960	(2,215)	65,580
Software	4,790	2,424	(175)	7,039
Total Capital Assets being Depreciated	<u>99,264</u>	<u>6,529</u>	<u>(2,390)</u>	<u>103,403</u>
Less Accumulated Depreciation for:				
Buildings	12,586	560	-	13,146
Equipment	50,174	5,527	(2,270)	53,431
Software	2,107	1,071	-	3,178
Total Accumulated Depreciation	<u>64,867</u>	<u>7,158</u>	<u>(2,270)</u>	<u>69,755</u>
Total Depreciable Capital Assets, Net	<u>34,397</u>	<u>(629)</u>	<u>(120)</u>	<u>33,648</u>
Total Capital Assets, Net	<u>\$ 168,539</u>	<u>\$ 4,491</u>	<u>\$ (132,803)</u>	<u>\$ 40,227</u>

Note (1): Decreases include permanently impaired assets with a carrying value of \$131,351 (dollars in thousands) as discussed in Note 31.

**Schedule of Changes in Capital Assets
Component Units**

(Dollars in Thousands)

	Balance July 1			Subtotal		Total
	as restated (1)	Increases	Decreases	June 30	Foundations (2)	June 30
Nondepreciable Capital Assets:						
Land	\$ 587,699	\$ 18,186	\$ (5,675)	\$ 600,210	\$ 281,216	\$ 881,426
Construction-in-Progress	1,240,006	1,261,682	(830,383)	1,671,305	41,380	1,712,685
Inexhaustible Works of Art/Historical Treasures	77,899	609	-	78,508	20,440	98,948
Livestock	1,012	156	-	1,168	1,900	3,068
Total Nondepreciable Capital Assets	<u>1,906,616</u>	<u>1,280,633</u>	<u>(836,058)</u>	<u>2,351,191</u>	<u>344,936</u>	<u>2,696,127</u>
Depreciable Capital Assets:						
Buildings	14,118,340	645,231	(21,971)	14,741,600	1,198,517	15,940,117
Infrastructure	3,141,538	169,871	(347)	3,311,062	4,606	3,315,668
Equipment	3,126,695	386,825	(91,649)	3,421,871	149,150	3,571,021
Improvements Other Than Buildings	491,572	20,892	(2,787)	509,677	74,962	584,639
Library Books	812,428	30,732	(9,732)	833,428	-	833,428
Software	408,441	31,174	(2,836)	436,779	-	436,779
Other Intangible Assets	2,000	-	-	2,000	-	2,000
Total Capital Assets being Depreciated	<u>22,101,014</u>	<u>1,284,725</u>	<u>(129,322)</u>	<u>23,256,417</u>	<u>1,427,235</u>	<u>24,683,652</u>
Less Accumulated Depreciation for:						
Buildings	4,317,512	407,534	(10,147)	4,714,899	297,911	5,012,810
Infrastructure	1,419,290	86,120	(160)	1,505,250	2,668	1,507,918
Equipment	2,068,695	323,344	(89,303)	2,302,736	102,283	2,405,019
Improvements Other Than Buildings	282,316	21,594	(1,058)	302,852	47,341	350,193
Library Books	684,000	33,173	(9,675)	707,498	-	707,498
Software	298,621	30,539	(2,313)	326,847	-	326,847
Other Intangible Assets	1,333	134	-	1,467	-	1,467
Total Accumulated Depreciation	<u>9,071,767</u>	<u>902,438</u>	<u>(112,656)</u>	<u>9,861,549</u>	<u>450,203</u>	<u>10,311,752</u>
Total Depreciable Capital Assets, Net	<u>13,029,247</u>	<u>382,287</u>	<u>(16,666)</u>	<u>13,394,868</u>	<u>977,032</u>	<u>14,371,900</u>
Total Capital Assets, Net	<u>\$ 14,935,863</u>	<u>\$ 1,662,920</u>	<u>\$ (852,724)</u>	<u>\$ 15,746,059</u>	<u>\$ 1,321,968</u>	<u>\$ 17,068,027</u>

Note (1): Beginning balances have been restated by \$46,465 (dollars in thousands) by nonmajor component units.

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Since foundations follow FASB rather than GASB reporting requirements, no amounts are reported in the software and other intangible assets categories for foundations.

13. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, requires certain items to be classified as either deferred outflows or deferred inflows of resources. Additionally, deferred outflows or deferred inflows of resources are also required by other GASB statements. While all deferred outflows or deferred inflows of resources applicable to the Commonwealth are listed below, see Notes 14, 15, and 37 for additional information regarding these items.

Deferred Outflows

Deferred outflows of resources are a consumption of assets by the government that is applicable to a future reporting period.

Deferred Inflows

Deferred inflows of resources are an acquisition of assets by the government that is applicable to a future reporting period.

The following tables summarize deferred outflows and deferred inflows as of June 30, 2015.

Government-wide Statements

(Dollars in Thousands)

	Primary Government			Total Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Outflows of Resources				
Effective Hedges in a Loss Position	\$ -	\$ -	\$ -	\$ 6,019
Loss on Refunding of Debt	81,643	-	81,643	444,181
Pension Related	425,405	13,438	438,843	252,455
Total Deferred Outflows of Resources	<u>\$ 507,048</u>	<u>\$ 13,438</u>	<u>\$ 520,486</u>	<u>\$ 702,655</u>
Deferred Inflows of Resources				
Effective Hedges in a Gain Position	\$ -	\$ -	\$ -	\$ 4,828
Service Concession Arrangements	2,170,952	-	2,170,952	72,970
Gain on Refunding of Debt	-	-	-	29,843
Pension Related	747,362	21,371	768,733	473,139
Total Deferred Inflows of Resources	<u>\$ 2,918,314</u>	<u>\$ 21,371</u>	<u>\$ 2,939,685</u>	<u>\$ 580,780</u>

Fund Statements

(Dollars in Thousands)

	Primary Government - Governmental Funds					
	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Outflows of Resources						
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources						
Revenues Considered Unavailable	<u>\$ 912,706</u>	<u>\$ 73,443</u>	<u>\$ 53,787</u>	<u>\$ 19,011</u>	<u>\$ 34,986</u>	<u>\$ 1,093,933</u>
Total Deferred Inflows of Resources	<u>\$ 912,706</u>	<u>\$ 73,443</u>	<u>\$ 53,787</u>	<u>\$ 19,011</u>	<u>\$ 34,986</u>	<u>\$ 1,093,933</u>

(Dollars in Thousands)

	Business-type Activities Enterprise Funds					
	Virginia Lottery	Virginia College Savings Plan	Nonmajor	Total Business- type Activities	Internal Service Funds	Private Purpose Trust Funds
Deferred Outflows of Resources						
Effective Hedges in a Loss Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on Refunding of Debt	-	-	-	-	-	-
Pension Related	2,756	1,067	9,615	13,438	5,475	448
Total Deferred Outflows of Resources	<u>\$ 2,756</u>	<u>\$ 1,067</u>	<u>\$ 9,615</u>	<u>\$ 13,438</u>	<u>\$ 5,475</u>	<u>\$ 448</u>
Deferred Inflows of Resources						
Effective Hedges in a Gain Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service Concession Arrangements	-	-	-	-	-	-
Gain on Refunding of Debt	-	-	-	-	-	-
Pension Related	4,292	1,581	15,498	21,371	11,173	587
Total Deferred Inflows of Resources	<u>\$ 4,292</u>	<u>\$ 1,581</u>	<u>\$ 15,498</u>	<u>\$ 21,371</u>	<u>\$ 11,173</u>	<u>\$ 587</u>

(Continued on next page)

Fund Statements (continued from previous page)

(Dollars in Thousands)

	Component Units				
	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units	Total Component Units
Deferred Outflows of Resources					
Effective Hedges in a Loss Position	\$ -	\$ -	\$ -	\$ 6,019	\$ 6,019
Loss on Refunding of Debt	151,715	80,539	26,191	185,736	444,181
Pension Related	-	47	-	252,408	252,455
Total Deferred Outflows of Resources	<u>\$ 151,715</u>	<u>\$ 80,586</u>	<u>\$ 26,191</u>	<u>\$ 444,163</u>	<u>\$ 702,655</u>
Deferred Inflows of Resources					
Effective Hedges in a Gain Position	\$ -	\$ -	\$ -	\$ 4,828	\$ 4,828
Service Concession Arrangements	-	-	-	72,970	72,970
Gain on Refunding of Debt	-	29,843	-	-	29,843
Pension Related	-	74	-	473,065	473,139
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 29,917</u>	<u>\$ -</u>	<u>\$ 550,863</u>	<u>\$ 580,780</u>

14. DERIVATIVES

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires additional reporting and disclosures for derivative instruments.

Primary Government

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates or financial indexes. They include futures, forwards, options and swap contracts. Some traditional securities, such as structured notes, can have derivative-like characteristics. In this case, the return may be linked to one or more indexes and asset-backed securities, such as collateralized mortgage obligations (CMOs), which are sensitive to changes in interest rates and pre-payments. Futures, forwards, options and swaps generally are not recorded on the financial statements, whereas structured notes and asset-backed investments generally are recorded.

Virginia College Savings Plan (Virginia529)

GASB Statement No. 53 defines stable value investment vehicles as synthetic guaranteed investment contracts. Stable value funds are invested in a high quality, diversified, intermediate term, fixed income portfolio that is protected against interest rate volatility by wrap or investment contracts from banks and insurance companies that guarantee the payment of benefits at book value (cost plus accrued interest), which enables the entire investment to be carried at its book value. The Virginia529 utilizes stable value investments in both the Virginia529 prePAID Program (major enterprise fund) and Virginia529 inVEST Fund (Private Purpose Trust Fund). Virginia529's stable value investments meet the definition of fully benefit-responsive synthetic guaranteed investment contracts and are reported at contract value. At June 30, 2015, Virginia529 had the following stable value investments outstanding (dollars in thousands) in the respective programs as shown in the table below.

Stable Value Investments							
Fund	Wrap Provider	Notional Amount	Effective Date	Maturity Date	Credit Rate	June 30, 2015 Fair Value	June 30, 2014 Fair Value
Enterprise	American General Life	\$ 36,546	2/21/2014	Open ended	1.5%	\$ 120,898	\$ 114,438
	Voya Retirement & Annuity	57,932	12/3/2002	Open ended	2.5%		
	State Street Bank	24,048	5/1/2002	Open ended	2.8%		
Private Purpose	American General Life	\$ 131,667	1/16/2014	Open ended	1.4%	\$ 666,733	\$ 486,917
	Voya Retirement & Annuity	132,324	12/3/2002	Open ended	2.3%		
	Voya Retirement & Annuity	131,586	10/5/2012	Open ended	1.3%		
	Prudential Retirement Insurance & Annuity	132,092	1/30/2014	Open ended	2.1%		
	State Street Bank	132,077	5/1/2002	Open ended	1.9%		

The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value for U.S. Treasury Futures Contracts.

Investment Derivatives - U.S. Treasury Futures Contracts					
Changes in Fair Value			Fair Value at June 30, 2015		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	\$ 95	Investment	\$ 95	\$ 32,391

Pursuant to its investment management agreement, Advent Capital Management, LLC may invest in derivatives for hedging purposes or for the use of efficient portfolio management. Synthetic positions are not allowed and the use of derivatives should not be considered as an alpha generator. Advent primarily uses forward foreign exchange contracts to hedge the value of investments denominated in non-U.S. dollar currencies. Credit risk of exchange traded currency contracts lies with the clearinghouse of the exchange at which the contracts are traded, while credit risk of currency contracts traded over the counter lies with the counterparty. Counterparty risk exposure is generally equal to the unrealized gain on in-the-money contracts. The following table (dollars in thousands) contains a breakdown of these forward contracts by currency.

Virginia prePAID Currency Forwards				
Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Market Value
British Pound Sterling	\$ 3,795	\$ -	\$ (3,812)	\$ (3,812)
Canadian Dollar	2,766	-	(2,725)	(2,725)
Euro	23,280	2,797	(26,109)	(23,312)
Hong Kong Dollar	3,662	-	(3,663)	(3,663)
Japanese Yen	6,207	-	(6,150)	(6,150)
Singapore Dollar	1,463	-	(1,455)	(1,455)
Swiss Franc	2,270	-	(2,268)	(2,268)
U.S. Dollar	(43,443)	46,248	(2,804)	43,444
Total	\$ -	\$ 49,045	\$ (48,986)	\$ 59

Virginia Retirement System

The Virginia Retirement System (the System) is a party, directly and indirectly, to various derivative financial investments that may or may not appear on the financial statements and that are used in the normal course of business to enhance returns on investments and manage risk exposure to changes in value resulting from fluctuations in market conditions. These investments may involve, to varying degrees, elements of credit and market risk in excess of amounts recognized on the financial statements.

At June 30, 2015, the System had four types of derivative financial instruments: futures, currency forwards, options and swaps. Futures, currency forwards, and options contracts provide the System with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure and gain market exposure to various indexes in a more efficient way and at lower transaction costs. Credit risks depend on whether the contracts are exchange-traded or exercised over-the-counter. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates.

Futures Contracts

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily, in cash, with the exchanges. The net gains or losses resulting from the daily settlements are included in the System's financial statements. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. The notional value of the System's investment in futures contracts at June 30, 2015 and 2014 is shown in the following table.

Futures Contracts as of June 30		
<i>(Dollars in Thousands)</i>		
	2015	2014
Cash & Cash Equivalent Derivatives Futures:		
Long	\$ -	\$ 77,225
Short	(183,747)	-
Equity Derivatives Futures:		
Long	827,881	61,465
Short	-	(4,295)
Fixed Income Derivatives Futures:		
Long	89,556	12,201
Short	(606,020)	(197,647)
Total Futures	\$ 127,670	\$ (51,051)

Currency Forwards

Currency forwards represent foreign exchange contracts and are used by the System to effect settlements and to protect the base currency (\$US) value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of

the exchange where the contracts are traded. The credit risk of currency contracts traded over-the-counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. Information on the System's currency forwards contracts at June 30, 2015 and 2014 is shown in the following table.

Currency Forwards as of June 30

(Dollars in Thousands)

Currency	Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value 2015	Fair Value 2014
Australian Dollar	\$ (222,668)	\$ 227,230	\$ (449,717)	\$ (222,487)	\$ (314,166)
Brazil Real	(57,621)	1,468	(58,995)	(57,527)	(51,138)
British Pound Sterling	(1,041,765)	208,787	(1,259,334)	(1,050,547)	(951,315)
Canadian Dollar	(568,352)	119,984	(686,260)	(566,276)	(446,996)
Chilean Peso	332	1,942	(1,623)	319	2,632
Chinese Yuan Renminbi	-	-	-	-	12
Colombian Peso	(7,933)	3,438	(11,252)	(7,814)	(5,860)
Danish Krone	(94,713)	29,693	(124,012)	(94,319)	(95,551)
Euro Currency Unit	(1,040,144)	406,950	(1,444,843)	(1,037,893)	(1,401,501)
Hong Kong Dollar	(166,459)	18,780	(185,240)	(166,460)	(211,954)
Hungarian Forint	1,138	7,201	(6,118)	1,083	(4,298)
Indian Rupee	19,274	24,289	(4,812)	19,477	7,245
Indonesian Rupiah	1,056	2,640	(1,583)	1,057	784
Israeli Shekel	(69,241)	2,640	(72,089)	(69,449)	(63,912)
Japanese Yen	(1,047,916)	267,131	(1,319,534)	(1,052,403)	(601,319)
Malaysian Ringgit	15,965	16,582	(742)	15,840	10,721
Mexican Peso	11,126	19,371	(8,633)	10,738	14,488
New Turkish Lira	4,437	11,827	(7,181)	4,646	6,181
New Zealand Dollar	(131,860)	75,524	(202,775)	(127,251)	(22,593)
Norwegian Krone	70,018	202,728	(134,300)	68,428	77,181
Peruvian Nuevo Sol	2,345	3,494	(1,149)	2,345	(727)
Philippine Peso	8,823	8,874	(141)	8,733	(605)
Polish Zloty	7,460	10,044	(2,766)	7,278	11,275
Romanian Leu	(1,599)	1,451	(3,081)	(1,630)	(50)
Russian Ruble	(6,358)	2,983	(8,964)	(5,981)	394
Singapore Dollar	(253,653)	87,127	(340,189)	(253,062)	(191,259)
South African Rand	(2,163)	14,727	(16,808)	(2,081)	(11,809)
South Korean Won	(23,121)	268	(23,345)	(23,077)	2,784
Swedish Krona	(157,625)	79,347	(237,633)	(158,286)	(329,656)
Swiss Franc	(293,533)	162,102	(455,104)	(293,002)	(611,653)
Thai Baht	7,465	7,924	(498)	7,426	4,585
U.S. Dollar	5,037,287	7,041,074	(2,003,787)	5,037,287	5,162,660
Total Forwards Subject to Foreign Currency Risk				\$ (4,888)	\$ (15,420)

Options Contracts

Options may be either exchange-traded or negotiated directly between two counterparties over-the-counter. Options grant the holder the right, but not the obligation, to purchase (call) or sell (put) a financial instrument at a specified price and within a specified period of time from the writer of the option. As a purchaser of options, the System typically pays a premium at the outset. This premium is reflected as an asset on the financial statements. The System then retains the right, but not the obligation, to exercise the options and purchase the underlying financial instrument. Should the option not be exercised, it expires worthless and the premium is recorded as a loss.

A writer of options assumes the obligation to deliver or receive the underlying financial instrument on exercise of the option. Certain option contracts may involve cash settlements based on specified indexes such as stock indexes. As a writer of options, the System receives a premium at the outset.

This premium is reflected as a liability on the financial statements, and the System bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Information on the System's options balances at June 30, 2015 and 2014 is shown in the following table.

Options Contracts as of June 30

(Dollars in Thousands)

	<u>2015</u>	<u>2014</u>
Cash and Cash Equivalent Options:		
Call	\$ (3)	\$ (117)
Put	14	(23)
Equity Options:		
Call	-	-
Put	-	-
Fixed Income Options:		
Call	(12)	-
Put	(37)	-
Sw options:		
Call	(12)	(110)
Put	(51)	(53)
Total Options	<u>\$ (101)</u>	<u>\$ (303)</u>

Swap Agreements

Swaps are negotiated contracts between two counterparties for the exchange of payments at certain intervals over a predetermined timeframe. The payments are based on a notional principal amount and calculated using either fixed or floating interest rates or total returns from certain instruments or indexes. Swaps are used to manage risk and enhance returns. To reduce the risk of counterparty nonperformance, the System generally requires collateral on any material gains from these transactions. During fiscal year 2015, the System entered into credit defaults, interest rate and total return swaps. Information on the System's swap balances at June 30, 2015 and 2014 is shown in the following table.

Swap Agreements
as of June 30

(Dollars in Thousands)

Counterparty	Notional Amount	VRS Rate	Counterparty Rate	Maturity Date	Buying/Selling Protection	Pay/Receive Rate	Fair Value 2015	Fair Value 2014
Credit Default Swaps:								
Barclays Bank PLC	\$ 3,900			6/20/2019	Selling	1.0%	\$ 47	\$ 75
Barclays Bank PLC	3,700			12/20/2018	Buying	1.0%	(64)	(63)
Barclays Bank PLC	3,450			9/20/2020	Selling	1.0%	(53)	-
Barclays Bank PLC	3,400			6/20/2019	Selling	1.0%	(57)	38
Barclays Bank PLC	2,600			9/20/2015	Selling	1.0%	(9)	2
Barclays Bank PLC	1,800			12/20/2018	Buying	1.0%	(33)	(28)
Barclays Bank PLC	1,800			9/20/2015	Selling	1.0%	(1)	(5)
Barclays Bank PLC	800			9/20/2015	Selling	1.0%	1	-
Barclays Bank PLC	700			12/20/2018	Buying	1.0%	(9)	(9)
Barclays Bank PLC	600			6/20/2019	Selling	1.0%	(4)	8
Barclays Bank PLC	4,381			3/20/2021	Selling	5.0%	-	536
Barclays Bank PLC	1,400			6/20/2015	Selling	1.0%	-	7
Barclays Bank PLC	1,369			3/20/2021	Selling	5.0%	-	180
Barclays Bank PLC	1,100			12/20/2018	Buying	1.0%	-	(18)
Barclays Bank PLC	1,000			6/20/2019	Selling	1.0%	-	(33)
Barclays Bank PLC	958			6/20/2019	Selling	5.0%	-	76
Barclays Bank PLC	548			9/20/2022	Selling	5.0%	-	68
Barclays Bank PLC	200			3/20/2019	Selling	1.0%	-	(6)
Credit Suisse Group AG	3,400			12/20/2018	Buying	1.0%	(52)	(93)
Credit Suisse Group AG	1,300			6/20/2020	Selling	5.0%	35	-
Credit Suisse Group AG	800			12/20/2016	Selling	1.0%	8	14
Credit Suisse Group AG	225			12/20/2015	Selling	5.0%	3	-
Credit Suisse Group AG	200			12/20/2016	Selling	1.0%	2	2
Credit Suisse Group AG	150			12/20/2016	Selling	5.0%	5	-
Credit Suisse Group AG	6,250			12/20/2016	Buying	1.0%	-	(111)
Credit Suisse Group AG	1,000			12/20/2018	Selling	1.0%	-	16
Credit Suisse Group AG	500			12/20/2018	Buying	5.0%	-	(96)
Deutsche Bank AG	8,875			6/20/2019	Selling	1.0%	(421)	(341)
Deutsche Bank AG	5,300			12/20/2018	Selling	1.0%	24	64
Deutsche Bank AG	2,900			6/20/2019	Selling	1.0%	-	25
Deutsche Bank AG	2,600			9/20/2015	Selling	1.0%	(9)	2
Deutsche Bank AG	1,400			9/20/2015	Selling	1.0%	1	11
Deutsche Bank AG	1,200			12/20/2016	Selling	1.0%	12	21
Deutsche Bank AG	800			9/20/2015	Selling	1.0%	1	-
Deutsche Bank AG	700			6/20/2018	Selling	1.0%	(21)	(3)
Deutsche Bank AG	400			3/20/2020	Selling	1.0%	(4)	-
Deutsche Bank AG	400			3/20/2016	Selling	1.0%	-	-
Deutsche Bank AG	6,000			12/20/2018	Selling	1.0%	-	(63)
Deutsche Bank AG	3,000			9/20/2014	Selling	1.0%	-	-
Deutsche Bank AG	3,000			9/20/2014	Selling	1.0%	-	(2)
Deutsche Bank AG	2,300			9/20/2014	Selling	1.0%	-	2
Deutsche Bank AG	1,600			3/20/2021	Selling	5.0%	-	135
Deutsche Bank AG	1,500			3/20/2021	Selling	5.0%	-	125
Deutsche Bank AG	1,100			12/20/2018	Selling	1.0%	-	7
Deutsche Bank AG	1,100			6/20/2019	Buying	5.0%	-	(169)
Deutsche Bank AG	700			12/20/2018	Buying	5.0%	-	(134)
Deutsche Bank AG	700			6/20/2015	Selling	1.0%	-	5
Deutsche Bank AG	500			9/20/2014	Selling	1.0%	-	1
Deutsche Bank AG	300			9/20/2014	Buying	10.0%	-	-
Goldman Sachs Group Inc	6,600			6/20/2019	Selling	1.0%	(110)	75
Goldman Sachs Group Inc	5,800			9/20/2019	Selling	1.0%	(301)	-
Goldman Sachs Group Inc	5,225			3/20/2020	Selling	5.0%	(37)	-
Goldman Sachs Group Inc	5,200			6/20/2020	Selling	1.0%	(362)	-
Goldman Sachs Group Inc	5,200			9/20/2015	Selling	1.0%	2	41
Goldman Sachs Group Inc	5,000			12/20/2018	Selling	1.0%	(99)	30
Goldman Sachs Group Inc	4,900			6/20/2020	Selling	5.0%	(67)	-
Goldman Sachs Group Inc	3,400			6/20/2019	Selling	1.0%	(22)	46
Goldman Sachs Group Inc	2,300			3/20/2019	Selling	5.0%	263	319
Goldman Sachs Group Inc	2,100			12/20/2019	Selling	5.0%	83	-
Goldman Sachs Group Inc	2,100			12/20/2019	Selling	1.0%	(258)	-
Goldman Sachs Group Inc	1,950			9/20/2015	Selling	1.0%	(799)	-
Goldman Sachs Group Inc	1,050			12/20/2020	Selling	1.0%	(33)	(60)
Goldman Sachs Group Inc	900			3/20/2020	Buying	1.0%	88	-
Goldman Sachs Group Inc	700			3/20/2016	Selling	1.0%	1	-
Goldman Sachs Group Inc	650			6/20/2019	Buying	1.0%	(16)	(57)
Goldman Sachs Group Inc	650			6/20/2020	Selling	5.0%	46	-
Goldman Sachs Group Inc	300			12/20/2018	Selling	1.0%	(3)	4
Goldman Sachs Group Inc	9,600			9/20/2014	Selling	1.0%	-	16
Goldman Sachs Group Inc	5,100			6/20/2019	Selling	1.0%	-	20
Goldman Sachs Group Inc	3,150			12/20/2016	Buying	1.0%	-	(58)
Goldman Sachs Group Inc	1,300			3/20/2018	Selling	5.0%	-	(35)
Goldman Sachs Group Inc	1,000			3/20/2021	Selling	5.0%	-	83
Goldman Sachs Group Inc	800			12/20/2018	Buying	1.0%	-	(12)
Goldman Sachs Group Inc	600			3/20/2015	Selling	1.0%	-	3
Goldman Sachs Group Inc	400			3/20/2015	Selling	1.0%	-	(2)
Goldman Sachs Group Inc	100			9/20/2018	Selling	5.0%	-	13
HSBC Securities Inc	5,300			9/20/2020	Selling	1.0%	(81)	-
HSBC Securities Inc	2,100			3/20/2020	Selling	1.0%	(21)	-
HSBC Securities Inc	1,500			9/20/2019	Selling	1.0%	(78)	-
HSBC Securities Inc	1,300			9/20/2015	Selling	1.0%	-	10
HSBC Securities Inc	1,100			6/20/2019	Selling	1.0%	(7)	15
HSBC Securities Inc	1,000			6/20/2019	Selling	1.0%	(17)	11
HSBC Securities Inc	900			3/20/2019	Selling	1.0%	(27)	(26)

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Swap Agreements
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(Dollars in Thousands)

Counterparty	Notional Amount	VRS Rate	Counterparty Rate	Maturity Date	Buying/Selling Protection	Pay/Receive Rate	Fair Value 2015	Fair Value 2014
Credit Default Swaps (continued):								
HSBC Securities Inc	700			6/20/2018	Selling	1.0%	(21)	(3)
HSBC Securities Inc	400			3/20/2019	Selling	1.0%	(12)	(11)
HSBC Securities Inc	400			6/20/2019	Selling	1.0%	(11)	(33)
HSBC Securities Inc	200			3/20/2023	Selling	1.0%	(19)	(18)
HSBC Securities Inc	100			3/20/2023	Selling	1.0%	(10)	(9)
HSBC Securities Inc	6,000			9/20/2014	Selling	1.0%	-	5
HSBC Securities Inc	4,600			9/20/2014	Selling	1.0%	-	2
HSBC Securities Inc	1,900			3/20/2015	Selling	1.0%	-	10
HSBC Securities Inc	1,500			3/20/2019	Selling	1.0%	-	(44)
HSBC Securities Inc	1,400			12/20/2018	Selling	1.0%	-	23
HSBC Securities Inc	844			6/20/2019	Selling	1.0%	-	3
HSBC Securities Inc	756			6/20/2019	Selling	1.0%	-	3
Intercontinental Exchange Holdings	26,159			6/20/2020	Selling	5.0%	1,633	-
Intercontinental Exchange Holdings	18,300			6/20/2020	Selling	1.0%	(1,685)	-
Intercontinental Exchange Holdings	5,000			6/20/2020	Selling	5.0%	346	-
Intercontinental Exchange Holdings	17,700			6/20/2019	Selling	5.0%	-	2,101
Totals-Credit Default Swaps	269,140						(2,232)	2,712
Interest Rate Swaps:								
Banque Nationale de Paris	89,000	Brazil Cetip Interbank Deposit	13.5%	1/2/2017			(155)	-
Barclays PLC	1,481	Brazil Cetip Interbank Deposit	13.8%	1/4/2016			(2)	-
Barclays PLC	1,288	Brazil Cetip Interbank Deposit	12.4%	1/2/2018			(17)	-
Barclays PLC	733	3-month Johannesburg (JIBAR)	8.0%	12/18/2023			(8)	(9)
Barclays PLC	650	Mexico Interbank 28-day Index	5.0%	2/26/2018			9	-
Barclays PLC	404	3-month Johannesburg (JIBAR)	7.5%	12/17/2019			(2)	-
Barclays PLC	544	Brazil Cetip Interbank Deposit	10.63% CDI	1/2/2017			-	(5)
Barclays PLC	136	Brazil Cetip Interbank Deposit	11.5%	1/2/2017			-	(1)
BlackRock Inc	786	Mexico Interbank 28-day Index	5.0%	2/26/2018			-	16
Chicago Mercantile Exchange Inc	183,813	3-month LIBOR	1.5%	9/15/2017			1,663	-
Chicago Mercantile Exchange Inc	140,213	3-month LIBOR	1.5%	9/15/2017			1,268	-
Chicago Mercantile Exchange Inc	12,813	6-month EURIBOR +100 bps	0.8%	9/16/2025			571	-
Chicago Mercantile Exchange Inc	10,397	3.0%	3-month LIBOR	9/15/2045			(72)	-
Chicago Mercantile Exchange Inc	8,300	1.3%	3-month LIBOR	5/6/2017			(12)	-
Chicago Mercantile Exchange Inc	7,400	2.0%	3-month LIBOR	12/16/2019			(56)	-
Chicago Mercantile Exchange Inc	6,290	Mexico Interbank 28-day Index	5.6%	7/7/2021			(16)	-
Chicago Mercantile Exchange Inc	5,209	1.0%	6-month LIBOR - Japanese Yen	9/18/2023			(208)	(210)
Chicago Mercantile Exchange Inc	4,246	2.0%	6-month LIBOR - British Pound	9/16/2025			82	-
Chicago Mercantile Exchange Inc	3,617	3.0%	6-month LIBOR - British Pound	9/17/2024			(274)	(56)
Chicago Mercantile Exchange Inc	1,785	Mexico Interbank 28-day Index	5.8%	6/5/2023			(41)	-
Chicago Mercantile Exchange Inc	1,651	Mexico Interbank 28-day Index + 100 bps	6.2%	1/3/2035			(168)	-
Chicago Mercantile Exchange Inc	1,553	1.0%	6-month LIBOR - Japanese Yen	9/20/2024			(10)	-
Chicago Mercantile Exchange Inc	1,262	Mexico Interbank 28-day Index	5.6%	11/10/2021			(13)	-
Chicago Mercantile Exchange Inc	1,114	6-month EURIBOR	0.8%	9/16/2025			50	-
Chicago Mercantile Exchange Inc	1,114	1.5%	6-month EURIBOR	3/16/2046			68	-
Chicago Mercantile Exchange Inc	196	0.5%	6-month LIBOR - Japanese Yen	9/17/2021			(2)	-
Chicago Mercantile Exchange Inc	134	Mexico Interbank 28-day Index + 100 bps	5.5%	2/22/2023			(5)	-
Chicago Mercantile Exchange Inc	49,000	2.0%	3-month LIBOR	6/18/2019			-	(742)
Chicago Mercantile Exchange Inc	37,400	3-month LIBOR	3.0%	6/18/2024			-	1,314
Chicago Mercantile Exchange Inc	8,010	2.0%	6-month EURIBOR	9/17/2024			-	(388)
Chicago Mercantile Exchange Inc	4,100	3.8%	3-month LIBOR	6/18/2044			-	(361)
Chicago Mercantile Exchange Inc	1,780	0.4%	3-month EURIBOR	3/14/2015			-	(3)
Chicago Mercantile Exchange Inc	1,369	6-month EURIBOR	1.5%	3/19/2019			-	56
Credit Suisse Group AG	3,058	Brazil Cetip Interbank Deposit	12.2%	1/4/2021			(5)	-
Deutsche Bank AG	13,907	Brazil Cetip Interbank Deposit	12.8%	1/4/2021			148	-
Deutsche Bank AG	11,267	Brazil Cetip Interbank Deposit	13.9%	1/2/2017			(2)	-
Deutsche Bank AG	6,664	10.9%	Brazil Cetip Interbank Deposit	1/2/2017			202	-
Deutsche Bank AG	6,503	12.3%	Brazil Cetip Interbank Deposit	1/2/2017			45	-
Deutsche Bank AG	4,603	Brazil Cetip Interbank Deposit	11.7%	1/4/2021			(97)	-
Deutsche Bank AG	1,550	Colombia IBR Overnight Interbank	5.3%	8/29/2019			10	-
Deutsche Bank AG	1,497	Brazil Cetip Interbank Deposit	12.9%	4/1/2021			34	-
Deutsche Bank AG	1,299	Kibor Interbank Offered Rate	3.3%	4/19/2018			(13)	(30)
Deutsche Bank AG	1,217	Mexico Interbank 28-day Index	5.0%	10/10/2019			(6)	-
Deutsche Bank AG	915	Colombia IBR Overnight Interbank	6.1%	10/16/2024			(6)	-
Deutsche Bank AG	701	5.3%	Mexican Interbank Equilibrium	9/6/2019			4	8
Deutsche Bank AG	415	Brazil Cetip Interbank Deposit	12.4%	1/2/2018			(6)	-
Deutsche Bank AG	338	6-month LIBOR-Thai Baht	2.6%	1/29/2025			(5)	-
Deutsche Bank AG	231	Colombia IBR Overnight Interbank	5.3%	3/17/2020			1	-
Deutsche Bank AG	148	6-month LIBOR-Thai Baht	3.4%	1/15/2021			9	2
Deutsche Bank AG	148	6-month LIBOR-Thai Baht	3.4%	1/21/2021			9	(2)
Deutsche Bank AG	59	6-month LIBOR-Thai Baht	3.4%	11/19/2018			3	1
Deutsche Bank AG	30	6-month LIBOR-Thai Baht	3.4%	11/14/2018			1	1
Deutsche Bank AG	18	6-month LIBOR-Thai Baht	2.2%	1/29/2020			-	-
Deutsche Bank AG	1,406	Brazil Cetip Interbank Deposit	10.6%	1/2/2017			-	(13)
Goldman Sachs Group Inc	4,058	3-month New Zealand Bank Bill	5.0%	12/17/2024			360	-
Goldman Sachs Group Inc	404	3-month Johannesburg (JIBAR)	7.5%	12/17/2019			(2)	-
HSBC Securities Inc	15,870	13.8%	Brazil Cetip Interbank Deposit	1/2/2017			12	-
HSBC Securities Inc	6,535	13.9%	Brazil Cetip Interbank Deposit	1/6/2017			(1)	-
HSBC Securities Inc	4,893	12.2%	Brazil Cetip Interbank Deposit	1/4/2021			(8)	-
HSBC Securities Inc	2,189	Brazil Cetip Interbank Deposit	13.8%	4/1/2016			(7)	-
HSBC Securities Inc	585	3-month Johannesburg (JIBAR)	7.5%	12/17/2024			(29)	-
HSBC Securities Inc	579	Brazil Cetip Interbank Deposit	12.8%	1/4/2021			6	-
HSBC Securities Inc	483	Brazil Cetip Interbank Deposit	11.5%	1/4/2021			(14)	-
HSBC Securities Inc	477	6-month LIBOR-Thai Baht	2.5%	1/28/2025			(10)	-
HSBC Securities Inc	442	Colombia IBR Overnight Interbank	6.2%	3/21/2024			3	4

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Swap Agreements
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(Dollars in Thousands)

Counterparty	Notional Amount	VRS Rate	Counterparty Rate	Maturity Date	Buying/Selling Protection	Pay/Receive Rate	Fair Value 2015	Fair Value 2014
Interest Rate Swaps (continued):								
HSBC Securities Inc	382	Mexico Interbank 28-day Index	5.5%	2/22/2023			(13)	(19)
HSBC Securities Inc	290	Brazil Cetip Interbank Deposit	12.1%	1/4/2021			(2)	13
HSBC Securities Inc	186	6-month Warsaw Interbank	2.8%	12/17/2024			(3)	-
HSBC Securities Inc	150	6.4%	Colombia IBR Overnight Interbank	7/2/2025			(1)	-
HSBC Securities Inc	110	6-month LIBOR-Thai Baht	2.1%	1/28/2020			2	-
HSBC Securities Inc	2,158	Mexico Interbank 28-day Index	5.8%	6/5/2023			-	(32)
UBS AG	11,106	Brazil Cetip Interbank Deposit	12.6%	1/4/2021			125	326
UBS AG	8,853	10.9%	Brazil Cetip Interbank Deposit	1/2/2017			268	-
UBS AG	3,509	11.7%	Brazil Cetip Interbank Deposit	1/4/2021			74	-
UBS AG	2,801	Brazil Cetip Interbank Deposit	11.6%	1/2/2018			(83)	-
UBS AG	1,370	Mexico Interbank 28-day Index	5.6%	10/11/2021			(9)	-
UBS AG	966	Brazil Cetip Interbank Deposit	9.1%	1/2/2017			(66)	(48)
UBS AG	191	5.3%	Mexican Interbank Equilibrium	9/6/2019			1	2
UBS AG	6,577	Brazil Cetip Interbank Deposit	12.4%	1/2/2018			(88)	-
UBS AG	11,169	Mexico Interbank 28-day Index	5.6%	10/11/2021			-	433
Total Interest Rate Swaps	<u>730,095</u>						<u>3,491</u>	<u>257</u>
Return Swaps:								
Goldman Sachs Group Inc	186,653	3-month LIBOR + 42 bps	MSCI ACWI	7/16/2015			(5,306)	-
Goldman Sachs Group Inc	226,219	3-month LIBOR + 42 bps	MSCI ACWI	7/16/2015			(6,430)	-
Goldman Sachs Group Inc	150,616	3-month LIBOR + 42 bps	MSCI ACWI IMI	7/16/2015			(4,281)	-
Goldman Sachs Group Inc	150,120	3-month LIBOR + 42 bps	MSCI ACWI IMI	7/16/2015			(2,832)	-
Goldman Sachs Group Inc	142,767	3-month LIBOR + 42 bps	MSCI Daily Small Cap	8/20/2014			-	11,702
Goldman Sachs Group Inc	32,278	3-month LIBOR	Kuraray Co. Ltd.	8/20/2014			-	(471)
Goldman Sachs Group Inc	5,533	3-month LIBOR	Shionogi Co. Ltd.	8/20/2014			-	(727)
Goldman Sachs Group Inc	5,321	3-month LIBOR	MSAD Insurance Group	8/20/2014			-	(193)
Goldman Sachs Group Inc	5,085	3-month LIBOR	Canon Inc.	8/20/2014			-	65
Goldman Sachs Group Inc	4,684	3-month LIBOR	Itochu Corp.	8/20/2014			-	(555)
Goldman Sachs Group Inc	4,638	3-month LIBOR	Trend Micro Inc.	8/20/2014			-	(253)
Goldman Sachs Group Inc	4,582	3-month LIBOR	Takeda Pharmaceutical	8/20/2014			-	(210)
Goldman Sachs Group Inc	4,491	3-month LIBOR	Daichi Sankyo Co.	8/20/2014			-	(500)
Goldman Sachs Group Inc	4,428	3-month LIBOR	Dai Nippon Printing	8/20/2014			-	(375)
Goldman Sachs Group Inc	4,409	3-month LIBOR	Asahi Glass Co. Ltd.	8/20/2014			-	(240)
Goldman Sachs Group Inc	4,325	3-month LIBOR	Eisai Co. Ltd.	8/20/2014			-	(159)
Goldman Sachs Group Inc	4,166	3-month LIBOR	Mitsui Co. Ltd.	8/20/2014			-	(319)
Goldman Sachs Group Inc	4,166	3-month LIBOR	NKSJ Holdings Inc.	8/20/2014			-	(142)
Goldman Sachs Group Inc	4,164	3-month LIBOR	Sumitomo Corp.	8/20/2014			-	(256)
Goldman Sachs Group Inc	4,031	3-month LIBOR	Shiseido Co. Ltd.	8/20/2014			-	(392)
Goldman Sachs Group Inc	3,878	3-month LIBOR	Mitsubishi Corp.	8/20/2014			-	(282)
Goldman Sachs Group Inc	3,795	3-month LIBOR	Fast Retailing Co. Ltd.	8/20/2014			-	(1,577)
Goldman Sachs Group Inc	3,703	3-month LIBOR	Sharp Corp.	8/20/2014			-	(391)
Goldman Sachs Group Inc	3,001	3-month LIBOR	Nippon Telegraph	8/20/2014			-	(351)
Goldman Sachs Group Inc	2,746	3-month LIBOR	Marubeni Corp.	8/20/2014			-	(250)
Goldman Sachs Group Inc	2,741	3-month LIBOR	JX Holdings Inc.	8/20/2014			-	(197)
Goldman Sachs Group Inc	2,676	3-month LIBOR	Alps Electric Co. Ltd.	8/20/2014			-	(724)
Goldman Sachs Group Inc	2,290	3-month LIBOR	Sumitomo Mitsui Trust	8/20/2014			-	(272)
Goldman Sachs Group Inc	2,274	3-month LIBOR	Nippon Electric Glass	8/20/2014			-	(410)
Goldman Sachs Group Inc	2,241	3-month LIBOR	Sumitomo Mitsui Financial	8/20/2014			-	(224)
Goldman Sachs Group Inc	2,211	3-month LIBOR	Show a Shell Sekyu	8/20/2014			-	(384)
Goldman Sachs Group Inc	2,013	3-month LIBOR	Oji Paper Co. Ltd.	8/20/2014			-	10
Goldman Sachs Group Inc	1,905	3-month LIBOR	Sumitomo Chemical Co.	8/20/2014			-	(66)
Goldman Sachs Group Inc	1,693	3-month LIBOR	NTN Corp.	8/20/2014			-	(495)
Goldman Sachs Group Inc	1,634	3-month LIBOR	Aozora Bank Ltd.	8/20/2014			-	(174)
Goldman Sachs Group Inc	1,409	3-month LIBOR	Denki Kagaku Kogyo	8/20/2014			-	(127)
Goldman Sachs Group Inc	1,075	3-month LIBOR	Mizuho Financial Group	8/20/2014			-	(55)
Goldman Sachs Group Inc	1,054	3-month LIBOR	NTT Docomo Inc.	8/20/2014			-	(57)
Goldman Sachs Group Inc	908	3-month LIBOR	Mitsui Engineering & Shipbuilding	8/20/2014			-	(212)
Goldman Sachs Group Inc	799	3-month LIBOR	Chubu Electric Power	8/20/2014			-	(55)
Goldman Sachs Group Inc	790	3-month LIBOR	Toyobo Co. Ltd.	8/20/2014			-	(64)
Goldman Sachs Group Inc	753	3-month LIBOR	Kansai Electric Power	8/20/2014			-	(8)
Goldman Sachs Group Inc	513	3-month LIBOR	Nippon Suisan Kaisha	8/20/2014			-	(137)
Goldman Sachs Group Inc	2	3-month LIBOR + 42 bps	MSCI ACWI	9/24/2014			-	-
Total Return Swaps	<u>998,780</u>						<u>(18,849)</u>	<u>473</u>
Total Swaps	<u>\$ 1,998,015</u>						<u>\$ (17,590)</u>	<u>\$ 3,442</u>

Additional information is available in the System's separately issued financial statements, which may be obtained from the Virginia Retirement System at P.O. Box 2500, Richmond, Virginia 23218-2500.

Component Units

Investment Derivative Instruments

The Virginia Housing Development Authority (major) had a forward sales contract investment derivative with a \$239.1 million notional value and a fair value of negative \$224,949 as of June 30, 2015. This amount is reported as part of investment losses and other liabilities.

Hedging Derivative Instruments

In April 2015, the University of Virginia (UVA) (nonmajor) refunded the Series 2003A bonds and the commercial paper associated with the fixed-payer interest rate swaps which terminated hedge accounting. The fixed-payer interest rate swaps are no longer effective hedges. At the time of termination, the accumulated change in fair value of the swaps was negative \$38.2 million and was included in the calculation of the deferred loss on refunding. At June 30, 2015, the negative fair value of the swaps of \$28.9 million is included in other liabilities and the change in fair value of \$9.3 million was reported as investment earnings in the accompanying financial statements. During fiscal year 2015, UVA established two fixed-receiver interest rate swaps with a total notional amount of \$128.0 million to provide a hedge against fixed interest rates on Series 2015B bonds and these are considered effective hedges. At June 30, 2015, the negative fair value of the fixed-receiver interest rate swaps of \$648,468 is included in other liabilities and the cumulative change in fair value of these swaps of \$648,468 is included in deferred outflows of resources in the accompanying financial statements.

At June 30, 2015, the Virginia Commonwealth University (VCU) (nonmajor) had two fixed-payer interest rate swaps with a notional amount of \$60.3 million, which declines to \$4.8 million at the termination date of November 1, 2030. The swaps are used as cash flow hedges by VCU in order to provide a hedge against changes in interest rates on variable rate Series 2012A and 2012B bonds. The Series 2012A and 2012B bonds refunded prior Series 2006A and 2006B bonds that resulted in the termination of the prior hedging relationship between the interest rate swaps and the 2006A and 2006B bonds. At the time of the refunding in November 2012, the accumulated change in fair value of the interest rate swaps was negative \$14.1 million and was included in the calculation of the deferred loss on refunding. There was also a reestablishment of hedge accounting on the new debt. At June 30, 2015, the negative fair value of VCU's swaps of \$9.3 million is included in other liabilities and the cumulative change in fair value of VCU's swaps of \$4.8 million is included in deferred inflows of resources in the accompanying financial statements.

At June 30, 2015, the Medical College of Virginia Hospitals (MCVH), which is a division of the Virginia Commonwealth University Health System Authority (a blended component unit of VCU), had two interest rate swap agreements with a notional amount of \$119.9 million and another interest rate swap agreement with a notional amount of \$68.2 million. The swaps are used as cash flow hedges by MCVH in order to provide a hedge against changes in interest rates on variable rate Series 2013A and 2013B bonds. The Series 2013A and 2013B bonds refunded prior Series 2005 and 2008 bonds that resulted in the termination of the prior hedging relationship between the interest rate swaps and the Series 2005 and 2008 bonds. At the time of the refunding in June 2013, the accumulated change in fair value of the interest rate swaps was negative \$42.1 million and was included in the calculation of the deferred loss on refunding. There was also a reestablishment of hedge accounting on the new debt. At June 30, 2015, the negative fair value of MCVH's swaps of \$47.5 million is included in other liabilities and the cumulative change in fair value of MCVH's swaps of \$5.4 million is included in deferred outflows of resources in the accompanying financial statements.

The following schedule shows debt service requirements of UVA, VCU, and MCVH bonds payable debt of \$355.6 million and net receipts/payments on associated derivative instruments. These amounts assume that current variable and reference rates on the hedging instruments will remain the same for their terms. As these rates vary, net receipt/payments on the hedging instruments will vary. Additional information is available in the individually published financial statements of the higher education institution.

Maturity	Principal	Interest	Derivative Instruments, Net	Total
2016	\$ 4,995,000	\$ 5,981,399	\$ 7,559,547	\$ 18,535,946
2017	5,700,000	6,891,093	7,388,913	19,980,006
2018	5,930,000	6,845,270	7,194,564	19,969,834
2019	6,095,000	6,798,064	6,992,318	19,885,382
2020	6,395,000	6,748,600	6,784,587	19,928,187
2021-2025	146,940,000	14,958,361	35,214,068	197,112,429
2026-2030	66,500,000	5,020,433	27,712,254	99,232,687
2031-2035	67,630,000	2,352,743	15,911,642	85,894,385
2036-2040	45,370,000	297,314	3,414,115	49,081,429
Total	\$ 355,555,000	\$ 55,893,277	\$ 118,172,008	\$ 529,620,285

Various foundations of higher education institutions have derivative instruments. The foundations follow FASB rather than GASB reporting requirements. Disclosures for the foundations' derivatives can be found in the individually published financial statements of the foundations.

15. RETIREMENT AND PENSION SYSTEMS

A separately issued financial report that includes financial statements and required supplemental information for each of the individual plans discussed below is publicly available. Copies may be obtained by writing to Virginia Retirement System, P. O. Box 2500, Richmond, Virginia 23218-2500.

A. Administration

The Virginia Retirement System (the System) is an independent agency of the Commonwealth that administers pension plans, other employee benefit plans, and other funds for Commonwealth employees, teachers, political subdivision employees, and other qualifying employees. The Board of Trustees is responsible for the general administration and operation of the plans. The Board consists of five members appointed by the Governor and four members appointed by the Joint Rules Committee, all subject to confirmation by the General Assembly. The Board of Trustees appoints a director to serve as the chief administrative officer of the System and a chief investment officer to direct, manage, and administer the investment of the System's funds. The Board of Trustees has appointed BNY Mellon as the custodian of designated assets of the System.

The System administers four pension trust funds: the Virginia Retirement System (VRS); State Police Officers' Retirement System (SPORS); Virginia Law Officers' Retirement System (VaLORS); and the Judicial Retirement System (JRS). In addition to the pension plans, the System administers five Other Employee Benefit Plans: Group Life Insurance Fund; Retiree Health Insurance Credit Fund; the Virginia Sickness and Disability Program (VSDP); the Line of Duty Act Trust Fund; and the Virginia Local Disability Program (VLDP).

B. Summary of Significant Accounting Policies (Virginia Retirement System)

Basis of Accounting

The financial statements of the pension and other employee benefit trust funds are prepared using the flow of economic resources measurement focus and the accrual basis of accounting consistent with the plans. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as earned by the plans. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at fair value as determined by the System's master custodian, BNY Mellon, from its Global Pricing System. This pricing system assigns a price source, based on asset type and the vendor pricing products to which the master custodian subscribes, for every security held immediately following its acquisition. Prices supplied by these sources are monitored on a daily basis by the master custodian.

When a pricing source is unable to provide a price, quotes are sought from major investment brokers and market-making dealers; or internal calculations are applied if feasible. As a last resort, the master custodian will contact investment managers for a price. The master custodian prices commingled funds, partnerships, and real estate assets from statements received from the funds, partnerships, or investment managers.

The pricing sources utilized by the master custodian provide daily prices for equity securities, corporate, government and mortgage-backed fixed income securities, private placement securities, futures and options on futures, open-ended funds, and foreign exchange rates. Depending on the vendor, collateralized mortgage obligations (CMOs), adjustable rate mortgages (ARMs) and asset-backed securities are priced daily, weekly or twice a month and at month-end. Municipal fixed income securities and options on Treasury/Government National Mortgage Association securities are priced at month-end.

The System's investment guidelines for each specific portfolio limits investments in any corporate entity to no more than 5.0 percent of the market value of the account for both the internally and externally managed portfolios. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits.

C. Plan Description

Retirement Plans

The Virginia Retirement System is a qualified governmental retirement plan that administers three retirement benefit structures: Plan 1, Plan 2, and Hybrid Plan, for state employees, public school board employees, employees of participating political subdivisions, and other qualifying employees. VRS is a combination of mixed-agent and cost-sharing, multiple-employer retirement plans. Each plan's accumulated assets may legally be used to pay all the plan benefits provided to any of the plan's members, retirees, and beneficiaries. Contributions for fiscal year 2015 were \$3.1 billion with a reserve balance available for benefits of \$64.0 billion. At June 30, 2015, the VRS had 827 contributing employers.

Single-employer Retirement Plans

The Commonwealth also administers the following single-employer retirement plans and benefit structures:

- State Police Officers' Retirement System (SPORS) – Plan 1 and Plan 2
- Virginia Law Officers' Retirement System (VaLORS) – Plan 1 and Plan 2
- Judicial Retirement System (JRS) – Plan 1, Plan 2, and Hybrid Plan

All full-time, salaried permanent employees of VRS participating employers are automatically covered under VRS, SPORS, VaLORS or JRS with the

following exceptions: (1) certain full-time faculty and administrative staff of public colleges and universities; and (2) eligible classified employees of the two state teaching hospitals. These employees have the option to elect not to participate in the Virginia Retirement System. Benefit provisions and all other requirements are established by Title 51.1 of the *Code of Virginia*, as amended.

Benefits vest for all plans after five years of service credit. Vested VRS members in the VRS Plan 1 are eligible for an unreduced retirement benefit at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit as elected by the employer. Vested VRS members in the VRS Plan 2 and the Hybrid Plan are eligible for unreduced retirement benefits at normal social security retirement age with at least five years of service credit or when age and service credit equal 90. Vested SPORS and VaLORS members in both the VRS Plan 1 and the VRS Plan 2 are eligible for an unreduced benefit at age 60 with at least five years of hazardous duty service credit or age 50 with at least 25 years of total service credit.

Annual retirement benefits are payable monthly for life in an amount equal to 1.7 percent of eligible members' average final compensation (AFC) for each year of service credit. Under the VRS Plan 2, the multiplier for general employees was reduced to 1.65 percent beginning January 1, 2013. Under the Hybrid Plan, the multiplier for the defined benefit component is 1.0 percent. AFC is the average of the member's 36 consecutive months of highest creditable compensation for members under the VRS Plan 1. Under the VRS Plan 2 and the Hybrid Plan, a member's AFC is the average of the member's 60 consecutive months of highest creditable compensation. The benefit for members of SPORS is calculated using a 1.85 percent multiplier. Members of SPORS also are eligible for a hazardous duty supplement, paid monthly, until they reach full Social Security retirement age.

Members of VaLORS hired before July 1, 2001, were allowed to make a one-time election to increase the multiplier from 1.7 to 2.0 percent instead of receiving a monthly hazardous duty supplement. VaLORS members who elected to retain the 1.7 percent multiplier are eligible for the supplement until age 65. Members of VaLORS hired after June 20, 2001, have their benefit computed using the 2.0 percent multiplier and are not eligible for the supplement.

Members of JRS receive weighted years of service credit for each year of actual service under JRS. VRS, SPORS, VaLORS, and JRS also provide death and disability benefits.

A cost-of-living allowance (COLA), based on changes in the Consumer Price Index and limited to 5.0 percent per year for VRS Plan 1 and 3.0 percent for VRS Plan 2 and Hybrid Plan, is granted on July 1 of the second calendar year after retirement and is effective each July 1 thereafter. Beginning January 2013, a member who retires with less than 20 years of service must receive an allowance for one full calendar year after reaching unreduced retirement age to be eligible for a COLA. Members within five years of eligibility for an unreduced benefit as of January 1, 2013 were grandfathered.

Benefits for all vested members are actuarially reduced if they retire before becoming eligible for an unreduced retirement benefit, provided they meet age requirements for a reduced retirement benefit.

As required by Title 51.1 of the *Code of Virginia*, as amended, members contribute 5.0 percent of their annual compensation to the retirement plans. Employers may assume the 5.0 percent member contribution. If a member leaves covered employment, the accumulated contributions plus earned interest may be refunded to the member. Each participating employer is required by state statute to contribute the remaining amounts necessary to fund the retirement plans using the entry age normal actuarial cost method adopted by the Board of Trustees. Contributions for fiscal year 2015 were \$34.1 million, \$34.7 million, and \$79.2 million, and reserved balances available for benefits were \$733.4 million, \$456.5 million, and \$1.2 billion, for SPORS, JRS, and VaLORS, respectively. State statute may be amended only by the General Assembly. To the extent that the employer's long-term obligation to provide pension benefits (total pension liability) is larger than the value of the assets available in the plan to pay these benefits (fiduciary net position), there is a net pension liability which is reported in the accompanying financial statements as a component of Long-term Liabilities Due in More than One Year.

Further information about the benefits provided in these retirement plans and their different benefit structures can be found in the Virginia Retirement System's Comprehensive Annual Financial Report.

The following table provides participant information.

	VRS	SPORS	VaLORS	JRS
Retirees and Beneficiaries Receiving Benefits	52,521	1,234	3,781	497
Terminated Employees Entitled to Benefits but not Receiving Them	10,447	108	584	3
Total	62,968	1,342	4,365	500
Active Members:				
Vested	55,637	1,510	5,746	328
Non-Vested	22,567	490	3,033	76
Total	78,204	2,000	8,779	404

D. Funding Policy

The funding policy of the retirement plans provides for periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are developed using the entry age normal cost method for both normal cost and amortization of the unfunded actuarial accrued liability. Gains and losses are reflected in the unfunded actuarial accrued liability that is being amortized as a level percentage of payroll within 30 years or less.

The System's actuary, Cavanaugh MacDonald Consulting, LLC, computed the amount of contributions to be provided by state agency employers, state police and other Virginia law employers. The contribution rates for fiscal year 2015 were based on the actuary's valuation as of June 30, 2013. Employer contributions by the Commonwealth to VRS, SPORS, VaLORS, and JRS were 12.3 percent, 25.8 percent, 17.7 percent, and 51.7 percent, respectively. These rates were lower than the actuary's recommended rates to VRS, SPORS, VaLORS, and JRS of 15.8 percent, 30.8 percent, 21.1 percent, and 57.8 percent, respectively.

In addition to determining contribution requirements, the actuarial computations present an estimate of the discounted present value of the prospective accrued liability contributions that

employers will have to pay in the future so that such contributions, together with the assets on hand, the normal contributions to be made in the future by employers and members and the income earned by investing funds, will be sufficient to provide all benefits to be paid to present members in the future as well as the annuitants and their designated beneficiaries.

E. Changes in Net Pension Liability

The Commonwealth implemented 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*, during fiscal year 2015. The total pension liability was determined based on the actuarial valuation 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. The following disclosures have been added, as well as new Required Supplementary Information schedules.

The following tables (dollars in thousands) show the Commonwealth's total pension liability, plan fiduciary net position, and net pension liability for the VRS, SPORS, JRS, and VaLORS for the current and prior years.

Primary Government

	VRS			SPORS		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 11,856,894	\$ 8,161,556	\$ 3,695,338	\$ 996,690	\$ 625,562	\$ 371,128
Changes for the year						
Service cost	207,731	-	207,731	18,341	-	18,341
Interest	808,180	-	808,180	67,977	-	67,977
Differences between expected and actual experience	-	-	-	-	-	-
Contributions - employer	-	193,177	(193,177)	-	42,683	(42,683)
Contributions - employee	-	111,448	(111,448)	-	5,646	(5,646)
Net investment income	-	1,262,865	(1,262,865)	-	98,682	(98,682)
Benefit payments, including refunds	(622,936)	(622,936)	-	(51,152)	(51,152)	-
Administrative expense	-	(6,945)	6,945	-	(431)	431
Other changes	-	69	(69)	-	-	-
Net changes	392,975	937,678	(544,703)	35,166	95,428	(60,262)
Balances at June 30, 2015	\$ 12,249,869	\$ 9,099,234	\$ 3,150,635	\$ 1,031,856	\$ 720,990	\$ 310,866

	JRS			VaLORS		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 590,626	\$ 388,835	\$ 201,791	\$ 1,616,994	\$ 920,785	\$ 696,209
Changes for the year						
Service cost	24,024	-	24,024	43,164	-	43,164
Interest	40,014	-	40,014	110,491	-	110,491
Differences between expected and actual experience	-	-	-	-	-	-
Contributions - employer	-	27,727	(27,727)	-	62,636	(62,636)
Contributions - employee	-	3,051	(3,051)	-	16,622	(16,622)
Net investment income	-	60,833	(60,833)	-	145,526	(145,526)
Benefit payments, including refunds	(37,984)	(37,984)	-	(77,111)	(77,111)	-
Administrative expense	-	(268)	268	-	(632)	632
Other changes	-	-	-	-	-	-
Net changes	26,054	53,359	(27,305)	76,544	147,041	(70,497)
Balances at June 30, 2015	\$ 616,680	\$ 442,194	\$ 174,486	\$ 1,693,538	\$ 1,067,826	\$ 625,712

Component Units

	VRS			VaLORS		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 9,211,757	\$ 6,340,806	\$ 2,870,951	\$ 125,116	\$ 71,246	\$ 53,870
Changes for the year						
Service cost	161,389	-	161,389	3,340	-	3,340
Interest	627,884	-	627,884	8,549	-	8,549
Differences between expected and actual experience	-	-	-	-	-	-
Contributions - employer	-	150,082	(150,082)	-	4,847	(4,847)
Contributions - employee	-	86,586	(86,586)	-	1,286	(1,286)
Net investment income	-	981,134	(981,134)	-	11,260	(11,260)
Benefit payments, including refunds	(483,966)	(483,966)	-	(5,966)	(5,966)	-
Administrative expense	-	(5,396)	5,396	-	(49)	49
Other changes	-	54	(54)	-	-	-
Net changes	305,307	728,494	(423,187)	5,923	11,378	(5,455)
Balances at June 30, 2015	\$ 9,517,064	\$ 7,069,300	\$ 2,447,764	\$ 131,039	\$ 82,624	\$ 48,415

The amounts in the previous tables include governmental and component unit activity for the Commonwealth's VRS State Plan. The table also excludes the non-VRS State Plan net pension liability of \$41.5 million for all other component units and includes the fiduciary net pension liability of \$3.3 million.

The 2014 actuarial valuations were prepared using the entry age normal cost method. The actuarial assumptions included (a) 7.0 percent investment rate of return, per year compounded annually; (b) projected salary increases ranging from 3.5 percent to 6.0 percent, including a 2.5 percent inflation component and (c) COLA of 2.5 percent for Plan 1 and 2.3 percent for Plan 2. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

For more detailed actuarial information, refer to the Virginia Retirement System's financial statements, including mortality rates shown in the "Actuarial Assumptions and Methods – Pension Plans" schedule.

F. Changes to and Sensitivity of Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be based on the actuarially determined rates based on the Board's funding policy, which certifies the required rates under Title 51.1 of the *Code of Virginia* (1950), as amended. Based in those assumptions, the fiduciary net position was projected to be available to make all of the projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability. In accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the employers' net pension liability for each of the plans calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.0 percent lower (6.0 percent) or 1.0 percent higher (8.0 percent) than the current rate. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate.

Primary Government

VRS			SPORS		
Net Pension Liability			Net Pension Liability		
1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
\$ 4,615,433	\$ 3,150,635	\$ 1,922,363	\$ 434,119	\$ 310,866	\$ 207,412

JRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
\$ 230,771	\$ 174,486	\$ 125,641	\$ 854,988	\$ 625,712	\$ 437,200

Component Units

VRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
\$ 3,585,662	\$ 2,447,764	\$ 1,493,604	\$ 66,151	\$ 48,415	\$ 33,833

The long-term expected rate of return on the System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 allocations are based on the Strategic Asset Allocation Implementation Schedule and Allowable Ranges document, which was approved by the VRS Board of Trustees on June 20, 2013. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation 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	19.5%	6.5%	1.3%
Developed Non U.S Equity	16.5%	6.3%	1.0%
Emerging Market Equity	6.0%	10.0%	0.6%
Fixed Income	15.0%	0.1%	0.0%
Emerging Debt	3.0%	3.5%	0.1%
Rate Sensitive Credit	4.5%	3.5%	0.2%
Non Rate Sensitive Credit	4.5%	5.0%	0.2%
Convertibles	3.0%	4.8%	0.1%
Public Real Estate	2.2%	6.1%	0.1%
Private Real Estate	12.8%	7.1%	0.9%
Private Equity	12.0%	10.4%	1.3%
Cash	1.0%	-1.5%	0.0%
Total	<u>100.0%</u>		<u>5.8%</u>
	Inflation		<u>2.5%</u>
	* Expected arithmetic nominal return		<u>8.3%</u>

The allocation in the previous table provides a one-year expected return of 8.3 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the pension system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.4 percent, including expected inflation of 2.5 percent.

G. Pension Related Deferred Outflows and Deferred Inflows

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*, require certain pension related items to be reported as either deferred outflows or deferred inflows of resources. The following table (dollars in thousands) summarizes these amounts as of June 30, 2015.

Primary Government

	VRS		SPORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	-	578,735	-	44,006
Changes in proportion and difference between employer contributions and proportionate share of contributions	42,240	44,879	-	-
Employer contributions subsequent to the Measurement Date	270,918	-	28,417	-
Total	\$ 313,158	\$ 623,614	\$ 28,417	\$ 44,006

	JRS		VALORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	-	27,102	-	63,975
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-	10,796	10,623
Employer contributions subsequent to the Measurement Date	31,561	-	55,359	-
Total	\$ 31,561	\$ 27,102	\$ 66,155	\$ 74,598

Component Units

	VRS		VALORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	-	420,511	-	5,855
Changes in proportion and difference between employer contributions and proportionate share of contributions	35,270	32,632	799	972
Employer contributions subsequent to the Measurement Date	207,317	-	4,465	-
Total	\$ 242,587	\$ 453,143	\$ 5,264	\$ 6,827

Additionally, during fiscal year 2015, the Commonwealth recognized pension expense for primary government and component units of \$315,517 (dollars in thousands) and \$174,347 (dollars in thousands), respectively. The component unit amounts include deferred outflows of resources and deferred inflows of resources of \$4,604 (dollars in thousands) and \$13,169 (dollars in thousands), respectively, not related to the VRS State Plan.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's pension expense for each of the next five fiscal years.

Primary Government

	VRS	SPORS	JRS	VaLORS
2016	\$ (144,684)	\$ (11,001)	\$ (6,775)	\$ (15,994)
2017	(144,684)	(11,001)	(6,775)	(15,994)
2018	(144,684)	(11,001)	(6,775)	(15,994)
2019	(144,683)	(11,003)	(6,777)	(15,993)
2020	-	-	-	-

Component Units

	VRS	VaLORS
2016	\$ (105,128)	\$ (1,464)
2017	(105,128)	(1,464)
2018	(105,128)	(1,464)
2019	(105,127)	(1,463)
2020	-	-

H. Defined Contribution Plan for Political Appointees

Officers appointed by the Governor, officers elected by popular vote or the General Assembly, and executive branch chief deputies and confidential assistants may participate in the deferred contribution plan for Political Appointees, rather than the VRS. This optional retirement plan is authorized by the *Code of Virginia* and offered through the ICMARC. This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's 12.3 percent and the employee's (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2015, the total contributions to this plan were \$1.3 million.

The summary of significant accounting policies for the plan is in accordance with those discussed in Note 15. B.

I. Defined Contribution Plan for Public School Superintendents

The Public School Superintendent Plan is a defined contribution pension plan that provides optional postemployment benefits for school superintendents. This plan is authorized by the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school board for credit to the member. At June 30, 2015, there were four participants in this plan. Total contributions to the plan for fiscal year 2015 were \$79,811.

J. Virginia Supplemental Retirement Plan

The Public School Teacher Supplemental Retirement Plan is a defined contribution pension plan established by the Department of Education to provide an optional postemployment benefit plan for turnaround specialists in the public school system. This plan is utilized as an incentive to attract highly skilled teachers for participating public schools pursuant to the *Code of Virginia* by Title 51.1-617. The Board of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school boards for credit to the members. At June 30, 2015, there were two participants in this plan. There were no contributions to the plan for fiscal year 2015.

K. Higher Education Fund (Nonmajor Component Unit)

The Commonwealth's colleges and universities participate in the retirement plans administered by VRS. In addition, full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in optional retirement plans as authorized by Section 51.1-126 of the *Code of Virginia* rather than the VRS retirement plans. These optional retirement plans are defined contribution plans offered through Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), and Fidelity Investments Tax-Exempt Services Company. There are two defined contribution plans. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based upon the employer's 10.4 percent contributions, plus net investment gains. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based upon the employer's 8.5 percent not to exceed 8.9 percent contribution and the employee's 5.0 percent contribution, plus net investment gains. For Plan 2, the employer contributions for fiscal year 2015 were 8.5 percent except the employer contributions for the University of Virginia (nonmajor) were 8.9 percent. Vesting is full and immediate for both employer and employee contributions. For fiscal year 2015, total pension expense recognized was \$137.4 million. For fiscal year 2015, contributions were calculated using the base salary amount of \$1.4 billion.

University of Virginia Medical Center (part of the University of Virginia – nonmajor) employees hired after July 1, 1999, cannot participate in Plan 1 or Plan 2 noted above but have the option of participating in the Medical Center's Optional Retirement Plan. For information regarding this plan, see the institution's individually published financial statements.

Prior to July 1, 1997, certain employees of the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University – nonmajor) were eligible to participate in the VRS pension plan.

Effective July 1, 1997, the Authority established the Virginia Commonwealth University Health System Authority Defined Contribution Plan. The Authority has also established the Virginia Commonwealth University Health System Authority Health Care Providers Defined Contribution Plan. The Authority and the MCV Associated Physicians (MCVAP – a component unit of the Authority) sponsor the VCUHS Savings Plan (VCUHS 457(b) plan). MCVAP also sponsors the VCUHS 401(a) Retirement Plan and the MCVAP 401(a) Retirement Plan. VA Premier (a component unit of the Authority) adopted a 401(k) plan. For information regarding these plans, see the Authority's individually published financial statements.

Effective January 1, 1997, James Madison University (nonmajor) established a Supplemental Retirement Plan for tenured faculty members. The plan is a qualified plan within the meaning of section 401(c) of the Internal Revenue Code of 1986 (the Code) and is a governmental plan within the meaning of section 414(d) of the Code. For information regarding this plan, see the University's individually published financial statements.

The Center for Innovative Technology (CIT) is a blended component unit of the Innovation and Entrepreneurship Investment Authority (nonmajor). The CIT has a defined contribution retirement plan covering substantially all employees. Under the plan, CIT makes contributions fixed at a percentage of each employee's compensation to pay premiums for individual retirement annuity contracts written by TIAA-CREF. For information regarding this plan, see the Authority's individually published financial statements.

L. Other Component Units

Note 1.B. outlines the component units included in the Commonwealth's reporting entity. The Virginia Public Building Authority (blended - primary government), the Virginia Public School Authority (major), the Virginia College Building Authority (major), the Virginia University Research Partnership (nonmajor), and the Virginia School for the Deaf and Blind Foundation (nonmajor) have no employees. Virginia Resources Authority (major) and the following nonmajor component units participate in the retirement plans administered by VRS: the Virginia Economic Development Partnership, the Virginia Small Business Financing Authority, the Hampton Roads Sanitation District Commission, the Virginia Biotechnology Research Partnership Authority, the Virginia Tourism Authority, the Tobacco Indemnification and Community Revitalization Commission, the Virginia Foundation for Healthy Youth, and the Fort Monroe Authority.

The Virginia Housing Development Authority (major) has two defined contribution plans and incurs employment retirement savings expense under these plans equal to between 8.0 and 11.0 percent of full-time employees' compensation. For additional information regarding these plans, see

the Authority's individually published financial statements.

The Virginia Outdoors Foundation (nonmajor) maintains a 401(k) contribution plan and provides an employer contribution to all eligible employees of 2.0 percent of their salary. Employees can contribute to the plan up to the IRS limit and the Foundation will match up to an additional 2.0 percent for a maximum of 4.0 percent of an employees' contribution. For information regarding this plan, see the Foundation's individually published financial statements.

The Virginia Commercial Space Flight Authority (nonmajor) maintains a 401(a) contribution plan and provides an employer contribution to all eligible employees of 11.0 percent of their base salary. For information regarding this plan, see the Authority's individually published financial statements.

The Virginia Port Authority (VPA) (nonmajor) maintains two defined benefit plans for its employees. Employees of record on July 1, 1997, had the option of continuing to maintain their benefit status as a State employee, and their benefits maintained under the VRS, or elect to be covered under a newly created pension plan (the VPA Defined Benefit Plan). The VPA Defined Benefit Plan covers all employees hired between July 1, 1997 and February 1, 2014. Employees hired after February 1, 2014 are eligible for a defined contribution plan only. The Virginia International Terminals (VIT) (a blended component unit of VPA – nonmajor) has a Virginia International Terminals, LLC Pension Plan that is a single employer, noncontributory defined benefit pension plan administered by VIT. VIT also sponsors noncontributory supplemental plans covering certain key employees. For information regarding this plan, see the Authority's individually published financial statements.

Employees of the Virginia Museum of Fine Arts Foundation (nonmajor) who are age 21 or older are eligible to participate in the Employee's Savings Plan, a 401(k) defined contribution profit sharing plan. Also, the Foundation entered into a supplemental retirement agreement to pay a key employee of the Museum upon retirement the difference between the amount accrued under the VRS retirement plan, based on salary, and the amount based on the supplemental salary. For additional information regarding these plans, see the Foundation's individually published financial statements.

The Science Museum of Virginia Foundation (nonmajor) has a 403(b) defined contribution pension plan through the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) Retirement Plan for employees meeting age and service requirements. For additional information regarding this plan, see the Foundation's individually published financial statements.

16. OTHER EMPLOYMENT BENEFITS

In addition to the pension plans, the Commonwealth participates in two other employment benefit plans, Group Life Insurance and the Virginia Sickness and Disability Program, which are administered by the Virginia Retirement System (the System). The System administers a third other employment benefit plan, the Volunteer Firefighters' and Rescue Squad Workers' Fund, in which the Commonwealth does not participate, but may provide funding. The significant accounting policies for all three plans are the same as those described in Note 15 for pension plans. A separately issued financial report that includes financial statements for the Group Life Insurance and Virginia Sickness and Disability Program is publicly available. Copies may be obtained by writing to the Virginia Retirement System, P. O. Box 2500, Richmond, Virginia 23218-2500.

Group Life Insurance

The Group Life Insurance Plan was established for Commonwealth employees, teachers, employees of political subdivisions participating in the VRS, state police officers, other state law enforcement and correctional officers, judges, and other qualifying employees. The program provides life insurance for natural death coverage equal to a member's annual compensation rounded to the next highest \$1,000 and then doubled. Accidental death coverage is double the natural death benefit. The program also provides coverage for accidental dismemberment and accidental blindness, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit for terminal conditions. Approximately 358,323 members participate in the program at June 30, 2015.

Participating employers and their covered employees are required by Title 51.1 of the *Code of Virginia*, as amended, to contribute to the cost of group life insurance benefits. Employers may assume the employees' contributions.

An optional Group Life Insurance Fund was established for members covered under the group life program as a supplement to that plan. Members may purchase optional life insurance coverage for themselves, their spouses and/or their dependent children. The optional program provides natural death coverage equal to one, two, three or four times the member's annual compensation rounded to the next highest \$1,000, up to a maximum of \$750,000. Spouse coverage is available for up to one-half of the member's optional insurance amount. Minor children who are at least 15 days old can be insured for \$10,000, \$20,000 or \$30,000, depending on the option chosen by the member. An additional accidental death and dismemberment benefit is payable for death or bodily injuries. Approximately 66,882 members were covered under this program at June 30, 2015.

Optional group life insurance coverage ends for members when they retire or terminate their employment, or when their basic coverage ends. Optional life insurance amounts begin to reduce by 25.0 percent based on the retiree's age, beginning with the retiree's normal retirement age under his or her plan ending at age 80. Retirees may elect to continue

coverage within 31 days of retirement. Spouse coverage terminates should a couple divorce or when the member leaves employment. Children's coverage ends with the termination of the member's coverage or when the child marries or turns 21 years of age (25 years of age for full-time college students).

Employers of members who elect optional life insurance coverage deduct the premiums from the members' paychecks, as required by Title 51.1 of the *Code of Virginia*, as amended. Premiums are based on the member's age and determined by the Board of Trustees. Because optional life insurance is an insured product, the carrier bills each employer directly, and the employer makes the contribution payments to the carrier. Any differences and adjustments are settled between the employer and the carrier.

Virginia Sickness and Disability Program

The System administers the Virginia Sickness and Disability Program (VSDP) to provide income protection in the event of a disability for eligible state employees hired on or after January 1, 1999. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program.

VSDP benefits include sick, family and personal leave and short-term and long-term disability benefits. After a seven-calendar day waiting period following the first day of disability, eligible employees receive short-term disability benefits from 60.0 percent to 100.0 percent of their compensation. After 125 work days of short-term disability, eligible employees receive long-term disability benefits equal to 60.0 percent of their compensation. If the employee's condition becomes catastrophic, income replacement increases to 80.0 percent until the condition is no longer catastrophic. Long-term disability benefits continue until employees return to work, retire or reach age 65 (age 60 for state police officers and other state law enforcement and correctional officers) or die.

Full-time permanent salaried state employees, including state police officers and other Virginia law and correctional officers, are automatically enrolled in the VSDP. Part-time permanent salaried state employees who work at least 20 hours a week and accrue leave also are automatically enrolled. Teaching, administrative and research faculty of Virginia public colleges and universities who elect VRS as their retirement plan must make an irrevocable election to participate in either the VSDP or the institution's disability program. If there is no institution program, the faculty member is covered under VSDP.

Eligible state employees and state police officers employed before January 1, 1999, had the option to elect to participate in the VSDP or remain under the Commonwealth's existing sick leave program and retain their eligibility for disability retirement benefits under VRS and SPORS. (Members of VaLORS have been automatically enrolled in the VSDP since October 1, 1999, when VaLORS was created.) Eligible employees enrolled in the VSDP are not eligible for disability retirement benefits under VRS, SPORS, or VaLORS. Employees hired or rehired on or after July 1, 2009,

must satisfy eligibility periods before becoming eligible for non-work related short-term disability coverage and certain income replacement levels. Approximately 73,986 members were covered under the program at June 30, 2015.

Volunteer Firefighters' and Rescue Squad Workers' Fund

Volunteer firefighters and rescue squad workers may participate in an optional employment benefit plan. This optional plan is authorized by the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. Members of the plan contribute \$30 per quarter. The Commonwealth will contribute an amount determined by the Board and appropriated by the General Assembly, if such funds are appropriated, for a period not to exceed 20 years. For fiscal year 2015, there were no monies appropriated for administration of the program. At June 30, 2015, there were 1,789 workers participating in the fund.

17. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Virginia Retirement System (The System) Administered Plans

The Governmental Accounting Standards Board (GASB) issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which requires additional reporting and disclosures for OPEB plans. The statement became effective for System-administered OPEB plans beginning with the fiscal year ended June 30, 2007. The assets and actuarial accrued liabilities for the following other postemployment benefits were determined through an actuarial valuation performed as of June 30, 2014, by Millman, Inc. for the long-term care component of the Disability Insurance Trust Fund and by Cavanaugh MacDonald Consulting, LLC, and are presented in the Required Supplemental Schedule of Funding Progress for Other Postemployment Benefit Plans. The significant accounting policies for all five plans are the same as those described in Note 15 for pension plans and a separately issued report is available as previously discussed.

Group Life Insurance Benefits

Employees who retire or terminate from service after age 50 with at least ten years of service credit or at age 55 with at least five years of service credit (age 50 for vested state police officers, other state law enforcement and correctional officers and hazardous duty employees of participating political subdivisions), or who retire because of disability, are entitled to postemployment group life insurance benefits. Employees enrolled in JRS who retire or terminate from service after age 60 with at least 30 years of service credit or at age 65 with at least five years of service credit are entitled to postemployment group life insurance benefits. At retirement or termination, accidental death benefits cease and natural death coverage reduces at a rate equal to 25.0 percent on January 1 of the first full

calendar year following retirement or termination and on January 1 of each year thereafter, until it reaches 25.0 percent of its original value. These group life insurance benefit provisions and requirements are established by Title 51.1 of the *Code of Virginia*. There were approximately 163,482 retirees in the Basic Group Life Insurance Program and 2,764 retirees were covered under the Optional Group Life Insurance Program in fiscal year 2015.

Since 1960, when the group life insurance program was established, a portion of the premium contributions collected during members' active careers has been placed in an advance premium deposit reserve. This reserve was established to pre-fund death benefits to members after retirement.

Employers providing life insurance benefits are part of a cost-sharing pool. Therefore, separate measurements of assets and actuarial accrued liabilities are not made for individual employers participating in the program.

Retiree Health Insurance Credit Program

The Retiree Health Insurance Credit Program was established on January 1, 1990, to provide benefits for retired state employees, state police officers, other state law enforcement and correctional officers and judges who have at least 15 years of service credit under the retirement plans. The program provides a credit reimbursement of \$4 per month per year of service credit against the monthly health insurance premiums of eligible retirees.

A similar program was established on July 1, 1993, to provide a health insurance credit for retired teachers and employees of participating political subdivisions with at least 15 years of service credit under the retirement plans. Retired teachers are eligible for a monthly credit of \$4 per month per year of service credit. Local government retirees may receive a maximum credit of \$1.50 per month per year of service with a maximum monthly credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The amount required to fund all credits is financed by the employers based on contribution rates determined by the System's actuary. Approximately 112,053 retired members were covered under this program at June 30, 2015. The Retiree Health Insurance Credit Program is an agent, multiple-employer defined benefit OPEB plan.

Disability Insurance Trust Fund

The Commonwealth provides OPEB disability insurance benefits, in accordance with state statutes, to eligible retired and terminated employees. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program. There were approximately 2,860 former members receiving

benefits from the program during fiscal year 2015. The Disability Insurance Trust Fund is a single-employer defined benefit OPEB plan.

Line of Duty Death and Disability

The Commonwealth provides death and health benefits to the beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty. A trust fund has been established to account for this activity. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the *Code of Virginia*. The significant accounting policies for this plan are the same as those described in Note 15 for pension plans. There were approximately 937 retirees and 945 other participants in the program in fiscal year 2015. The Line of Duty Death and Disability Program is a cost-sharing, multiple-employer defined benefit OPEB plan. The employer contribution rate was determined by the System's actuary using the anticipated costs and the number of covered individuals associated with all of the covered employers. Additionally, the Department of Accounts provides certain administrative support in claims administration.

Virginia Local Disability Program

The Virginia Local Disability Program (VLDP) was a new program for the System in fiscal year 2014. The program provides eligible local government employees who are members of the Hybrid retirement plan with sick, family and personal leave and short-term and long-term disability benefits for non-work-related and work-related illnesses and injuries. The System is responsible for administering the disability program and the payment of long-term disability benefits. Local employers are responsible for administering the leave program and the payment of short-term disability benefits.

During fiscal year 2015, the System collected contributions for eligible employees and implemented the structure for administering the program going forward. At June 30, 2015, there were 5,666 participants in the program.

B. Pre-Medicare Retiree Healthcare

The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the *Code of*

Virginia for retirees who are not yet eligible to participate in Medicare. For a retiree to participate in the Plan, the participant must be eligible for a monthly annuity from the VRS or a periodic benefit from one of the qualified Optional Retirement Plan (ORP) vendors, and:

- be receiving (not deferring) the annuity or periodic benefit immediately upon retirement;
- have his or her last employer before retirement be the state;
- be eligible for coverage as an active employee in the State Health Benefits Program until his or her retirement date (not including Extended Coverage); and,
- have submitted within 31 days of his or her retirement date an Enrollment Form to his or her Benefits Administrator to enroll.

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. The significant accounting policies for this plan are the same as those described in Note 15 for pension plans. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan and is administered by the Department of Human Resource Management. There were approximately 6,835 retirees in the program in fiscal year 2015.

C. Annual OPEB Cost and Net OPEB Obligation

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which required additional reporting and disclosures for OPEB plans beginning with the fiscal year ending June 30, 2008. The Commonwealth calculated an OPEB liability as of June 30, 2015 for each of the five OPEB plans covering Commonwealth employees. The Retiree Health Insurance Credit Fund, Disability Insurance Trust Fund, and Pre-Medicare Retiree Healthcare OPEB liabilities were \$182.3 million, \$191.1 million, and \$1.1 billion, respectively. These amounts are reported in the accompanying financial statements as a component of Long-Term Liabilities Due in More than One year. There is no liability for the Group Life Insurance Fund or Line of Duty Death and Disability.

The following table (dollars in thousands) shows the Commonwealth's annual OPEB cost and net OPEB obligation (asset) for the current and prior years.

	<u>Group Life Insurance Fund</u>			<u>Retiree Health Insurance Credit Fund</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution	\$ 63,778	\$ 63,250	\$ 60,457	\$ 81,253	\$ 72,322	\$ 67,804
Interest on net OPEB obligation	-	-	-	11,437	10,515	9,626
Adjustment to annual required contribution	-	-	-	(9,911)	(9,092)	(8,336)
Annual OPEB cost	63,778	63,250	60,457	82,779	73,745	69,094
Contributions made	(63,778)	(63,250)	(60,457)	(64,025)	(60,219)	(56,636)
Increase in net OPEB obligation	-	-	-	18,754	13,526	12,458
Net OPEB obligation, beginning of year	-	-	-	163,552	150,026	137,568
Net OPEB obligation, end of year	\$ -	\$ -	\$ -	\$ 182,306	\$ 163,552	\$ 150,026
Percentage of annual OPEB cost contributed	100.0%	100.0%	100.0%	77.3%	81.7%	82.0%

	<u>Disability Insurance Trust Fund</u>			<u>Line of Duty Death and Disability</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2015 (3)</u>	<u>2014 (2)</u>	<u>2013 (1)</u>
Annual required contribution	\$ 36,831	\$ 30,302	\$ 29,862	\$ 6,122	\$ 6,486	\$ 5,925
Interest on net OPEB obligation	12,315	11,262	10,247	-	-	-
Adjustment to annual required contribution	(10,681)	(9,763)	(8,900)	-	-	-
Annual OPEB cost	38,465	31,801	31,209	6,122	6,486	5,925
Contributions made	(23,642)	(16,644)	(16,986)	(6,122)	(6,486)	(5,925)
Increase in net OPEB obligation	14,823	15,157	14,223	-	-	-
Net OPEB obligation, beginning of year	176,273	161,116	146,893	-	-	-
Net OPEB obligation, end of year	\$ 191,096	\$ 176,273	\$ 161,116	\$ -	\$ -	\$ -
Percentage of annual OPEB cost contributed	61.5%	52.3%	54.4%	100.0%	100.0%	100.0%

	<u>Pre-Medicare Retiree Healthcare</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution	\$ 206,590	\$ 198,451	\$ 182,566
Interest on net OPEB obligation	36,398	30,013	23,274
Adjustment to annual required contribution	(37,762)	(31,007)	(24,117)
Annual OPEB cost	205,226	197,457	181,723
Contributions made	(35,028)	(34,229)	(15,479)
Increase in net OPEB obligation	170,198	163,228	166,244
Net OPEB obligation, beginning of year	911,695	748,467	582,223
Net OPEB obligation, end of year	\$ 1,081,893	\$ 911,695	\$ 748,467
Percentage of annual OPEB cost contributed	17.1%	17.3%	8.5%

- (1) During fiscal year 2013, the required annual contributions of \$5.9 million were paid by the Commonwealth. Additionally, the loan increased to \$14.9 million that will be repaid in future periods with contributions received.
- (2) During fiscal year 2014, the required annual contributions of \$6.5 million were paid by the Commonwealth. Additionally, the loan decreased to \$8.3 million that will be repaid in future periods with contributions received.
- (3) During fiscal year 2015, the required annual contributions of \$6.1 million were paid by the Commonwealth.

The amounts in the previous table include Governmental and Component Unit activity for which the Commonwealth is considered the employer. It does not include the OPEB liability for the following nonmajor component units: the Virginia Economic Development Partnership, the Virginia Tourism Authority, the Fort Monroe Authority, and the Virginia Outdoors Foundation of \$2.0 million, \$1.1 million, \$349,553, and \$56,475, respectively. The table also excludes non-Commonwealth sponsored OPEB liabilities of \$48.5 million for all other component units and includes the fiduciary OPEB liability of \$589,370.

The annual required contributions for the current year were determined during the actuarial valuations conducted as of June 30, 2013, as that is the most recent report that reflects the current funding policies. Employer contributions by the Commonwealth for Group Life Insurance, Retiree Health Insurance Credit and Disability Insurance were 1.2 percent, 1.0 percent, and 0.7 percent, respectively, of covered payrolls for fiscal year 2015. The valuations were prepared using the entry age normal cost method for all plans except for the Disability Insurance trust fund and the Line of Duty Act trust fund for which the Projected Unit Credit actuarial cost method was used. The Pre-Medicare Retiree Healthcare plan uses a 4.0 percent investment rate of return, per year compounded annually, which approximates the projected rate of return on the State Treasurer's Portfolio. The Group Life Insurance, Retiree Health

Insurance Credit and Disability Insurance use a 7.0 percent investment rate of return, per year compounded annually. The Line of Duty Act trust fund uses a 4.8 percent rate of return compounded annually. The actuarial assumptions for all but the Pre-Medicare Retiree Healthcare plan included a projected salary increase of 3.0 percent, including a 2.5 percent inflation component. Valuation techniques were applied to smooth the effects of short-term volatility in the market value of investments over a five year period. The actuarial assumptions for the Pre-Medicare Retiree Healthcare plan as to current claim cost, projected increases in health insurance costs, mortality, turnover, retirement, disability and discount rate include (a) projected salary increases ranging from 3.8 percent to 5.6 percent, including a 2.5 percent inflation component; and, (b) assumption that there is no liability associated with those retirees eligible for Medicare, as costs for members aged 65 and older are not subsidized by the active population (no implicit subsidy), participants pay 100.0 percent of the costs, and the liability associated with the health insurance credit is measured and held by the Virginia Retirement System. Initial healthcare costs trend rates used were 10.0 percent, 11.0 percent, and 6.0 percent for medical, pharmacy, and dental benefits, respectively. The ultimate trend rates used were 5.0 percent, 5.0 percent, and 4.0 percent for medical, pharmacy, and dental benefits, respectively. The remaining open amortization period at June 30, 2013, was 30 years.

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, per the most recent actuarial valuation, was as follows:

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
Group Life Insurance Fund						
2014	\$ 992	\$ 2,701	\$ 1,709	36.7%	\$ 17,559	9.7%
Retiree Health Insurance Credit Fund						
2014	\$ 162	\$ 2,334	\$ 2,172	7.0%	\$ 14,956	14.5%
Disability Insurance Trust Fund						
2014	\$ 380	\$ 239	\$ (141)	159.0%	\$ 3,585	(3.9%)
Line of Duty Death and Disability						
2014	\$ 7	\$ 226	\$ 219	3.1%	N/A	NA
Pre-Medicare Retiree Healthcare						
2014	\$ -	\$ 1,342	\$ 1,342	-	\$ 4,011	33.5%

Actuarial valuations of ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Amounts determined regarding the funded status of the plans and the annual contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Higher Education Fund (Nonmajor Component Unit)

The University of Virginia has a Retiree Health Plan that covers employees who retire before becoming eligible for Medicare until they reach age 65 and can then participate in the Commonwealth's Medicare Supplement Plan. Additional information on this plan can be found in the individually published financial statements of the University.

F. Other Component Units

The Virginia Housing Development Authority (major) has a Retiree Health Care Plan, a single-employer defined benefit plan which is administered through the Virginia Housing Development Authority Retiree Health Care Plan Trust, an irrevocable trust to be used solely for providing benefits to eligible participants. Effective January 1, 2006, eligible retirees must be at least 55 years of age with 15 years of service or at least 55 years of age with 10 years of service if employed by the Authority prior to such date. For the year ended June 30, 2015, the Authority's Annual OPEB cost was \$231,871; the percentage of Annual OPEB Cost Contributed was 511.0 percent; and the ending Net OPEB asset was \$3.1 million.

Hampton Roads Sanitation District Commission (nonmajor) provides other postemployment benefits for its employees through a single employer defined benefit plan. The plan was established and may be amended by the Commission. The plan furnishes health and dental benefits for life for all employees with at least 15 years of service and who also qualify for an unreduced retirement benefit through the VRS. The plan allows the retiree at their expense to cover their spouse and dependents under the district's health care provider. Contribution requirements are actuarially determined and funding is subject to approval by the Commission. The current rate is 6.0 percent of

annual covered payroll. For 2015, the Commission's annual OPEB cost was \$2.2 million; the percentage of annual OPEB cost contributed was 100.0 percent.

The Virginia Port Authority (VPA) (nonmajor) offers post retirement medical and dental benefits to employees who retire under either VRS or the VPA pension plan. For employees and their spouses, who are participants in the VPA medical plan, not participants under the state health care plan VRS, benefit provisions and obligations are established and may be amended by the board of commissioners of the Authority. For the year ended June 30, 2015, the Authority's annual OPEB cost was \$48,800; contribution towards OPEB cost was \$270,227; the percentage of annual OPEB cost contributed was 553.7 percent; and the ending net OPEB asset was \$26,718.

18. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Virginia Retirement System (the System) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1, Chapter 6 et seq. of the *Code of Virginia*. The System contracts with private corporations or institutions subject to the standards set forth in the *Code* to provide investment products as well as any other goods and services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliation, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the System for investment. The plan provides a number of investment options and is designed so that each participant retains investment control of his/her individual account. The plan, available to all state employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of plan participants and their beneficiaries and is not available to employees until termination, retirement, death, unforeseeable emergency, or an in-service distribution at age 70 ½ or later. Since the System has no fiduciary relationship with plan participants, plan assets at June 30, 2015, of \$2.1 billion are not included in the financial statements.

In addition, the Commonwealth provides a cash match under Internal Revenue Code Section 401(a) for employees participating in the deferred compensation plan. The match amount for an employee was established at 50.0 percent of the voluntary contributions to the deferred compensation plan. During the current fiscal year, the maximum match was \$20 per pay period or \$40 per month. The fair value of assets in the cash match savings plan at June 30, 2015, was \$369.8 million, which is also excluded from the financial statements.

Most employees of the Commonwealth's colleges and universities may participate in the Commonwealth's deferred compensation plan in accordance with Internal Revenue Code Section 457(b) and/or the institution's deferred compensation plan in accordance with Internal Revenue Code Section 403(b). Under either plan, the institution's cash match under the Internal Revenue Code Section 401(a) during fiscal year 2015 was a maximum match up to \$20 per pay period or \$40 per month. This employer match is for either plan but not both plans. Employer contributions under these plans were approximately \$13.7 million for fiscal year 2015.

The deferred compensation plan for the University of Virginia Medical Center (part of the University of Virginia – nonmajor component unit) employees hired on or after September 30, 2002, allows employee contributions up to 4.0 percent of their salary and the employer match is 50.0 percent of the 4.0 percent deferral not to exceed 2.0 percent of the employees' salary. Employer contributions under this plan were approximately \$2.5 million for fiscal year 2015.

The Virginia Housing Development Authority (major component unit) and the Virginia Resources Authority (major component unit) have deferred compensation plans available to all employees created in accordance with Internal Revenue Section 457(b). The plan permits participants to defer a portion of their salary or wage until future years. The deferred compensation is not available to employees until termination, retirement, or death. The assets of the plan are in an irrevocable trust with an external trustee and, accordingly, no assets or liabilities are reflected in the financial statements.

The Assistive Technology Loan Fund Authority (nonmajor component unit) employees contribute an amount of their choosing into Deferred Compensation Plans administered by the Virginia Retirement System and into a qualified 403(b) plan.

The Virginia Port Authority (VPA) (nonmajor component unit) offers three deferred compensation plans and two matching savings plans under Internal Revenue Code Sections 457 and 401(a), respectively. Employees who maintain status under VRS are covered under the deferred compensation plan administered by the System. The VPA deferred compensation plan covers all employees hired between July 1, 1997 and February 1, 2014, and those employees electing coverage under the authority's deferred compensation plan. Employees hired after February 1, 2014, are eligible for a defined contribution plan. In January 2014, the VPA Board of Commissioners voted to amend the VPA Defined Benefit Plan to freeze participation and to provide that no new participants shall be admitted or readmitted after January 28, 2014. The VPA also offers a matching savings plan that covers substantially all employees. The matching savings plan requires the VPA to match contributions in an amount equal to half of the first 6.0 percent of the participant's base pay contributed to the plan. The VPA's total contribution to the matching savings plan was \$115,081 for the fiscal year ended June 30, 2015. Employees transferring to the VPA from Virginia International Terminals, LLC (VIT) (a blended component unit of the VPA), as part of the Port of Virginia (POV) restructure or shared services agreement, that had been hired by the VIT prior to

July 1, 2012, and were active participants of the VIT's pension plan at the time of the transfer, and are not eligible for the Enhanced Defined Contribution plan, are eligible for a matching contribution in an amount equal to half of the first 3.0 percent of compensation contributed to the deferred compensation plan. The VPA's total contribution to the matching savings plan for the VIT plan participants was \$15,915 for the fiscal year ended June 30, 2015. Further, the rights to modify, alter, amend, or terminate the deferred compensation plan and matching savings plan rests with the VPA Board of Commissioners.

The third deferred compensation plan and second matching savings plan covers substantially all non-union employees with 90 days or more of service. The matching savings plan requires the VPA to match employee contributions in an amount equal to half of the first 3.0 percent of the participant's base pay contributed to the deferred compensation plan. The VPA's total contribution to the matching savings plan was \$366,389 for the fiscal year ended June 30, 2015.

19. STATE NON-ARBITRAGE POOL

The Commonwealth sponsors the Virginia State Non-Arbitrage Program (SNAP) for use by the Commonwealth and local governments to invest bond proceeds. The Commonwealth's responsibility is limited to hiring service providers to manage SNAP. The investment manager and the custodian have the fiduciary responsibility for SNAP.

The SNAP fund is a class of the PFM Funds Prime Series, a money market mutual fund registered with the Securities and Exchange Commission. PFM Funds is a diversified, open-end management investment company organized as a Virginia business trust. Shares of the SNAP fund are solely available to investors participating in the SNAP program. The PFM Funds Board of Trustees has overall responsibility for supervising the SNAP fund's business and affairs, including the oversight of organizations providing investment advisory, administration, and distribution services to the SNAP fund. PFM Asset Management LLC serves as the investment adviser of the SNAP fund. The SNAP individual investment portfolios are the responsibility of the SNAP investment manager and the governments investing proceeds in the portfolios. These investments are held solely in the SNAP participants' names. Since the Commonwealth has no fiduciary relationship with local governmental entities participating in the plan, these assets of \$2.2 billion are not included in the financial statements.

20. COMMITMENTS

A. Construction Projects

Primary Government

Highway Projects

At June 30, 2015, the Department of Transportation had contractual commitments of approximately \$3.6 billion for construction of various highway projects. Funding for these expenditures is expected to be provided as follows: (1) federal funds – approximately 25.0 percent or \$905.0 million, (2) state funds – approximately 68.0 percent or \$2.4 billion, and (3) Proceeds from Bonds – approximately 7.0 percent or \$254.0 million.

Mass Transit Projects

At June 30, 2015, the Department of Rail and Public Transportation had contractual commitments of approximately \$315.2 million for various public transportation, rail preservation, and rail enhancement projects. Funding of the future expenditures is expected to be as follows: 1) State funds – approximately 65.3 percent or \$206.0 million, and 2) Federal funds – approximately 34.7 percent or \$109.2 million.

Wastewater Treatment Projects

At June 30, 2015, the Department of Environmental Quality was committed to grant contracts with localities to reimburse a portion of construction costs for nutrient reduction facilities at wastewater treatment plants totaling \$102.6 million provided by bond proceeds and the Water Quality Improvement Fund.

Other Construction Projects

At June 30, 2015, the Department of Behavioral Health and Developmental Services had construction commitments of approximately \$45.4 million.

At June 30, 2015, the Department of General Services had construction commitments of approximately \$33.8 million for renovations to the Ninth Street Office Building.

At June 30, 2015, the Department of Conservation and Recreation had construction commitments of approximately \$15.4 million.

At June 30, 2015, the Department of Forensic Science had contractual commitments of approximately \$12.7 million and non-contractual commitments of \$920,998 for construction contracts.

At June 30, 2015, the Department of Veterans Services had construction commitments of approximately \$7.7 million for an addition to the Sitter and Barfoot Veterans Care Center.

At June 30, 2015, the Jamestown-Yorktown Foundation had construction commitments of approximately \$7.3 million for the Yorktown Museum Project.

At June 30, 2015, the Department of Military Affairs had construction commitments of approximately \$4.7 million.

Component Units

Port Projects

At June 30, 2015, the Virginia Port Authority (nonmajor) was committed to construction contracts totaling \$93.6 million.

Wallops Island Project

At June 30, 2015, the Virginia Commercial Space Flight Authority (nonmajor) was committed to construction programs totaling \$11.0 million.

Treatment Plant

At June 30, 2015, the Hampton Roads Sanitation District Commission (nonmajor) was committed to construction contracts totaling \$166.8 million.

Higher Education Institutions

Colleges and universities (nonmajor) had contractual commitments as of June 30, 2015, of approximately \$762.8 million primarily for construction contracts. Higher education foundations' commitments total approximately \$36.0 million and are primarily for construction contracts.

B. Operating Leases

The Commonwealth has entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on a month-to-month basis. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense for the primary government under these operating leases for the year ended June 30, 2015, was \$68.8 million for governmental activities (including internal service funds) and \$25.5 million for business-type activities. Rental expense for the discrete component units (excluding foundations) for the year ended June 30, 2015, was \$153.5 million. The Commonwealth has, as of June 30, 2015, the following minimum rental payments due under the above leases (dollars in thousands):

	Primary Government		
	Governmental	Business-type	Component
	Activities	Activities	Units (1)
2016	\$ 61,721	\$ 23,012	\$ 123,204
2017	47,541	17,782	112,221
2018	39,573	13,539	106,638
2019	32,144	9,485	97,073
2020	24,088	5,746	91,020
2021-2025	64,263	9,771	459,206
2026-2030	5,181	-	522,166
2031-2035	1,003	-	3,388
2036-2040	23	-	823
2041-2045	23	-	823
2046-2050	23	-	659
Total	<u>\$ 275,583</u>	<u>\$ 79,335</u>	<u>\$ 1,517,221</u>

Note (1): The above amounts exclude operating lease obligations of foundations.

Foundations (2)	
2016	\$ 3,749
2017	2,173
2018	1,554
2019	1,322
2020	1,192
Thereafter	3,578
Total	<u>\$ 13,568</u>

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Rental expense for the year ended June 30, 2015, was approximately \$4.5 million.

Lease agreements are for various terms and contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

C. Investment Commitments – Virginia Retirement System

The Virginia Retirement System extends investment commitments in the normal course of business, which, at June 30, 2015, amounted to \$9.0 billion.

D. Virginia Transportation Infrastructure Bank

Section 33.2-1500 of the *Code of Virginia* states the Virginia Transportation Infrastructure Bank is intended to help alleviate a critical financing need for present and future highways within the Commonwealth. This includes toll facilities; mass transit; freight, passenger, and commuter rail; and port, airport and other transportation facilities. As of June 30, 2015, the Department of Transportation had \$88.4 million in outstanding loans to the City of Chesapeake for the Dominion Boulevard Project and Loudoun County for the Pacific Boulevard Project coordinated through the Virginia Resources Authority.

E. Tobacco Grants

The Tobacco Indemnification and Community Revitalization Commission (nonmajor component unit) had \$136.3 million in grant award commitments not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2015, in accordance with GASB Statement No. 33.

The Virginia Foundation for Healthy Youth (nonmajor component unit) had \$8.4 million in grant commitments and outstanding contracts not reflected in these statements since eligibility requirements were not met as of June 30, 2015, in accordance with GASB Statement No. 33.

F. Other Commitments

Primary Government

At June 30, 2015, the Department of Corrections had contractual commitments of approximately \$120.4 million and non-contractual commitments of approximately \$150.0 million for detention services, medical care, and food services.

At June 30, 2015, the Department of Motor Vehicles had contractual commitments of approximately \$31.8 million for security technology services.

At June 30, 2015, the Virginia Department of Health had commitments of approximately \$26.4 million to localities, trauma centers, trainers, grants to rescue squads, and water supply assistance grants.

At June 30, 2015, the Virginia Employment Commission had contractual commitments of approximately \$9.4 million and non-contractual commitments of approximately \$7.7 million for an information systems modernization project. The agency also had \$109,146 in other contractual commitments.

The Virginia College Savings Plan (major enterprise fund) administers the Virginia529 prePAID Program. At June 30, 2015, the Program had \$240.0 million in private equity commitments.

The Virginia Wireless E-911 (nonmajor enterprise fund) had \$4.7 million in outstanding grants awarded but not yet disbursed to localities as of June 30, 2015, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

Component Units

The Virginia Housing Development Authority (major) had \$402.3 million in commitments to fund new loans as of June 30, 2015, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

The Virginia Resources Authority (major) was obligated to disburse \$120.7 million in loan commitments to various localities and other governmental entities in the Commonwealth of Virginia as of June 30, 2015, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

The Virginia Small Business Financing Authority (nonmajor) had \$3.5 million in loan commitments to banks and borrowers as of June 30, 2015, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

represent payments to employees for separations that occurred on or before June 30. Amounts not payable from expendable resources are reflected in the governmental activities column in the Government-wide Statement of Net Position (see Note 26). All amounts related to the fiduciary funds are recognized in those funds.

The liability at June 30, 2015, was computed using salary rates effective at that date, and represents vacation, compensatory, overtime, recognition, and sick leave earned, or disability credits held by employees, up to the allowable ceilings.

21. ACCRUED LIABILITY FOR COMPENSATED ABSENCES

Employees accrue annual leave at a rate of four to nine hours semimonthly, depending on their length of service. The maximum leave accumulation is dependent upon years of service, but in no case may it exceed 432 hours at the end of the leave year. The maximum compensation for annual leave balances is also dependent upon years of service, but in no case may an employee be compensated for more than 336 hours upon separation.

All employees hired after January 1, 1999, are required to enroll in the Virginia Sickness and Disability Program (VSDP) (see Note 16). Under the VSDP, employees receive a specified number of sick and personal leave hours, depending on their length of service, and any balances at the end of the leave year revert. Individuals employed at January 1, 1999, had the option of converting to the VSDP or remaining in the traditional sick leave plan. If converting, the employee's sick leave balance could be used to purchase retirement credits or be converted to disability credits. If an employee opted to remain in the traditional sick leave program, sick leave accrues at a rate of five hours semimonthly. Employees who leave state service after a minimum of five years employment receive the lesser of 25.0 percent of the value of their disability credits or accumulated sick leave at their current earnings rate or \$5,000. All employees leaving state service are paid for accrued annual leave up to the maximum leave year limit at their current earnings rate.

In conformance with Section C60 of the GASB Codification, the monetary value of accumulated vacation, compensatory, overtime, recognition, and sick leave payable upon termination is included in the accompanying financial statements and is reported as Compensated Absences. In the government-wide statements, proprietary fund statements, and discrete component unit fund statements, compensated absence amounts are segregated into two components – the amount due within one year and the amount due in more than one year. Compensated absences due within one year consist of an estimate of the amount that will be used by active employees for paid time off and/or paid upon termination, plus the actual amount paid after June 30 for employees terminating on or before June 30. In the governmental fund statements, amounts to be paid from expendable resources are recognized as fund liabilities in the applicable governmental fund types as long-term liabilities and

22. POLLUTION REMEDIATION OBLIGATIONS

The Commonwealth has pollution remediation obligations of \$12.0 million, of which \$2.0 million is due within one year. With the exception of the Department of Environmental Quality (DEQ), agencies estimated future obligations based on professional consultant estimates and/or historical project expenses of similar projects; however, there is the potential for change in estimates due to price increases or reductions, technology, or applicable laws and regulations. Remediations for DEQ are not estimates but contractual obligations between the Commonwealth and the U.S. Environmental Protection Agency (EPA), and any change due to a reconciliation of incurred costs requires mutual consent and contract amendment.

The estimated Commonwealth pollution remediation liability relates to the anticipated cost of hazardous waste removal, cleanup relating to leakage of underground storage tanks, soil and groundwater contaminations, dump site cleanups, asbestos, lead contamination and remediation relating to superfund state contracts.

Agencies involved in remediation include:

- Department of Corrections (DOC)
- Department of Emergency Management (VDEM)
- Department of Environmental Quality (DEQ)
- Department of Juvenile Justice (DJJ)
- Department of Transportation (VDOT)

A Facility Lead Agreement was signed between the EPA and VDOT to resolve an issue concerning the storage of lab wastewater in an outdoor lined surface impoundment that operated between 1979 and 1983 for which contamination is present in soil and groundwater. DOC was fined by the EPA in September/October 2003. DOC proposed to conduct a Supplemental Environmental Project (SEP) which included the formation of the Pollution Prevention Section of the Environmental Services Unit, disclosure of all environmental deficiencies to both the EPA and DEQ and corrections of those deficiencies.

The following pollution remediation outlays could not reasonably be estimated as of June 30, 2015:

- VDEM relating to cleanup of an emergency fuel storage facility
- DEQ relating to groundwater treatment and landfill clean-up
- VDOT relating to groundwater contamination
- DJJ relating to petroleum storage tank removal

23. INSURANCE

A. Self-Insurance

The Commonwealth maintains two types of self-insurance plans. The first type of self-insurance is a health care plan administered by the Department of Human Resource Management for Commonwealth employees. The plan is accounted for in the Health Care Internal Service Fund. Interfund premiums are accounted for as internal activity receipts from other funds. At June 30, 2015, \$118.0 million is reported as the estimated claims payable for this fund, which is undiscounted as nearly all health care claims are current in nature. The estimated liability is based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported as described in Note 1.U. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

		Current			
	Balance	Year Claims	Claim	Balance	
	July 1,	and Changes	Payments	June 30, (1)	
		in Estimates			
2014-2015	\$ 124,890	\$ 1,215,569	\$ (1,222,454)	\$ 118,005	
2013-2014	\$ 116,432	\$ 1,112,747	\$ (1,104,289)	\$ 124,890	

- (1) The entire ending balance shown above is due within one year.

The second type of plan, Risk Management, is administered by the Department of the Treasury, Division of Risk Management and the Department of Human Resource Management, Worker's Compensation Program. These plans are accounted for in the Risk Management Internal Service Fund. The Department of the Treasury administers risk management programs providing property, general (tort) liability, medical malpractice, automobile and surety bond exposures for the Commonwealth of Virginia as provided in Sections 2.2-1834 through 1838 and Section 2.2-1840 of the *Code of Virginia*. Established subject to the approval of the Governor, risk management plans provide state agencies with protection through purchased insurance, self-insurance or a combination thereof. Interfund premiums for the fund are accounted for as internal activity receipts from other funds. The claims payable is an estimated liability based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported. At

June 30, 2015, \$651.4 million is reported as the estimated claims payable for the risk management plan. This amount is discounted to present value at a rate of 3.0 percent. Undiscounted claims payable at June 30, 2015, is \$960.4 million. The estimated losses are based upon actual claims that have been submitted, as well as claims incurred but not reported. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

		Current			
	Balance	Year Claims	Claim	Balance	
	July 1,	and Changes	Payments	June 30, (1)	
		in Estimates			
2014-2015	\$ 624,543	\$ 98,941	\$ (72,063)	\$ 651,421	
2013-2014	\$ 622,835	\$ 71,103	\$ (69,345)	\$ 624,593	

- (1) Of the balance shown above, \$83.2 million is due within one year.

For workers' compensation, the Commonwealth assumes the full risk of claims filed. For tort and automobile, liability is assumed at a maximum of \$2.0 million per occurrence. Medical malpractice is assumed at the maximum per occurrence recovery limited stated in Section 8.01-581.15 of the *Code of Virginia*. Risk Management purchases commercial insurance to protect state-owned property with deductibles as stated in the insurance policies.

The Commonwealth has not had any insurance settlements exceed the coverage during the past three years.

At June 30, 2015, the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) reports the following claims payable amounts: estimated workers' compensation claims of \$21.5 million and estimated losses on malpractice claims of \$2.8 million. MCV Associated Physicians (component unit of the Authority) reports claims payable of \$23.1 million for estimated losses on malpractice claims. Virginia Premier Health Plan (component unit of the Authority) reports claims payable of \$95.0 million for estimated medical claims payable. Additional information on claims payable can be found in the Authority's individually published financial statements.

Virginia International Terminals, LLC (VIT) (a blended component unit of the Virginia Port Authority – nonmajor) is partially self-insured for certain workers' compensation claims. The Authority maintains insurance coverage of \$5.0 million per claim, but is obligated to pay the first \$1.0 million of any individual's claims per incident. The Authority is also partially self-insured for employee health coverage. The Authority is responsible for actual claim costs up to \$125,000 per individual per calendar year. Insurance coverage is maintained for claims in excess of the individual employee limit and for aggregate claims in excess of \$8.4 million.

B. Public Entity Risk Pools

The Commonwealth administers two types of public entity risk pools for the benefit of local governmental units: health care and risk management insurance. The Local Choice Health Care plan was established to make comprehensive health care insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 322 local government units participating in the pool. This includes 34 school districts, 42 counties, 117 cities/towns, and 129 other subdivisions. This program is accounted for in the Local Choice Health Care Enterprise Fund (nonmajor).

The Department of Human Resource Management, under Section 2.2-1204 of the *Code of Virginia*, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. At June 30, 2015, \$31.8 million is reported as the actuarially determined estimated claims payable for this fund based on claims incurred but not reported.

The actuarial liability is determined for the membership pool in total and then adjusted for each locality based on individual historic and demographic data. If the pool's assets were to be exhausted, the program participants would share the responsibility for any liabilities or deficits.

The Department of the Treasury, Division of Risk Management administers risk management programs for political subdivisions, constitutional officers and others in accordance with Section 2.2-1839 of the *Code of Virginia*. These pools were established to provide an economical, low-cost

alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management Enterprise Fund (nonmajor). The pool is established subject to approval by the Governor. It may be insurance, self-insurance, or any combination thereof, and must provide protection and legal defense against liability. Participation is voluntary and open to those identified in Section 2.2-1839, *Code of Virginia*. As of June 30, 2015, there were 489 units of local government in the pool, including 3 cities, 23 towns, and 29 counties. The remaining 434 units include a large variety of boards, commissions, authorities, and special districts.

The pool has a minimum membership period of one year. However, a member group can cancel membership and withdraw from the plan on their coverage anniversary date or at the end of the fiscal year with 30 days notice.

The pool is actuarially valued annually and is considered sound. No excess insurance or reinsurance is provided, but a "stability fund" is incorporated into the actuarially determined required reserves. For the liability insurance pool, participation is voluntary and open to those identified in Section 2.2-1839 of the *Code of Virginia*. The risk assumed by the local public entity pool for member liability is \$1.0 million per occurrence.

At June 30, 2015, \$29.3 million is reported as estimated claims payable for these programs. This figure is actuarially determined for the fund in total and is reported at gross and does not reflect possible reimbursements for insurance recoveries.

The following schedule (dollars in thousands) shows the changes in claims liabilities for the past two fiscal years.

	Local Choice Health Care		Risk Management	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	\$ 33,028	\$ 31,225	\$ 30,143	\$ 27,404
Incurring Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	327,910	293,514	(204)	204
Changes in Provision for Insured Events of Prior Fiscal Years	-	-	(414)	2,261
Total Incurred Claims and Adjustment Expenses	327,910	293,514	(618)	2,465
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	329,099	291,711	922	367
Total Payments	329,099	291,711	922	367
Change in Provision for Discounts	-	-	669	641
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted) (1) (2) (3)	\$ 31,839	\$ 33,028	\$ 29,272	\$ 30,143
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	\$ 31,839	\$ 33,028	\$ 31,551	\$ 32,337

Note (1): The entire balance for Local Choice Health Care, \$31,839 (dollars in thousands) is due within one year.

Note (2): Of the balance shown above for Risk Management, \$7,429 (dollars in thousands) is due within one year.

Note (3): The interest rate used for discounting is 3.0 percent.

24. ACCOUNTS PAYABLE

The following table (dollars in thousands) summarizes Accounts Payable as of June 30, 2015.

	Vendor	Salary/ Wage	Retainage	Other	Foundations (1)	Total
Primary Government:						
General	\$ 186,710	\$ 93,534	\$ 20	\$ -	\$ -	\$ 280,264
Major Special Revenue Funds:						
Commonwealth Transportation	295,987	29,714	3,292	-	-	328,993
Federal Trust	103,209	16,483	3,994	-	-	123,686
Literary	21	-	-	-	-	21
Nonmajor Governmental Funds	34,005	18,120	5,565	291	-	57,981
Major Enterprise Funds:						
Virginia Lottery (2)	6,472	1,312	-	4,181	-	11,965
Virginia College Savings Plan (2)	328	460	-	154	-	942
Unemployment Compensation	78	-	-	-	-	78
Nonmajor Enterprise Funds	38,281	5,645	-	-	-	43,926
Internal Service Funds	78,263	2,789	1,635	-	-	82,687
Private Purpose Trust Funds	217	160	-	2,487	-	2,864
Pension and Other Employee Benefit Trust Funds (3)	224	2,040	-	41,949	-	44,213
Agency Funds	1,968	-	-	4,134	-	6,102
Total Primary Government (4)	\$ 745,763	\$ 170,257	\$ 14,506	\$ 53,196	\$ -	\$ 983,722
Discrete Component Units:						
Virginia Housing Development Authority	\$ 2,669	\$ 2,062	\$ -	\$ 36,472	\$ -	\$ 41,203
Virginia Public School Authority	67	-	-	-	-	67
Virginia Resources Authority	215	7	-	-	-	222
Virginia College Building Authority	4	-	-	-	-	4
Nonmajor Component Units	549,342	433,903	42,945	19,720	101,348	1,147,258
Total Component Units	\$ 552,297	\$ 435,972	\$ 42,945	\$ 56,192	\$ 101,348	\$ 1,188,754

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Note (2): Other Accounts Payable for the Virginia Lottery represents administrative costs payable. Other Accounts Payable for the Virginia College Savings Plan represents program distributions payable.

Note (3): Other Accounts Payable for the Pension and Other Employee Benefit Trust Fund consists of \$25,969 (dollars in thousands) in investment management expense and \$15,980 (dollars in thousands) in program benefit liabilities.

Note (4): Fiduciary liabilities of \$53,179 (dollars in thousands) are not included in the Government-wide Statement of Net Position. In addition, governmental fund liabilities of \$106,466 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

25. OTHER LIABILITIES

The following table (dollars in thousands) summarizes Other Liabilities as of June 30, 2015.

Primary Government				
General	Commonwealth Transportation	Federal Trust	Nonmajor Governmental Funds	Virginia Lottery
Lottery Prizes Payable	\$ -	\$ -	\$ -	\$ 64,093
Due to Program Participants, Escrows, and Providers	-	-	-	-
Medicaid Payable	327,235	-	329,749	-
Family Access to Medical Insurance Security Payable	3,843	-	7,137	-
Accrued Interest Payable	-	-	-	-
Tax Refunds Payable	452,946	-	-	-
Insurance Carrier Surety Deposit	-	-	-	-
Deposits Pending Distribution	3,712	1,175	-	3,085
Car Tax Payable	263,025	-	-	-
Other Liabilities	369	-	-	412
Total Other Liabilities	\$ 1,051,130	\$ 1,175	\$ 336,886	\$ 3,497

Primary Government				
Virginia College Savings Plan	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds (1)	Private Purpose Trust Funds
Lottery Prizes Payable	\$ -	\$ -	\$ -	\$ -
Due to Program Participants, Escrows, and Providers	1,058	37,663	-	3,786
Medicaid Payable	-	-	-	-
Family Access to Medical Insurance Security Payable	-	-	-	-
Accrued Interest Payable	-	-	5,863	-
Tax Refunds Payable	-	-	-	-
Insurance Carrier Surety Deposit	-	-	-	-
Deposits Pending Distribution	-	-	178	300
Car Tax Refund Payable	-	-	-	-
Other Liabilities	-	-	139	917
Total Other Liabilities	\$ 1,058	\$ 37,663	\$ 6,180	\$ 1,217

Note (1): The Other Liabilities amount of \$917 (dollars in thousands) is due to third party clearing amounts that have decreased from the prior year due to the closing of an account therefore less timing issues with checks clearing the bank.

	Primary Government			
	Pension and Other Employee Benefit Trust Funds (2)	Agency Funds	Total Primary Government (3)	
	Lottery Prizes Payable	\$ -	\$ -	\$ 64,093
	Due to Program Participants, Escrow s, and Providers	-	44,118	86,625
Medicaid Payable	-	-	656,984	
Family Access to Medical Insurance				
Security Payable	-	-	10,980	
Accrued Interest Payable	-	-	5,863	
Tax Refunds Payable	-	-	452,946	
Insurance Carrier Surety Deposit	-	438,824	438,824	
Deposits Pending Distribution	-	78,171	86,621	
Car Tax Refund Payable	-	-	263,025	
Other Liabilities	307,834	1,956	311,627	
Total Other Liabilities	\$ 307,834	\$ 563,069	\$ 2,377,588	

Note (2): Other Liabilities of \$307,834 (dollars in thousands) reported in Pension and Other Employee Benefit Trust Funds are made up of \$35,846 (dollars in thousands) in funds held for the Commonwealth Health Research Fund; \$34,298 (dollars in thousands) in other funds managed by the System; \$227,347 (dollars in thousands) in pending investment transactions, including \$166,200 (dollars in thousands) in hedge fund margin collateral, \$60,425 (dollars in thousands) for net foreign exchange contracts, \$722 (dollars in thousands) in other investment payables; \$2,034 (dollars in thousands) in other payables related to the System benefit plans; \$2,901 (dollars in thousands) in foreign taxes payables related to the System benefit plans, and \$5,408 (dollars in thousands) in interest and dividends payable related to the System benefit plans.

Note (3): Fiduciary liabilities of \$874,689 (dollars in thousands) are not included in the Government-wide Statement of Net Position. Governmental fund liabilities of \$154,412 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

	Component Units					
	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units	Total Component Units
Accrued Interest Payable	\$ 57,042	\$ 58,331	\$ 27,040	\$ 80,568	\$ 69,290	\$ 292,271
Other Liabilities	225	-	21,104	-	222,350	243,679
Deposits Pending Distribution	-	-	-	-	444,942	444,942
Short-term Debt	464,600	-	-	-	117,161	581,761
Grants Payable	-	-	-	-	5,527	5,527
Total Other Liabilities	\$ 521,867	\$ 58,331	\$ 48,144	\$ 80,568	\$ 859,270	\$ 1,568,180

Medicaid Payable

Medicaid Payable represents services rendered but not billed by providers and potential liability resulting from cost reports not settled as of year-end. Providers subject to cost settlement are paid in the interim based on established per diem or diagnosis related group rates for services.

The Department of Medical Assistance Services (DMAS) estimates, based on past experience, the total amount of Medicaid claims that will be paid from the Medicaid program in the future which relate to services provided before year-end. At June 30, 2015, the estimated liability related to Medicaid claims totaled \$657.0 million. Of this amount, \$327.2 million is reflected in the General Fund (major governmental) and \$329.8 million in the Federal Trust Special Revenue Fund (major governmental).

Family Access to Medical Insurance Security Payable

DMAS estimates the total amount of claims that will be paid from the Family Access to Medical Insurance Security program in the future which relate to services provided before year-end. At June 30, 2015, the estimated liability related to claims totaled \$11.0 million. Of this amount, \$3.9 million is reflected in the General Fund (major governmental) and \$7.1 million in the Federal Trust Special Revenue Fund (major governmental).

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended on or before December 31, 2014, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2015. The individual tax return filing deadline is May 1 of each year for the preceding calendar year. The corporate tax return filing deadline is the 15th day of the fourth month following the close of the corporate fiscal year.

Car Tax Refund Payable

During the year ended June 30, 1998, the General Assembly passed the Personal Property Tax Relief Act. Under the terms of this legislation, the Commonwealth assumed financial responsibility for a portion, ranging from 12.5 percent to 70.0 percent, of the personal property taxes assessed by localities.

During 2004, the General Assembly modified this legislation. Chapter 1 of Special Session 1 (2004) established a \$950.0 million limit on the amount the Commonwealth would appropriate for personal property tax relief, beginning in tax year 2006. It further established that each county, city, and town would receive a fixed percentage of the \$950.0 million, with payments to begin on or after July 1, 2006 (fiscal year 2007). The accrued liability amount of \$263.0 million reflects payments owed to localities as of June 30 and paid in July.

Termination Benefits

During fiscal year 2015, the Commonwealth laid off 467 employees. The affected employees had the option of volunteering for enhanced retirement benefits or severance benefits. The enhanced retirement benefits option was elected by 142 employees, and the remaining 325 employees elected severance benefits. The severance benefits include salary payments based on years of service and insurance premium payments for health and life insurance. All severance benefits were initiated during fiscal year 2015 and will end no later than June 30, 2016. The benefit cost expended and the outstanding liability as of June 30, 2015 for governmental funds, are \$4.5 million and \$1.2 million, respectively. Since the severance benefits last for a maximum of 12 months, discounting of future cash flows is unnecessary. Additionally, the estimated payments are calculated using the Department of Human Resources' Termination Benefits Calculator and actual costs.

Short-term Debt

Short-term debt results from borrowings from anticipation notes, lines of credit, and similar loans with parties external to the primary government. The primary government's policy is to disclose activity related to short-term borrowings occurring during the fiscal year. For fiscal year 2015, the primary government's agencies did not participate in short-term borrowings with external parties.

Various higher education institutions and foundations (nonmajor component units) have short-term debt totaling \$117.1 million. Of this amount, \$89.0 million provides bridge financing for capital projects. The remaining short-term debt is for working capital, property acquisition, and operating costs. The Virginia Housing Development Authority (major component unit) has borrowing from lines of credit in the amount of \$464.6 million. The Library of Virginia Foundation (nonmajor component unit) has a \$33,500 note with a related party.

The balance of Other Liabilities is spread among various other funds.

26. LONG-TERM LIABILITIES

Commonwealth bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(a) bonds have been issued to redeem previous debt obligations. Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations. Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Section 9(a), 9(b), and 9(c) bonds are tax-supported general obligation bonds and are backed by the full faith and credit of the Commonwealth. No other long-term debt obligations are backed by the full faith and credit of the Commonwealth.

Section 9(d) bonds are revenue bonds that are not backed by the full faith and credit of the Commonwealth. These bonds are not general obligation bonds and are not deemed to constitute a legal liability of the Commonwealth. However, this debt may be supported by state appropriations in whole or in part, as in the case of certain debt of the Virginia Port Authority (nonmajor component unit) and the Commonwealth Transportation Board (primary government). Other 9(d) revenue bonds are payable from general revenues of the component units, or from revenues of specific revenue-producing capital projects such as the teaching hospitals, dormitories, student centers, and dining halls at the various colleges and universities (nonmajor component units).

The 9(d) Route 460 Funding Corporation of Virginia Bonds (primary government) are special, limited obligations of the Corporation, secured by a gross revenue pledge and payable solely from revenues.

Certain 9(d) bonds are considered, with 9(a), 9(b), and 9(c) bonds, to be tax-supported debt of the Commonwealth. Tax-supported debt includes all bonds and short-term debt for which debt service payments are made or are ultimately pledged to be made from tax revenues (net of sinking fund requirements).

Other 9(d) revenue bonds are considered debt not supported by taxes. For this debt, the Commonwealth has no direct or indirect pledge of tax revenues. In certain limited cases, the Commonwealth has made a moral obligation pledge. A government's moral obligation pledge provides a deficiency make-up for bondholders in the event pledged revenues prove to be insufficient. If a revenue deficiency exists, monies held in a debt service reserve fund are used to pay bondholders. The issuer then requests that the legislative body provide an appropriation to replenish the reserve fund before subsequent debt service is due. The legislative body may, but is not legally required to, replenish the reserve fund.

The following schedule presents the total long-term liabilities of the Commonwealth, and the portion of these amounts which are due within one year, as reported on the Government-wide Statement of Net Position.

Total Long-term Liabilities

June 30, 2015

<i>(Dollars in Thousands)</i>	Balance At June 30	Amount Due Within One Year
Primary Government:		
Governmental Activities:(1)		
General Obligation Bonds: (2)		
9(b) Public Facilities (3)	\$ 642,181	\$ 60,795
9(c) Parking Facilities (3)	16,036	722
9(c) Transportation Facilities (3)	17,154	2,520
Total General Obligation Bonds	<u>675,371</u>	<u>64,037</u>
Nongeneral Obligation Bonds - 9(d):		
Transportation Debt (3) (4)	3,288,321	183,890
Virginia Public Building Authority (3)	2,623,447	160,470
Total Nongeneral Obligation Bonds	<u>5,911,768</u>	<u>344,360</u>
Other Long-term Obligations:		
Net Pension Liability	4,133,117	-
OPEB Liability	654,173	-
Compensated Absences	311,406	168,728
Capital Lease Obligations	57,948	12,941
Pollution Remediation Obligations	11,954	2,041
Notes Payable	307	192
Installment Purchase Obligations	113,373	12,290
Economic Development Authority Obligations (3)	51,249	5,590
Other Liabilities	33,155	4,800
Total Other Long-term Obligations	<u>5,366,682</u>	<u>206,582</u>
Total Governmental Activities (3)	<u>11,953,821</u>	<u>614,979</u>
Business-type Activities: (1) (5)		
Nongeneral Obligation Bonds - 9(d):		
Route 460 Funding Corporation of Virginia Bonds	320,110	320,110
Other Long-term Obligations:		
Net Pension Liability	125,294	-
OPEB Liability	22,051	-
Compensated Absences	10,123	5,426
Capital Lease Obligations	5,708	365
Tuition Benefits Payable	2,116,769	239,234
Lottery Prizes Payable	136,222	18,064
Total Other Long-term Obligations	<u>2,416,167</u>	<u>263,089</u>
Total Business-type Activities	<u>2,736,277</u>	<u>583,199</u>
Total Primary Government	<u>14,690,098</u>	<u>1,198,178</u>

Total Long-term Liabilities

June 30, 2015

<i>(Dollars in Thousands)</i>	Balance At June 30	Amount Due Within One Year
Component Units:		
General Obligation Bonds: (2)		
Higher Education Fund - 9(c) Bonds (3)	936,857	51,653
Nongeneral Obligation Bonds:		
Higher Education Institutions - 9(d) (3) (5)	2,038,579	24,891
Virginia College Building Authority (3)	3,520,214	208,055
Virginia Port Authority (3) (6)	545,102	15,295
Virginia Housing Development Authority (3) (5)	4,498,847	240,617
Virginia Resources Authority (3) (7)	3,509,028	153,865
Virginia Public School Authority (3) (5)	3,551,741	234,559
Hampton Roads Sanitation District Commission (5)	748,397	28,135
Virginia Biotechnology Research Park Authority (3) Foundations (5) (8)	30,619	3,525
	999,302	30,359
Total Nongeneral Obligation Bonds	<u>19,441,829</u>	<u>939,301</u>
Other Long-term Obligations:		
Net Pension Liability (9) (10)	2,537,695	-
OPEB Liability (11)	830,507	-
Compensated Absences	288,320	206,034
Capital Lease Obligations	77,456	6,012
Notes Payable (5)	2,083,619	162,671
Installment Purchase Obligations	63,812	12,671
Trust and Annuity Obligations (5) (12)	1,752	-
Other Liabilities (5)	299,960	68,036
Total Other Long-term Obligations (Excluding Foundations)	<u>6,183,121</u>	<u>455,424</u>
Other Long-term Obligations (Foundations): (5) (8)		
Compensated Absences	14,596	11,382
Capital Lease Obligations	251	158
Notes Payable	272,503	7,623
Trust and Annuity Obligations (12)	80,377	5,266
Other Liabilities	318,919	18,981
Total Other Long-term Obligations - Foundations	<u>686,646</u>	<u>43,410</u>
Total Other Long-term Obligations	<u>6,869,767</u>	<u>498,834</u>
Total Component Units	<u>27,248,453</u>	<u>1,489,788</u>
Total Long-term Liabilities	<u>\$ 41,938,551</u>	<u>\$ 2,687,966</u>

- Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.
- Total general obligation debt of the Commonwealth is \$1.6 billion.
- Amounts are net of any unamortized discounts and premiums.
- This debt includes \$736.2 million that is not supported by taxes.
- This debt is not supported by taxes.
- This debt includes \$256.7 million that is not supported by taxes.
- This debt is not supported by taxes; however, \$877.9 million is considered moral obligation debt.
- Foundations represent FASB reporting entities defined in Note 1.B.
- This includes net pension liabilities that do not relate to the Virginia Retirement System's State Plan from the Hampton Roads Sanitation District Commission and the Virginia Port Authority of \$27.5 million and \$14.0 million, respectively. This debt is not supported by taxes.
- This does not include net pension liabilities from fiduciary funds of \$3.3 million.
- This includes OPEB obligations that do not relate to the Virginia Retirement System from University of Virginia of \$47.2 million and Virginia Port Authority of \$1.4 million. It does not include OPEB obligations from fiduciary funds of \$589,370.
- These generally represent split-interest agreements that represent donor contributed assets with the requirement that an annual distribution be made to the donor or specified beneficiary. The annual distributions are usually for a fixed dollar amount or a fixed percentage of the trust's fair market value. The present value of these commitments is reported as Trust and Annuity Obligations.

Primary Government

Transportation Facilities Debt

Transportation Facilities Bonds include \$17.2 million of Section 9(c) general obligation bonds and \$3.3 billion of Transportation Facilities Section 9(d) debt. The Section 9(d) debt includes \$2.6 billion of Section 9(d) revenue bonds, \$30.6 million of outstanding Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes, and \$705.6 million of Grant Anticipation Revenue Vehicles (GARVEES) in addition to the outstanding Section 9(d) revenue bonds. 9(c) principal and interest requirements for the current year totaled \$3.2 million. 9(d) principal and interest requirements for the current year totaled \$313.7 million. The Section 9(c) Transportation Facilities Bonds were issued to fund the construction and improvement of the George P. Coleman Bridge. The Section 9(d) Transportation Facilities Bonds were issued to fund the construction of State Route 28, U.S. Route 58, the Northern Virginia Transportation District Program, and the Oak Grove Connector (Chesapeake). The Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes were issued to finance various capital transportation projects throughout the Commonwealth. The interest rates for these bonds range from 3.0 percent to 5.0 percent and the issuance date was September 28, 2005. The GARVEES were issued to finance various Federal Aid Transportation projects throughout the Commonwealth. The interest rates for these bonds range from 1.0 percent to 5.0 percent and the issuance dates range from March 15, 2012 to November 21, 2013.

On December 3, 2014, the Commonwealth Transportation Board issued \$270.0 million of Commonwealth of Virginia Capital Projects Transportation Revenue Bonds, Series 2014. Series 2014 will be maturing in annual installments on May 15 in the years 2015 to 2039 and interest is payable on May 15 and November 15 at rates varying from 2.0 to 5.0 percent. The net proceeds of the Series 2014 bonds will be used to pay for the costs of certain transportation projects in the Commonwealth and certain costs related to the issuance of the 2014 bonds.

The following schedules detail the annual funding requirements necessary to amortize Transportation Facilities 9(c) bonds and 9(d) debt. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$101.9 million for Build America Bonds (BABs) issued. The BABs are applicable to Commonwealth of Virginia Transportation Series 2010A Capital Project Revenue Bonds and Series 2009A Northern Virginia Transportation District Revenue Bonds.

**9(c) TRANSPORTATION FACILITIES BONDS
Debt Service Requirements to Maturity**

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 2,520,000	\$ 665,850	\$ 3,185,850
2017	2,620,000	568,200	3,188,200
2018	2,730,000	463,400	3,193,400
2019	2,840,000	354,200	3,194,200
2020	2,950,000	240,600	3,190,600
2021-2025	3,065,000	122,600	3,187,600
Add:			
Unamortized Premium	429,382	-	429,382
Total	<u>\$ 17,154,382</u>	<u>\$ 2,414,850</u>	<u>\$ 19,569,232</u>

**9(d) TRANSPORTATION FACILITIES DEBT
Debt Service Requirements to Maturity**

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 183,890,000	\$ 139,192,991	\$ 323,082,991
2017	161,275,000	131,071,326	292,346,326
2018	168,210,000	123,382,794	291,592,794
2019	166,720,483	115,822,876	282,543,359
2020	148,703,337	107,904,646	256,607,983
2021-2025	755,510,875	433,296,809	1,188,807,684
2026-2030	656,465,576	255,612,440	912,078,016
2031-2035	566,315,000	118,131,088	684,446,088
2036-2040	182,420,000	13,146,475	195,566,475
Less:			
Unamortized Discount	(95,612)	-	(95,612)
Add:			
Accretion on Capital Bonds	23,138,940	-	23,138,940
Unamortized Premium	275,767,391	-	275,767,391
Total	<u>\$ 3,288,320,990</u>	<u>\$ 1,437,561,445</u>	<u>\$ 4,725,882,435</u>

**Fairfax Economic Development Authority
Obligations**

In fiscal year 2006, the Fairfax County Economic Development Authority (EDA) issued Section 9(d) revenue bonds to pay for the Commonwealth's (VDOT) costs of the planning, design and construction of a transportation infrastructure and related public safety operations complex to be developed on the contiguous sites in the county commonly referred to as "Camp 30" for the joint use of VDOT and the county. In fiscal year 2014, Fairfax County EDA issued a series of revenue refunding bonds, which partially refunded Series 2006 revenue bonds. The Commonwealth's obligation is set out in a payment agreement between Fairfax County EDA and the Commonwealth of Virginia, Department of Transportation, in which the Commonwealth agrees to make payments equal to the debt service from amounts appropriated by the General Assembly. The interest rates for these bonds range from 1.0 percent to 5.0 percent and the issue dates were April 12, 2006 and March 26, 2014. The principal and interest requirements for the current year totaled \$7.8 million. The following schedule details the annual funding requirements necessary to repay these bonds.

FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2016	\$ 5,590,000	\$ 2,237,000	\$ 7,827,000
2017	5,870,000	1,957,500	7,827,500
2018	6,165,000	1,664,000	7,829,000
2019	6,470,000	1,355,750	7,825,750
2020	6,795,000	1,032,250	7,827,250
2021-2025	13,850,000	1,028,250	14,878,250
Unamortized Premium	6,509,361	-	6,509,361
Total	\$ 51,249,361	\$ 9,274,750	\$ 60,524,111

Route 460 Funding Corporation of Virginia Debt

At June 30, 2015, Route 460 Funding Corporation of Virginia (nonmajor enterprise) bonds included \$231.6 million of Current Interest bonds, \$61.8 million of Capital Appreciation bonds, and \$8.2 million of accreted value in Capital Appreciation bonds. No principal payments were required for fiscal year 2015; however, interest payments of \$11.7 million were paid during fiscal year 2015. An interest payment of \$5.9 million is due July 1, 2015, and is therefore recorded as accrued interest payable. The Route 460 Funding Corporation of Virginia issued \$231.6 million of Toll Road Senior Revenues Bonds (Current Interest Bonds), Series 2012A. Under the original terms, Series 2012A would have matured in annual installments on July 1 in the years 2045 to 2052 and interest would have been payable on January 1 and July 1 at rates varying from 5.0 percent to 5.1 percent beginning July 1, 2013 through July 1, 2052. The proceeds of the series 2012A bonds were to be used to pay a portion of the costs of the design, construction, and financing of the Project including, without limitation, to pay interest payable on the series 2012A bonds through January 1, 2018, and to pay certain costs of issuance of the Series 2012 Senior Lien Bonds or as otherwise permitted by the Indenture. The Route 460 Funding Corporation of Virginia also issued \$61.8 million of Toll Road Senior Revenues Bonds (Capital Appreciation Bonds), Series 2012B. Under the original terms, the Series 2012B would have matured in annual installments on July 1 in the years 2024 to 2045. The Series 2012B Bonds would not bear current interest, but each Series 2012B would have accreted in value, compounded semiannually from its date of issuance on January 1 and July 1 at interest rates varying from 4.0 percent to 5.2 percent and interest would have been payable only upon maturity or early redemption date. The proceeds of the series 2012B bonds would have been used to pay a portion of the costs of the design, construction, and financing of the Project including, without limitation, and to pay certain costs of issuance of the Series 2012 Senior Lien Bonds or as otherwise permitted by the Indenture.

As discussed in Note 31, the Corporation's continuing operations will cease during fiscal year 2016. As discussed in Note 41, the outstanding bonds were paid in September 2015; therefore, all amounts are reported as due within one year.

9(d) ROUTE 460 FUNDING CORPORATION OF VIRGINIA BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2016	\$ 445,865,000	\$ 5,862,956	\$ 451,727,956
Less:			
Unaccreted Capital			
Appreciation			
Bonds	(144,345,011)	-	(144,345,011)
Add:			
Unamortized Premium	18,589,523	-	18,589,523
Total	\$ 320,109,512	\$ 5,862,956	\$ 325,972,468

Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 2006B, Series 2007A, Series 2007B, Series 2008A, Series 2008B, Series 2009A, Series 2009D Refunding, Series 2009E, Series 2012A Refunding, Series 2013B Refunding, Series 2014B Refunding, and Series 2015B Refunding. Bonds were issued to fund construction projects for higher educational institutions, behavioral health, and/or park facilities. The Series 2009D bonds were issued to advance refund outstanding Series 2004A, Series 2005A, and Series 2006B bonds. The Series 2012A bonds were issued to advance refund outstanding Series 2002, Series 2003A, Series 2004A, and Series 2005A bonds. The Series 2013B bonds were issued to advance refund outstanding Series 2005A, Series 2006B, Series 2007A, and Series 2007B. The Series 2014B bonds were issued to advance refund outstanding Series 2004B Refunding. The Series 2015B bonds were issued to advance refund certain maturities of outstanding Series 2007B, Series 2008A, and Series 2008B bonds. Principal and interest requirements for the current year totaled \$94.6 million. The interest rates for all bonds range from 3.4 percent to 5.0 percent and the issuance dates range from November 15, 2006, to May 6, 2015. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$4.0 million for Build America Bonds (BABs) issued. The BABs are applicable to Series 2009E Public Facilities Revenue Bonds.

9(b) PUBLIC FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2016	\$ 60,795,000	\$ 26,422,473	\$ 87,217,473
2017	53,110,000	23,565,345	76,675,345
2018	49,120,000	20,974,503	70,094,503
2019	48,220,000	18,718,147	66,938,147
2020	48,280,000	16,426,345	64,706,345
2021-2025	228,310,000	48,026,955	276,336,955
2026-2030	79,485,000	7,189,065	86,674,065
Add:			
Unamortized Premium	74,860,819	-	74,860,819
Total	\$ 642,180,819	\$ 161,322,833	\$ 803,503,652

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, Series 2009B and 2009D Refunding, and 2012A Refunding. The Series 2009B bonds were issued to fund the construction of a new 1,000 vehicle parking structure at 7th and Franklin Streets. The Series 2009D Refunding bonds were issued to advance refund outstanding Series 2004A bonds. The Series 2012A Refunding bonds were issued to advance refund outstanding Series 2002 Refunding and Series 2004A bonds. The interest rate for these bonds is 5.0 percent, and the issuance dates range from October 21, 2009, to March 7, 2012. Current year principal and interest requirements totaled \$1.6 million. The following schedule details the annual funding requirements necessary to repay these bonds.

9(c) PARKING FACILITIES BONDS			
Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2016	\$ 722,093	\$ 704,073	\$ 1,426,166
2017	890,000	667,610	1,557,610
2018	940,000	623,110	1,563,110
2019	985,000	576,110	1,561,110
2020	1,035,000	526,860	1,561,860
2021-2025	5,559,045	1,818,064	7,377,109
2026-2030	4,025,000	515,250	4,540,250
Add:			
Unamortized Premium	1,880,172	-	1,880,172
Total	\$ 16,036,310	\$ 5,431,077	\$ 21,467,387

Virginia Public Building Authority

Virginia Public Building Authority Section 9(d) bonds consist of 2005A Refunding, 2005B Refunding, 2005C, 2005D, 2006A, 2007A, 2008B, 2009A, 2009B, 2009C, 2009D Refunding, 2010A, 2010B-1, 2010B-2, 2010B-3 Refunding, 2011A, 2011B, 2012A Refunding, 2013A, 2013B Refunding, 2014A, 2014B, 2014C Refunding, 2015A, and 2015B Refunding. All bonds were issued for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combination of localities under the Regional Jail Financing Program. The Series 2005B bonds were issued to advance refund outstanding Series 1996A, Series 1998B, and Series 1999A bonds. The Series 2009D bonds were issued to advance refund outstanding series 2001A and 2002A Revenue bonds. The Series 2010B-3 bonds were issued to advance refund outstanding series 2002A and 2004B Revenue bonds. The Series 2012A bonds were issued to advance refund outstanding series 2004B and 2005C Revenue bonds. The Series 2013B bonds were issued to advance refund 2006A and 2006B revenue bonds. The Series 2014C bonds were issued to advance refund outstanding Series 2004A Refunding, 2004B, 2004C Refunding, and 2004D Refunding bonds, and certain maturities of the 2005C, 2006A, 2006B, and 2007A bonds. The interest rates for all fixed rate bonds range from 0.2 percent to 5.9 percent and the issuance dates range from March 1, 2005, to June 9, 2015. The Series 2005D bonds are variable rate bonds and the rates are reset weekly by the remarketing agent. Current year principal and interest requirements totaled

\$283.1 million. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$81.3 million for Build America Bonds (BABs) issued. The BABs are applicable to Series 2010 Revenue Bonds.

9(d) VIRGINIA PUBLIC BUILDING AUTHORITY BONDS			
Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2016	\$ 160,470,000	\$ 101,511,008	\$ 261,981,008
2017	177,020,000	99,321,360	276,341,360
2018	160,770,000	91,145,746	251,915,746
2019	145,340,000	83,775,314	229,115,314
2020	146,580,000	76,881,112	223,461,112
2021-2025	721,355,000	284,391,530	1,005,746,530
2026-2030	636,335,000	124,780,953	761,115,953
2031-2035	252,590,000	22,307,974	274,897,974
2036-2040	17,000,000	340,000	17,340,000
Add:			
Unamortized Premium	205,987,462	-	205,987,462
Total	\$ 2,623,447,462	\$ 884,454,997	\$ 3,507,902,459

Component Units

Higher Education Institution Bonds

Higher Education Institution Bonds are comprised of both 9(c) general obligation bonds and 9(d) revenue bonds. Section 9(d) bonds are from several sources as shown on the following schedule (dollars in thousands).

College and university bonds backed by pledge of general revenue or revenue from specific revenue-producing capital projects	\$ 1,531,950
College and university debt backed exclusively by pledged revenues of an institution	<u>506,629</u>
Total Higher Education Institution 9(d) debt	<u>\$ 2,038,579</u>

The interest rates for these bonds range from 0.1 percent to 6.4 percent and the issuance dates range from April 16, 2003, to June 11, 2015. The Virginia College Building Authority Series 2006B and 2006C bonds, the Virginia Commonwealth University Series 2012A and 2012B bonds, and the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor) Series 2013A and 2013B bonds are variable rate bonds and the rates are reset weekly by the remarketing agent.

The following schedules detail the annual funding requirements necessary to amortize Higher Education Institution 9(c) and 9(d) bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$322.8 million for Build America Bonds (BABs) issued. The BABs are applicable to General Obligation Series 2010A Bonds,

Series 2009F and 2010B 21st Century Virginia College Building Authority Education Facilities Bonds, and the University of Virginia's Series 2009 and 2010 General Revenue Bonds.

9(c) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2016	\$ 51,652,907	\$ 37,060,140	\$ 88,713,047
2017	52,115,000	34,782,191	86,897,191
2018	49,200,000	32,406,271	81,606,271
2019	49,400,000	30,206,921	79,606,921
2020	49,120,000	28,005,901	77,125,901
2021-2025	253,785,955	106,906,426	360,692,381
2026-2030	224,175,000	51,984,864	276,159,864
2031-2035	111,070,000	14,478,135	125,548,135
2036-2040	12,295,000	1,366,530	13,661,530
Add:			
Unamortized Premium	84,043,125	-	84,043,125
Total	\$ 936,856,987	\$ 337,197,379	\$ 1,274,054,366

9(d) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest (1)	Total
2016	\$ 24,890,774	\$ 83,394,733	\$ 108,285,507
2017	19,554,307	83,799,076	103,353,383
2018	20,296,785	83,320,031	103,616,816
2019	20,694,933	82,803,293	103,498,226
2020	21,558,771	82,199,743	103,758,514
2021-2025	251,967,043	381,520,826	633,487,869
2026-2030	138,894,036	352,525,888	491,419,924
2031-2035	160,731,311	334,364,324	495,095,635
2036-2040	640,860,000	281,461,342	922,321,342
2041-2045	648,185,000	87,123,300	735,308,300
Add:			
Unamortized Premium	90,946,362	-	90,946,362
Total	\$ 2,038,579,322	\$ 1,852,512,556	\$ 3,891,091,878

Note (1): The future interest requirements exclude any net payments associated with hedging derivative instruments. See Note 14 for more details on hedging derivative instruments.

9(d) VIRGINIA COLLEGE BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2016	\$ 208,055,000	\$ 136,164,991	\$ 344,219,991
2017	218,935,000	131,833,075	350,768,075
2018	206,850,000	122,092,585	328,942,585
2019	193,235,000	112,798,668	306,033,668
2020	192,165,000	104,117,294	296,282,294
2021-2025	931,760,000	395,675,052	1,327,425,052
2026-2030	888,710,000	204,905,604	1,093,615,604
2031-2035	428,555,000	41,754,463	470,309,463
Add:			
Unamortized Premium	251,959,224	-	251,959,224
Total	\$ 3,520,214,224	\$ 1,249,341,732	\$ 4,769,555,956

Various higher education institutions' foundations (component units) and a museum foundation (component unit) have bonds outstanding as of year-end. The purpose of a majority of these bonds is for construction, property acquisition, and defeasance of prior debt. The following schedule details the future principal payments.

FOUNDATIONS' BONDS (1)
Debt Service Requirements to Maturity

Maturity	Principal
2016	\$ 30,359,431
2017	29,512,494
2018	56,465,986
2019	107,436,446
2020	35,378,900
Thereafter	740,148,760
Total	\$ 999,302,017

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Virginia Port Authority

The Virginia Port Authority (VPA) (nonmajor) has issued Section 9(d) revenue bonds and notes pursuant to powers provided to its board of commissioners by the *Code of Virginia*. The interest rates for these bonds range from 0.7 percent to 5.5 percent, and the issuance dates range from April 14, 2005, to June 23, 2015. Series 2006A bonds were issued to advance refund \$22.9 million of outstanding Series 1996 bonds. Series 2010 bonds were issued to currently refund in full the outstanding principal amount of the Authority's Series 2009 Bond Anticipation Note. Series 2012 bonds were issued to currently refund in full the outstanding principal amount of the Authority's Commonwealth Port Fund Revenue Bonds and to pay all or a portion of the expenses incurred with respect to the issuance of the Series 2012 Bonds and the refunding of the Series 2002 Bonds. Series 2012B and 2012C bonds were issued to pay the cost of refunding all or a portion of the Series 2005A and 2005B bonds, and to pay costs of issuance of the 2012B and 2012C bonds. Series 2013 bonds were issued to pay the costs of refunding all or a portion of Series 2003 and 2006 bonds and series 2013 issuance costs. Series 2015A bonds were issued to pay the costs of refunding all of the remaining Series 2003 and 2006 bonds, and to pay costs of issuance of the Series 2015A bonds. Series 2015B bonds were issued to pay the costs of refunding a portion of the remaining Series 2007 bonds, and to pay costs of issuance of the Series 2015B bonds. The following schedule details the annual funding requirements necessary to amortize VPA bonds.

**9(d) VIRGINIA PORT AUTHORITY DEBT
Debt Service Requirements to Maturity**

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 15,295,000	\$ 17,826,202	\$ 33,121,202
2017	17,070,000	19,990,624	37,060,624
2018	17,605,000	19,583,500	37,188,500
2019	17,965,000	19,216,775	37,181,775
2020	18,350,000	18,786,266	37,136,266
2021-2025	99,735,000	85,565,536	185,300,536
2026-2030	117,405,000	67,030,966	184,435,966
2031-2035	119,205,000	39,140,813	158,345,813
2036-2040	85,830,000	12,162,250	97,992,250
2041-2045	13,180,000	329,500	13,509,500
Add:			
Unamortized Premium	23,462,404	-	23,462,404
Total	<u>\$ 545,102,404</u>	<u>\$ 299,632,432</u>	<u>\$ 844,734,836</u>

Virginia Housing Development Authority

The Virginia Housing Development Authority (VHDA) (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.1 percent to 6.8 percent and the origination dates range from March 20, 2002, to May 12, 2015. The following schedule details the annual funding requirements necessary to amortize these bonds.

**9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS
Debt Service Requirements to Maturity**

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 240,616,781	\$ 185,951,229	\$ 426,568,010
2017	199,710,000	177,972,284	377,682,284
2018	199,800,000	170,957,105	370,757,105
2019	202,190,000	163,661,886	365,851,886
2020	213,150,000	155,606,908	368,756,908
2021-2025	776,725,000	669,541,405	1,446,266,405
2026-2030	602,550,000	529,370,049	1,131,920,049
2031-2035	666,237,064	391,209,544	1,057,446,608
2036-2040	661,013,873	228,300,079	889,313,952
2041-2045	726,294,252	77,690,972	803,985,224
2046-2050	10,585,000	490,136	11,075,136
Less:			
Unamortized Discount	(2,339,297)	-	(2,339,297)
Add:			
Unamortized Premium	2,314,584	-	2,314,584
Total	<u>\$ 4,498,847,257</u>	<u>\$ 2,750,751,597</u>	<u>\$ 7,249,598,854</u>

Virginia Resources Authority

The Virginia Resources Authority (VRA) (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.5 percent to 6.3 percent and the origination dates range from March 1, 2000, to May 28, 2015. The following schedule details the annual funding requirements necessary to amortize these bonds.

**9(d) VIRGINIA RESOURCES AUTHORITY BONDS
Debt Service Requirements to Maturity**

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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
Less:			
Unaccrued Capital Appreciation Bonds	(34,935,096)	-	(34,935,096)
Add:			
Unamortized Premium	296,032,824	-	296,032,824
Total	<u>\$ 3,509,027,728</u>	<u>\$ 1,489,127,644</u>	<u>\$ 4,998,155,372</u>

Virginia Public School Authority

The Virginia Public School Authority (VPSA) (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.0 percent to 5.5 percent, and the origination dates range from December 21, 2001, to May 14, 2015. The following schedule details the annual funding requirements necessary to amortize these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$185.1 million for Qualified School Construction Bonds (QSCBs) issued. The QSCBs are applicable to Series 2010-1, 2011-1, 2011-2, and 2012-1 Revenue Bonds.

**9(d) VIRGINIA PUBLIC SCHOOL AUTHORITY BONDS
Debt Service Requirements to Maturity**

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 234,559,060	\$ 141,746,377	\$ 376,305,437
2017	231,028,003	131,136,329	362,164,332
2018	225,305,000	120,101,355	345,406,355
2019	216,655,000	109,512,075	326,167,075
2020	213,055,000	99,502,943	312,557,943
2021-2025	922,956,000	358,759,651	1,281,715,651
2026-2030	819,440,000	158,247,343	977,687,343
2031-2035	394,010,000	33,263,289	427,273,289
2036-2040	43,750,000	3,963,222	47,713,222
2041-2045	3,755,000	104,163	3,859,163
Add:			
Unamortized Premium	247,227,603	-	247,227,603
Total	<u>\$ 3,551,740,666</u>	<u>\$ 1,156,336,747</u>	<u>\$ 4,708,077,413</u>

Hampton Roads Sanitation District Commission

The Hampton Roads Sanitation District Commission (nonmajor) issued bonds under a Master Trust Indenture and a Trust Agreement dated December 1, 1993 and March 1, 2008. The interest cost for these bonds range from 0.1 percent to 5.9 percent. The following schedule details the annual funding requirements necessary to amortize these bonds.

HAMPTON ROADS SANITATION DISTRICT COMMISSION			
Debt Service Requirements to Maturity			
<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 28,135,000	\$ 29,751,000	\$ 57,886,000
2017	22,871,000	29,029,000	51,900,000
2018	23,327,000	28,326,000	51,653,000
2019	23,905,000	27,360,000	51,265,000
2020	24,788,000	26,417,000	51,205,000
2021-2025	133,731,000	116,189,000	249,920,000
2026-2030	150,428,000	85,965,000	236,393,000
2031-2035	144,715,000	53,161,000	197,876,000
2036-2040	110,915,000	18,381,000	129,296,000
2041-2045	45,385,000	2,092,000	47,477,000
Add:			
Unamortized Premium	40,197,000	-	40,197,000
Total	<u>\$ 748,397,000</u>	<u>\$ 416,671,000</u>	<u>\$ 1,165,068,000</u>

Virginia Biotechnology Research Partnership Authority

The Virginia Biotechnology Research Partnership Authority (nonmajor) consists of Series 2009 Commonwealth of Virginia Lease Revenue bonds. Coupon interest rates range from 3.0 percent to 5.0 percent.

VIRGINIA BIOTECH RESEARCH PARTNERSHIP AUTHORITY			
Debt Service Requirements to Maturity			
<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 3,525,000	\$ 1,231,950	\$ 4,756,950
2017	3,665,000	1,088,150	4,753,150
2018	3,815,000	938,550	4,753,550
2019	3,990,000	762,500	4,752,500
2020	4,200,000	557,750	4,757,750
2021-2025	9,055,000	458,375	9,513,375
Add:			
Unamortized Premium	2,368,683	-	2,368,683
Total	<u>\$ 30,618,683</u>	<u>\$ 5,037,275</u>	<u>\$ 35,655,958</u>

Total principal outstanding at June 30, 2015, on all component unit bonds amounted to \$20.4 billion.

The following schedule summarizes the changes in long-term liabilities:

Schedule of Changes in Long-term Debt and Obligations (1) (2)

(Dollars in Thousands)

	Balance July 1 as restated (3)	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
Primary Government				
Governmental Activities:				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - 9(b) and 9(c):				
Public Facilities Bonds	\$ 643,175	\$ 102,520	\$ (178,375)	\$ 567,320
Parking Facilities Bonds	15,004	-	(848)	14,156
Transportation Facilities Bonds	19,130	-	(2,405)	16,725
Add: Unamortized Premium	65,560	23,003	(11,393)	77,170
Total General Obligation Bonds	<u>742,869</u>	<u>125,523</u>	<u>(193,021)</u>	<u>675,371</u>
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Transportation Facilities Bonds	2,887,746	274,979	(173,215)	2,989,510
Virginia Public Building Authority Bonds	2,227,555	828,710	(638,805)	2,417,460
Economic Development Authority Obligations	50,165	-	(5,425)	44,740
Add: Unamortized Premium	427,431	126,735	(65,902)	488,264
Accretion on Capital Appreciation Bonds	20,759	2,380	-	23,139
Less: Unamortized Discount	(100)	4	-	(96)
Installment Purchase Obligations	113,936	16,020	(16,583)	113,373
Notes Payable - Aviation	529	-	(222)	307
Compensated Absences	321,520	192,671	(202,785)	311,406
Capital Lease Obligations	60,916	9,305	(12,273)	57,948
Net Pension Liability	4,842,060	-	(708,943)	4,133,117
OPEB Liability	568,764	85,409	-	654,173
Pollution Remediation Liability	13,186	-	(1,232)	11,954
Other	36,632	-	(3,477)	33,155
Total Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	<u>11,571,099</u>	<u>1,536,213</u>	<u>(1,828,862)</u>	<u>11,278,450</u>
Total Governmental Activities	<u>12,313,968</u>	<u>1,661,736</u>	<u>(2,021,883)</u>	<u>11,953,821</u>
Business-type Activities:				
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Non-General Obligation Bonds - 9(d)				
Route 460 Funding Corporation of Virginia Bonds	445,865	-	-	445,865
Add: Unamortized Premium	19,131	-	(541)	18,590
Less: Unaccrued Capital Appreciation Bonds	(147,691)	3,346	-	(144,345)
Capital Lease Obligations	6,072	-	(364)	5,708
Compensated Absences	10,102	2,614	(2,593)	10,123
Net Pension Liability	142,765	-	(17,471)	125,294
OPEB Liability	18,709	3,403	(61)	22,051
Lottery Prizes Payable	152,693	578	(17,049)	136,222
Tuition Benefits Payable	2,140,430	135,063	(158,724)	2,116,769
Total Business-type Activities	<u>2,788,076</u>	<u>145,004</u>	<u>(196,803)</u>	<u>2,736,277</u>
Total Primary Government	<u>\$ 15,102,044</u>	<u>\$ 1,806,740</u>	<u>\$ (2,218,686)</u>	<u>\$ 14,690,098</u>

Foundations (4)	Balance June 30	Due Within One Year
\$ -	\$ 567,320	\$ 60,795
-	14,156	722
-	16,725	2,520
-	77,170	-
-	<u>675,371</u>	<u>64,037</u>
-	2,989,510	183,890
-	2,417,460	160,470
-	44,740	5,590
-	488,264	-
-	23,139	-
-	(96)	-
-	113,373	12,290
-	307	192
-	311,406	168,728
-	57,948	12,941
-	4,133,117	-
-	654,173	-
-	11,954	2,041
-	33,155	4,800
-	<u>11,278,450</u>	<u>550,942</u>
-	<u>11,953,821</u>	<u>614,979</u>
-	445,865	445,865
-	18,590	18,590
-	(144,345)	(144,345)
-	5,708	365
-	10,123	5,426
-	125,294	-
-	22,051	-
-	136,222	18,064
-	2,116,769	239,234
-	<u>2,736,277</u>	<u>583,199</u>
\$ -	<u>\$ 14,690,098</u>	<u>\$ 1,198,178</u>

Continued on next page

Schedule of Changes in Long-term Debt and Obligations (1) (2)

(continued)

(Dollars in Thousands)

	Balance July 1 as restated (3)	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
Component Units				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - Higher Education 9(c) (5)	\$ 925,086	\$ 187,184	\$ (175,413)	\$ 936,857
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Bonds (5) (6)	18,223,278	3,330,829	(3,111,580)	18,442,527
Installment Purchase Obligations	76,526	2,834	(15,548)	63,812
Capital Lease Obligations	82,667	564	(5,775)	77,456
Notes Payable	2,072,530	400,148	(389,059)	2,083,619
Compensated Absences	281,692	288,575	(281,947)	288,320
Net Pension Liability	2,946,922	1,788	(411,015)	2,537,695
OPEB Liability	701,715	128,792	-	830,507
Trust and Annuity Obligations	3,687	-	(1,935)	1,752
Other (7)	269,525	1,034,407	(1,003,972)	299,960
Total Component Units	\$ 25,583,628	\$ 5,375,121	\$ (5,396,244)	\$ 25,562,505

Note (1) Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.

Note (2) Payments on bonded debt that pertain to the Commonwealth's governmental activities are made through the debt service funds. Payments for installment purchases, compensated absences, capital leases, pension, and other obligations that pertain to the Commonwealth's governmental activities are made through the general and all special revenue funds, excluding the Literary Fund (major). Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the total for governmental activities. Enterprise funds, or business-type activities, are self-supporting funds. Accordingly, long-term liabilities are paid from each respective fund.

Note (3) As a result of 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*, the following items have been restated: pension liability for governmental activities by \$2,727,257 (dollars in thousands); business-type activities by \$85,365 (dollars in thousands); and nonmajor component units by \$1,880,284 (dollars in thousands). Additionally, Capital Lease Obligations, Notes Payable, and Compensated Absences of the component units have been restated by \$478 (dollars in thousands), \$5,492 (dollars in thousands), and \$1,455 (dollars in thousands) respectively for nonmajor component units.

Note (4) Foundations represent FASB reporting entities defined in Note 1.B.

Note (5) Amounts are net of any unamortized discounts and premiums.

Note (6) Bonds payable of component units have been restated for by \$8,516 (dollars in thousands) for Virginia College Building Authority (major) to reflect the removal of unamortized premiums related to bonds that matured in prior years.

Note (7) Other Long-term Liabilities have been restated for the following reclassifications among liability line items: \$52 (dollars in thousands) from Other Liabilities for the Virginia Housing Development Authority (major); and \$17,522 (dollars in thousands) from Deposits Pending Distribution and \$2,909 (dollars in thousands) from Pension Liability for nonmajor component units.

Foundations (4)	Balance June 30	Due Within One Year
\$ -	\$ 936,857	\$ 51,653
999,302	19,441,829	939,301
-	63,812	12,671
251	77,707	6,170
272,503	2,356,122	170,294
14,596	302,916	217,416
-	2,537,695	-
-	830,507	-
80,377	82,129	5,266
318,919	618,879	87,017
\$ 1,685,948	\$ 27,248,453	\$ 1,489,788

Bond and Note Defeasance

Primary Government

In September 2014, the Virginia Public Building Authority (VPBA) issued \$298.4 million of Series 2014C Public Facilities Revenue Refunding Bonds with a true interest cost (TIC) of 2.1 percent to refund \$319.4 million of certain outstanding bonds. The bonds that were refunded include Public Facilities Revenue Bonds, Series 2004A, 2004B, 2004C, 2004D, 2005C, 2006A, 2006B, and 2007A. The net proceeds from the sale of the Refunding Bonds of \$341.1 million (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the refunded bonds. The debt defeasance resulted in an accounting loss of \$10.7 million. It will, however, reduce total debt service payments over the next 14 years by \$27.6 million, resulting in an economic gain of \$27.1 million discounted at the rate of 2.3 percent.

In May 2015, the Commonwealth issued \$214.3 million General Obligation Refunding Bonds, Series 2015B, pursuant to Sections 9(b) and 9(c) of Article X of the Constitution of Virginia, with a true interest cost (TIC) of 2.3 percent to refund \$229.6 million of certain outstanding bonds. The bonds that were refunded include \$118.4 million of outstanding Higher Education Institution Bonds, Series 2006B, 2007B, and 2008B and \$111.2 million of Public Facilities Bonds, Series 2007B, 2008A, and 2008B. The net proceeds from the sale of the Refunding Bonds of \$258.2 million (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the refunded bonds. The debt defeasance resulted in an accounting loss of \$24.1 million. It will, however, reduce total debt service payments over the next 22 years by \$28.2 million, resulting in an economic

gain of \$23.3 million discounted at the rate of 2.1 percent.

In June 2015, VPBA issued \$134.7 million of Series 2015B Public Facilities Revenue Refunding Bonds with a true interest cost (TIC) of 2.4 percent to refund \$136.7 million of certain outstanding bonds. The bonds that were refunded include Public Facilities Revenue Bonds, Series 2005A, 2005B, 2006A, and 2008B. The net proceeds from the sale of the Refunding Bonds of \$151.5 million (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the refunded bonds. The debt defeasance resulted in an accounting loss of \$13.7 million. It will, however, reduce total debt service payments over the next 14 years by \$11.8 million resulting in an economic gain of \$10.2 million discounted at the rate of 2.9 percent.

Component Units

Higher education institutions (nonmajor) participate in the Virginia College Building Authority Pooled Bond Program. In November 2014, the Virginia College Building Authority (VCBA) (major) issued \$186.0 million of Series 2014B Pooled Bond Program refunding bonds. The bonds were issued to refund \$8.8 million of its 2004A bonds, \$25.3 million of its 2004B bonds, \$15.0 million of its 2005A bonds, \$57.8 million of its 2006A bonds, and \$90.5 million of its 2007A bonds. The net proceeds from the sale of the refunding bonds of \$215.0 million were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of \$15.4 million. Total debt service payments over the next 22 years will be reduced by \$39.8 million resulting in a present value savings of \$36.6 million discounted at the rate of 2.2 percent.

In April 2015, VCBA issued \$204.9 million of Series 2015B 21st Century Program refunding bonds. The bonds were issued to refund \$10.2 million of its 2007B bonds, \$46.8 million of its 2008A bonds, and \$123.4 million of its 2009A bonds. The net proceeds from the sale of the refunding bonds of \$204.6 million were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of \$16.7 million. Total debt service payments over the next 12 years will be reduced by \$17.2 million resulting in a present value savings of \$15.0 million discounted at the rate of 2.5 percent.

The University of Virginia (nonmajor) issued \$291.6 million of Series 2015A-1, 2015A-2, and 2015B bonds to refund \$217.9 million of commercial paper and \$109.7 million of Series 2003A and 2005 bonds. For additional information regarding these refundings, see the institution's individually published financial statements.

GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2015, there were \$765.1 million in bonds from the primary government that have been refunded and

deceased in-substance from the governmental activities column by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments. In addition, there were \$1.9 billion in bonds and notes outstanding considered deceased from the component units.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt calculate and rebate arbitrage earnings to the federal government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulations in order for their bonds to maintain tax-exempt status. The regulations require the excess of the aggregate amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, to be rebated to the federal government. Income earned on excess earnings is also subject to rebate. Rebate liability, if any, must be paid every five years over the life of the bonds. Governmental issuers may elect to pay a penalty in lieu of rebate. Some bonds may be exempt from the rebate requirements if they qualify for certain regulatory exceptions. If the issuer meets one of the exceptions, the issuer retains any arbitrage earnings. Rebate and penalty payments are calculated and paid as required by law on bond issues that do not qualify for an exception.

Although rebatable arbitrage need only be calculated for tax purposes every fifth year that debt is outstanding, and consistent with modified accrual basis of accounting, is not recognized as a liability in governmental funds until amounts actually become due and payable, a liability is recognized in accrual basis government-wide statements as soon as the underlying event has occurred. Accordingly, as of June 30, 2015, the Commonwealth has recognized a government-wide liability of \$1.2 million and the Virginia Resources Authority (major component unit) has recognized a liability of \$177,630.

Amounts remitted to the federal government for rebate liability are generally paid from earnings derived from the issue. However, if all proceeds (including earnings) have been expended and depending on the type of issue, it may be necessary to use project revenues or general or nongeneral fund appropriations to satisfy any rebate liability. During fiscal year 2015, no rebate payments were owed on the Commonwealth's General Obligation Bonds, Virginia Public Building Authority, Commonwealth Transportation Board, or the Virginia College Building Authority 21st Century or Pooled Bond Programs, Virginia Public School Authority, or the Virginia Port Authority.

Capital Leases

The Commonwealth leases buildings and equipment under various agreements that are accounted for as capital leases. The lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

Gross minimum lease payments, together with the present value of the net minimum lease payments as of June 30, 2015, are shown in the following table (dollars in thousands).

	Governmental Activities	Business-Type Activities	Component Units (1)
2016	\$ 17,011	\$ 560	\$ 8,664
2017	9,996	575	7,049
2018	9,010	589	6,892
2019	6,880	604	6,247
2020	6,685	619	6,233
2021-2025	18,659	3,333	26,187
2026-2030	6,127	3,771	25,846
2031-2035	2,145	4,267	13,560
2036-2040	2,329	4,828	714
2041-2045	891	2,114	650
2046-2050	-	-	1,281
Total Gross Minimum Lease Payments	79,733	21,260	103,323
Less: Amount Representing Executory Costs	(6,874)	-	-
Net Minimum Lease Payments	72,859	21,260	103,323
Less: Amount Representing Interest	(14,911)	(15,552)	(25,867)
Present Value of Net Minimum Lease Payments	\$ 57,948	\$ 5,708	\$ 77,456

Note (1): The above amounts exclude capital lease obligations of foundations.

	Foundations (2)
2016	\$ 164
2017	65
2018	24
2019	8
Net Minimum Lease Payments	261
Less: Amount Representing Interest	(10)
Present Value of Net Minimum Lease Payments	\$ 251

Note (2): Foundations represent FASB reporting entities defined in Note 1.B.

At June 30, 2015, assets purchased under capital leases were included in depreciable capital assets as follows (dollars in thousands). The amounts are net of accumulated depreciation where applicable. For a portion of these assets, ownership will pass to the Commonwealth at the end of the lease term.

	Buildings	Equipment	Total
Governmental Activities:			
Gross Capital Assets	\$ 176,097	\$ 4,128	\$ 180,225
Less: Accumulated Depreciation	(72,466)	(2,710)	(75,176)
Total Governmental Activities	\$ 103,631	\$ 1,418	\$ 105,049
Business-Type Activities:			
Gross Capital Assets	\$ 8,800	\$ -	\$ 8,800
Less: Accumulated Depreciation	(940)	-	(940)
Total Business-Type Activities	\$ 7,860	\$ -	\$ 7,860
Component Units:			
Gross Capital Assets	\$ 131,872	\$ 5,527	\$ 137,399
Less: Accumulated Depreciation	(46,023)	(3,249)	(49,272)
Subtotal (excluding Foundations)	85,849	2,278	88,127
Foundations:			
Gross Capital Assets	-	733	733
Less: Accumulated Depreciation	-	(469)	(469)
Subtotal Foundations	-	264	264
Total Component Units (3)	\$ 85,849	\$ 2,542	\$ 88,391

Note (3): Land purchased under capital leases by the University of Virginia (nonmajor) is \$8,095 (dollars in thousands).

Notes Payable

Notes Payable consist of several items as shown in the following schedule (dollars in thousands):

Primary Government	
Aviation Note	\$ 307
Installment Notes	113,373
Total Primary Government	113,680
Component Units	
Virginia Public School Authority	185,850
Virginia Resources Authority	325
Nonmajor Component Units	1,897,444
Installment Notes	63,812
Subtotal (excluding Foundations)	2,147,431
Foundations:	
Notes Payable	272,503
Subtotal - Foundations	272,503
Total Component Units	2,419,934
Total Notes Payable	\$ 2,533,614

The Department of Aviation (primary government) Note represents a loan agreement with the Virginia Resources Authority (major component unit) with an outstanding balance of \$306,763. The purpose of the

loan was to finance and refinance grants-in-aid made to the Peninsula Airport Commission to provide funding for capital improvements at the Newport News/Williamsburg International Airport. The principal amount shall be paid semi-annually with the final payment due in 2017.

The Virginia Public School Authority (major component unit) notes of \$185.9 million are for the School Equipment Financing Notes Educational Technology program. The note proceeds were used to make grants to school divisions for the purchase of educational technology equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund (major special revenue).

The Virginia Resources Authority (major component unit) notes of \$325,103 are Equipment and Term Financing loans.

An additional amount of \$1.9 billion is comprised primarily of higher education institutions' (nonmajor component units) promissory notes with the Virginia College Building Authority (VCBA) (major component unit) to finance the construction of various higher education facilities. Interest rates range from 1.0 percent to 5.6 percent and shall be paid semi-annually. The final principal payment is due in 2045. The following higher education institutions (nonmajor component units) reported notes payables primarily for construction: Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University - nonmajor component unit) \$25.5 million, which includes \$11.7 million reported by the University Health Services (a component unit of the Authority); Virginia State University \$1.1 million; Norfolk State University \$21,785; and the Institute for Advanced Learning and Research \$786,731.

Various foundations (component units) have notes outstanding as of year-end. The purpose of a majority of these notes is for property acquisition, working capital, and construction. Future principal payments as of June 30, 2015, are shown in the following table (dollars in thousands).

Foundations' Notes Payable (Component Units) (1)		
Maturity		Principal
2016	\$	7,623
2017		96,948
2018		37,444
2019		42,218
2020		5,191
Thereafter		83,079
Total	\$	272,503

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Installment purchase obligations have been entered into by agencies and institutions of the Commonwealth. These agreements, other than those in the component units and certain institutions of higher education, contain nonappropriation clauses indicating that continuation of the installment purchase obligations is subject to funding by the General Assembly. Installment purchase obligations represent \$177.2 million of the total outstanding debt of the Commonwealth. Presented in the following tables are repayment schedules for installment purchase obligations as of June 30, 2015.

Installment Purchase Obligations - Governmental Funds
June 30, 2015

Maturity	Principal	Interest	Total
2016	\$ 12,289,270	\$ 3,243,564	\$ 15,532,834
2017	12,080,965	2,859,375	14,940,340
2018	12,020,121	2,543,967	14,564,088
2019	12,269,062	2,219,999	14,489,061
2020	11,869,296	1,891,649	13,760,945
2021-2025	39,862,443	5,350,992	45,213,435
2026-2030	<u>12,981,584</u>	<u>812,936</u>	<u>13,794,520</u>
Total	\$ 113,372,741	\$ 18,922,482	\$ 132,295,223

Installment Purchase Obligations - Component Units

Maturity	Principal	Interest	Total
2016	\$ 12,670,375	\$ 1,263,862	\$ 13,934,237
2017	12,102,542	1,039,070	13,141,612
2018	11,840,351	808,807	12,649,158
2019	9,471,176	565,622	10,036,798
2020	5,068,702	388,725	5,457,427
2021-2025	11,429,160	809,378	12,238,538
2026-2030	<u>1,229,662</u>	<u>64,215</u>	<u>1,293,877</u>
Total	\$ 63,811,968	\$ 4,939,679	\$ 68,751,647

The foundations (component units) had no installment purchase obligations as of June 30, 2015.

Lottery Prizes Payable

Lottery prizes are paid in 20, 25, 26, or 30 installments. The first installment is paid on the day the prize is claimed. The subsequent annual payments are funded with U.S. Treasury STRIPS purchased by the Virginia Lottery. For Life prizes payable represent estimated prizes payable monthly, quarterly or annually for the life of the winner based on life expectancy tables from the Virginia Bureau of Insurance, and funded with a pool of U.S. Treasury STRIPS.

Lottery prizes payable represent the future annual prize payments valued at cost plus accrued interest (present value of securities held to maturity) of the investment securities funding the payments.

Lottery prizes payable for the fiscal year ended June 30, 2015, are shown in the following table:

	Jackpot	Win For Life	Total
Due within one year	\$ 13,139,234	\$ 4,924,950	\$ 18,064,184
Due in subsequent years	<u>56,898,262</u>	<u>61,259,570</u>	<u>118,157,832</u>
Total (present value)	70,037,496	66,184,520	136,222,016
Add:			
Interest to Maturity	<u>26,462,504</u>	<u>35,377,480</u>	<u>61,839,984</u>
Lottery Prizes Payable at Maturity	<u>\$ 96,500,000</u>	<u>\$ 101,562,000</u>	<u>\$ 198,062,000</u>

Tuition Benefits Payable

The Virginia College Savings Plan administers the Virginia529 prePAID program. Virginia529 prePAID offers contracts at actuarially determined amounts that provide for future tuition and mandatory fee payments at state higher education institutions. The contract provisions also allow the benefits to be used for private or out-of-state institutions at differing amounts.

At June 30, 2015, tuition benefits payable of \$2.1 billion have been recorded for the Virginia529 prePAID program on the statement of net position for the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the Virginia529 prePAID program. In addition, a receivable in the amount of \$209.3 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.

27. OTHER REVENUE

The following table (dollars in thousands) summarizes Other Revenue for the fiscal year ended June 30, 2015.

	Assessments and Receipts for Support of Special Services	Fines, Forfeitures, Court Fees, Penalties, and Escheats	Receipts from Cities Counties, and Towns	Private Gifts, Grants, and Contracts	Sales of Property
Primary Government:					
General	\$ 1,614	\$ 217,674	\$ 16,534	\$ 775	\$ 28,956
Major Special Revenue Funds:					
Commonwealth Transportation	19,637	11,167	140,421	9,696	886
Federal Trust	-	5,984	-	-	74
Literary	-	64,239	-	-	-
Nonmajor Governmental Funds	115,731	52,997	67,945	7,507	8,075
Nonmajor Enterprise Funds	-	14,008	-	-	-
Private Purpose Trust Funds	-	-	-	-	-
Pension and Other Employee Benefit Trust Funds	-	-	-	-	-
Total Primary Government	<u>\$ 136,982</u>	<u>\$ 366,069</u>	<u>\$ 224,900</u>	<u>\$ 17,978</u>	<u>\$ 37,991</u>

	Tobacco Master Settlement	Taxes	E-Z Pass	Other (1)	Total Other Revenue
Primary Government:					
General	\$ 48,207	\$ -	\$ -	\$ 149,455	\$ 463,215
Major Special Revenue Funds:					
Commonwealth Transportation	-	-	17,131	7,430	206,368
Federal Trust	-	-	-	111,323	117,381
Literary	-	-	-	308,847	373,086
Nonmajor Governmental Funds	-	-	-	101,922	354,177
Nonmajor Enterprise Funds	-	4,281	-	995	19,284
Private Purpose Trust Funds	-	-	-	13	13
Pension and Other Employee Benefit Trust Funds	-	-	-	2,164	2,164
Total Primary Government	<u>\$ 48,207</u>	<u>\$ 4,281</u>	<u>\$ 17,131</u>	<u>\$ 682,149</u>	<u>\$ 1,535,688</u>

Note (1): \$103,008 (dollars in thousands) is related to prior year expenditures refunded in the current fiscal year for the General Fund. \$95,587 (dollars in thousands) is related to prior year expenditures refunded in the current fiscal year in the Federal Trust Fund. \$308,700 (dollars in thousands) of the total amount recorded for the Literary Fund is related to unclaimed property. \$31,079 (dollars in thousands) is related to indirect costs and court collection fees in the Other Special Revenue Fund, and the remaining \$70,843 (dollars in thousands) is related to other miscellaneous charges and fees in the nonmajor governmental funds.

28. PRIZES AND CLAIMS

The following table summarizes Prizes and Claims Expense for the fiscal year ended June 30, 2015.

(Dollars in Thousands)

	<u>Insurance Claims</u>	<u>Lottery Prize Expense</u>	<u>Total Prizes and Claims</u>
Proprietary Funds:			
Major Enterprise Funds:			
Virginia Lottery	\$ -	\$ 1,104,203	\$ 1,104,203
Unemployment Compensation	431,420	-	431,420
Nonmajor Enterprise Funds	336,049	-	336,049
Total Enterprise Funds	<u>\$ 767,469</u>	<u>\$ 1,104,203</u>	<u>\$ 1,871,672</u>
Internal Service Funds	<u>\$ 1,314,498</u>	<u>\$ -</u>	<u>\$ 1,314,498</u>

29. OTHER EXPENSES

The following table summarizes Other Expenses for the fiscal year ended June 30, 2015.

(Dollars in Thousands)

	<u>Grants and Distributions To Localities</u>	<u>Expendable Equipment/ Improvements</u>	<u>Other (1)</u>	<u>Total Other Expenses</u>
Proprietary Funds:				
Major Enterprise Funds:				
Virginia College Savings Plan	\$ -	\$ 351	\$ 933	\$ 1,284
Nonmajor Enterprise Funds	94	2,500	4,351	6,945
Total Enterprise Funds	<u>\$ 94</u>	<u>\$ 2,851</u>	<u>\$ 5,284</u>	<u>\$ 8,229</u>
Internal Service Funds	<u>\$ 1,673</u>	<u>\$ 1,531</u>	<u>\$ 16,898</u>	<u>\$ 20,102</u>
Pension and Other Employee Benefit Trust Funds (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,913</u>	<u>\$ 3,913</u>

Note (1): \$7,729 (dollars in thousands) can be attributed to expenses related to closing cases and cyber insurance in the Risk Management internal service fund. \$933 (dollars in thousands) can be attributed to the Virginia529 prePAID Program for the SOAR scholarship.

Note (2): Fiduciary expenses of \$3,913 (dollars in thousands) are not included in the Government-wide Statement of Activities.

30. OTHER NON-OPERATING REVENUE/EXPENSES

The following table summarizes Other Non-Operating Revenue/Expenses for the fiscal year ended June 30, 2015.

(Dollars in Thousands)

	Loss on Sale of Capital Assets	Expenses for Securities Lending Transactions	Interest Expense	Federal Unemployment Tax Act	Other (1)	Total Other Non- Operating Revenue/ (Expenses)
Proprietary Funds:						
Major Enterprise Funds:						
Virginia Lottery	\$ -	\$ (95)	\$ -	\$ -	\$ 416	\$ 321
Virginia College Savings Plan	-	-	(182)	-	-	(182)
Unemployment Compensation	-	-	-	(51)	-	(51)
Nonmajor Enterprise Funds	(184)	(9)	(12,081)	-	8,655	(3,619)
Total Enterprise Funds	<u>\$ (184)</u>	<u>\$ (104)</u>	<u>\$ (12,263)</u>	<u>\$ (51)</u>	<u>\$ 9,071</u>	<u>\$ (3,531)</u>
Internal Service Funds	<u>\$ 900</u>	<u>\$ (15)</u>	<u>\$ (2,837)</u>	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ (1,882)</u>

Note (1): Other Non-Operating Revenue/Expenses of the nonmajor enterprise funds are comprised of \$9,063 (dollars in thousands) reported by the Department of Alcoholic Beverage Control and \$11 (dollars in thousands) reported by the Department for the Blind and Vision Impaired and offset by \$419 (dollars in thousands) of expenses reported by the Route 460 Funding Corporation of Virginia.

31. SPECIAL ITEM

Governmental Activities

The Route 460 and Route 29 roadway projects became permanently impaired during fiscal year 2015 due to work stoppage (see Note 12). The two projects were disposed during fiscal year 2015, resulting in an impairment loss of \$134.6 million.

Business-type Activities

The Virginia Department of Transportation (VDOT) (part of primary government) terminated the Comprehensive Agreement between the Route 460 Funding Corporation of Virginia (Corporation) (nonmajor enterprise) and the Route 460 Mobility Partners, LLC, in June 2015 for VDOT's convenience. Accordingly, the Corporation's continuing operations will cease during fiscal year 2016. As a result of the termination of the Comprehensive Agreement, the U.S. Route 460 Corridor Improvements Project became permanently impaired during fiscal year 2015. The project was disposed during fiscal year 2015, resulting in an impairment loss of \$131.4 million (see Note 12). The impairment loss is partially offset by the recovery of funds in the amount of \$45.7 million. Additionally, VDOT is responsible for a convenience termination payment to the Corporation in the amount of \$120.1 million. As discussed in Note 41, the outstanding bonds were redeemed in September 2015.

32. TRANSFERS

The following table summarizes Transfers In and Transfers Out for the fiscal year ended June 30, 2015 (dollars in thousands).

Transfers In (Reported In):					
Transfers Out (Reported In):	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds
Primary Government					
General	\$ -	\$ 59,348	\$ 15	\$ -	\$ 405,388
Major Special Revenue Funds:					
Commonwealth Transportation	56,758	-	46	-	324,010
Federal Trust	2	17,154	-	-	8,380
Nonmajor Governmental Funds	82,267	-	231	-	12,907
Major Enterprise Funds:					
Virginia Lottery	533,760	-	-	12,421	-
Virginia College Savings Plan	337	-	-	-	-
Unemployment Compensation	-	-	2,042	-	-
Nonmajor Enterprise Funds	164,334	-	-	24	15,510
Internal Service Funds	6,933	-	-	-	4,257
Total Primary Government	\$ 844,391	\$ 76,502	\$ 2,334	\$ 12,445	\$ 770,452

Transfers are used to (1) move revenues from the fund that the *Code of Virginia* or budget requires to collect them to the fund that the *Code of Virginia* or budget requires to expend them; (2) move receipts restricted for debt service from the funds holding the resources to the debt service fund as principal and interest payments become due; and (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the fiscal year, the following significant transfers were made that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer.

Various nongeneral funds transferred approximately \$69.8 million to the General Fund as required by Chapter 665, 2015 Virginia Acts of Assembly.

Nonmajor Enterprise Funds	Internal Service Funds	Total Primary Government
\$ -	\$ 2,014	\$ 466,765
-	388	381,202
57	-	25,593
-	2,891	98,296
-	-	546,181
-	-	337
-	-	2,042
-	-	179,868
-	-	11,190
<u>\$ 57</u>	<u>\$ 5,293</u>	<u>\$ 1,711,474</u>

33. ON-BEHALF PAYMENTS

Higher education institutions (nonmajor component units) received various on-behalf payments from foundations primarily for salary supplements and stipends during fiscal year 2015. Since the foundations are included as part of the higher education entity, most on-behalf payments were considered intrafund and were eliminated from the financial statements. On-behalf payments not eliminated for fiscal year 2015 totaled \$91,027 and were recorded as program revenue – charges for services with corresponding expenses.

34. ENDOWMENTS

Donor restricted endowments reside primarily within the higher education institutions. The net appreciation available for expenditure is \$1.4 billion as of June 30, 2015. Of this amount, \$1.3 million is reported as unrestricted net position and the remainder is reported as restricted net position. The *Code of Virginia* authorizes acceptance of donations. The governing boards of these entities and the donor agreements determine whether net appreciation can be spent and the accepted spending rate. These policies are entity specific and vary with each institution.

35. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (dollars in thousands) summarizes specific cash flows for the fiscal year ended June 30, 2015.

	<u>Virginia Lottery</u>	<u>Virginia College Savings Plan</u>	<u>Unemployment Compensation</u>
Cash Flows Resulting from:			
Payments for Prizes, Claims, and Loss Control:			
Lottery Prizes	\$ (1,137,625)	\$ -	\$ -
Claims and Loss Control	-	-	(447,855)
Total	<u>\$ (1,137,625)</u>	<u>\$ -</u>	<u>\$ (447,855)</u>
Other Operating Revenue:			
Receipts from Interest, Dividends, and Rents	\$ -	\$ (593)	\$ -
Other Operating Revenue	-	-	45
Total	<u>\$ -</u>	<u>\$ (593)</u>	<u>\$ 45</u>
Other Operating Expense:			
Other Operating Expenses (1)	\$ -	\$ (134)	\$ -
Total	<u>\$ -</u>	<u>\$ (134)</u>	<u>\$ -</u>
Other Noncapital Financing Receipt Activities:			
Advances/Contributions from the Commonwealth	\$ -	\$ -	\$ -
Receipts from Taxes	-	-	-
Other Noncapital Financing Receipt Activities	499	-	25
Total	<u>\$ 499</u>	<u>\$ -</u>	<u>\$ 25</u>
Other Noncapital Financing Disbursement Activities:			
Repayments of Advances/Contributions from the Commonwealth	\$ -	\$ -	\$ -
Other Noncapital Financing Disbursement Activities	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Capital and Related Financing Disbursement Activities:			
Other Capital and Related Financing Disbursement Activities	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note (1): \$134,320 can be attributed to disbursements related to the Virginia529 prePAID Program for the SOAR scholarship. Also, \$7,729 (dollars in thousands) can be attributed to disbursements related to closing cases and cyber insurance in the Risk Management internal service fund.

36. TOBACCO SETTLEMENT AND SECURITIZATION

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ -	\$ (1,137,625)	\$ -
(339,087)	(786,942)	(1,294,554)
<u>\$ (339,087)</u>	<u>\$ (1,924,567)</u>	<u>\$ (1,294,554)</u>
\$ -	\$ (593)	\$ -
6,056	6,101	-
<u>\$ 6,056</u>	<u>\$ 5,508</u>	<u>\$ -</u>
\$ (5,421)	\$ (5,555)	\$ (21,137)
<u>\$ (5,421)</u>	<u>\$ (5,555)</u>	<u>\$ (21,137)</u>
\$ 37,065	\$ 37,065	\$ -
214,281	214,281	-
210	734	153
<u>\$ 251,556</u>	<u>\$ 252,080</u>	<u>\$ 153</u>
\$ (26,563)	\$ (26,563)	\$ (1,900)
(130)	(130)	-
<u>\$ (26,693)</u>	<u>\$ (26,693)</u>	<u>\$ (1,900)</u>
\$ -	\$ -	\$ (632)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (632)</u>

On November 23, 1998, 46 states' Attorneys General and the major tobacco companies signed a proposed settlement that reimburses states for smoking-related medical expenses paid through Medicaid and other health care programs. At the time of the settlement, it was estimated that the Commonwealth could receive approximately \$4.1 billion over the duration of the settlement. The settlement was approved in a Consent Decree in December 1998. On March 29, 1999, the General Assembly enacted a law approving the establishment of the Virginia Tobacco Indemnification and Community Revitalization Commission (Commission) (nonmajor component unit), in compliance with the Consent Decree, to help communities in Virginia hurt by the decline of tobacco.

The Commission was established for the purposes of determining the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund. The monies are to be used to provide payments to tobacco farmers as compensation for the tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota. The monies are also to be used to revitalize tobacco dependent communities.

The General Assembly also created the Virginia Foundation for Healthy Youth (Foundation) (nonmajor component unit). The purpose of the Foundation is to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund. The Foundation will also be responsible for distributing monies for the purposes provided in the legislation. Disbursements can be made to assist in financing efforts to restrict the use of tobacco products by minors, through educational and awareness programs describing the health effects of tobacco use on minors, and laws restricting the distribution of tobacco products to minors.

Additionally, the General Assembly created two special non-reverting funds. The Tobacco Settlement monies were accounted for in these funds and in the General Fund. Of the Settlement monies, 50.0 percent was deposited into the Tobacco Indemnification and Community Revitalization Fund at the Commission and 10.0 percent continues to be deposited into the Virginia Tobacco Settlement Fund at the Foundation. The remaining 40.0 percent continues to be reported in the General Fund.

Pursuant to Purchase and Sale Agreements executed in 2005 and 2007, the Commonwealth, acting as an agent on behalf of the Commission, sold the Commission's future right, title and interest in the Tobacco Settlement Revenues (TSRs) to the Tobacco Settlement Financing Corporation (Corporation) (related organization).

Consideration paid by the Corporation to the Commission for TSRs consisted of a cash amount deposited into an endowment to fund the long-term spending plan approved by the Commission. Bonds issued by the Corporation to finance the purchase price are asset-backed instruments secured solely by the Corporation's right to receive TSRs. At the time of issuance these revenues were expected to produce sufficient funds to repay the bond obligations issued by the Corporation.

The Commission is a nonmajor component unit of the Commonwealth, and the Corporation is disclosed as a related organization.

During the 99-year agreement term, VDOT will have fee title or good and valid interest in the asset. VDOT retains the right of inspection of the asset and has outlined maximum toll charges and increases in the terms of the agreement. Capital assets of \$337.2 million and deferred inflow balances of \$518.0 million are included in the government-wide financial statements. No contractual liabilities exist for this arrangement as of June 30.

During fiscal year 2014, the Transurban Board approved the transfer of Pocahontas 895 to the lenders of the asset due to lower revenues than anticipated. On May 15, 2014, DBi Services assumed control of Pocahontas 895.

37. SERVICE CONCESSION ARRANGEMENTS

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, describes the criteria for when an arrangement is classified as a Service Concession Arrangement (SCA). The basic criteria are: the operator of the capital asset owned by the transferor has the right to provide services in exchange for significant consideration; the operator's revenue must come from a third party; the transferor must retain some level of control over the asset; and the transferor must receive significant residual interest at the conclusion of the arrangement.

Primary Government

The Commonwealth of Virginia has four SCAs as of June 30, 2015: Pocahontas 895, the 495 Express Lanes, Elizabeth River – Midtown Tunnel, and the 95 Express Lanes. They are all related to highway construction and operation and were established per the Public-Private Transportation Act of 1995, as amended (PPTA). PPTA project goals are to provide highway projects to the public in a timely and cost effective manner with private funding and support.

Pocahontas 895

On June 21, 2006, the Pocahontas Parkway Association (Association – previously reported as a blended component unit of the Virginia Department of Transportation (VDOT), part of primary government) signed an agreement with Transurban (895) LLC (Transurban). Under the terms of the agreement, all assets and rights of the Association under the Comprehensive Agreement with VDOT were transferred to Transurban. In exchange for the existing toll road and other assets, Transurban transferred sufficient funds and securities to pay or defease all outstanding bonds of the Association and pay all other outstanding obligations owed to VDOT. Additionally, Transurban agreed to construct an enhancement to the original toll road, and this enhancement was completed and placed in service in 2011.

495 Express Lanes

On December 19, 2007, VDOT signed an 80-year public-private partnership agreement with Capital Beltway Express, LLC. The purpose of this agreement is to build new express lanes to provide users with a faster and more reliable travel option. The construction of the express lanes was completed in November 2012.

During the 80-year agreement, VDOT maintains regulatory control and jurisdiction of the express lanes. VDOT will have fee title or good and valid interest in the express lanes. The lanes will remain open for the public as long as the applicable tolls are paid. Capital assets of \$959.5 million and deferred inflows of \$1.0 billion are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

Elizabeth River – Midtown Tunnel

On December 5, 2011, VDOT signed a 58-year public private partnership agreement with Elizabeth River Crossings OPCO, LLC. The purposes of this agreement are to build and operate a new tunnel that will be adjacent to the existing Midtown Tunnel for crossing the Elizabeth River, provide improvements to the existing Midtown Tunnel and the Downtown Tunnel, and to provide various extensions and improvements of the MLK Freeway and I-264.

During the agreement, Elizabeth River Crossings OPCO, LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections, excluding the MLK Freeway, which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 58-year term, control of and the rights to operate the facilities will revert back to VDOT. Since assets related to this project will not be operational until fiscal year 2017, no capital assets, liabilities, or deferred inflows of resources have been included in the financial statements.

95 Express Lanes

On July 31, 2012, VDOT signed a 73-year public private partnership agreement with 95 Express Lanes, LLC. This project will create approximately 29 miles of Express Lanes on I-95 in Northern Virginia. The project will also add capacity to the existing HOV Lanes. The construction of the express lanes was completed in December 2014.

During the agreement, 95 Express Lanes LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 73-year term, control of and the rights to operate the facilities will revert back to VDOT. The lanes will remain open for the public as long as the applicable tolls are paid. Capital assets of \$612.2 million and deferred inflows of \$628.5 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

Component Units

Aramark – Dining Services

During the year ended June 30, 2015, the University of Virginia (nonmajor) entered into an agreement with Aramark Educational Services, LLC (Aramark) for Aramark to provide dining services to the University. In return for use of University facilities, Aramark is required to make certain payments to the University and the University is required to provide certain repair and maintenance services related to the facilities during the term of the agreement. As of June 30, 2015, the University has accrued a \$19.9 million receivable, a \$13.5 million liability and a \$73.0 million deferred inflow of resources related to the service concession arrangement.

38. INFORMATION TECHNOLOGY INFRASTRUCTURE PARTNERSHIP – NORTHROP GRUMMAN

The Comprehensive Infrastructure Agreement (CIA) is a contract, executed on November 13, 2005, between the Commonwealth of Virginia (Commonwealth) acting through the Virginia Information Technologies Agency (VITA) and Northrop Grumman Systems Corporation (NG). The Commonwealth's primary goal is to significantly improve the Commonwealth's IT infrastructure and the manner in which such infrastructure is operated, supported, and maintained for the following service towers: Cross-Functional Services, Desktop Computing Services, Data Network Services, Voice and Video Telecom Services, Mainframe and Server Services, Help Desk Services, Messaging Services, Security Services, Internal Application Services, and Data Center facilities.

On March 31, 2010, contract revisions to the CIA were completed between the Commonwealth and Northrop Grumman. As a result of the contract changes, the Commonwealth renewed the contract for an additional three years, the parties established the products and services covered in the contractual cap including the baseline quantities to be billed and the prices at which those quantities will be billed, a shortened formula for contract year ten cost of living adjustment, and increased resolution and disentanglement fees. These contract changes are intended to provide improved performance to the VITA customer agencies, provide greater accountability and operational efficiencies for the services provided, and resolve outstanding financial issues. Additional contract revisions to the CIA have been completed between the Commonwealth and Northrop Grumman in the years since 2010. The contract term expires June 30, 2019.

Expenses associated with the CIA in fiscal year 2015 are \$292.9 million, including payments to Northrop Grumman of \$245.6 million. The Commonwealth expects to spend an additional \$1.1 billion over the next four fiscal years.

The Commonwealth may terminate the CIA due to a variety of reasons including the Commonwealth's convenience; a significant change of control in the equity interests in NG; NG's failure to implement satisfactory improvements; or, NG's failure to prevent service interruption of 15 days or more. In these instances, the Commonwealth will be required to pay exit and resolution fees as outlined in the CIA. Additional causes for termination that do not require the payment of exit or resolution fees are NG's default on the CIA terms, the Commonwealth's lack of funds, or NG's incurrence of liabilities equal to or more than 75.0 percent of the direct damages cap. NG may terminate the CIA only if the Commonwealth owes an aggregate amount in excess of \$100.0 million that is more than 30 days past due and not being disputed in good faith. The Commonwealth may be required to pay exit and resolution fees, as outlined in the CIA, if NG terminates the CIA. Fees resulting from the termination of the agreement are expected to be significant to the Commonwealth. However, exit fees are subject to the appropriation, allocation and availability of Commonwealth funds. Further, if the Commonwealth and NG terminate the business relationship at the conclusion of the CIA term, the Commonwealth could incur significant costs to obtain and transition the IT infrastructure necessary to continue the Commonwealth's operations.

39. CONTINGENCIES

A. Grants and Contracts

The Commonwealth has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commonwealth.

Institutions of higher education (component units) and other state agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Failure to comply with certain requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

The U.S. Department of Health and Human Services (DHHS) Office of the Inspector General conducted a review and indicated that the Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed over-recoveries and transfers in the internal service funds. The U.S. DHHS has received the 2016 cost allocation plan which is based on fiscal year 2014 data. The Commonwealth has computed a liability of \$3.1 million pertaining to internal service fund transfers and over-recoveries as of June 30, 2015. The Commonwealth has computed an additional \$18.4 million representing the federal share of various rebates received. Both amounts have been reflected in the accompanying financial statements. The Commonwealth is currently appealing a DHHS determination letter indicating that an additional amount may be owed.

Virginia's combined overpayment and underpayment SNAP error rate for fiscal year 2014 was 4.7 percent. The national performance measure (national average payment error rate) for fiscal year 2014 was 3.7 percent. The SNAP error rate may have been inconsistently reported and there is a reasonable possibility that the Commonwealth may owe an additional amount not expected to exceed \$2.2 million.

Under the Food and Nutrition Act of 2008 (the Act), a 2-year liability system for excessive payment error rates is in place. Under this system, a liability amount shall be established when, for the second or subsequent consecutive fiscal year, FNCS (Food, Nutrition, and Consumer Services) determines that there is a 95.0 percent statistical probability that a State's payment error rate exceeds 105.0 percent of the national performance measure for payment error rates. Virginia was notified that FY 2014 fell within the tolerance level

and will not count as a first year for the Virginia Department of Social Services.

The Virginia Tourism Authority (nonmajor component unit) had unclaimed awards totaling \$1.9 million payable to awardees upon submission of proper claims for reimbursement for the Marketing Leverage Program. Additionally, the Authority had unclaimed awards totaling \$115,104 payable to awardees upon submission of proper claims for reimbursement for the Sesquicentennial Marketing Program. In addition, the program has \$46,358 in funding that had not been awarded to specific grantees.

B. Litigation

The Commonwealth is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have a material, adverse effect on the financial condition of the Commonwealth.

C. Subject to Appropriation

Both the primary government and the discretely presented component units enter into agreements and issue debt secured solely by future appropriations from the General Fund of the Commonwealth. The primary government has leases and other agreements of such debt of \$2.7 billion. The discretely presented component units have such debt of \$3.6 billion.

D. Bailment Inventory

The Department of Alcoholic Beverage Control (ABC) houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by ABC or returned to the supplier. ABC uses the bailment system for payment of merchandise for resale. ABC initiates payments to the vendors based on shipments from the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. At June 30, 2015, the bailment inventory was valued at \$43.0 million.

E. Loan Guarantees

The Assistive Technology Loan Fund Authority (nonmajor component unit) has an alternative financing program which provides guarantees of loans made and serviced by its banking partner. As of June 30, 2015, there was approximately \$89,492 of guaranteed loans held by the Authority's banking partner.

The Virginia Small Business Financing Authority (VSBFA) (nonmajor component unit) has a loan guaranty program which provides guarantees up to

the lesser of \$500,000, or 75.0 percent, of a bank loan for lines of credit and short-term working capital loans for small businesses authorized by Section 2.2-2285 of the *Code of Virginia*. The relationship of the Commonwealth to the issuer or issuers of the obligations are private banks that contact VSBFA to obtain guarantees if they deem it necessary to approve the loan. The VSBFA staff underwrites the request for guarantees, and the Board of Directors makes the credit decision to approve or decline the loan. The Board has given VSBFA staff delegated authority to approve requests up to, and including, \$500,000. The Board reviews all loan packages and ratifies all decisions. The length of time for the guarantees is up to five years for lines of credit and seven years for term loans. Upon a default or event of default under the loan documents and payment by VSBFA under the Guaranty Agreement, the borrower and the guarantor(s), jointly and severally, acknowledge and agree that VSBFA may set off, collect and retain any payments or monies due or owing the borrower or any guarantor from the Commonwealth of Virginia, and/or any governmental authority or agency of the Commonwealth. VSBFA submits collections to the Office of the Attorney General, Division of Debt Collection for legal action and collection of debt. As of June 30, 2015, the loan guaranty program has guarantees outstanding of \$7.4 million and cash pledged as collateral of \$10.7 million.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires that certain information be disclosed regarding selected nonexchange financial guarantees. As of June 30, 2015, the VSBFA recognized a nonexchange financial guarantee liability of \$147,892. This is a reduction of \$1,986 from the beginning balance of \$149,878. There were no required payments made during fiscal year 2015. Additionally, there have been no cumulative amounts paid on these outstanding loan guarantees nor are there any expected recoveries.

F. Regional Wet Weather Management Plan

Hampton Roads Sanitation District (HRSD) (nonmajor component unit) is party to a federal consent decree with the federal and state governments (the Consent Decree), which requires the HRSD to evaluate the wet weather capacity of the regional sewer system, including collection systems owned by 13 of the localities which the HRSD serves in the Hampton Roads area. Based upon that evaluation, the HRSD, in consultation with the localities, is required to develop a regional wet weather management plan (RWWMP) for submittal to the federal and state environmental agencies for their approval.

The HRSD and the localities believe that addressing wet weather capacity issues from a regional perspective will result in the most affordable and cost-effective approach for rate payers throughout the region. Toward that end, the HRSD and the localities entered into a legally binding Memorandum of Agreement in March of

2014 (the MOA). The MOA commits HRSD to (1) develop the RWWMP in consultation with the localities, (2) fund the approved plan through a regional rate imposed on all regional ratepayers, (3) design and construct the necessary improvements, and (4) assume responsibility for wet weather capacity throughout the region in each area once the RWWMP is implemented. In exchange, the localities have agreed to (1) cooperate with the HRSD, (2) facilitate the construction of and accept ownership of any improvements which the HRSD may need to construct in the localities' systems, and (3) maintain the integrity of their systems to industry standards. The Consent Decree and MOA also contemplate that the localities' obligation to maintain the integrity of their sewer systems to industry standards will be embodied in a State administrative order by the end of 2014. While the HRSD is preparing the RWWMP, the Consent Decree also requires the HRSD to implement approximately \$200.0 million in priority capital system upgrade projects over a 9-year period, which are included in the capital improvement and expansion program. The HRSD is on schedule to complete these projects. The HRSD has a major capital improvement and expansion program funded through the issuance of debt and its own resources. As of June 30, 2015, the HRSD has outstanding commitments for contracts in progress of approximately \$166.6 million.

40. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT

The GASB has issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Both statements will significantly impact the Commonwealth's reporting disclosures and accrued other postemployment benefit liability amounts. The Virginia Retirement System and the Department of Human Resource Management will implement GASB Statement No. 74 in fiscal year 2017. The Commonwealth will implement GASB Statement No. 75 in fiscal year 2018.

41. SUBSEQUENT EVENTS

Primary Government

Debt

On September 17, 2015, the Route 460 Funding Corporation of Virginia (Corporation) (nonmajor enterprise) closed on the Extraordinary Mandatory Redemption of its Series 2012 Toll Road Senior Lien Revenue Bonds. Funds from the Corporation, together with certain amounts contributed from other entities, were used to provide the cash that was deposited in an irrevocable redemption account to redeem the Series 2012A and B Bonds. U.S. Bank National Association, the Trustee, paid the redemption cost of the Series 2012A Bonds and redeemed the Series 2012A bonds, at the Amortized Redemption Price on September 17, 2015. The Trustee paid the redemption cost of the

Series 2012B Bonds and redeemed the Series 2012B Bonds, at the Accreted Value on September 17, 2015. As part of that transaction, the Corporation transferred from its operating account \$164.8 million to the Trustee. Those funds in conjunction with the September 17, 2015, balance of the Corporation's restricted cash, cash equivalents, and investments already held with the Trustee totaling \$155.5 million, were placed into an irrevocable redemption account held with the Trustee to provide for all future debt service payments on the bonds.

Other

Subsequent to June 30, 2015, Property Management (internal service fund) signed a new operating lease beginning July 1, 2015 with future payments of \$23.1 million.

On September 16, 2015, the Virginia Department of Transportation (VDOT) terminated for default a May 2013 contract entered into with Serco Inc., for \$382.7 million over six years. This contract was for the operation of five transportation operations centers in addition to managing the Highway Safety Service Patrol. VDOT is currently evaluating its rights and remedies as a result of the contract default. The exit period for this contract will be by May 1, 2016. The value of this contract at June 30, 2015, was \$308.4 million.

Component Units

Debt

Subsequent to June 30, 2015, the Virginia Resources Authority (VRA) (major) issued bonds in the amount of \$70.1 million, dated July 29, 2015. The interest rates range from 0.2 percent to 5.0 percent with a final due date of November 1, 2035.

On July 30, 2015, the Virginia Public School Authority (VPSA) (major) issued \$98.5 million of Special Obligation School Financing Bonds, Prince William County Series 2015. The Bonds will be used by the County to finance a portion of the costs of certain capital improvements to the County school system.

On July 16, 2015, George Mason University (nonmajor) signed a \$54.8 million construction phase services contract with the Whiting-Turner Contracting Company for the construction of the Academic VII/Research III building (the Health and Human Services Building) on the Fairfax Campus.

On August 5, 2015, the Virginia Housing Development Authority (major) issued \$22.6 million of Rental Housing Bonds. The interest rates range from 0.7 percent to 4.0 percent with a final due date of August 1, 2045.

On August 13, 2015, the Virginia College Building Authority (VCBA) (major) issued its \$290.1 million Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2015D. The Bonds will provide funding for authorized VCBA capital and equipment projects at public institutions of higher education around the Commonwealth.

On October 20, 2015, the Virginia Polytechnic Institute and State University (VPI&SU) (nonmajor) issued Series 2015 Revenue Bonds totaling \$62.2 million. The bonds consisted of the following: \$51.4 million Series 2015A Dormitory and Dining Hall Systems and General Revenue Pledge Bonds, \$510,000 Series 2015B Athletic Facilities System and General Revenue Pledge Bonds, \$3.3 million Series 2015C University Services System and General Revenue Pledge Bonds, \$4.4 million Series 2015D Utility Systems and General Revenue Pledge Bonds, \$2.6 million Series 2015E General Revenue Pledge Refunding Bonds. The bond proceeds will be used for the following: finance certain capital projects; repay temporary financing provided through the Commercial Paper Program; and the outstanding principal amount of the University's General Revenue Pledge Refunding Bonds, Series 2004A maturing, or subject to mandatory sinking fund redemption, in the years 2017 to 2020; and finance costs associated with the issuance of the Bonds.

On October 30, 2015, the Rector and Visitors of the University of Virginia (nonmajor) on behalf of the Medical Center and Novant Health, Inc. (Novant) entered into an agreement to form a joint operating company effective January, 2016 to operate Culpeper Regional Hospital, Novant Health Haymarket Medical Center, Novant Health Prince William Medical Center, Novant Health Cancer Center at Lake Manassas and other Novant assets as one entity. The joint operating company has two members, the Medical Center and Novant. The equity in the joint operating company will be owned 60.0 percent and 40.0 percent by Novant and the Medical Center, respectively.

On November 19, 2015, VPSA issued \$49.4 million of School Financing Bonds (1997 Resolution) Series 2015C to purchase certain general obligation local school bonds to finance capital projects for public schools.

On December 3, 2015, VCBA (nonmajor) issued \$53.6 million in Educational Facilities Revenue Bonds, Series 2015A and \$153.9 million in Education Facilities Revenue Refunding Bonds, Series 2015B under the Public Higher Education Financing Program (the "Pool Program"). The VCBA used the proceeds of the Series 2015A Bonds to acquire Institutional Notes from participating public institutions of higher education. Each participating Institution will use the proceeds of its Institutional Note to finance capital projects approved by the General Assembly. The VCBA will use the proceeds of the Series 2015B Bonds to refund certain prior Authority Bonds issued under the Pool Program.

Other

Subsequent to June 30, 2015, the Virginia Commonwealth University announced the formation of the VCU Investment Management Company (VCIMCO), an independent 501(c)(3) foundation to advise the University and its affiliated foundations on the management of its assets. Investing activities by VCIMCO are to begin early 2016. Its primary objective in managing the assets is to maximize long-term real return commensurate with the risk tolerance of the VCU entities.

Subsequent to June 30, 2015, the City Council of Richmond, Virginia (the City) approved a proposal that will allow the Virginia Port Authority (VPA) (nonmajor) to extend its lease of the Port of Richmond for 40 additional years. The existing lease was scheduled to expire in October 2016. The lease, when consummated, will provide the VPA with, among other things, the ability to appoint a terminal operator, and have right of first refusal with respect to any sale or transfer by the City of all or any portion of the leased premises. The ultimate lease payments are expected to be on an annual basis, with the ultimate amount contingent upon certain economic development results to be determined between the VPA and the City.

On July 1, 2015, an Agreement for Shared Services entered between the VPA, the Virginia International Terminals, LLC (VIT) (a blended component unit of the Virginia Port Authority (VPA) – nonmajor) and Hampton Roads Chassis Pool II (HRCP II) in August 2014

included Information Technology support. Costs are billed to each entity based on a budgeted allocation with a true-up to actual cost on a quarterly but no less than annual frequency. On July 1, 2015, all Information Technology personnel were transferred from the VIT to the Authority, consistent with the goal of streamlining the administration of The Port of Virginia and reducing costs.

On October 30, 2015, the Hampton Roads Sanitation District Commission (nonmajor) closed on a \$90.0 million credit agreement (the Agreement) that provides funding for the capital improvement program. The Agreement will be available through June 30, 2016, with the option for an extension upon mutual agreement. Interest is based on 70.0 percent of the 1-month London Interbank Offered Rate (LIBOR) rate plus 0.4 percent per annum.



Required Supplementary Information

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds**

Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	General Fund			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ 12,349,900	\$ 11,816,300	\$ 12,328,675	\$ 512,375
Sales and Use	3,561,970	3,568,100	3,587,849	19,749
Corporation Income	816,600	840,900	831,907	(8,993)
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	440,000	425,000	417,209	(7,791)
Deeds, Contracts, Wills, and Suits	381,056	328,300	354,461	26,161
Premiums of Insurance Companies	290,900	320,500	300,641	(19,859)
Alcoholic Beverage Sales	198,800	204,400	207,802	3,402
Tobacco Products	179,100	178,820	178,996	176
Estate	-	-	98	98
Public Service Corporations	97,700	96,800	98,537	1,737
Other Taxes	20,205	21,847	30,251	8,404
Rights and Privileges	89,626	87,192	78,654	(8,538)
Sales of Property and Commodities	1,337	3,445	28,930	25,485
Assessments and Receipts for Support of Special Services	850	900	1,582	682
Institutional Revenue	42,711	41,796	38,240	(3,556)
Interest, Dividends, and Rents	60,677	62,629	54,626	(8,003)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	213,345	205,323	216,698	11,375
Federal Grants and Contracts	6,418	6,414	6,416	2
Receipts from Cities, Counties, and Towns	9,333	10,033	16,533	6,500
Private Donations, Gifts and Contracts	486	475	775	300
Tobacco Master Settlement	53,209	51,086	48,207	(2,879)
Other	264,956	184,546	158,807	(25,739)
Total Revenues	19,079,179	18,454,806	18,985,894	531,088
Expenditures:				
Current:				
General Government	2,895,523	2,334,088	2,273,965	60,123
Education	8,000,322	7,977,968	7,928,734	49,234
Transportation	204	2,367	836	1,531
Resources and Economic Development	408,423	465,224	413,053	52,171
Individual and Family Services	5,923,217	5,827,264	5,765,208	62,056
Administration of Justice	2,556,220	2,608,951	2,586,618	22,333
Capital Outlay	24,130	31,380	6,510	24,870
Total Expenditures	19,808,039	19,247,242	18,974,924	272,318
Revenues Over (Under) Expenditures	(728,860)	(792,436)	10,970	803,406
Other Financing Sources (Uses):				
Transfers:				
Transfers In	807,406	864,788	866,913	2,125
Transfers Out	(440,696)	(431,678)	(468,029)	(36,351)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	366,710	433,110	398,884	(34,226)
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(362,150)	(359,326)	409,854	769,180
Fund Balance, July 1	1,349,301	1,349,301	1,349,301	-
Fund Balance, June 30	\$ 987,151	\$ 989,975	\$ 1,759,155	\$ 769,180

See notes on page 181 in this section.

Special Revenue Funds

Commonwealth Transportation Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final/Actual Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
1,374,262	1,236,725	1,347,089	110,364
-	-	-	-
810,844	907,243	829,956	(77,287)
875,212	814,200	846,193	31,993
-	-	-	-
83,200	77,100	85,945	8,845
150,400	150,397	150,397	-
-	-	-	-
-	-	-	-
-	-	-	-
67,390	64,630	67,433	2,803
633,863	539,050	556,740	17,690
-	556	20,324	19,768
16,825	19,866	19,644	(222)
-	-	-	-
12,566	12,355	22,041	9,686
10,969	9,962	11,891	1,929
913,305	1,059,345	1,330,384	271,039
179,210	205,804	138,919	(66,885)
25	25	9,373	9,348
-	-	-	-
26,361	22,411	26,038	3,627
5,154,432	5,119,669	5,462,367	342,698
104,713	84,598	74,056	10,542
2,417	1,099	1,090	9
5,120,816	5,986,034	5,289,482	696,552
15,944	14,617	12,355	2,262
-	-	-	-
9,767	9,767	9,766	1
37,023	75,487	14,300	61,187
5,290,680	6,171,602	5,401,049	770,553
(136,248)	(1,051,933)	61,318	1,113,251
33,096	33,096	77,765	44,669
(420,836)	(395,874)	(381,202)	14,672
274,980	274,980	274,980	-
26,013	26,013	26,013	-
(86,747)	(61,785)	(2,444)	59,341
(222,995)	(1,113,718)	58,874	1,172,592
2,234,932	2,234,932	2,234,932	-
\$ 2,011,937	\$ 1,121,214	\$ 2,293,806	\$ 1,172,592

Continued on next page

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds** (Continued from previous page)

Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Special Revenue Funds			
	Federal Trust			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ -	\$ -	\$ -	\$ -
Sales and Use	-	-	-	-
Corporation Income	-	-	-	-
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	-	-	-	-
Deeds, Contracts, Wills, and Suits	-	-	-	-
Premiums of Insurance Companies	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Estate	-	-	-	-
Public Service Corporations	-	-	-	-
Other Taxes	-	-	-	-
Rights and Privileges	-	-	-	-
Sales of Property and Commodities	14	501	-	(501)
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	-	-	-	-
Interest, Dividends, and Rents	376	527	716	189
Fines, Forfeitures, Court Fees, Penalties, and Escheats	3,663	3,397	7,273	3,876
Federal Grants and Contracts	7,510,001	7,436,222	8,374,296	938,074
Receipts from Cities, Counties, and Towns	-	-	-	-
Private Donations, Gifts and Contracts	-	-	-	-
Tobacco Master Settlement	-	-	-	-
Other	132,448	167,888	143,031	(24,857)
Total Revenues	7,646,502	7,608,535	8,525,316	916,781
Expenditures:				
Current:				
General Government	150,730	165,900	149,349	16,551
Education	932,434	935,253	943,378	(8,125)
Transportation	35,091	31,240	14,011	17,229
Resources and Economic Development	168,052	188,750	162,459	26,291
Individual and Family Services	6,277,050	6,183,330	7,177,937	(994,607)
Administration of Justice	55,453	73,701	42,301	31,400
Capital Outlay	18,498	21,843	12,318	9,525
Total Expenditures	7,637,308	7,600,017	8,501,753	(901,736)
Revenues Over (Under) Expenditures	9,194	8,518	23,563	15,045
Other Financing Sources (Uses):				
Transfers:				
Transfers In	-	-	2,030	2,030
Transfers Out	(9,194)	(8,518)	(25,593)	(17,075)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	(9,194)	(8,518)	(23,563)	(15,045)
Revenues and Other Sources Over (Under)	-	-	-	-
Expenditures and Other Uses	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

See notes on page 181 in this section.

Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2015, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison Budgetary Basis to GAAP Basis			
<i>(Dollars in Thousands)</i>			
	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	\$ 1,759,155	\$ 2,293,806	\$ -
Adjustments from Budget to Modified Accrual:			
Accrued Revenues:			
Taxes	618,727	142,083	-
Tax Refunds	(452,947)	-	-
Other Revenue/Other Sources	56,850	68,110	572,688
Unearned Taxes (2)	(64,497)	-	-
Medicaid Payable	(327,236)	-	(336,886)
Accrued Expenditures/Other Uses	(741,696)	(232,892)	(120,366)
Fund Balance, Modified Accrual Basis	<u>\$ 848,356</u>	<u>\$ 2,271,107</u>	<u>\$ 115,436</u>

1. As discussed in Note 1.E., the Literary Fund has no approved budget.
2. See also Note 1.R.

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the General Fund and Major Special Revenue Funds, at June 30, 2015, except the Literary Fund which has no approved budget.

<i>(Dollars in Thousands)</i>			
	General Fund (10)	Commonwealth Transportation Fund	Federal Trust Fund (11)
Appropriations (1)	\$ 19,808,039	\$ 5,290,680	\$ 7,637,308
Supplemental Appropriations:			
Reappropriations (2)	234,266	46,310	20,640
Subsequent Executive (3)	124,396	846,680	295,133
Subsequent Legislative (4)	(617,008)	(413)	(324,950)
Capital Outlay and Operating Reversions (5)	(5,480)	-	(1,551)
Deficit (6)	273	-	-
Transfers (7)	(245,446)	(101)	(8,408)
Capital Outlay Adjustment (8)	(51,798)	(7,845)	(18,155)
Debt Service Adjustment (9)	-	(3,709)	-
Appropriations, as adjusted	<u>\$ 19,247,242</u>	<u>\$ 6,171,602</u>	<u>\$ 7,600,017</u>

1. Represents the budget appropriated through Chapter 2, 2014 Acts of Assembly, as amended by Chapter 665, 2015 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to carry forward any prior year unexpended balances, sum sufficient authority, and year 2 to year 1 reductions (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay and operating balances.
6. Represents additional appropriations authorized subsequent to the 2015 General Assembly Session for legal expenses.
7. Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately \$1.5 billion (General Fund) and \$5.1 million (Commonwealth Transportation Fund) for transfers to component units and fiduciary funds that have been reclassified as expenditures in accordance with GASB Statement No. 34.
8. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.
9. The Commonwealth Transportation Fund appropriations have been adjusted for debt service.
10. Budgetary reductions totaling \$18.5 million are excluded since they were not available for disbursement during the current fiscal year.
11. Appropriations do not include food stamp issuances of \$1.2 billion since this is a noncash item; however, this amount is included in actual expenditures.

Schedule of Changes in Employers' Net Pension Liability (1) (2)

Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

Change in the Net Pension Liability	VRS State		VRS Teacher		VRS Political Subdivisions	
	2016	2015	2016	2015	2016	2015
Total pension liability:						
Service cost	\$ 375,149	\$ 369,120	\$ 828,901	\$ 831,501	\$ 530,945	\$ 524,758
Interest	1,482,951	1,436,064	2,834,138	2,722,788	1,309,484	1,243,386
Benefit changes	-	-	-	-	1,135	-
Difference between actual and expected experience	59,923	-	(212,089)	-	(185,419)	-
Assumption changes	-	-	-	-	-	-
Benefit payments	(1,136,102)	(1,081,866)	(1,980,353)	(1,874,636)	(819,201)	(754,706)
Refunds of contributions	(27,724)	(25,036)	(36,058)	(36,103)	(36,898)	(36,876)
Net change in total pension liability	754,197	698,282	1,434,539	1,643,550	800,046	976,562
Total pension liability - beginning	21,766,933	21,068,651	41,495,883	39,852,333	19,135,008	18,158,446
Total pension liability - ending (a)	\$ 22,521,130	\$ 21,766,933	\$ 42,930,422	\$ 41,495,883	\$ 19,935,054	\$ 19,135,008
Plan fiduciary net position:						
Contributions - employer	\$ 480,657	\$ 343,259	\$ 1,267,250	\$ 853,634	\$ 533,877	\$ 539,366
Contributions - member	195,582	198,035	373,525	371,241	227,060	225,555
Net investment income	728,083	2,243,999	1,327,047	4,042,441	761,164	2,272,284
Benefit payments	(1,136,102)	(1,081,866)	(1,980,353)	(1,874,636)	(819,201)	(754,706)
Refunds of contributions	(27,724)	(25,036)	(36,058)	(36,103)	(36,898)	(36,876)
Administrative expense	(10,302)	(12,341)	(18,238)	(22,036)	(10,358)	(12,153)
Other	(154)	123	(284)	217	(162)	120
Net change in plan fiduciary net position	230,040	1,666,173	932,889	3,334,758	655,482	2,233,590
Plan fiduciary net position - beginning	16,168,535	14,502,362	29,411,183	26,076,425	16,627,539	14,393,949
Plan fiduciary net position - ending (b)	\$ 16,398,575	\$ 16,168,535	\$ 30,344,072	\$ 29,411,183	\$ 17,283,021	\$ 16,627,539
Net pension liability - ending (a-b)	\$ 6,122,555	\$ 5,598,398	\$ 12,586,350	\$ 12,084,700	\$ 2,652,033	\$ 2,507,469
Plan fiduciary net position as a percentage of the total pension liability (b/a)	72.8%	74.3%	70.7%	70.9%	86.7%	86.9%
Covered employee payroll (c) (3)	\$ 3,878,632	\$ 3,861,712	\$ 7,434,932	\$ 7,313,025	\$ 4,513,335	\$ 4,434,764
Net pension liability as a percentage of covered employee payroll ((a-b)/c)	157.9%	145.0%	169.3%	165.2%	58.8%	56.5%

(1) The Commonwealth implemented 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*, effective for the fiscal year ended June 30, 2015, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2015 net pension measurement date is June 30, 2014, as reported in Note 15.

(3) Includes only pensionable payroll costs.

See notes on page 186 in this section.

SPORS		VaLORS		JRS	
2016	2015	2016	2015	2016	2015
\$ 18,847	\$ 18,341	\$ 47,531	\$ 46,504	\$ 23,254	\$ 24,024
70,350	67,977	124,579	119,040	41,759	40,014
-	-	-	-	-	-
(2,890)	-	(4,849)	-	(9,107)	-
-	-	-	-	-	-
(53,338)	(50,467)	(84,990)	(78,412)	(40,205)	(37,984)
(375)	(685)	(4,797)	(4,665)	-	-
32,594	35,166	77,474	82,467	15,701	26,054
1,031,856	996,690	1,824,577	1,742,110	616,680	590,626
<u>\$ 1,064,450</u>	<u>\$ 1,031,856</u>	<u>\$ 1,902,051</u>	<u>\$ 1,824,577</u>	<u>\$ 632,381</u>	<u>\$ 616,680</u>

\$ 28,427	\$ 42,683	\$ 62,084	\$ 67,483	\$ 31,503	\$ 27,727
5,680	5,646	17,081	17,908	3,015	3,051
32,466	98,682	52,312	156,786	20,051	60,833
(53,338)	(50,467)	(84,990)	(78,412)	(40,205)	(37,984)
(375)	(685)	(4,797)	(4,665)	-	-
(471)	(431)	(743)	(681)	(283)	(268)
(27)	-	(44)	-	(17)	-
12,362	95,428	40,903	158,419	14,064	53,359
720,990	625,562	1,150,450	992,031	442,194	388,835
<u>\$ 733,352</u>	<u>\$ 720,990</u>	<u>\$ 1,191,353</u>	<u>\$ 1,150,450</u>	<u>\$ 456,258</u>	<u>\$ 442,194</u>
<u>\$ 331,098</u>	<u>\$ 310,866</u>	<u>\$ 710,698</u>	<u>\$ 674,127</u>	<u>\$ 176,123</u>	<u>\$ 174,486</u>

68.9% 69.9% 62.6% 63.1% 72.1% 71.7%

\$ 110,059	\$ 112,010	\$ 338,562	\$ 352,492	\$ 61,092	\$ 61,020
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300.8% 277.5% 209.9% 191.2% 288.3% 285.9%

Schedule of Employer Contributions – Pension Plans (1)

(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Employee Payroll (2)	Contributions as a Percentage of Covered Employee Payroll
VIRGINIA RETIREMENT SYSTEM (VRS) – STATE					
2015	\$ 612,824	\$ 478,235	\$ 134,589	\$ 3,878,632	12.33%
2014	504,726	338,286	166,440	3,861,712	8.76%
2013	485,577	325,452	160,125	3,715,205	8.76%
2012	309,930	117,696	192,234	3,663,475	3.21%
2011	294,363	74,113	220,250	3,479,484	2.13%
2010	285,209	176,751	108,458	3,556,222	4.97%
2009	290,653	225,782	64,871	3,624,109	6.23%
2008	260,965	218,954	42,011	3,560,228	6.15%
2007	246,458	192,997	53,461	3,362,317	5.74%
2006	124,556	125,197	(641)	3,201,969	3.91%
VIRGINIA RETIREMENT SYSTEM (VRS) – TEACHER					
2015	\$ 1,353,158	\$ 1,078,065	\$ 275,093	\$ 7,434,932	14.50%
2014	1,226,394	852,699	373,695	7,313,025	11.66%
2013	1,203,856	837,028	366,828	7,178,629	11.66%
2012	903,655	443,078	460,577	6,999,653	6.33%
2011	891,237	271,306	619,931	6,903,465	3.93%
2010	839,550	450,218	389,332	7,090,791	6.35%
2009	845,999	629,497	216,502	7,145,260	8.81%
2008	766,559	706,222	60,337	6,856,523	10.30%
2007	733,633	603,705	129,928	6,562,008	9.20%
2006	499,861	408,528	91,333	6,171,124	6.62%
VIRGINIA RETIREMENT SYSTEM (VRS) – POLITICAL SUBDIVISIONS					
2015	\$ 540,859	\$ 535,919	\$ 4,940	\$ 4,513,335	11.87%
2014	551,822	539,131	12,691	4,434,764	12.16%
2013	537,657	525,385	12,272	4,321,565	12.16%
2012	400,879	400,879	-	4,142,150	9.68%
2011	391,531	391,531	-	4,078,580	9.60%
2010	363,982	363,982	-	4,125,087	8.82%
2009	364,366	364,366	-	4,144,638	8.79%
2008	351,469	351,469	-	3,960,566	8.87%
2007	319,516	319,516	-	3,699,629	8.64%
2006	239,827	239,827	-	3,441,325	6.97%

- (1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.
(2) Includes only pensionable payroll costs.

See notes on page 186 in this section.

<u>Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contributions Deficiency (Excess)</u>	<u>Covered Employee Payroll (2)</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
STATE POLICE OFFICERS' RETIREMENT SYSTEM (SPORS)					
2015	\$ 33,876	\$ 28,417	\$ 5,459	\$ 110,059	25.82%
2014	36,538	27,711	8,827	112,010	24.74%
2013	34,535	26,193	8,342	105,872	24.74%
2012	26,250	11,441	14,809	102,701	11.14%
2011	24,570	7,460	17,110	96,128	7.76%
2010	23,791	15,714	8,077	98,757	15.91%
2009	24,241	20,175	4,066	100,626	20.05%
2008	22,941	20,989	1,952	101,106	20.76%
2007	19,402	16,358	3,044	97,892	16.71%
2006	23,132	15,258	7,874	92,526	16.49%
VIRGINIA LAW OFFICERS' RETIREMENT SYSTEM (VaLORS)					
2015	\$ 71,301	\$ 59,824	\$ 11,477	\$ 338,562	17.67%
2014	68,806	52,169	16,637	352,492	14.80%
2013	66,463	50,392	16,071	340,489	14.80%
2012	55,306	24,481	30,825	347,181	7.05%
2011	53,686	17,255	36,431	337,010	5.12%
2010	57,894	39,027	18,867	345,020	11.31%
2009	60,059	50,932	9,127	357,922	14.23%
2008	61,325	55,929	5,396	352,643	15.86%
2007	56,190	48,338	7,852	323,115	14.96%
2006	77,414	52,611	24,803	309,656	16.99%
JUDICIAL RETIREMENT SYSTEM (JRS)					
2015	\$ 35,336	\$ 31,560	\$ 3,776	\$ 61,092	51.66%
2014	33,018	27,728	5,290	61,020	45.44%
2013	32,185	27,028	5,157	59,481	45.44%
2012	27,631	18,907	8,724	59,053	32.02%
2011	28,101	17,303	10,798	60,058	28.81%
2010	23,638	17,065	6,573	62,139	27.46%
2009	23,148	21,000	2,148	60,853	34.51%
2008	23,600	22,386	1,214	58,896	38.01%
2007	22,557	20,530	2,027	56,293	36.47%
2006	23,871	16,206	7,665	53,047	30.55%

Notes for Pension Schedules

	VRS					
	State	Teacher	Political Subdivisions	SPORS	VaLORS	JRS
Valuation Date	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:						
Investment Rate of Return*	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Projected Salary Increases:*						
State Employees/Teachers	3.50% to 5.35%	3.50% to 5.95%	3.50% to 5.35%	3.50% to 4.75%	3.50% to 4.75%	4.50%
Political Subdivision – Non-Hazardous Duty Employees	N/A	N/A	3.50% to 5.35%	N/A	N/A	N/A
Political Subdivision – Hazardous Duty Employees	N/A	N/A	3.50% to 4.75%	N/A	N/A	N/A
Post-Retirement Benefits Increases**						
Plan 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plan 2	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

* Includes inflation at 2.50%.

** Compounded annually.

As discussed in Note 15, contact the Virginia Retirement System to obtain a copy of the individually published financial statements.



Funding Progress for Other Postemployment Benefit Plans

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
Group Life Insurance Fund						
2014	\$ 992	\$ 2,701	\$ 1,709	36.7%	\$ 17,559	9.7%
2013	837	2,572	1,735	32.5%	17,132	10.1%
2012	756	2,458	1,702	30.7%	16,697	10.2%
2011	852	2,359	1,507	36.1%	16,543	9.1%
2010	929	2,245	1,316	41.4%	16,526	8.0%
2009	967	1,995	1,028	48.5%	16,728	6.1%
2008	975	1,772	797	55.0%	16,267	4.9%
2007	880	1,552	672	56.7%	14,822	4.5%
2006 (1)	751	1,436	685	52.3%	13,923	4.9%
Retiree Health Insurance Credit Fund (2)						
2014	\$ 162	\$ 2,334	\$ 2,172	7.0%	\$ 14,956	14.5%
2013	139	2,273	2,134	6.1%	14,688	14.5%
2012	130	2,258	2,128	5.8%	14,211	15.0%
2011	213	2,195	1,982	9.7%	14,111	14.0%
2010 (2)	281	2,162	1,881	13.0%	14,220	13.2%
2009 (2)	296	2,007	1,711	14.8%	14,339	11.9%
2008 (2)	264	1,943	1,679	13.6%	13,686	12.3%
2007 (2)	207	1,883	1,676	11.0%	11,935	14.0%
Disability Insurance Trust Fund						
2014	\$ 380	\$ 239	\$ (141)	159.0%	\$ 3,585	(3.9%)
2013	359	228	(131)	157.4%	3,473	(3.8%)
2012	344	303	(41)	113.7%	3,433	(1.2%)
2011	369	296	(73)	124.6%	3,372	(2.2%)
2010 (3)	336	311	(25)	108.0%	3,168	(0.8%)
2009 (3)	290	291	1	99.7%	4,080	-
2008 (3)	313	392	79	79.9%	4,111	1.9%
2007	264	451	187	58.5%	3,909	4.8%
2006 (1)	192	423	231	45.4%	3,716	6.2%
Virginia Local Disability Program (6)						
2014	\$ -	\$ -	\$ -	-	\$ 34	-
Line of Duty Death and Disability (Line of Duty Trust Fund) (7)						
2014	\$ 7	\$ 226	\$ 219	3.1%	N/A	-
2013	10	204	194	4.9%	N/A	-
2012	6	226	220	2.7%	N/A	-
2011	-	399	399	-	N/A	-
2010 (4)	-	576	576	-	N/A	-
2009	-	373	373	-	N/A	-
2008	3	185	182	1.6%	N/A	-
2007	-	146	146	-	N/A	-
2006 (1)	-	99	99	-	N/A	-
Pre-Medicare Retiree Healthcare						
2014	\$ -	\$ 1,342	\$ 1,342	-	\$ 4,011	33.5%
2013	-	1,262	1,262	-	3,857	32.7%
2012	-	1,351	1,351	-	3,709	36.4%
2011	-	1,269	1,269	-	3,566	35.6%
2010 (3)	-	1,298	1,298	-	3,297	39.4%
2009	-	1,218	1,218	-	3,170	38.4%
2007 (5)	-	982	982	-	2,931	33.5%

(1) 2006 was the first actuarial valuation prepared using the required parameters of GASB Statement No. 43.

(2) Data for 2007-2010 has been restated to include the state-funded Retiree Health Insurance Credit benefit for local employees. Similar information for 2006 was not available so that year has been excluded.

(3) Data for 2008-2010 has been restated to include state-funded Long-term Care program. Prior years were funded by premiums paid to insurance carrier and the insurance carrier was responsible for the liability.

(4) Contributions into the Other Postemployment Line of Duty Death and Disability Fund are based on the number of participants in the program using a per capita based contribution versus a payroll based contribution.

(5) 2007 was the first actuarial valuation prepared for Pre-Medicare Retiree Healthcare.

(6) The Virginia Local Disability Program was new effective January 1, 2013, as part of the Hybrid Retirement for non-state employers.

(7) The Line of Duty Act Program was established and set up as a trust fund effective July 1, 2010. Contributions into the trust fund will be based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution.

See Notes on following page.

Notes for Funding Progress for Other Postemployment Benefit Plans

	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Virginia Local Disability Program	Line of Duty Death and Disability	Pre-Medicare Retiree Healthcare
Valuation Date	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	July 1, 2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization Method	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level dollar, Open
Payroll Growth Rate:						
State Employees	3.0%	3.0%	3.0%	N/A	3.0%	3.0%
Teachers	3.0%	3.0%	N/A	3.0%	N/A	N/A
Political Subdivision Employees	3.0%	3.0%	N/A	3.0%	3.0%	N/A
State Police / Virginia Law Officers	3.0%	3.0%	3.0%	N/A	3.0%	3.0%
Judges	3.0%	3.0%	N/A	N/A	N/A	N/A
Effective Amortization Period (1)						
State Employees	29.4 years	29.0 years	28.5 years	N/A	2.0 and 30.0 years	30.0 years
Teachers	29.4 years	28.8 years	N/A	20.0 years	N/A	N/A
Political Subdivision Employees	29.4 years	20.0 years	N/A	20.0 years	2.0 and 30.0 years	N/A
Asset Valuation Method						
State Employees and Teachers	5-Year, Smoothed Market	5-Year, Smoothed Market	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value	Market Value
Political Subdivision Employees and State-Funded Local Employees	5-Year, Smoothed Market	Market Value	N/A	5-Year, Smoothed Market	Market Value	Market Value
Actuarial Assumptions:						
Investment Rate of Return (2)	7.0%	7.0%	7.0%	7.0%	4.8% and 7.0%	4.0%
Projected Salary Increases (3)						
State Employees	3.5% to 5.4%	3.5% to 5.4%	3.5% to 5.4%	N/A	N/A	4.0%
Teachers	3.5% to 6.0%	3.5% to 6.0%	N/A	3.5% to 6.0%	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty Employees)	3.5% to 5.4%	3.5% to 5.4%	N/A	3.5% to 5.4%	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.5% to 4.8%	3.5% to 4.8%	N/A	N/A	N/A	N/A
State Police / Virginia Law Officers	3.5% to 4.8%	3.5% to 4.8%	3.5% to 4.8%	N/A	N/A	4.0%
Judges	4.5%	4.5%	N/A	N/A	N/A	N/A
Medical Trend Assumptions (Under Age 65)	N/A	N/A	N/A	N/A	7.8% to 5.0%	
Medical Trend Assumptions (Ages 65 and Older)	N/A	N/A	N/A	N/A	5.8% to 5.0%	
Year of Ultimate Trend Rate	N/A	N/A	N/A	N/A	2020	

- (1) The amortization period of the Unfunded Actuarial Accrued Liability (UAAL) was a closed 30-year period for the June 30, 2013, balance and closed 20-year period for each subsequent year. The Line of Duty Act Program amortization period is 30 years for the UAAL and two years for the loan.
- (2) Includes inflation rate of 2.5 percent. The Line of Duty Act Program uses 4.3 percent for the investment rate of return and 7.0 percent for the loan interest.
- (3) Projected salary increases for the Retiree Health Insurance Credit Fund are used in the application of the actuarial cost method. Projected salary increase factors are not applicable to the Line of Duty Act Program since neither the benefit nor the cost is salary-based.

Schedule of Employer Contributions – Other Postemployment Benefit Plans (1)

(Dollars in Thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Statutory Required Contribution	Percentage Contributed
Group Life Insurance Fund				
2015	\$ 231,283	90.2%	\$ 208,505	100.0%
2014	228,086	90.2%	205,623	100.0%
2013	221,622	90.2%	199,796	100.0%
2012	181,527	26.1%	47,293	100.0%
2011	177,378	25.2%	44,744	100.0%
2010	145,228	65.5%	95,185	100.0%
2009	146,545	92.1%	135,019	100.0%
2008	158,740	100.0%	158,740	100.0%
Retiree Health Insurance Credit Fund				
2015	\$ 161,120	89.9%	\$ 144,862	100.0%
2014	150,831	95.1%	143,425	100.0%
2013	145,416	95.1%	138,282	100.0%
2012	138,195	37.5%	51,882	100.0%
2011	133,655	36.5%	48,736	100.0%
2010	148,956	66.7%	99,356	100.0%
2009	150,048	96.6%	144,989	100.0%
2008	147,524	100.0%	147,524	100.0%
Disability Insurance Trust Fund				
2015	\$ 26,244	90.4%	\$ 23,728	100.0%
2014	20,610	81.0%	16,701	100.0%
2013	21,032	81.0%	17,043	100.0%
2012	30,285	3.6%	1,096	100.0%
2011	28,646	-	-	-
2010	76,530	40.3%	30,861	100.0%
2009	78,120	91.3%	71,344	100.0%
2008	97,975	80.0%	78,380	100.0%
Line of Duty Death and Disability (Line of Duty Trust Fund) (2)				
2015	\$ 22,103	47.0%	\$ 10,381	100.0%
2014	22,103	47.0%	10,381	100.0%
2013	21,895	42.7%	9,341	100.0%
2012	25,033	33.3%	8,323	100.0%
2011	-	-	-	-
2010	16,901	53.8%	9,084	100.0%
2009	16,523	51.5%	8,511	100.0%
2008	9,786	102.5%	10,026	100.0%
Pre-Medicare Retiree Healthcare				
2015	\$ 207,046	17.0%	\$ -	-
2014	198,873	17.3%	-	-
2013	182,970	8.5%	-	-
2012	172,910	21.2%	-	-
2011	166,984	17.8%	-	-
2010	136,710	17.4%	-	-
2009	131,925	23.3%	-	-
2008	127,426	25.2%	-	-

- (1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.
- (2) Line of Duty Death and Disability became a cost sharing plan effective July 1, 2010. Accordingly, the net OPEB obligation at the beginning of the transition period has been reduced to zero.



Claims Development Information – Risk Management

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2006	2007	2008	2009
1. Required contribution and investment revenue:				
Earned	\$ 6,166	\$ 6,560	\$ 6,759	\$ 6,197
Ceded (a)	-	-	-	-
Net earned	6,166	6,560	6,759	6,197
2. Unallocated expenses	1,008	1,047	1,307	1,272
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	1,539	2,060	3,330	3,681
Ceded (a)	-	-	-	-
Net incurred	1,539	2,060	3,330	3,681
4. Net paid (cumulative) as of:				
End of policy year	177	106	493	300
One year later	745	1,051	1,697	1,858
Two years later	1,421	2,436	3,476	2,690
Three years later	2,087	2,631	3,753	3,679
Four years later	2,176	2,662	3,834	3,867
Five years later	2,554	2,671	5,065	3,928
Six years later	2,591	2,671	5,084	3,928
Seven years later	2,630	2,671	5,140	
Eight years later	2,639	2,671		
Nine years later	2,688			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	1,539	2,060	3,330	3,681
One year later	2,168	3,316	3,928	3,742
Two years later	2,494	3,224	5,420	3,943
Three years later	2,872	2,887	5,309	4,721
Four years later	2,820	2,730	5,094	4,555
Five years later	2,591	2,731	6,065	4,000
Six years later	2,676	2,731	5,768	3,936
Seven years later	2,698	2,731	5,968	
Eight years later	2,698	2,716		
Nine years later	2,832			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	1,293	656	2,638	255

The Commonwealth, through the Department of the Treasury, Division of Risk Management, provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units, which went into effect in fiscal year 1987.

See Notes on page 196 in this section.

	2010	2011	2012	2013	2014	2015
\$	5,485	\$ 4,131	\$ 5,019	\$ 5,043	\$ 8,500	\$ 8,487
	-	-	-	-	-	-
	5,485	4,131	5,019	5,043	8,500	8,487
	1,269	1,310	1,382	1,273	1,435	1,331
	3,404	3,213	5,390	3,394	4,025	4,664
	-	-	-	-	-	-
	3,404	3,213	5,390	3,394	4,025	4,664
	412	396	1,677	335	367	922
	2,236	1,940	4,468	3,401	3210	
	5,237	3,943	7,554	8,118		
	6,744	4,317	8,137			
	7,013	4,380				
	7,653					
	-	-	-	-	-	-
	3,404	3,213	5,390	3,394	4,025	4,664
	6,096	3,919	8,704	9,397	6,454	
	8,428	4,523	9,107	9,939		
	8,640	4,570	9,727			
	8,692	4,474				
	7,894					
	4,490	1,261	4,337	6,545	2,429	-

Claims Development Information – Health Care

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2006	2007	2008	2009
1. Required contribution and investment revenue:				
Earned	\$ 184,360	\$ 202,366	\$ 211,034	\$ 222,498
Ceded (a)	-	-	-	-
Net earned	184,360	202,366	211,034	222,498
2. Unallocated expenses	11,899	13,782	16,215	16,400
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	152,289	163,787	185,117	214,411
Ceded (a)	-	-	-	-
Net incurred	152,289	163,787	185,117	214,411
4. Net paid (cumulative) as of:				
End of policy year	147,534	159,769	181,566	204,655
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	152,289	163,787	185,117	214,411
One year later	152,289	163,787	185,117	214,411
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	-	-	-	-

The Commonwealth, through its Department of Human Resource Management, provides health care insurance for local governmental units, which went into effect in fiscal year 1987.

See Notes on page 196 in this section.

	2010	2011	2012	2013	2014	2015
\$	240,305	\$ 246,730	\$ 259,135	\$ 284,526	\$ 320,678	\$ 343,470
	-	-	-	-	-	-
	240,305	246,730	259,135	284,526	320,678	343,470
	15,936	15,849	16,701	18,781	17,738	22,748
	215,376	213,694	250,019	277,455	290,557	327,154
	-	-	-	-	-	-
	215,376	213,694	250,019	277,455	290,557	327,154
	214,371	209,365	235,058	267,256	291,711	329,099
	N/A	N/A	N/A	N/A	N/A	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	-	-	-	-	-	-
	215,376	213,694	250,019	277,455	290,557	327,154
	215,376	213,694	250,019	277,455	290,557	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	-	-	-	-	-	-

Notes for Claims Development Information Tables

The tables on the previous four pages illustrate how the Risk Management and Health Care Claims Funds earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the funds as of the end of each of the past several years. The rows of the tables are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the funds, including overhead and claims expense not allocable to individual claims.
3. This line shows the funds' gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

Notes:

- (a) During fiscal year 1997, the Commonwealth implemented GASB Statement No. 30, *Risk Financing Omnibus*. The Commonwealth has no reinsurers; therefore, the ceded amounts on lines 1, 3, and 5 are zero.

Combining and Individual Fund Statements and Schedules



Nonmajor Governmental Funds

Special Revenue Funds

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

The Health and Social Services Special Revenue Fund accounts for revenues and expenditures related to local health care assistance.

The Other Special Revenue Fund accounts for revenues and expenditures related to business and agricultural activities, and miscellaneous activities throughout the Commonwealth.

Debt Service Funds:

The Debt Service Funds account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations recorded in the Governmental Activities column on the Government-wide Statement of Net Position.

Primary Government accounts for the payment of principal and interest on bonds used to acquire, construct, or improve parks, highways, and correctional, behavioral health, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for the payment of principal and interest on bonds used to acquire, construct, and operate public buildings used by the Commonwealth and its political subdivisions.

Capital Project Funds

The Capital Project Funds are maintained to account for resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds.

Primary Government accounts for the financial resources acquired through the issuance of General Obligation Bonds and Energy Performance Contracts. The resources are used to acquire, construct, or improve land, public buildings, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for financial resources acquired through the issuance of section 9(d) bonds. These resources are used to acquire, construct, finance, refinance and operate public buildings used by the Commonwealth and any of its political subdivisions. Resources are also used to finance or refinance reimbursements to localities or governmental entities for the Commonwealth's share of the capital costs for certain authorized projects.

Permanent Funds

Permanent Funds are funds whose principal must remain intact.

Commonwealth Health Research Fund provides financial grants for human health research benefiting the Commonwealth's citizens. The entire fund balance is restricted for use as such as a condition of a legal settlement.

Behavioral Health Endowment Funds provide funds for the welfare of patients in behavioral health facilities. The entire fund balance is restricted for use as such.

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2015

(Dollars in Thousands)

	Special Revenue Funds		
	Health and Social Services	Other	Total
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	\$ 141,870	\$ 444,080	\$ 585,950
Investments	5,840	12,890	18,730
Receivables, Net	50,724	20,832	71,556
Due from Other Funds	1,050	8,636	9,686
Due from External Parties (Fiduciary Funds)	-	71	71
Interfund Receivable	-	122,763	122,763
Inventory	5,027	308	5,335
Prepaid Items	18,226	1,515	19,741
Other Assets	16	1,735	1,751
Loans Receivable from Component Units	-	18,992	18,992
Total Assets	222,753	631,822	854,575
Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	\$ 222,753	\$ 631,822	\$ 854,575
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Accounts Payable	\$ 15,402	\$ 27,973	\$ 43,375
Amounts Due to Other Governments	-	475	475
Due to Other Funds	2,306	3,712	6,018
Due to Component Units	-	-	-
Due to External Parties (Fiduciary Funds)	1,174	1,354	2,528
Unearned Revenue	2,355	4,058	6,413
Obligations Under Securities Lending Program	716	5,273	5,989
Other Liabilities	80	3,417	3,497
Long-term Liabilities Due Within One Year	277	48	325
Total Liabilities	22,310	46,310	68,620
Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	26,931	8,055	34,986
	49,241	54,365	103,606
Fund Balances:			
Nonspendable	23,253	1,742	24,995
Restricted	34,945	81,006	115,951
Committed	109,474	471,703	581,177
Assigned	5,840	23,006	28,846
Total Fund Balances	173,512	577,457	750,969
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 222,753	\$ 631,822	\$ 854,575

Debt Service Funds			Capital Project Funds		
Primary Government	Virginia Public Building Authority	Total	Primary Government	Virginia Public Building Authority	Total
\$ 44,636	\$ 93	\$ 44,729	\$ 32,075	\$ 270,596	\$ 302,671
-	-	-	-	-	-
-	-	-	-	34	34
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
44,636	93	44,729	32,075	270,630	302,705
-	-	-	-	-	-
\$ 44,636	\$ 93	\$ 44,729	\$ 32,075	\$ 270,630	\$ 302,705
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 488	\$ 14,111	\$ 14,599
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	21	-	21
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	509	14,111	14,620
-	-	-	-	-	-
-	-	-	509	14,111	14,620
-	-	-	-	-	-
44,636	93	44,729	31,566	256,519	288,085
-	-	-	-	-	-
-	-	-	-	-	-
44,636	93	44,729	31,566	256,519	288,085
\$ 44,636	\$ 93	\$ 44,729	\$ 32,075	\$ 270,630	\$ 302,705

Continued on next page

Combining Balance Sheet – Nonmajor Governmental Funds (Continued from previous page)

June 30, 2015

(Dollars in Thousands)

	Permanent Funds			Total Nonmajor Governmental Funds
	Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 197	\$ 138	\$ 335	\$ 933,685
Investments	35,846	-	35,846	54,576
Receivables, Net	-	-	-	71,590
Due from Other Funds	-	-	-	9,686
Due from External Parties (Fiduciary Funds)	-	-	-	71
Interfund Receivable	-	-	-	122,763
Inventory	-	-	-	5,335
Prepaid Items	-	-	-	19,741
Other Assets	-	-	-	1,751
Loans Receivable from Component Units	-	-	-	18,992
Total Assets	36,043	138	36,181	1,238,190
Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	\$ 36,043	\$ 138	\$ 36,181	\$ 1,238,190
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable	\$ 7	\$ -	\$ 7	\$ 57,981
Amounts Due to Other Governments	-	-	-	475
Due to Other Funds	1	-	1	6,019
Due to Component Units	-	-	-	21
Due to External Parties (Fiduciary Funds)	1	-	1	2,529
Unearned Revenue	-	-	-	6,413
Obligations Under Securities Lending Program	-	-	-	5,989
Other Liabilities	-	-	-	3,497
Long-term Liabilities Due Within One Year	-	-	-	325
Total Liabilities	9	-	9	83,249
Deferred Inflows of Resources				
Total Liabilities and Deferred Inflows of Resources	9	-	9	34,986
Fund Balances:				
Nonspendable	34,677	48	34,725	59,720
Restricted	1,357	90	1,447	450,212
Committed	-	-	-	581,177
Assigned	-	-	-	28,846
Total Fund Balances	36,034	138	36,172	1,119,955
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 36,043	\$ 138	\$ 36,181	\$ 1,238,190



**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Special Revenue Funds		
	Health and Social Services	Other	Total
Revenues			
Taxes	\$ 9,927	\$ 78,737	\$ 88,664
Rights and Privileges	142,932	196,968	339,900
Institutional Revenue	246,227	18,257	264,484
Interest, Dividends, Rents, and Other Investment Income	362	12,399	12,761
Other	97,023	249,907	346,930
Total Revenues	<u>496,471</u>	<u>556,268</u>	<u>1,052,739</u>
Expenditures			
Current:			
General Government	157	66,507	66,664
Education	618	20,006	20,624
Transportation	-	5,646	5,646
Resources and Economic Development	35,951	307,166	343,117
Individual and Family Services	422,353	59,069	481,422
Administration of Justice	481	71,438	71,919
Capital Outlay	3,509	12,120	15,629
Debt Service:			
Principal Retirement	-	-	-
Interest and Charges	-	-	-
Total Expenditures	<u>463,069</u>	<u>541,952</u>	<u>1,005,021</u>
Revenues Over (Under) Expenditures	<u>33,402</u>	<u>14,316</u>	<u>47,718</u>
Other Financing Sources (Uses)			
Transfers In	4,625	55,925	60,550
Transfers Out	(35,084)	(55,430)	(90,514)
Notes Issued	-	-	-
Insurance Recoveries	13	578	591
Capital Leases Issued	-	154	154
Bonds Issued	-	-	-
Premium on Debt Issuance	-	-	-
Refunding Bonds Issued	-	-	-
Sale of Capital Assets	107	-	107
Payment to Refunded Bond Escrow Agents	-	-	-
Total Other Financing Sources (Uses)	<u>(30,339)</u>	<u>1,227</u>	<u>(29,112)</u>
Net Change in Fund Balances	3,063	15,543	18,606
Fund Balance, July 1	<u>170,449</u>	<u>561,914</u>	<u>732,363</u>
Fund Balance, June 30	<u>\$ 173,512</u>	<u>\$ 577,457</u>	<u>\$ 750,969</u>

Debt Service Funds			Capital Project Funds		
Primary Government	Virginia Public Building Authority	Total	Primary Government	Virginia Public Building Authority	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2	-	2	35	211	246
7,217	-	7,217	-	-	-
7,219	-	7,219	35	211	246
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	11,774	189,509	201,283
258,370	182,730	441,100	-	-	-
174,074	101,418	275,492	-	-	-
432,444	284,148	716,592	11,774	189,509	201,283
(425,225)	(284,148)	(709,373)	(11,739)	(189,298)	(201,037)
425,303	283,138	708,441	1,461	-	1,461
-	-	-	-	(7,782)	(7,782)
-	-	-	6,921	-	6,921
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	395,590	395,590
23,003	60,611	83,614	-	40,112	40,112
102,520	433,120	535,640	-	-	-
-	-	-	-	-	-
(125,039)	(492,628)	(617,667)	-	-	-
425,787	284,241	710,028	8,382	427,920	436,302
562	93	655	(3,357)	238,622	235,265
44,074	-	44,074	34,923	17,897	52,820
\$ 44,636	\$ 93	\$ 44,729	\$ 31,566	\$ 256,519	\$ 288,085

Continued on next page

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds** (Continued from previous page)

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Permanent Funds			Total Nonmajor Governmental Funds
	Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 88,664
Rights and Privileges	-	-	-	339,900
Institutional Revenue	-	-	-	264,484
Interest, Dividends, Rents, and Other Investment Income	1,563	-	1,563	14,572
Other	30	-	30	354,177
Total Revenues	1,593	-	1,593	1,061,797
Expenditures				
Current:				
General Government	-	-	-	66,664
Education	-	-	-	20,624
Transportation	-	-	-	5,646
Resources and Economic Development	-	-	-	343,117
Individual and Family Services	1,087	4	1,091	482,513
Administration of Justice	-	-	-	71,919
Capital Outlay	-	-	-	216,912
Debt Service:				
Principal Retirement	-	-	-	441,100
Interest and Charges	-	-	-	275,492
Total Expenditures	1,087	4	1,091	1,923,987
Revenues Over (Under) Expenditures	506	(4)	502	(862,190)
Other Financing Sources (Uses)				
Transfers In	-	-	-	770,452
Transfers Out	-	-	-	(98,296)
Notes Issued	-	-	-	6,921
Insurance Recoveries	-	-	-	591
Capital Leases Issued	-	-	-	154
Bonds Issued	-	-	-	395,590
Premium on Debt Issuance	-	-	-	123,726
Refunding Bonds Issued	-	-	-	535,640
Sale of Capital Assets	-	-	-	107
Payment to Refunded Bond Escrow Agents	-	-	-	(617,667)
Total Other Financing Sources (Uses)	-	-	-	1,117,218
Net Change in Fund Balances	506	(4)	502	255,028
Fund Balance, July 1	35,528	142	35,670	864,927
Fund Balance, June 30	\$ 36,034	\$ 138	\$ 36,172	\$ 1,119,955



**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Health and Social Services			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Motor Fuel	\$ -	\$ -	\$ -	\$ -
Deeds, Contracts, Suits	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Public Service Corporations	11,297	11,297	9,927	(1,370)
Other Taxes	-	-	-	-
Rights and Privileges	143,790	144,441	143,819	(622)
Sales of Property and Commodities	-	5,361	1,492	(3,869)
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	234,510	247,745	251,812	4,067
Interest, Dividends, and Rents	305	130	682	552
Fines, Forfeitures, Court Fees, Penalties, and Escheats	517	381	2,021	1,640
Receipts from Cities, Counties, and Towns	56,936	56,936	59,541	2,605
Private Donations, Gifts and Contracts	3,216	3,500	2,872	(628)
Other	31,774	32,663	31,598	(1,065)
Total Revenues	482,345	502,454	503,764	1,310
Expenditures:				
Current:				
General Government	282	282	152	130
Education	1,020	1,006	615	391
Transportation	-	-	-	-
Resources and Economic Development	34,304	38,217	36,077	2,140
Individual and Family Services	537,519	486,320	433,768	52,552
Administration of Justice	375	607	466	141
Capital Outlay	1,059	6,059	3,509	2,550
Total Expenditures	574,559	532,491	474,587	57,904
Revenues Over (Under) Expenditures	(92,214)	(30,037)	29,177	59,214
Other Financing Sources (Uses):				
Transfers:				
Transfers In	225	225	4,625	4,400
Transfers Out	(19,641)	(25,290)	(35,084)	(9,794)
Total Other Financing Sources (Uses)	(19,416)	(25,065)	(30,459)	(5,394)
Revenues and Other Sources Over (Under)	(111,630)	(55,102)	(1,282)	53,820
Fund Balance, July 1	148,121	148,121	148,121	-
Fund Balance, June 30	\$ 36,491	\$ 93,019	\$ 146,839	\$ 53,820

See Notes on page 210 in this section.

Other

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final/Actual Variance Positive (Negative)</u>
\$ 33,355	\$ 32,494	\$ 33,924	\$ 1,430
549	549	549	-
879	854	846	(8)
83	83	119	36
10,174	10,335	10,593	258
34,059	26,416	32,249	5,833
187,855	202,656	197,658	(4,998)
4,275	8,179	6,564	(1,615)
115,145	113,985	115,779	1,794
20,926	19,183	18,290	(893)
11,500	11,487	12,461	974
51,193	36,400	49,690	13,290
1,238	1,248	1,188	(60)
1,906	1,128	4,131	3,003
53,233	59,051	72,054	13,003
526,370	524,048	556,095	32,047
75,617	82,164	71,545	10,619
24,390	26,504	20,435	6,069
8,018	8,207	5,543	2,664
322,729	341,632	305,913	35,719
66,054	67,619	58,817	8,802
85,702	94,094	71,469	22,625
20,058	27,082	12,286	14,796
602,568	647,302	546,008	101,294
(76,198)	(123,254)	10,087	133,341
14,875	15,231	55,845	40,614
(15,979)	(45,082)	(55,430)	(10,348)
(1,104)	(29,851)	415	30,266
(77,302)	(153,105)	10,502	163,607
577,980	577,980	577,980	-
<u>\$ 500,678</u>	<u>\$ 424,875</u>	<u>\$ 588,482</u>	<u>\$ 163,607</u>

**Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Nonmajor Special Revenue Funds**

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2015, to the fund balance on a modified accrual basis follows.

<i>(Dollars in Thousands)</i>	Health and Social Services	Other
Fund Balance, Basis of Budgeting	\$ 146,839	\$ 588,482
Adjustments from Budget to Modified Accrual:		
Accrued Revenues:		
Taxes	-	5,902
Other Revenue/Transfers	20,958	9,062
Accrued Expenditures/Transfers	4,398	(26,725)
Fund Reclassification - Budget to Modified Accrual	1,317	736
Fund Balance, Modified Accrual Basis	<u>\$ 173,512</u>	<u>\$ 577,457</u>

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the Nonmajor Special Revenue Funds, at June 30, 2015.

<i>(Dollars in Thousands)</i>	Health and Social Services	Other
Appropriations (1)	\$ 574,559	\$ 602,568
Supplemental Appropriations:		
Reappropriations (2)	6,059	48,263
Subsequent Executive (3)	9,793	40,361
Subsequent Legislative (4)	(63,847)	12,267
Capital Outlay Reversions (5)	-	(6,613)
Transfers (6)	6,986	1,365
Capital Outlay Adjustment (7)	(1,059)	(50,909)
Appropriations, as adjusted	<u>\$ 532,491</u>	<u>\$ 647,302</u>

1. Represents the budget appropriated through Chapter 2, 2014 Acts of Assembly, as amended by Chapter 665, 2015 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to appropriate any additional revenues collected so that they can be legally spent.
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay balances.
6. Represents transfers required by the Appropriation Act.
7. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.

Nonmajor Enterprise Funds

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Department of Alcoholic Beverage Control operates facilities for the distribution and sale of distilled spirits and wine.

Risk Management accounts for pooled resources received and used by the Department of the Treasury for financing local government insurance programs. This includes Local Entities Bond Insurance, Public Officials Insurance and Law Enforcement Insurance.

Local Choice Health Care administers a health care plan for the employees of participating local governments.

Route 460 Funding Corporation of Virginia (Corporation) accounts for the development, design, construction, financing, maintenance, tolling and operation of the Route 460 Corridor Improvements Project. The Corporation is a blended component unit of the Department of Transportation (Primary Government). The planned collection of tolls upon project completion served as the security for the outstanding debt issued to construct the facility. As further discussed in Note 31, the Corporation's continued operations will cease during fiscal year 2016.

Virginia Industries for the Blind manufactures products for sale to governments, certain private organizations, and the general public.

Consolidated Laboratory provides water testing services and a newborn screening program.

eVA Procurement System accounts for the statewide electronic procurement system.

Department of Environmental Quality accounts for the Title V program that offers services to the general public.

Wireless E-911 Service Board assists in the establishment of wireless E-911 service in Virginia localities.

Virginia Museum of Fine Arts accounts for gift shop and food service activities.

Science Museum of Virginia accounts for gift shop activities.

Behavioral Health Local Funds account for the canteen store and work activity programs.

Combining Statement of Fund Net Position – Nonmajor Enterprise Funds

June 30, 2015

(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash and Cash Equivalents	\$ 1,120	\$ 23,399	\$ 95,997
Investments	2	-	128
Receivables, Net	4,361	-	33,111
Due From Other Funds	-	-	-
Inventory	61,565	-	-
Prepaid Items	1,047	1	-
Other Assets	200	-	-
Restricted Cash and Cash Equivalents	-	-	-
Restricted Investments	-	-	-
Total Current Assets	<u>68,295</u>	<u>23,400</u>	<u>129,236</u>
Noncurrent Assets:			
Investments	-	-	-
Nondepreciable Capital Assets	5,068	-	-
Depreciable Capital Assets, Net	6,555	64	-
Total Noncurrent Assets	<u>11,623</u>	<u>64</u>	<u>-</u>
Total Assets	<u>79,918</u>	<u>23,464</u>	<u>129,236</u>
Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>87,190</u>	<u>23,553</u>	<u>129,236</u>
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	27,025	482	4,166
Amounts Due to Other Governments	-	-	-
Due to Other Funds	13,994	25	-
Due to External Parties (Fiduciary Funds)	422	8	-
Interfund Payable	31,065	6,000	-
Unearned Revenue	302	635	-
Obligations Under Securities Lending Program	50	-	3,657
Other Liabilities	-	-	-
Claims Payable Due Within One Year	-	7,429	31,839
Long-term Liabilities Due Within One Year	2,832	41	-
Total Current Liabilities	<u>75,690</u>	<u>14,620</u>	<u>39,662</u>
Noncurrent Liabilities:			
Claims Payable Due in More Than One Year	-	21,843	-
Long-term Liabilities Due in More Than One Year	84,740	796	-
Total Noncurrent Liabilities	<u>84,740</u>	<u>22,639</u>	<u>-</u>
Total Liabilities	<u>160,430</u>	<u>37,259</u>	<u>39,662</u>
Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	<u>171,951</u>	<u>37,374</u>	<u>39,662</u>
Net Position			
Net Investment in Capital Assets	11,623	64	-
Unrestricted	(96,384)	(13,885)	89,574
Total Net Position (Deficit)	<u>\$ (84,761)</u>	<u>\$ (13,821)</u>	<u>\$ 89,574</u>

Route 460 Funding Corporation of Virginia	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 113	\$ 8,280	\$ 4,296	\$ 7,242	\$ 2,827	\$ 15,940	\$ 1,747
-	-	-	-	-	-	-
45,827	3,095	159	4,941	-	4,845	89
-	100	107	524	-	-	-
-	3,677	83	-	-	-	544
57	523	-	-	-	-	-
120,113	3	-	-	-	-	6
135,458	-	-	-	-	-	-
25,776	-	-	-	-	-	-
327,344	15,678	4,645	12,707	2,827	20,785	2,386
-	-	-	-	-	-	-
-	1,410	101	-	-	-	-
-	9,836	1,493	31	-	-	-
-	11,246	1,594	31	-	-	-
327,344	26,924	6,239	12,738	2,827	20,785	2,386
-	261	293	393	1,056	127	113
327,344	27,185	6,532	13,131	3,883	20,912	2,499
110	2,529	414	1,651	344	6,841	273
-	-	-	-	-	2,284	-
-	184	294	399	789	17	11
-	22	22	24	46	9	9
-	-	-	-	-	-	-
-	-	989	-	2	-	-
-	-	-	-	-	-	-
5,863	-	-	-	-	-	139
-	-	-	-	-	-	-
320,110	169	181	201	524	66	-
326,083	2,904	1,900	2,275	1,705	9,217	432
-	-	-	-	-	-	-
-	3,693	4,158	5,519	9,139	1,829	1,646
-	3,693	4,158	5,519	9,139	1,829	1,646
326,083	6,597	6,058	7,794	10,844	11,046	2,078
-	537	620	832	1,343	270	242
326,083	7,134	6,678	8,626	12,187	11,316	2,320
-	11,246	1,594	31	-	-	-
1,261	8,805	(1,740)	4,474	(8,304)	9,596	179
\$ 1,261	\$ 20,051	\$ (146)	\$ 4,505	\$ (8,304)	\$ 9,596	\$ 179

Continued on next page

Combining Statement of Fund Net Position – Nonmajor Enterprise Funds (Continued from previous page)

June 30, 2015

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash and Cash Equivalents	\$ 205	\$ 432	\$ 161,598
Investments	-	-	130
Receivables, Net	-	-	96,428
Due From Other Funds	2	-	733
Inventory	62	-	65,931
Prepaid Items	1	-	1,629
Other Assets	69	-	120,391
Restricted Cash and Cash Equivalents	-	-	135,458
Restricted Investments	-	-	25,776
Total Current Assets	339	432	608,074
Noncurrent Assets:			
Investments	-	-	-
Nondepreciable Capital Assets	-	-	6,579
Depreciable Capital Assets, Net	22	-	18,001
Total Noncurrent Assets	22	-	24,580
Total Assets	361	432	632,654
Deferred Outflows of Resources	11	-	9,615
Total Assets and Deferred Outflows of Resources	372	432	642,269
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	91	-	43,926
Amounts Due to Other Governments	-	-	2,284
Due to Other Funds	9	-	15,722
Due to External Parties (Fiduciary Funds)	-	-	562
Interfund Payable	-	-	37,065
Unearned Revenue	2	-	1,930
Obligations Under Securities Lending Program	-	-	3,707
Other Liabilities	-	178	6,180
Claims Payable Due Within One Year	-	-	39,268
Long-term Liabilities Due Within One Year	-	-	324,124
Total Current Liabilities	102	178	474,768
Noncurrent Liabilities:			
Claims Payable Due in More Than One Year	-	-	21,843
Long-term Liabilities Due in More Than One Year	135	-	111,655
Total Noncurrent Liabilities	135	-	133,498
Total Liabilities	237	178	608,266
Deferred Inflows of Resources	18	-	15,498
Total Liabilities and Deferred Inflows of Resources	255	178	623,764
Net Position			
Net Investment in Capital Assets	22	-	24,580
Unrestricted	95	254	(6,075)
Total Net Position (Deficit)	\$ 117	\$ 254	\$ 18,505



**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Operating Revenues			
Charges for Sales and Services	\$ 710,750	\$ 8,487	\$ 342,797
Other	19,265	-	-
Total Operating Revenues	<u>730,015</u>	<u>8,487</u>	<u>342,797</u>
Operating Expenses			
Cost of Sales and Services	412,216	-	-
Prizes and Claims	-	8,895	327,154
Personal Services	101,021	665	-
Contractual Services	29,178	583	19,572
Supplies and Materials	3,393	4	-
Depreciation	2,664	8	-
Rent, Insurance, and Other Related Charges	27,954	68	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other	2,895	4	3,175
Total Operating Expenses	<u>579,321</u>	<u>10,227</u>	<u>349,901</u>
Operating Income (Loss)	<u>150,694</u>	<u>(1,740)</u>	<u>(7,104)</u>
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	210	-	681
Other	9,063	-	(9)
Total Nonoperating Revenues (Expenses)	<u>9,273</u>	<u>-</u>	<u>672</u>
Income (Loss) Before Special Item and Transfers	159,967	(1,740)	(6,432)
Special Item	-	-	-
Transfers In	57	-	-
Transfers Out	<u>(161,203)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(1,179)	(1,740)	(6,432)
Total Net Position (Deficit), July 1, as restated	<u>(83,582)</u>	<u>(12,081)</u>	<u>96,006</u>
Total Net Position (Deficit), June 30	<u>\$ (84,761)</u>	<u>\$ (13,821)</u>	<u>\$ 89,574</u>

<u>Route 460 Funding Corporation of Virginia</u>	<u>Virginia Industries for the Blind</u>	<u>Consolidated Laboratory</u>	<u>eVA Procurement System</u>	<u>Department of Environmental Quality</u>	<u>Wireless E-911 Service Board</u>	<u>Virginia Museum of Fine Arts</u>
\$ -	\$ 44,276	\$ 10,107	\$ 19,445	\$ 10,814	\$ 54,604	\$ 7,053
-	-	-	-	-	-	19
-	44,276	10,107	19,445	10,814	54,604	7,072
-	-	-	-	-	-	2,492
-	-	-	-	-	-	-
-	6,734	3,297	4,767	8,891	1,456	2,979
-	813	1,060	16,153	840	826	620
-	32,529	3,163	4	91	12	127
-	428	377	30	-	-	-
-	1,940	682	1,606	633	3	-
-	-	-	-	-	34,347	-
524	278	51	3	-	1	-
524	42,722	8,630	22,563	10,455	36,645	6,218
(524)	1,554	1,477	(3,118)	359	17,959	854
839	-	-	-	-	-	-
(12,500)	11	(184)	-	-	-	-
(11,661)	11	(184)	-	-	-	-
(12,185)	1,565	1,293	(3,118)	359	17,959	854
34,437	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(1,500)	(3,117)	-	(13,450)	(522)
22,252	1,565	(207)	(6,235)	359	4,509	332
(20,991)	18,486	61	10,740	(8,663)	5,087	(153)
<u>\$ 1,261</u>	<u>\$ 20,051</u>	<u>\$ (146)</u>	<u>\$ 4,505</u>	<u>\$ (8,304)</u>	<u>\$ 9,596</u>	<u>\$ 179</u>

Continued on next page

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Nonmajor Enterprise Funds (Continued from previous page)**

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Operating Revenues			
Charges for Sales and Services	\$ 421	\$ 486	\$ 1,209,240
Other	-	-	19,284
Total Operating Revenues	421	486	1,228,524
Operating Expenses			
Cost of Sales and Services	191	467	415,366
Prizes and Claims	-	-	336,049
Personal Services	182	-	129,992
Contractual Services	4	-	69,649
Supplies and Materials	3	-	39,326
Depreciation	7	-	3,514
Rent, Insurance, and Other Related Charges	-	-	32,886
Non-recurring Cost Estimate Payments to Providers	-	-	34,347
Other	14	-	6,945
Total Operating Expenses	401	467	1,068,074
Operating Income (Loss)	20	19	160,450
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	1,730
Other	-	-	(3,619)
Total Nonoperating Revenues (Expenses)	-	-	(1,889)
Income (Loss) Before Special Item and Transfers	20	19	158,561
Special Item	-	-	34,437
Transfers In	-	-	57
Transfers Out	(60)	(16)	(179,868)
Change in Net Position	(40)	3	13,187
Total Net Position (Deficit), July 1, as restated	157	251	5,318
Total Net Position (Deficit), June 30	\$ 117	\$ 254	\$ 18,505



Combining Statement of Cash Flows – Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 723,579	\$ 8,478	\$ 336,781
Internal Activity-Receipts from Other Funds	-	-	-
Internal Activity-Payments to Other Funds	-	-	-
Payments to Suppliers for Goods and Services	(449,859)	-	-
Payments for Contractual Services	(29,178)	(466)	(19,355)
Payments for Prizes, Claims, and Loss Control	-	(9,988)	(329,099)
Payments to Employees	(101,175)	(870)	-
Payments to Providers for Non-recurring Cost Estimates	-	-	-
Other Operating Revenue	6,056	-	-
Other Operating Expense	-	-	(3,175)
Net Cash Provided by (Used for) Operating Activities	<u>149,423</u>	<u>(2,846)</u>	<u>(14,848)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In from Other Funds	57	-	-
Transfers Out to Other Funds	(365,099)	-	-
Other Noncapital Financing Receipt Activities	245,556	6,000	-
Other Noncapital Financing Disbursement Activities	(26,643)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(146,129)</u>	<u>6,000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(3,374)	-	-
Payment of Principal and Interest on Bonds and Notes	-	-	-
Proceeds from Sale of Capital Assets	3	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(3,371)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities			
Proceeds from Sales or Maturities of Investments	-	-	-
Investment Income on Cash, Cash Equivalents, and Investments	-	-	672
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>672</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(77)	3,154	(14,176)
Cash and Cash Equivalents, July 1, as restated	1,349	20,245	106,644
Cash and Cash Equivalents, June 30	<u>\$ 1,272</u>	<u>\$ 23,399</u>	<u>\$ 92,468</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Position:			
Cash and Cash Equivalents	\$ 1,120	\$ 23,399	\$ 95,997
Restricted Cash and Cash Equivalents	-	-	-
Cash and Travel Advances	200	-	-
Less:			
Securities Lending Cash Equivalents	(48)	-	(3,529)
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 1,272</u>	<u>\$ 23,399</u>	<u>\$ 92,468</u>

Route 460 Funding Corporation of Virginia	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ -	\$ 38,317	\$ 10,118	\$ 13,648	\$ 10,813	\$ 59,246	\$ 7,106
-	4,337	-	4,633	-	-	-
-	-	(848)	(1,521)	-	(11)	-
-	(32,041)	(3,262)	(4)	(83)	(13)	(2,347)
(414)	(1,337)	(851)	(16,106)	(883)	(754)	(629)
-	-	-	-	-	-	-
-	(6,813)	(3,251)	(4,624)	(8,945)	(1,460)	(3,077)
-	-	-	-	-	(43,044)	-
-	-	-	-	-	-	-
-	(1,556)	-	-	(669)	-	-
(414)	907	1,906	(3,974)	233	13,964	1,053
-	-	-	-	-	-	-
-	-	(1,500)	(3,117)	-	(13,450)	(522)
-	-	-	-	-	-	-
-	(50)	-	-	-	-	-
-	(50)	(1,500)	(3,117)	-	(13,450)	(522)
(5,574)	(1,279)	(606)	-	-	-	-
(11,726)	-	-	-	-	-	-
-	-	-	-	-	-	-
(17,300)	(1,279)	(606)	-	-	-	-
10,285	-	-	-	-	-	-
692	-	-	-	-	-	-
10,977	-	-	-	-	-	-
(6,737)	(422)	(200)	(7,091)	233	514	531
142,308	8,705	4,496	14,333	2,594	15,426	1,222
\$ 135,571	\$ 8,283	\$ 4,296	\$ 7,242	\$ 2,827	\$ 15,940	\$ 1,753
\$ 113	\$ 8,280	\$ 4,296	\$ 7,242	\$ 2,827	\$ 15,940	\$ 1,747
135,458	-	-	-	-	-	-
-	3	-	-	-	-	6
-	-	-	-	-	-	-
\$ 135,571	\$ 8,283	\$ 4,296	\$ 7,242	\$ 2,827	\$ 15,940	\$ 1,753

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 421	\$ 486	\$ 1,208,993
Internal Activity-Receipts from Other Funds	-	-	8,970
Internal Activity-Payments to Other Funds	-	-	(2,380)
Payments to Suppliers for Goods and Services	(190)	(467)	(488,266)
Payments for Contractual Services	-	-	(69,973)
Payments for Prizes, Claims, and Loss Control	-	-	(339,087)
Payments to Employees	(157)	-	(130,372)
Payments to Providers for Non-recurring Cost Estimates	-	-	(43,044)
Other Operating Revenue	-	-	6,056
Other Operating Expense	(21)	-	(5,421)
Net Cash Provided by (Used for) Operating Activities	<u>53</u>	<u>19</u>	<u>145,476</u>
Cash Flows from Noncapital Financing Activities			
Transfers In from Other Funds	-	-	57
Transfers Out to Other Funds	(60)	(16)	(383,764)
Other Noncapital Financing Receipt Activities	-	-	251,556
Other Noncapital Financing Disbursement Activities	-	-	(26,693)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(60)</u>	<u>(16)</u>	<u>(158,844)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	-	-	(10,833)
Payment of Principal and Interest on Bonds and Notes	-	-	(11,726)
Proceeds from Sale of Capital Assets	-	-	3
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(22,556)</u>
Cash Flows from Investing Activities			
Proceeds from Sales or Maturities of Investments	-	-	10,285
Investment Income on Cash, Cash Equivalents, and Investments	-	-	1,364
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>11,649</u>
Net Increase (Decrease) in Cash and Cash Equivalents			
Cash Equivalents	(7)	3	(24,275)
Cash and Cash Equivalents, July 1, as restated	<u>212</u>	<u>429</u>	<u>317,963</u>
Cash and Cash Equivalents, June 30	<u>\$ 205</u>	<u>\$ 432</u>	<u>\$ 293,688</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Position:			
Cash and Cash Equivalents	\$ 205	\$ 432	\$ 161,598
Restricted Cash and Cash Equivalents	-	-	135,458
Cash and Travel Advances	-	-	209
Less:			
Securities Lending Cash Equivalents	-	-	(3,577)
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 205</u>	<u>\$ 432</u>	<u>\$ 293,688</u>

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ 150,694	\$ (1,740)	\$ (7,104)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	2,664	8	-
Miscellaneous Nonoperating Income	2	-	-
Other	-	-	-
Change in Assets, Deferred Outflows of Resources, Liabilities, and			
Deferred Inflows of Resources			
(Increase) Decrease in Accounts Receivable	(411)	265	(6,016)
(Increase) Decrease in Due from Other Funds	-	-	-
(Increase) Decrease in Other Assets	-	-	-
(Increase) Decrease in Inventory	(3,316)	-	-
(Increase) Decrease in Prepaid Items	1,365	2	-
(Increase) Decrease in Deferred Outflows of Resources	(2,444)	(49)	-
Increase (Decrease) in Accounts Payable	(5,233)	(246)	(539)
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	2,605	19	-
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	62	(7)	-
Increase (Decrease) in Unearned Revenue	27	(273)	-
Increase (Decrease) in Other Liabilities	(15)	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	(1,467)	(1,189)
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	596	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(44)	(2)	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(8,054)	(67)	-
Increase (Decrease) in Deferred Inflows of Resources	11,521	115	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 149,423</u>	<u>\$ (2,846)</u>	<u>\$ (14,848)</u>

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Route 460 Funding Corporation of Virginia	Virginia Industries for the Blind	Consolidated Laboratory
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ (524)	\$ 1,554	\$ 1,477
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	-	428	377
Miscellaneous Nonoperating Income	-	11	-
Other	-	234	-
Change in Assets, Deferred Outflows of Resources, Liabilities, and			
Deferred Inflows of Resources			
(Increase) Decrease in Accounts Receivable	-	(958)	20
(Increase) Decrease in Due from Other Funds	120,113	(50)	(104)
(Increase) Decrease in Other Assets	(120,113)	-	-
(Increase) Decrease in Inventory	-	(443)	(24)
(Increase) Decrease in Prepaid Items	-	(523)	-
(Increase) Decrease in Deferred Outflows of Resources	-	(80)	(80)
Increase (Decrease) in Accounts Payable	110	711	157
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	-	20	(48)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	-	15	6
Increase (Decrease) in Unearned Revenue	-	-	(13)
Increase (Decrease) in Other Liabilities	-	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	-	(18)	13
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	-	(531)	(495)
(Increase) Decrease in Deferred Inflows of Resources	-	537	620
Net Cash Provided by (Used for) Operating Activities	<u>\$ (414)</u>	<u>\$ 907</u>	<u>\$ 1,906</u>

eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia	Behavioral Health Local Funds	Total
\$ (3,118)	\$ 359	\$ 17,959	\$ 854	\$ 20	\$ 19	\$ 160,450
30	-	-	-	7	-	3,514
-	-	-	-	-	-	13
-	-	(8,231)	-	-	-	(7,997)
(1,132)	-	4,896	34	2	-	(3,300)
(134)	-	-	-	(2)	-	119,823
-	-	-	-	(69)	-	(120,182)
-	-	-	40	-	-	(3,743)
-	-	-	-	(1)	-	843
(107)	(595)	(35)	(33)	(5)	-	(3,428)
78	1	(2,039)	130	86	-	(6,784)
-	-	1,370	-	-	-	1,370
106	(251)	9	-	3	-	2,463
2	8	2	3	-	-	91
-	-	-	-	-	-	(259)
-	-	-	(10)	-	-	(25)
-	-	-	-	-	-	(2,656)
-	-	-	-	-	-	596
(27)	1	33	-	-	-	(44)
(504)	(633)	(270)	(207)	(6)	-	(10,767)
832	1,343	270	242	18	-	15,498
<u>\$ (3,974)</u>	<u>\$ 233</u>	<u>\$ 13,964</u>	<u>\$ 1,053</u>	<u>\$ 53</u>	<u>\$ 19</u>	<u>\$ 145,476</u>



Internal Service Funds

Internal Service Funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Virginia Information Technologies Agency accounts for the installation and maintenance of the state government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; and the development of automated systems.

Enterprise Application Fund accounts for the development and operation of the Commonwealth's Performance Budgeting and Cardinal System. Funding is derived from charges to agencies for the ongoing costs of the Commonwealth's enterprise applications, including recovery of the development and implementation costs initially funded through working capital advances.

Virginia Correctional Enterprises accounts for the manufacturing activities of the Commonwealth's correctional facilities.

Health Care accounts for the health insurance programs provided to state employees and for retirees who are not yet eligible to participate in Medicare.

Fleet Management accounts for the Commonwealth's motor vehicle pool.

Property Management accounts for real estate services, non-routine facility maintenance, and the disposal of state-owned property.

Risk Management accounts for the insurance programs provided to state agencies and institutions.

General Services accounts for a variety of services, including the purchase of supplies, the sale of surplus property, water testing, graphic design and engineering.

Payroll Service Bureau accounts for the payroll and leave accounting services provided to state agencies and institutions.

Combining Statement of Fund Net Position – Internal Service Funds

June 30, 2015

(Dollars in Thousands)

	<u>Virginia Information Technologies Agency</u>	<u>Enterprise Application</u>	<u>Virginia Correctional Enterprises</u>
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash and Cash Equivalents	\$ 61,149	\$ 1,416	\$ 4,298
Investments	-	-	-
Receivables, Net	2,322	-	2,235
Due From Other Funds	18,817	-	1,011
Due From External Parties (Fiduciary Funds)	-	-	-
Due From Component Units	-	-	-
Inventory	-	-	13,292
Prepaid Items	4,584	-	-
Other Assets	9,079	-	1,981
Total Current Assets	95,951	1,416	22,817
Noncurrent Assets:			
Nondepreciable Capital Assets	725	51,122	229
Depreciable Capital Assets, Net	15,941	8,370	8,932
Total Noncurrent Assets	16,666	59,492	9,161
Total Assets	112,617	60,908	31,978
Deferred Outflows of Resources	1,952	349	963
Total Assets and Deferred Outflows of Resources	114,569	61,257	32,941
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	53,273	3,857	909
Amounts Due to Other Governments	-	-	-
Due to Other Funds	115	96	256
Due to External Parties (Fiduciary Funds)	127	14	66
Interfund Payable	16,000	1,473	-
Unearned Revenue	47,865	-	836
Obligations Under Securities Lending Program	-	-	-
Other Liabilities	409	-	1
Claims Payable Due Within One Year	-	-	-
Long-term Liabilities Due within One Year	1,515	144	603
Total Current Liabilities	119,304	5,584	2,671
Noncurrent Liabilities:			
Interfund Payable	-	57,444	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	27,832	2,550	14,507
Total Noncurrent Liabilities	27,832	59,994	14,507
Total Liabilities	147,136	65,578	17,178
Deferred Inflows of Resources	4,131	373	2,442
Total Liabilities and Deferred Inflows of Resources	151,267	65,951	19,620
Net Position			
Net Investment in Capital Assets	16,666	59,492	8,427
Unrestricted	(53,364)	(64,186)	4,894
Total Net Position (Deficit)	\$ (36,698)	\$ (4,694)	\$ 13,321

<u>Health Care</u>	<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 175,858	\$ 3,104	\$ 29,979	\$ 180,816	\$ 5,065	\$ 238	\$ 461,923
234	-	-	-	-	-	234
2,439	418	144	265	1,170	-	8,993
27,786	1,603	1,154	1	1,715	-	52,087
202	-	-	-	-	-	202
19,340	-	-	-	-	-	19,340
-	32	338	-	4,646	-	18,308
-	-	355	625	93	142	5,799
-	-	-	-	1	-	11,061
<u>225,859</u>	<u>5,157</u>	<u>31,970</u>	<u>181,707</u>	<u>12,690</u>	<u>380</u>	<u>577,947</u>
-	-	164	-	150	-	52,390
-	37,171	17,861	85	5,264	88	93,712
-	37,171	18,025	85	5,414	88	146,102
<u>225,859</u>	<u>42,328</u>	<u>49,995</u>	<u>181,792</u>	<u>18,104</u>	<u>468</u>	<u>724,049</u>
-	96	1,000	201	590	324	5,475
<u>225,859</u>	<u>42,424</u>	<u>50,995</u>	<u>181,993</u>	<u>18,694</u>	<u>792</u>	<u>729,524</u>
19,621	574	948	2,364	1,045	96	82,687
-	-	889	-	-	-	889
-	89	752	36	651	11	2,006
-	6	70	8	41	13	345
-	-	419	-	632	-	18,524
-	-	20,644	46,648	149	-	116,142
6,699	-	-	-	-	-	6,699
-	-	291	508	8	-	1,217
118,005	-	-	83,231	-	-	201,236
-	3,166	4,175	71	382	105	10,161
<u>144,325</u>	<u>3,835</u>	<u>28,188</u>	<u>132,866</u>	<u>2,908</u>	<u>225</u>	<u>439,906</u>
-	-	2,239	-	397	-	60,080
-	-	-	568,190	-	-	568,190
-	16,281	44,246	2,013	8,425	2,394	118,248
-	16,281	46,485	570,203	8,822	2,394	746,518
144,325	20,116	74,673	703,069	11,730	2,619	1,186,424
-	203	2,117	310	1,250	347	11,173
<u>144,325</u>	<u>20,319</u>	<u>76,790</u>	<u>703,379</u>	<u>12,980</u>	<u>2,966</u>	<u>1,197,597</u>
-	19,154	(2,745)	85	5,414	88	106,581
81,534	2,951	(23,050)	(521,471)	300	(2,262)	(574,654)
<u>\$ 81,534</u>	<u>\$ 22,105</u>	<u>\$ (25,795)</u>	<u>\$ (521,386)</u>	<u>\$ 5,714</u>	<u>\$ (2,174)</u>	<u>\$ (468,073)</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Internal Service Funds**

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Operating Revenues			
Charges for Sales and Services	\$ 341,947	\$ 19,507	\$ 42,911
Total Operating Revenues	<u>341,947</u>	<u>19,507</u>	<u>42,911</u>
Operating Expenses			
Cost of Sales and Services	-	-	32,099
Prizes and Claims	-	-	-
Personal Services	22,385	1,153	5,251
Contractual Services	307,961	16,073	2,263
Supplies and Materials	45	1	553
Depreciation	4,448	1,297	1,502
Rent, Insurance, and Other Related Charges	4,363	207	1,071
Interest Expense	-	1	-
Other	-	19	-
Total Operating Expenses	<u>339,202</u>	<u>18,751</u>	<u>42,739</u>
Operating Income (Loss)	<u>2,745</u>	<u>756</u>	<u>172</u>
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	-
Other	-	-	(7)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(7)</u>
Income (Loss) Before Transfers	2,745	756	165
Transfers In	2,890	-	250
Transfers Out	<u>(7,409)</u>	<u>(80)</u>	<u>(611)</u>
Change in Net Position	(1,774)	676	(196)
Total Net Position (Deficit), July 1, as restated	<u>(34,924)</u>	<u>(5,370)</u>	<u>13,517</u>
Total Net Position (Deficit), June 30	<u>\$ (36,698)</u>	<u>\$ (4,694)</u>	<u>\$ 13,321</u>

<u>Health Care</u>	<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 1,336,601	\$ 16,587	\$ 104,799	\$ 109,167	\$ 40,556	\$ 2,173	\$ 2,014,248
1,336,601	16,587	104,799	109,167	40,556	2,173	2,014,248
-	-	-	-	26,584	-	58,683
1,215,279	-	-	99,219	-	-	1,314,498
-	1,074	11,671	1,836	7,127	2,281	52,778
64,007	3,349	11,535	10,764	3,472	46	419,470
-	3,738	3,367	7	1,476	12	9,199
-	7,428	1,712	13	813	4	17,217
-	955	66,208	2,587	1,775	141	77,307
-	-	7	-	-	-	8
10,180	36	2,002	7,737	125	3	20,102
1,289,466	16,580	96,502	122,163	41,372	2,487	1,969,262
47,135	7	8,297	(12,996)	(816)	(314)	44,986
1,155	-	-	-	113	-	1,268
(15)	643	(2,490)	17	(30)	-	(1,882)
1,140	643	(2,490)	17	83	-	(614)
48,275	650	5,807	(12,979)	(733)	(314)	44,372
1,764	-	1	-	388	-	5,293
-	(1,730)	(188)	(508)	(664)	-	(11,190)
50,039	(1,080)	5,620	(13,487)	(1,009)	(314)	38,475
31,495	23,185	(31,415)	(507,899)	6,723	(1,860)	(506,548)
\$ 81,534	\$ 22,105	\$ (25,795)	\$ (521,386)	\$ 5,714	\$ (2,174)	\$ (468,073)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 14,357	\$ 957	\$ 15,475
Internal Activity-Receipts from Other Funds	326,532	18,549	26,171
Internal Activity-Payments to Other Funds	(2,606)	-	(956)
Payments to Suppliers for Goods and Services	(4,481)	(1)	(33,281)
Payments for Contractual Services	(281,127)	(16,605)	(2,259)
Payments for Prizes, Claims, and Loss Control	-	-	-
Payments to Employees	(22,201)	(1,110)	(5,314)
Payments for Interest	-	(1)	-
Other Operating Expense	-	(226)	-
Net Cash Provided by (Used for) Operating Activities	<u>30,474</u>	<u>1,563</u>	<u>(164)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In from Other Funds	2,890	-	250
Transfers Out to Other Funds	(7,409)	-	(611)
Other Noncapital Financing Receipt Activities	-	-	-
Other Noncapital Financing Disbursement Activities	-	(1,473)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(4,519)</u>	<u>(1,473)</u>	<u>(361)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,424)	-	(99)
Payment of Principal and Interest on Bonds and Notes	-	-	(593)
Proceeds from Sale of Capital Assets	-	-	2
Other Capital and Related Financing Disbursement Activities	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(1,424)</u>	<u>-</u>	<u>(690)</u>
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	-
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,531	90	(1,215)
Cash and Cash Equivalents, July 1	<u>36,618</u>	<u>1,326</u>	<u>5,515</u>
Cash and Cash Equivalents, June 30	<u>\$ 61,149</u>	<u>\$ 1,416</u>	<u>\$ 4,300</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Position:			
Cash and Cash Equivalents	\$ 61,149	\$ 1,416	\$ 4,298
Cash and Travel Advances	-	-	2
Less:			
Securities Lending Cash Equivalents	-	-	-
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 61,149</u>	<u>\$ 1,416</u>	<u>\$ 4,300</u>

<u>Health Care</u>	<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 667,247	\$ 1,784	\$ 3,674	\$ 40,152	\$ 10,860	\$ 8	\$ 754,514
666,614	15,174	99,848	57,928	29,552	2,165	1,242,533
-	(748)	(3,416)	-	(2,794)	-	(10,520)
-	(4,695)	(68,916)	(7)	(28,200)	(12)	(139,593)
(63,237)	(3,257)	(11,798)	(10,675)	(3,201)	(46)	(392,205)
(1,222,455)	-	-	(72,099)	-	-	(1,294,554)
-	(1,120)	(11,887)	(1,775)	(7,197)	(2,194)	(52,798)
-	-	(7)	-	-	-	(8)
(10,180)	(6)	-	(10,576)	-	(149)	(21,137)
37,989	7,132	7,498	2,948	(980)	(228)	86,232
1,764	-	1	-	388	-	5,293
-	(1,730)	(188)	(508)	(664)	-	(11,110)
-	-	23	17	113	-	153
-	-	(427)	-	-	-	(1,900)
1,764	(1,730)	(591)	(491)	(163)	-	(7,564)
-	(2,559)	(365)	-	(91)	-	(4,538)
-	(6,106)	(7,682)	-	-	-	(14,381)
-	1,500	-	-	-	-	1,502
-	-	-	-	(632)	-	(632)
-	(7,165)	(8,047)	-	(723)	-	(18,049)
1,140	-	-	-	-	-	1,140
1,140	-	-	-	-	-	1,140
40,893	(1,763)	(1,140)	2,457	(1,866)	(228)	61,759
128,500	4,867	31,119	178,359	6,932	466	393,702
\$ 169,393	\$ 3,104	\$ 29,979	\$ 180,816	\$ 5,066	\$ 238	\$ 455,461
\$ 175,858	\$ 3,104	\$ 29,979	\$ 180,816	\$ 5,065	\$ 238	\$ 461,923
-	-	-	-	1	-	3
(6,465)	-	-	-	-	-	(6,465)
\$ 169,393	\$ 3,104	\$ 29,979	\$ 180,816	\$ 5,066	\$ 238	\$ 455,461

Continued on next page

Combining Statement of Cash Flows – Internal Service Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ 2,745	\$ 756	\$ 172
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	4,448	1,297	1,502
Miscellaneous Nonoperating Income	-	-	30
Other	-	(80)	-
Change in Assets, Deferred Outflow s of Resources, Liabilities, and			
Deferred Inflow s of Resources			
(Increase) Decrease in Accounts Receivable	(37)	-	556
(Increase) Decrease in Due from Other Funds	4,900	-	460
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	-	-	-
(Increase) Decrease in Due from Component Units	-	-	-
(Increase) Decrease in Other Assets	(5,969)	-	(1,979)
(Increase) Decrease in Inventory	-	-	(325)
(Increase) Decrease in Prepaid Items	(783)	-	31
(Increase) Decrease in Deferred Outflow s of Resources	(533)	(221)	(253)
Increase (Decrease) in Accounts Payable	25,527	(461)	(115)
Increase (Decrease) in Amounts Due to Other Governments	(2,285)	-	(359)
Increase (Decrease) in Due to Other Funds	11	88	12
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	13	3	8
Increase (Decrease) in Unearned Revenue	1,607	-	40
Increase (Decrease) in Other Liabilities	409	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	919	3	(5)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(4,629)	(195)	(2,381)
Increase (Decrease) in Deferred Inflow s of Resources	4,131	373	2,442
Net Cash Provided by (Used for) Operating Activities	<u>\$ 30,474</u>	<u>\$ 1,563</u>	<u>\$ (164)</u>
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the Statement of Net Position date:			
Capital Leases Used to Finance Capital Assets	\$ -	\$ -	\$ -
Installment Purchases Used to Finance Capital Assets	-	-	-
Capital Asset Addition Included in Accounts Payable	127	1,659	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 127</u>	<u>\$ 1,659</u>	<u>\$ -</u>

<u>Health Care</u>	<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 47,135	\$ 7	\$ 8,297	\$ (12,996)	\$ (816)	\$ (314)	\$ 44,986
-	7,428	1,712	13	813	4	17,217
-	-	-	-	-	-	30
-	-	-	-	-	-	(80)
(256)	37	122	(4)	84	-	502
(743)	462	(674)	(1)	(340)	-	4,064
(8)	-	-	-	-	-	(8)
(1,733)	-	-	-	-	-	(1,733)
-	-	-	-	1	-	(7,947)
-	(2)	24	-	(859)	-	(1,162)
-	-	(1)	(187)	186	(6)	(760)
-	(26)	(273)	(99)	(161)	(205)	(1,771)
479	(736)	(749)	294	(194)	4	24,049
-	-	(89)	-	-	-	(2,733)
-	3	86	32	81	1	314
-	-	12	(8)	7	3	38
-	(39)	(1,104)	(11,081)	127	-	(10,450)
-	-	4	-	(48)	-	365
(6,885)	-	-	1,013	-	-	(5,872)
-	-	-	25,815	-	-	25,815
-	(33)	(33)	11	(6)	1	857
-	(172)	(1,953)	(164)	(1,105)	(63)	(10,662)
-	203	2,117	310	1,250	347	11,173
<u>\$ 37,989</u>	<u>\$ 7,132</u>	<u>\$ 7,498</u>	<u>\$ 2,948</u>	<u>\$ (980)</u>	<u>\$ (228)</u>	<u>\$ 86,232</u>
\$ -	\$ -	\$ 9,067	\$ -	\$ -	\$ -	\$ 9,067
-	8,666	-	-	-	-	8,666
-	-	-	-	-	-	1,786
<u>\$ -</u>	<u>\$ 8,666</u>	<u>\$ 9,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,519</u>

Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds are trust arrangements that benefit individuals, private organizations, or other governments.

Unclaimed Property accounts for unclaimed and escheat property that the state holds for its rightful owner.

Virginia529 inVEST accounts for program activities offered by the Virginia College Savings Plan. The program is a defined contribution college savings program in which participants can save for qualified higher education expenses by making contributions and investments into portfolios of their choice.

Loan Servicing Reserve accounts for funds that are used to service loan activities for individual loans in order to meet the provisions of the Declarations of the dissolved Virginia Education Loan Authority.

Edvantage Reserve accounts for funds that are used to service loan activities for individual loans in order to meet the provisions of the dissolved Student Education Assistance Authority.

Virginia Revolving Farm Loan Program accounts for trust funds that are used to provide loans to individual farmers for rural rehabilitation purposes.

Gas and Oil Board Escrow Account accounts for the funds held in escrow awaiting disbursement to the validated owner of property containing gas and oil interest.

Miscellaneous Trust account for perpetual trusts created through donations to the state. Earnings are used for the benefit of donor-specified local entities.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect the activities of the retirement systems and postemployment benefits administered by the Virginia Retirement System (VRS) or the Department of Human Resource Management.

The Virginia Retirement System provides retirement benefits to Commonwealth employees, teachers, political subdivision employees, and other qualifying employees.

The State Police Officers' Retirement System provides retirement benefits to Virginia state police officers.

The Judicial Retirement System provides retirement benefits to the Commonwealth's judiciary.

The Virginia Law Officers' Retirement System provides retirement benefits to correctional officers, capital police officers, university police officers, and game wardens.

Political Appointees provides optional retirement benefits to selected officials and administrative staff.

The Public School Superintendents' Plan provides retirement benefits to superintendents in the public school system.

The Virginia Supplemental Retirement Plan provides extra benefits to turn-around specialists in the public school system.

Other Postemployment Retiree Health Insurance Credit Fund accounts for the health insurance credits provided by the Commonwealth which offset a portion of the retirees' monthly insurance premiums.

Other Employment Group Life Fund provides life insurance coverage to members of the retirement systems.

Other Postemployment Disability Insurance Trust Fund provides income protection to Commonwealth employees for absences caused by sickness or disability.

Other Employment Volunteer Firefighters' and Rescue Squad Workers' Fund provides optional retirement benefits to volunteer firefighters and rescue squad workers.

Other Postemployment Line of Duty Death and Disability Fund provides death and health benefits to beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty.

Virginia Local Disability Program provides long-term disability benefits to local government employees.

Investment Trust Fund

Investment Trust Fund reflects the external portion of the local government investment pool sponsored by the Commonwealth.

Local Government Investment Pool (LGIP) helps local governmental entities maximize their rate of return by commingling their resources for investment purposes.

Agency Funds

Agency Funds report those funds for which the Commonwealth acts solely in a custodial capacity.

Funds for the Collection of Taxes and Fees account for taxes and fees collected by the Commonwealth to be distributed to localities or other states.

Employee Benefits Fund accounts for undistributed withholdings for employee benefits.

Contractor Deposits Fund accounts for reimbursable deposits, including both cash and securities, from mining companies, road construction companies, motor fuel retailers and localities to ensure performance meets regulatory standards.

Deposits of Insurance Carriers Fund accounts for security deposits of insurance carriers as protection to the policy holders of the Commonwealth.

Inmate and Ward Fund accounts for the savings of inmates and wards of the Departments of Corrections and Juvenile Justice.

Child Support Collection Fund accounts for court-ordered child support payments that flow through the Department of Social Services.

Behavioral Health Patient Fund accounts for the savings of patients in the Commonwealth's behavioral health facilities.

Behavioral Health Non-patient Fund accounts for the savings of non-patients in the Commonwealth's behavioral health facilities.

Comptroller's Debt Setoff Fund accounts for monies held in a suspense status while research is conducted to determine the party entitled to the funds.

Unclaimed Property of Other States Fund accounts for unclaimed property that is due to other states.

Legal Settlement Fund accounts for receipts from court judgments that are deposited and subsequently distributed to the appropriate injured parties.

Consumer Services Fund accounts for deposits made by businesses that will provide assistance to individuals suffering losses associated with these businesses and will be returned after dispute resolution. The Milk Commission, which accounts for deposits from milk producers that will be distributed to individual farmers to offset delivery expenses and losses incurred, is reported as part of this fund.

State Asset Forfeiture Fund accounts for seized assets that are deposited and subsequently distributed to the appropriate parties pursuant to court orders.

Virginia School for the Deaf and the Blind Fund accounts for student funds used to establish new activities for students.

Woodrow Wilson Rehabilitation Center Fund accounts for student funds held by the center.

Third Party Administrator Fund accounts for funds held in custody for assets of the Virginia Railway Express and the van pool insurance program.

Department of Environmental Quality Fund accounts for deposits from the EPA as a result of a legal settlement which will be distributed to localities to retro-fit school buses.

Virginia Veterans' Care Center Resident Fund accounts for the savings of residents of the Virginia Veterans Care Center.

Virginia Individual Development Account Trust Fund accounts for funds used to benefit low income individuals and to assist them in purchasing affordable housing.

E-Payables Fund accounts for payments to vendors which are held in a suspense status until the electronic payment is processed.

Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds

June 30, 2015

(Dollars in Thousands)

	Unclaimed Property	Virginia529 inVEST	Loan Servicing Reserve
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	\$ 13,737	\$ 36,434	\$ 189
Investments:			
Bonds and Mortgage Securities	93	88,741	-
Stocks	274,852	68,122	-
Index and Pooled Funds	3,206	1,589,110	-
Real Estate	2,246	-	-
Mutual and Money Market Funds	209,118	634,469	-
Other	1,332	659,747	-
Total Investments	490,847	3,040,189	-
Receivables, Net:			
Accounts	-	2	-
Interest and Dividends	-	2,174	-
Total Receivables	-	2,176	-
Prepaid Items	236	-	-
Furniture and Equipment	618	-	-
Total Assets	505,438	3,078,799	189
Deferred Outflows of Resources	442	-	-
Total Assets and Deferred Outflows of Resources	505,880	3,078,799	189
Liabilities and Deferred Inflows of Resources			
Accounts Payable and Accrued Expenses	374	2,487	-
Due to Other Funds	20	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	26	-	-
Obligations Under Securities Lending Program	-	-	-
Other Liabilities	-	3,786	-
Compensated Absences Payable	276	-	-
Net Pension Liability	3,223	-	-
Other Postemployment Benefits (OPEB) Liability	578	-	-
Total Liabilities	4,497	6,273	-
Deferred Inflows of Resources	575	-	-
Total Liabilities and Deferred Inflows of Resources	5,072	6,273	-
Net Position Held in Trust for Participants and Other Purposes	\$ 500,808	\$ 3,072,526	\$ 189

<u>Edvantage Reserve</u>	<u>Virginia Revolving Farm Loan Program</u>	<u>Gas and Oil Board Escrow Account</u>	<u>Miscellaneous Trust</u>	<u>Total</u>
\$ 246	\$ 4,927	\$ 27,996	\$ 66	\$ 83,595
-	-	-	-	88,834
-	-	-	-	342,974
-	-	-	-	1,592,316
-	-	-	-	2,246
-	-	-	-	843,587
-	7	-	-	661,086
-	7	-	-	3,531,043
-	4	-	-	6
-	-	-	-	2,174
-	4	-	-	2,180
-	-	-	-	236
-	-	-	-	618
246	4,938	27,996	66	3,617,672
-	6	-	-	448
246	4,944	27,996	66	3,618,120
-	3	-	-	2,864
-	-	-	-	20
-	-	-	-	26
-	188	-	-	188
-	-	-	-	3,786
-	4	-	-	280
-	65	-	-	3,288
-	12	-	-	590
-	272	-	-	11,042
-	12	-	-	587
-	284	-	-	11,629
\$ 246	\$ 4,660	\$ 27,996	\$ 66	\$ 3,606,491

Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds

For the Fiscal Year June 30, 2015
(Dollars in Thousands)

	Unclaimed Property	Virginia529 inVEST	Loan Servicing Reserve
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ -	\$ 59,321	\$ -
Total Investment Income	-	59,321	-
Less Investment Expenses	-	4,385	-
Net Investment Income	-	54,936	-
Proceeds from Unclaimed Property	10,499	-	-
Contributions:			
Participants	-	400,355	-
Total Contributions	-	400,355	-
Other Revenue	-	-	-
Total Additions	10,499	455,291	-
Deductions:			
Loan Servicing Payments	-	-	-
Educational Expense Benefits	-	168,798	-
Insurance Premiums and Claims	62,707	-	-
Trust Payments	-	-	-
Administrative Expenses	7,943	1,492	-
Shares Redeemed	-	23,151	-
Total Deductions	70,650	193,441	-
Net Increase (Decrease)	(60,151)	261,850	-
Net Position Held in Trust for Participants and Other Purposes			
July 1, as restated	560,959	2,810,676	189
June 30	\$ 500,808	\$ 3,072,526	\$ 189

<u>Edvantage Reserve</u>	<u>Virginia Revolving Farm Loan Program</u>	<u>Gas and Oil Board Escrow Account</u>	<u>Miscellaneous Trust</u>	<u>Total</u>
\$ -	\$ 33	\$ 71	\$ -	\$ 59,425
-	33	71	-	59,425
-	-	28	-	4,413
-	33	43	-	55,012
-	-	-	-	10,499
-	-	1,978	-	402,333
-	-	1,978	-	402,333
-	-	13	-	13
-	33	2,034	-	467,857
-	36	-	-	36
-	-	-	-	168,798
-	-	-	-	62,707
-	-	2,836	-	2,836
2	60	-	-	9,497
-	-	-	-	23,151
2	96	2,836	-	267,025
(2)	(63)	(802)	-	200,832
248	4,723	28,798	66	3,405,659
\$ 246	\$ 4,660	\$ 27,996	\$ 66	\$ 3,606,491

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

June 30, 2015

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	\$ 279,363	\$ 3,209	\$ 1,998
Investments:			
Bonds and Mortgage Securities	19,721,956	226,595	140,983
Stocks	22,236,954	255,491	158,961
Fixed Income Commingled Funds	699,430	8,036	5,001
Index and Pooled Funds	6,551,440	75,273	46,833
Real Estate	6,556,323	75,328	46,868
Private Equity	7,655,340	87,956	54,724
Short-term Investments	270,740	3,111	1,935
Hybrid Defined Contribution Investments	23,144	-	202
Other	3,171,558	36,440	22,672
Total Investments	66,886,885	768,230	478,179
Receivables, Net:			
Contributions	209,214	1,274	1,326
Interest and Dividends	210,440	2,418	1,504
Security Transactions	1,362,165	15,651	9,737
Other Receivables	169,460	1,908	1,183
Total Receivables	1,951,279	21,251	13,750
Due from Other Funds	18	-	-
Due from Internal Parties (Governmental Funds and Business-type Activities)	22,164	134	139
Due from Component Units	22,727	-	-
Furniture and Equipment	29,889	-	-
Total Assets	69,192,325	792,824	494,066
Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	69,192,325	792,824	494,066
Liabilities and Deferred Inflows of Resources			
Accounts Payable and Accrued Expenses	26,645	280	174
Due to Internal Parties (Governmental Funds and Business-type Activities)	176	-	-
Obligations Under Securities Lending Program	3,172,253	36,448	22,677
Other Liabilities	288,466	3,299	2,053
Retirement Benefits Payable	308,974	4,380	3,317
Refunds Payable	3,781	-	-
Compensated Absences Payable	2,819	-	-
Insurance Premiums and Claims Payable	-	-	-
Payable for Security Transactions	1,339,280	15,065	9,373
Total Liabilities	5,142,394	59,472	37,594
Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	5,142,394	59,472	37,594
Net Position Held in Trust for Pension/Other Employment Benefits	\$ 64,049,931	\$ 733,352	\$ 456,472

Virginia Law Officers' Retirement System	Political Appointees	Public School Superintendents	Virginia Supplemental Retirement Plan	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust Fund
\$ 5,199	\$ -	\$ -	\$ -	\$ 749	\$ 5,262	\$ 1,785
367,028	5,071	332	12	52,926	371,455	126,055
413,832	6,591	47	95	59,675	418,824	142,129
13,016	-	-	-	1,877	13,173	4,470
121,923	-	-	-	17,581	123,393	41,874
122,014	-	-	-	17,594	123,485	41,905
142,467	-	-	-	20,544	144,185	48,930
5,038	-	-	-	727	5,099	1,731
-	-	-	-	-	-	-
59,023	-	-	-	8,511	59,735	20,271
1,244,341	11,662	379	107	179,435	1,259,349	427,365
4,827	-	-	-	9,873	15,667	551
3,916	-	-	-	565	3,964	1,345
25,350	-	-	-	3,656	25,656	8,706
3,080	-	-	-	449	3,118	8,562
37,173	-	-	-	14,543	48,405	19,164
-	-	-	-	1	1	-
509	-	-	-	1,044	1,656	59
1,072	-	-	-	2,621	2,333	599
-	-	-	-	-	-	-
1,288,294	11,662	379	107	198,393	1,317,006	448,972
-	-	-	-	-	-	-
1,288,294	11,662	379	107	198,393	1,317,006	448,972
454	-	-	-	12,239	459	3,962
-	-	-	-	-	-	-
59,036	-	-	-	8,513	59,748	20,276
5,343	-	-	-	771	5,407	1,835
7,502	-	-	-	-	-	-
204	-	-	-	157	6	-
-	-	-	-	-	-	-
-	-	-	-	-	64,072	-
24,402	-	-	-	3,519	24,697	8,381
96,941	-	-	-	25,199	154,389	34,454
-	-	-	-	-	-	-
96,941	-	-	-	25,199	154,389	34,454
\$ 1,191,353	\$ 11,662	\$ 379	\$ 107	\$ 173,194	\$ 1,162,617	\$ 414,518

Continued on next page

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds
(Continued from previous page)

June 30, 2015

(Dollars in Thousands)

	Other Employment Volunteer Firefighters and Rescue Squad Workers	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	\$ -	\$ 2	\$ -
Investments:			
Bonds and Mortgage Securities	52	187	-
Stocks	3,062	213	-
Fixed Income Commingled Funds	-	7	-
Index and Pooled Funds	-	63	-
Real Estate	-	63	-
Private Equity	-	73	-
Short-term Investments	-	3	-
Hybrid Defined Contribution Investments	-	-	-
Other	-	30	-
Total Investments	3,114	639	-
Receivables, Net:			
Contributions	-	-	591
Interest and Dividends	-	2	-
Security Transactions	-	13	-
Other Receivables	-	305	4
Total Receivables	-	320	595
Due from Other Funds	-	-	-
Due from Internal Parties (Governmental Funds and Business-type Activities)	-	-	62
Due from Component Units	-	-	-
Furniture and Equipment	-	-	-
Total Assets	3,114	961	657
Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	3,114	961	657
Liabilities and Deferred Inflows of Resources			
Accounts Payable and Accrued Expenses	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	-	-
Obligations Under Securities Lending Program	-	30	-
Other Liabilities	-	3	657
Retirement Benefits Payable	-	-	-
Refunds Payable	-	-	-
Compensated Absences Payable	-	-	-
Insurance Premiums and Claims Payable	-	-	-
Payable for Security Transactions	-	13	-
Total Liabilities	-	46	657
Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	-	46	657
Net Position Held in Trust for Pension/Other Employment Benefits	\$ 3,114	\$ 915	\$ -

Total	
\$	297,567
	21,012,652
	23,695,874
	745,010
	6,978,380
	6,983,580
	8,154,219
	288,384
	23,346
	3,378,240
	71,259,685
	243,323
	224,154
	1,450,934
	188,069
	2,106,480
	20
	25,767
	29,352
	29,889
	73,748,760
	-
	73,748,760
	44,213
	176
	3,378,981
	307,834
	324,173
	4,148
	2,819
	64,072
	1,424,730
	5,551,146
	-
	5,551,146
\$	68,197,614

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ 3,193,502	\$ 36,826	\$ 22,739
Total Investment Income	3,193,502	36,826	22,739
Less Investment Expenses	377,722	4,360	2,690
Net Investment Income	2,815,780	32,466	20,049
Contributions:			
Member	809,361	5,680	3,174
Employer	2,292,075	28,427	31,560
Total Contributions	3,101,436	34,107	34,734
Other Revenue	1,723	-	-
Total Additions	5,918,939	66,573	54,783
Deductions:			
Retirement Benefits	3,935,656	53,338	40,205
Refunds to Former Members	100,993	375	-
Retiree Health Insurance Credits	-	-	-
Insurance Premiums and Claims	-	-	-
Administrative Expenses	20,055	288	172
Other Expenses	2,323	27	17
Long-term Disability Benefits	-	-	-
Total Deductions	4,059,027	54,028	40,394
Transfers:			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Transfers	-	-	-
Net Increase	1,859,912	12,545	14,389
Net Position Held in Trust for Pension/Other Employment Benefits			
July 1	62,190,019	720,807	442,083
June 30	\$ 64,049,931	\$ 733,352	\$ 456,472

Virginia Law Officers' Retirement System	Political Appointees	Public School Superintendents	Virginia Supplemental Retirement Plan	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust Fund
\$ 59,316	\$ 413	\$ 9	\$ 6	\$ 7,684	\$ 59,084	\$ 20,794
59,316	413	9	6	7,684	59,084	20,794
7,004	-	-	-	913	6,909	2,457
52,312	413	9	6	6,771	52,175	18,337
17,081	1,265	80	-	-	124,374	-
62,084	-	-	-	144,834	84,089	23,674
79,165	1,265	80	-	144,834	208,463	23,674
-	-	-	-	-	-	342
131,477	1,678	89	6	151,605	260,638	42,353
84,990	1,020	-	-	-	-	-
4,797	-	-	-	-	-	-
-	-	-	-	147,989	-	-
-	-	-	-	-	175,760	-
487	10	-	-	177	-	387
44	-	-	-	5	1,288	15
-	-	-	-	-	-	37,086
90,318	1,030	-	-	148,171	177,048	37,488
-	-	-	-	-	-	10
-	-	-	-	-	-	-
-	-	-	-	-	-	10
41,159	648	89	6	3,434	83,590	4,875
1,150,194	11,014	290	101	169,760	1,079,027	409,643
\$ 1,191,353	\$ 11,662	\$ 379	\$ 107	\$ 173,194	\$ 1,162,617	\$ 414,518

Continued on next page

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds
(Continued from previous page)

For the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Other Employment Volunteer Firefighters and Rescue Squad Workers	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ 134	\$ 213	\$ (2)
Total Investment Income	134	213	(2)
Less Investment Expenses	-	34	-
Net Investment Income	134	179	(2)
Contributions:			
Member	27	-	-
Employer	88	9,121	865
Total Contributions	115	9,121	865
Other Revenue	-	89	10
Total Additions	249	9,389	873
Deductions:			
Retirement Benefits	-	-	-
Refunds to Former Members	71	-	-
Retiree Health Insurance Credits	-	-	-
Insurance Premiums and Claims	-	8,213	-
Administrative Expenses	-	72	213
Other Expenses	-	189	5
Long-term Disability Benefits	-	-	645
Total Deductions	71	8,474	863
Transfers:			
Transfers In	-	-	-
Transfers Out	-	-	(10)
Total Transfers	-	-	(10)
Net Increase	178	915	-
Net Position Held in Trust for Pension/Other Employment Benefits			
July 1	2,936	-	-
June 30	\$ 3,114	\$ 915	\$ -

Total	
\$	3,400,718
	3,400,718
	402,089
	2,998,629
	961,042
	2,676,817
	3,637,859
	2,164
	6,638,652
	4,115,209
	106,236
	147,989
	183,973
	21,861
	3,913
	37,731
	4,616,912
	10
	(10)
	-
	2,021,740
	66,175,874
\$	68,197,614

Combining Statement of Fiduciary Net Position – Investment Trust Fund

June 30, 2015

(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Assets and Deferred Outflows of Resources		
Cash and Cash Equivalents	\$ 1,163,404	\$ 1,163,404
Investments:		
Bonds and Mortgage Securities	38,229	38,229
Short-term Investments	1,525,541	1,525,541
Total Investments	1,563,770	1,563,770
Receivables, Net:		
Interest and Dividends	755	755
Total Receivables	755	755
Total Assets	2,727,929	2,727,929
Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflows of Resources	2,727,929	2,727,929
Liabilities and Deferred Inflows of Resources		
Total Liabilities	-	-
Deferred Inflows of Resources	-	-
Total Liabilities and Deferred Inflows of Resources	-	-
Net Position Held in Trust for Pool Participants	\$ 2,727,929	\$ 2,727,929

Combining Statement of Changes in Fiduciary Net Position - Investment Trust FundFor the Fiscal Year Ended June 30, 2015
(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Additions:		
Investment Income:		
Interest, Dividends, and Other Investment Income	\$ 2,197	\$ 2,197
Distributions to Shareholders from Net Investment Income	(2,197)	(2,197)
Total Investment Income	-	-
Net Investment Income	-	-
Shares Sold	4,134,434	4,134,434
Reinvested Distributions	2,248	2,248
Total Additions	4,136,682	4,136,682
Deductions:		
Shares Redeemed	4,136,004	4,136,004
Total Deductions	4,136,004	4,136,004
Net Increase	678	678
Net Position Held in Trust for Pool Participants		
July 1	2,727,251	2,727,251
June 30	<u>\$ 2,727,929</u>	<u>\$ 2,727,929</u>

Combining Statement of Fiduciary Net Position – Agency Funds

June 30, 2015

(Dollars in Thousands)

	Funds for the Collection of Taxes and Fees	Employee Benefits	Contractor Deposits	Deposits of Insurance Carriers
Assets				
Cash and Cash Equivalents	\$ 192,772	\$ 3,620	\$ 34,277	\$ 49,343
Investments:				
Short-term Investments	1	-	11	69,996
Other	-	-	-	319,445
Total Investments	1	-	11	389,441
Receivables, Net:				
Accounts	57,569	-	-	40
Total Receivables	57,569	-	-	40
Other Assets	-	-	-	-
Total Assets	<u>\$ 250,342</u>	<u>\$ 3,620</u>	<u>\$ 34,288</u>	<u>\$ 438,824</u>
Liabilities				
Accounts Payable and Accrued Expenses	\$ -	\$ 3,620	\$ -	\$ -
Amounts Due to Other Governments	250,303	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	-	-	-
Obligations Under Securities Lending Program	39	-	302	-
Other Liabilities	-	-	33,986	438,824
Insurance Premiums and Claims Payable	-	-	-	-
Total Liabilities	<u>\$ 250,342</u>	<u>\$ 3,620</u>	<u>\$ 34,288</u>	<u>\$ 438,824</u>

<u>Inmate and Ward</u>	<u>Child Support Collection</u>	<u>Behavioral Health Patient</u>	<u>Behavioral Health Non-Patient</u>	<u>Comptroller's Debt Setoff</u>	<u>Unclaimed Property of Other States</u>	<u>Legal Settlement</u>	<u>Consumer Services</u>
\$ 16,050	\$ 16,250	\$ 1,996	\$ 39	\$ 1,022	\$ 6,006	\$ 14,225	\$ 1,475
-	-	-	-	-	-	1	-
-	-	6	-	-	-	-	-
-	-	6	-	-	-	1	-
599	-	-	-	-	-	-	-
599	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 16,649</u>	<u>\$ 16,250</u>	<u>\$ 2,002</u>	<u>\$ 39</u>	<u>\$ 1,022</u>	<u>\$ 6,006</u>	<u>\$ 14,226</u>	<u>\$ 1,475</u>
\$ 2,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2
-	-	-	-	-	6,006	-	-
71	-	-	-	-	-	-	-
-	-	-	-	-	-	39	-
14,114	16,250	2,002	39	1,022	-	14,187	1,473
-	-	-	-	-	-	-	-
<u>\$ 16,649</u>	<u>\$ 16,250</u>	<u>\$ 2,002</u>	<u>\$ 39</u>	<u>\$ 1,022</u>	<u>\$ 6,006</u>	<u>\$ 14,226</u>	<u>\$ 1,475</u>

Continued on next page

Combining Statement of Fiduciary Net Position – Agency Funds (Continued from previous page)

June 30, 2015

(Dollars in Thousands)

	State Asset Forfeiture	Virginia School for the Deaf and Blind	Woodrow Wilson Rehabilitation Center	Third Party Administrator
Assets				
Cash and Cash Equivalents	\$ 9,149	\$ 19	\$ 2	\$ 12,122
Investments:				
Short-term Investments	-	-	-	-
Other	-	-	-	-
Total Investments	-	-	-	-
Receivables, Net:				
Accounts	-	-	-	2
Total Receivables	-	-	-	2
Other Assets	-	-	-	26
Total Assets	<u>\$ 9,149</u>	<u>\$ 19</u>	<u>\$ 2</u>	<u>\$ 12,150</u>
Liabilities				
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ -	\$ 16
Amounts Due to Other Governments	-	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	-	-	-
Obligations Under Securities Lending Program	-	-	-	-
Other Liabilities	9,149	19	2	11,827
Insurance Premiums and Claims Payable	-	-	-	307
Total Liabilities	<u>\$ 9,149</u>	<u>\$ 19</u>	<u>\$ 2</u>	<u>\$ 12,150</u>

Department of Environmental Quality	Virginia Veterans' Care Center Resident Fund	Virginia Individual Development Account Trust Fund	E-Payables	Total
\$ 128	\$ 220	\$ -	\$ 19,827	\$ 378,542
-	-	-	-	70,009
-	-	-	-	319,451
-	-	-	-	389,460
-	-	-	-	58,210
-	-	-	-	58,210
-	-	-	-	26
\$ 128	\$ 220	\$ -	\$ 19,827	\$ 826,238
\$ -	\$ -	\$ -	\$ -	\$ 6,102
-	-	-	-	256,309
-	-	-	-	71
-	-	-	-	380
128	220	-	19,827	563,069
-	-	-	-	307
\$ 128	\$ 220	\$ -	\$ 19,827	\$ 826,238

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Balance July 1	Additions	Deletions	Balance June 30
Funds for the Collection of Taxes and Fees				
Assets:				
Cash and Cash Equivalents	\$ 163,432	\$ 1,287,862	\$ 1,258,522	\$ 192,772
Short-term Investments	3	1	3	1
Accounts Receivable	80,680	57,569	80,680	57,569
Total Assets	\$ 244,115	\$ 1,345,432	\$ 1,339,205	\$ 250,342
Liabilities:				
Amounts Due to Other Governments	\$ 244,022	\$ 1,345,393	\$ 1,339,112	\$ 250,303
Obligations Under Securities Lending Program	93	39	93	39
Total Liabilities	\$ 244,115	\$ 1,345,432	\$ 1,339,205	\$ 250,342
Employee Benefits				
Assets:				
Cash and Cash Equivalents	\$ 3,296	\$ 215,110	\$ 214,786	\$ 3,620
Total Assets	\$ 3,296	\$ 215,110	\$ 214,786	\$ 3,620
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 3,296	\$ 215,110	\$ 214,786	\$ 3,620
Total Liabilities	\$ 3,296	\$ 215,110	\$ 214,786	\$ 3,620
Contractor Deposits				
Assets:				
Cash and Cash Equivalents	\$ 33,275	\$ 10,638	\$ 9,636	\$ 34,277
Short-term Investments	23	11	23	11
Total Assets	\$ 33,298	\$ 10,649	\$ 9,659	\$ 34,288
Liabilities:				
Obligations Under Securities Lending Program	\$ 742	\$ 302	\$ 742	\$ 302
Other Liabilities	32,556	10,347	8,917	33,986
Total Liabilities	\$ 33,298	\$ 10,649	\$ 9,659	\$ 34,288
Deposits of Insurance Carriers				
Assets:				
Cash and Cash Equivalents	\$ 39,201	\$ 32,391	\$ 22,249	\$ 49,343
Short-term Investments	57,810	69,997	57,811	69,996
Other Investments	341,572	3,093	25,220	319,445
Accounts Receivable	34	725	719	40
Total Assets	\$ 438,617	\$ 106,206	\$ 105,999	\$ 438,824
Liabilities:				
Other Liabilities	\$ 438,617	\$ 106,206	\$ 105,999	\$ 438,824
Total Liabilities	\$ 438,617	\$ 106,206	\$ 105,999	\$ 438,824
Inmate and Ward				
Assets:				
Cash and Cash Equivalents	\$ 14,017	\$ 2,108	\$ 75	\$ 16,050
Accounts Receivable	419	186	6	599
Total Assets	\$ 14,436	\$ 2,294	\$ 81	\$ 16,649
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 2,346	\$ 118	\$ -	\$ 2,464
Due to Internal Parties (Governmental Funds and Business-type Activities)	147	-	76	71
Other Liabilities	11,943	2,252	81	14,114
Total Liabilities	\$ 14,436	\$ 2,370	\$ 157	\$ 16,649

	Balance July 1	Additions	Deletions	Balance June 30
Child Support Collection				
Assets:				
Cash and Cash Equivalents	\$ 16,263	\$ 652,908	\$ 652,921	\$ 16,250
Total Assets	<u>\$ 16,263</u>	<u>\$ 652,908</u>	<u>\$ 652,921</u>	<u>\$ 16,250</u>
Liabilities:				
Other Liabilities	\$ 16,263	\$ 652,908	\$ 652,921	\$ 16,250
Total Liabilities	<u>\$ 16,263</u>	<u>\$ 652,908</u>	<u>\$ 652,921</u>	<u>\$ 16,250</u>
Behavioral Health Patient				
Assets:				
Cash and Cash Equivalents	\$ 1,494	\$ 3,478	\$ 2,976	\$ 1,996
Other Investments	106	-	100	6
Total Assets	<u>\$ 1,600</u>	<u>\$ 3,478</u>	<u>\$ 3,076</u>	<u>\$ 2,002</u>
Liabilities:				
Other Liabilities	\$ 1,600	\$ 3,478	\$ 3,076	\$ 2,002
Total Liabilities	<u>\$ 1,600</u>	<u>\$ 3,478</u>	<u>\$ 3,076</u>	<u>\$ 2,002</u>
Behavioral Health Non-Patient				
Assets:				
Cash and Cash Equivalents	\$ 38	\$ 3	\$ 2	\$ 39
Total Assets	<u>\$ 38</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 39</u>
Liabilities:				
Other Liabilities	\$ 38	\$ 3	\$ 2	\$ 39
Total Liabilities	<u>\$ 38</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 39</u>
Comptroller's Debt Setoff				
Assets:				
Cash and Cash Equivalents	\$ 999	\$ 11,219	\$ 11,196	\$ 1,022
Total Assets	<u>\$ 999</u>	<u>\$ 11,219</u>	<u>\$ 11,196</u>	<u>\$ 1,022</u>
Liabilities:				
Other Liabilities	\$ 999	\$ 11,219	\$ 11,196	\$ 1,022
Total Liabilities	<u>\$ 999</u>	<u>\$ 11,219</u>	<u>\$ 11,196</u>	<u>\$ 1,022</u>
Unclaimed Property of Other States				
Assets:				
Cash and Cash Equivalents	\$ 8,984	\$ 6,006	\$ 8,984	\$ 6,006
Total Assets	<u>\$ 8,984</u>	<u>\$ 6,006</u>	<u>\$ 8,984</u>	<u>\$ 6,006</u>
Liabilities:				
Amounts Due to Other Governments	\$ 8,984	\$ 6,006	\$ 8,984	\$ 6,006
Total Liabilities	<u>\$ 8,984</u>	<u>\$ 6,006</u>	<u>\$ 8,984</u>	<u>\$ 6,006</u>
Legal Settlement				
Assets:				
Cash and Cash Equivalents	\$ 13,139	\$ 5,901	\$ 4,815	\$ 14,225
Short-term Investments	3	1	3	1
Total Assets	<u>\$ 13,142</u>	<u>\$ 5,902</u>	<u>\$ 4,818</u>	<u>\$ 14,226</u>
Liabilities:				
Obligations Under Securities Lending Program	\$ 97	\$ 39	\$ 97	\$ 39
Other Liabilities	13,045	5,863	4,721	14,187
Total Liabilities	<u>\$ 13,142</u>	<u>\$ 5,902</u>	<u>\$ 4,818</u>	<u>\$ 14,226</u>

Continued on next page

Combining Statement of Changes in Assets and Liabilities – Agency Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Balance July 1	Additions	Deletions	Balance June 30
Consumer Services				
Assets:				
Cash and Cash Equivalents	\$ 1,408	\$ 199	\$ 132	\$ 1,475
Total Assets	\$ 1,408	\$ 199	\$ 132	\$ 1,475
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 2	\$ 27	\$ 27	\$ 2
Other Liabilities	1,406	172	105	1,473
Total Liabilities	\$ 1,408	\$ 199	\$ 132	\$ 1,475
State Asset Forfeiture				
Assets:				
Cash and Cash Equivalents	\$ 8,861	\$ 6,388	\$ 6,100	\$ 9,149
Short-term Investments	5	-	5	-
Total Assets	\$ 8,866	\$ 6,388	\$ 6,105	\$ 9,149
Liabilities:				
Obligations Under Securities Lending Program	\$ 149	\$ -	\$ 149	\$ -
Other Liabilities	8,717	6,388	5,956	9,149
Total Liabilities	\$ 8,866	\$ 6,388	\$ 6,105	\$ 9,149
Virginia School for the Deaf and the Blind				
Assets:				
Cash and Cash Equivalents	\$ 19	\$ 13	\$ 13	\$ 19
Total Assets	\$ 19	\$ 13	\$ 13	\$ 19
Liabilities:				
Other Liabilities	\$ 19	\$ 13	\$ 13	\$ 19
Total Liabilities	\$ 19	\$ 13	\$ 13	\$ 19
Woodrow Wilson Rehabilitation Center				
Assets:				
Cash and Cash Equivalents	\$ 4	\$ 14	\$ 16	\$ 2
Total Assets	\$ 4	\$ 14	\$ 16	\$ 2
Liabilities:				
Other Liabilities	\$ 4	\$ 14	\$ 16	\$ 2
Total Liabilities	\$ 4	\$ 14	\$ 16	\$ 2
Third Party Administrator				
Assets:				
Cash and Cash Equivalents	\$ 12,007	\$ 4,319	\$ 4,204	\$ 12,122
Accounts Receivable	4	2	4	2
Other Assets	33	-	7	26
Total Assets	\$ 12,044	\$ 4,321	\$ 4,215	\$ 12,150
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 2	\$ 16	\$ 2	\$ 16
Other Liabilities	11,707	4,296	4,176	11,827
Insurance Premiums and Claims Payable	335	-	28	307
Total Liabilities	\$ 12,044	\$ 4,312	\$ 4,206	\$ 12,150

	Balance July 1	Additions	Deletions	Balance June 30
Department of Environmental Quality				
Assets:				
Cash and Cash Equivalents	\$ 128	\$ -	\$ -	\$ 128
Total Assets	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>
Liabilities:				
Other Liabilities	\$ 128	\$ -	\$ -	\$ 128
Total Liabilities	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>
Virginia Veterans' Care Center Resident Fund				
Assets:				
Cash and Cash Equivalents	\$ 134	\$ 1,156	\$ 1,070	\$ 220
Total Assets	<u>\$ 134</u>	<u>\$ 1,156</u>	<u>\$ 1,070</u>	<u>\$ 220</u>
Liabilities:				
Other Liabilities	\$ 134	\$ 1,156	\$ 1,070	\$ 220
Total Liabilities	<u>\$ 134</u>	<u>\$ 1,156</u>	<u>\$ 1,070</u>	<u>\$ 220</u>
Virginia Individual Development Account Trust Fund				
Assets:				
Cash and Cash Equivalents	\$ -	\$ 65	\$ 65	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 65</u>	<u>\$ -</u>
Liabilities:				
Other Liabilities	\$ -	\$ 65	\$ 65	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 65</u>	<u>\$ -</u>
E-Payables				
Assets:				
Cash and Cash Equivalents	\$ 18,497	\$ 109,916	\$ 108,586	\$ 19,827
Total Assets	<u>\$ 18,497</u>	<u>\$ 109,916</u>	<u>\$ 108,586</u>	<u>\$ 19,827</u>
Liabilities:				
Other Liabilities	\$ 18,497	\$ 109,916	\$ 108,586	\$ 19,827
Total Liabilities	<u>\$ 18,497</u>	<u>\$ 109,916</u>	<u>\$ 108,586</u>	<u>\$ 19,827</u>
Totals - Agency Funds				
Assets:				
Cash and Cash Equivalents	\$ 335,196	\$ 2,349,694	\$ 2,306,348	\$ 378,542
Short-term Investments	57,844	70,010	57,845	70,009
Other Investments	341,678	3,093	25,320	319,451
Accounts Receivable	81,137	58,482	81,409	58,210
Other Assets	33	-	7	26
Total Assets	<u>\$ 815,888</u>	<u>\$ 2,481,279</u>	<u>\$ 2,470,929</u>	<u>\$ 826,238</u>
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 5,646	\$ 215,271	\$ 214,815	\$ 6,102
Amounts Due to Other Governments	253,006	1,351,399	1,348,096	256,309
Due to Internal Parties (Governmental Funds and Business-type Activities)	147	-	76	71
Obligations Under Securities Lending Program	1,081	380	1,081	380
Other Liabilities	555,673	914,296	906,900	563,069
Insurance Premiums and Claims Payable	335	-	28	307
Total Liabilities	<u>\$ 815,888</u>	<u>\$ 2,481,346</u>	<u>\$ 2,470,996</u>	<u>\$ 826,238</u>

Nonmajor Component Units

Component Units are organizations that are legally separate from the Commonwealth of Virginia. Each discrete component unit serves or benefits those outside of the primary government.

The Higher Education Institutions account for the resources received and used in the operation of the Commonwealth's institutions of higher education and medical teaching hospitals.

Higher Education Institutions included in this section are:

- University of Virginia, including the University of Virginia Medical Center, and the University of Virginia College at Wise
- Virginia Polytechnic Institute and State University
- Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority
- The College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science
- Virginia Military Institute
- Virginia State University
- Norfolk State University
- University of Mary Washington
- James Madison University
- Radford University
- Old Dominion University
- George Mason University
- Virginia Community College System
- Christopher Newport University
- Longwood University
- Southwest Virginia Higher Education Center
- Roanoke Higher Education Authority
- Innovation and Entrepreneurship Investment Authority
- Institute for Advanced Learning and Research
- Southern Virginia Higher Education Center
- New College Institute

The Virginia Economic Development Partnership works to enhance and increase the Commonwealth's commerce and trade.

The Virginia Outdoors Foundation promotes preservation and fundraising for the purchase of preservation land.

The Virginia Port Authority is empowered to maintain and operate Virginia's harbors and ports.

The Virginia Tourism Authority promotes tourism and film production industries of the Commonwealth.

The Virginia Foundation for Healthy Youth determines the appropriate recipients of monies in the Virginia Tobacco Settlement Fund.

The Tobacco Indemnification and Community Revitalization Commission determines the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund.

The Hampton Roads Sanitation District Commission operates a sewage system for 17 localities in the Chesapeake Bay Area.

The Virginia Biotechnology Research Partnership Authority assists in the development of a biotechnology research park.

The Virginia Small Business Financing Authority assists small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses.

The Virginia School for the Deaf and Blind Foundation operates exclusively for the benefit of the Virginia School for the Deaf and Blind.

The Science Museum of Virginia Foundation operates to implement and fund projects and operations of the Science Museum of Virginia.

The Virginia Commercial Space Flight Authority disseminates knowledge pertaining to scientific and technological research and development among public and private entities including, but not limited to, knowledge in the area of commercial space flight, and to promote industrial and economic development.

The Danville Science Center, Inc., promotes programs, projects and operations to educate students.

The Virginia Museum of Fine Arts Foundation implements and funds programs, projects, and operations of the Virginia Museum of Fine Arts.

The A. L. Philpott Manufacturing Extension Partnership promotes industrial expansion by providing consulting services to manufacturers.

The Virginia University Research Partnership oversees the administration of grant payments for use by a non-profit, public benefit research institute that conducts research and development for government agencies, commercial businesses, foundations, and other organizations, as well as commercializes technology.

The Fort Monroe Authority assists in formulating a reuse plan for Fort Monroe.

The Assistive Technology Loan Fund Authority provides assistance with loans and in the purchase of assistive technology or other equipment to enable Virginians with disabilities to become more independent.

The Virginia Sesquicentennial of the American Civil War Foundation was created to prepare for and commemorate the sesquicentennial of Virginia's participation in the American Civil War.

The Virginia Land Conservation Foundation acquires interests in preservation land and provides grants to other entities to acquire interests in preservation land.

The Virginia Arts Foundation works to promote the arts in the Commonwealth.

The Library of Virginia Foundation promotes and supports the Library of Virginia.

The Virginia Health Workforce Development Authority provides assistance to the health professions.

Combining Statement of Net Position – Nonmajor Component Units

June 30, 2015

(Dollars in Thousands)

	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Commonwealth University	The College of William and Mary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 654,698	\$ 260,765	\$ 401,519	\$ 47,554
Investments	7,510,200	264,208	1,897,219	60,055
Receivables, Net	408,172	117,972	434,169	20,796
Contributions Receivable, Net	95,031	99,115	37,253	27,933
Due from Primary Government	5,257	-	-	412
Due from Component Units	15,371	15,549	11,265	4,611
Inventory	26,987	19,398	24,428	644
Prepaid Items	33,142	20,037	13,230	2,899
Other Assets	29,438	3,696	29,948	2,584
Restricted Cash and Cash Equivalents	11,667	176,690	97,839	40,989
Restricted Investments	721,840	802,680	552,268	700,648
Other Restricted Assets	11,596	15,083	21,155	140,312
Nondepreciable Capital Assets	293,784	255,448	377,982	181,208
Depreciable Capital Assets, Net	3,280,518	1,658,864	1,425,870	646,777
Total Assets	13,097,701	3,709,505	5,324,145	1,877,422
Deferred Outflows of Resources	88,330	43,226	93,334	19,232
Total Assets and Deferred Outflows of Resources	13,186,031	3,752,731	5,417,479	1,896,654
Liabilities and Deferred Inflows of Resources				
Accounts Payable	337,617	133,213	224,780	38,397
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	392	3,811	4,843	1,259
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	5,654	6,131	5,685	1,148
Unearned Revenue	88,481	44,383	36,887	13,224
Obligations Under Securities Lending Program	-	-	-	46
Other Liabilities	451,685	88,280	169,568	14,360
Loans Payable to Primary Government	-	-	-	129
Claims Payable:				
Due Within One Year	-	-	100,864	-
Due in More Than One Year	-	-	41,529	-
Long-term Liabilities:				
Due Within One Year	135,489	64,581	94,313	30,175
Due in More Than One Year	2,615,177	1,163,314	1,462,501	421,717
Total Liabilities	3,634,495	1,503,713	2,140,970	520,455
Deferred Inflows of Resources	160,635	63,575	69,389	18,214
Total Liabilities and Deferred Inflows of Resources	3,795,130	1,567,288	2,210,359	538,669
Net Position				
Net Investment in Capital Assets	1,953,199	1,226,823	992,340	561,967
Restricted For:				
Nonexpendable:				
Higher Education	1,257,344	455,167	303,546	522,159
Other	-	-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Gifts and Grants	-	-	-	-
Higher Education	3,740,724	598,849	358,704	337,085
Other	-	-	-	-
Unrestricted	2,439,634	(95,396)	1,552,530	(63,226)
Total Net Position (Deficit)	\$ 9,390,901	\$ 2,185,443	\$ 3,207,120	\$ 1,357,985

Virginia Military Institute	Virginia State University	Norfolk State University	University of Mary Washington	James Madison University	Radford University	Old Dominion University	George Mason University
\$ 20,448	\$ 25,077	\$ 22,632	\$ 16,093	\$ 161,496	\$ 90,418	\$ 130,977	\$ 211,181
81,315	943	19,103	2,331	15,239	6,714	23,177	9,099
2,874	5,864	6,569	6,807	8,176	5,780	84,254	38,562
25,964	-	373	2,933	5,850	1,539	16,347	28,117
-	56	307	304	8	-	823	-
11,460	6,318	4,589	2,870	7,266	10,197	7,017	7,547
6,917	-	-	522	1,075	466	502	1,251
1,261	1,968	980	1,039	10,701	4,061	3,056	5,844
98	86	1,477	1,407	28	4,400	367	4,855
3,277	14,072	5,723	21,512	35,606	11,793	45,248	30,330
312,306	45,610	8,912	40,436	84,380	56,918	199,793	131,711
5,572	-	-	-	6,421	202	-	11,228
41,665	77,597	26,124	104,067	211,821	97,331	77,182	130,847
235,982	217,137	232,275	339,633	769,136	219,283	536,750	1,215,950
749,139	394,728	329,064	539,954	1,317,203	509,102	1,125,493	1,826,522
2,927	8,827	4,749	3,989	17,975	6,783	23,832	34,879
752,066	403,555	333,813	543,943	1,335,178	515,885	1,149,325	1,861,401
11,742	9,809	7,355	20,857	45,321	24,862	45,435	61,271
1,347	-	-	-	-	-	-	7
286	365	406	341	1,497	642	1,119	1,468
-	-	-	-	-	-	8,037	-
216	244	438	169	2,636	248	1,038	294
1,405	2,765	3,718	1,437	15,146	4,328	14,164	48,413
521	704	717	5	3,958	2,899	2,148	4,762
4,127	4,000	4,011	4,234	13,620	4,882	12,448	20,894
-	-	-	-	-	-	-	12,500
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,238	8,505	3,867	6,591	19,190	3,875	23,821	43,783
101,481	195,482	141,670	327,279	467,087	125,278	473,076	1,046,887
123,363	221,874	162,182	360,913	568,455	167,014	581,286	1,240,279
4,351	10,209	10,140	6,566	22,647	10,225	20,052	34,086
127,714	232,083	172,322	367,479	591,102	177,239	601,338	1,274,365
260,231	176,766	187,719	197,335	701,554	276,223	377,207	576,379
152,824	18,984	8,962	35,018	56,808	26,026	139,879	87,541
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
168,559	24,541	22,414	18,712	48,303	35,990	108,602	79,817
-	-	-	-	-	-	-	-
42,738	(48,819)	(57,604)	(74,601)	(62,589)	407	(77,701)	(156,701)
\$ 624,352	\$ 171,472	\$ 161,491	\$ 176,464	\$ 744,076	\$ 338,646	\$ 547,987	\$ 587,036

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units (Continued from previous page)

June 30, 2015

(Dollars in Thousands)

	Virginia Community College System	Christopher Newport University	Longwood University	Southwest Virginia Higher Education Center
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 240,832	\$ 34,262	\$ 53,011	\$ -
Investments	60,009	44	23,969	-
Receivables, Net	19,142	976	3,608	1,848
Contributions Receivable, Net	11,380	15,679	3,474	-
Due from Primary Government	1,035	1	-	-
Due from Component Units	24,776	2,646	776	65
Inventory	1,777	230	594	-
Prepaid Items	22,374	1,749	3,025	-
Other Assets	307	2,794	765	165
Restricted Cash and Cash Equivalents	43,700	36,809	3,678	-
Restricted Investments	165,113	25,038	40,933	-
Other Restricted Assets	-	1,116	108	-
Nondepreciable Capital Assets	195,599	89,272	51,943	287
Depreciable Capital Assets, Net	1,167,160	520,075	271,039	11,065
Total Assets	1,953,204	730,691	456,923	13,430
Deferred Outflows of Resources	52,562	9,147	6,899	19
Total Assets and Deferred Outflows of Resources	2,005,766	739,838	463,822	13,449
Liabilities and Deferred Inflows of Resources				
Accounts Payable	74,792	11,611	7,458	417
Amounts Due to Other Governments	4,795	-	-	-
Due to Primary Government	3,160	415	390	12
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	5,023	179	162	19
Unearned Revenue	55,603	1,508	2,398	-
Obligations Under Securities Lending Program	28	898	1,701	-
Other Liabilities	13,621	5,367	6,979	-
Loans Payable to Primary Government	4,000	-	-	-
Claims Payable:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Long-term Liabilities:				
Due Within One Year	25,833	19,100	5,302	187
Due in More Than One Year	731,739	338,098	197,188	2,550
Total Liabilities	918,594	377,176	221,578	3,185
Deferred Inflows of Resources	88,646	6,407	6,211	316
Total Liabilities and Deferred Inflows of Resources	1,007,240	383,583	227,789	3,501
Net Position				
Net Investment in Capital Assets	1,240,158	344,967	180,624	10,821
Restricted For:				
Nonexpendable:				
Higher Education	74,531	20,466	36,411	-
Other	-	-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Gifts and Grants	-	-	-	-
Higher Education	95,110	20,304	24,286	-
Other	-	-	-	-
Unrestricted	(411,273)	(29,482)	(5,288)	(873)
Total Net Position (Deficit)	\$ 998,526	\$ 356,255	\$ 236,033	\$ 9,948

Roanoke Higher Education Authority	Innovation and Entrepreneurship Investment Authority	Institute for Advanced Learning and Research	Southern Virginia Higher Education Center	New College Institute	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Virginia Port Authority
\$ 2,429	\$ 7,301	\$ 3,055	\$ 822	\$ 2,409	\$ 2,568	\$ 1,504	\$ 81,756
-	-	626	-	1,027	-	-	192
12	539	169	18	3	717	711	95,702
-	-	-	-	553	-	-	-
-	-	-	-	5	-	-	-
2,592	-	153	65	-	-	-	-
-	-	-	-	-	-	-	17,495
21	107	224	-	-	392	36	9,238
136	686	14	-	3	20	1	32
-	-	247	297	-	-	1,423	140,661
-	-	-	-	542	-	-	15,327
-	-	573	-	-	-	-	-
1,024	5,629	200	-	1,201	-	5,050	213,853
26,842	10,225	13,601	1,417	18,815	616	127	561,034
33,056	24,487	18,862	2,619	24,558	4,313	8,852	1,135,290
46	-	70	225	104	955	-	5,753
33,102	24,487	18,932	2,844	24,662	5,268	8,852	1,141,043
271	680	203	178	162	309	142	39,566
-	-	-	-	-	-	-	-
-	-	-	16	7	-	-	-
-	-	-	-	-	-	-	-
-	-	-	15	6	-	-	6
29	384	239	-	11	52	-	-
-	-	-	-	-	-	-	1,993
19	118	40	-	-	-	-	9,636
2,363	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
143	239	110	86	36	585	78	24,135
811	-	816	2,702	1,258	12,965	108	578,641
3,636	1,421	1,408	2,997	1,480	13,911	328	653,977
99	-	114	395	184	2,419	-	2,481
3,735	1,421	1,522	3,392	1,664	16,330	328	656,458
27,005	15,855	11,993	1,417	20,015	616	5,176	241,337
-	-	-	-	542	-	-	-
-	-	-	-	-	-	35	-
-	-	-	-	-	-	-	15,883
-	-	-	-	-	-	-	35,065
-	-	-	-	-	-	-	-
-	-	729	-	1,180	-	-	-
-	-	-	-	-	-	1,526	-
2,362	7,211	4,688	(1,965)	1,261	(11,678)	1,787	192,300
\$ 29,367	\$ 23,066	\$ 17,410	\$ (548)	\$ 22,998	\$ (11,062)	\$ 8,524	\$ 484,585

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units (Continued from previous page)

June 30, 2015

(Dollars in Thousands)

	Virginia Tourism Authority	Virginia Foundation for Healthy Youth	Tobacco Indemnification and Community Revitalization Commission	Hampton Roads Sanitation District Commission
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 4,164	\$ 11,814	\$ 32,261	\$ 7,819
Investments	-	-	275,998	121,575
Receivables, Net	10	25	7,044	47,851
Contributions Receivable, Net	-	-	-	-
Due from Primary Government	-	-	-	-
Due from Component Units	-	-	-	-
Inventory	-	-	-	27,553
Prepaid Items	180	-	5	-
Other Assets	1	6	3,223	324
Restricted Cash and Cash Equivalents	-	-	21,358	86,451
Restricted Investments	-	-	191,093	-
Other Restricted Assets	-	-	1,552	-
Nondepreciable Capital Assets	811	-	-	241,541
Depreciable Capital Assets, Net	730	-	-	859,810
Total Assets	5,896	11,845	532,534	1,392,924
Deferred Outflows of Resources	634	131	139	16,587
Total Assets and Deferred Outflows of Resources	6,530	11,976	532,673	1,409,511
Liabilities and Deferred Inflows of Resources				
Accounts Payable	226	74	78	43,924
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	-	9	7	-
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	-	9	7	-
Unearned Revenue	2	-	-	-
Obligations Under Securities Lending Program	-	-	-	-
Other Liabilities	-	665	4,316	14,797
Loans Payable to Primary Government	-	-	-	-
Claims Payable:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Long-term Liabilities:				
Due Within One Year	341	36	22	30,831
Due in More Than One Year	7,305	1,857	1,396	752,734
Total Liabilities	7,874	2,650	5,826	842,286
Deferred Inflows of Resources	1,083	269	203	10,400
Total Liabilities and Deferred Inflows of Resources	8,957	2,919	6,029	852,686
Net Position				
Net Investment in Capital Assets	1,541	-	-	385,597
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	-
Other	-	-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	212,226	-
Debt Service	-	-	-	66,188
Gifts and Grants	-	-	-	-
Higher Education	-	-	-	-
Other	-	-	-	-
Unrestricted	(3,968)	9,057	314,418	105,040
Total Net Position (Deficit)	\$ (2,427)	\$ 9,057	\$ 526,644	\$ 556,825

Virginia Biotechnology Research Partnership Authority	Virginia Small Business Financing Authority	Virginia School for the Deaf and Blind Foundation	Science Museum of Virginia Foundation	Virginia Commercial Space Flight Authority	Danville Science Center, Inc.	Virginia Museum of Fine Arts Foundation	A. L. Philpott Manufacturing Extension Partnership
\$ 3,744	\$ 3,174	\$ 3,695	\$ 656	\$ 1,737	\$ 57	\$ 922	\$ 1,171
6,164	13	1,340	573	-	349	7,605	-
28,279	13,475	-	13	2,844	2	-	379
-	-	-	4,049	-	28	5,274	-
-	-	-	-	-	-	-	-
-	-	-	-	8,037	-	-	-
-	-	-	-	-	4	-	-
1	-	-	4	145	-	-	-
396	-	-	-	-	-	5,111	-
-	27,639	-	5,138	-	258	13,534	-
-	-	-	14,813	-	497	245,888	-
-	10,667	-	-	-	-	-	-
3,369	-	-	1,792	-	-	-	-
64	-	-	4	112,691	34	409	2
42,017	54,968	5,035	27,042	125,454	1,229	278,743	1,552
1,713	864	-	-	-	-	-	-
43,730	55,832	5,035	27,042	125,454	1,229	278,743	1,552
42	32	-	1	4,310	-	220	511
-	-	-	-	-	-	-	-
-	2	-	597	-	-	-	-
-	-	-	-	-	-	-	-
-	3	-	-	-	-	-	-
15	-	-	9	2,899	-	-	87
-	364	-	-	-	-	-	-
11	10,667	-	-	-	-	610	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,525	-	-	2	-	-	1,225	169
27,111	1,215	-	8	-	-	43,750	-
30,704	12,283	-	617	7,209	-	45,805	767
118	1,100	-	-	-	-	-	-
30,822	13,383	-	617	7,209	-	45,805	767
3,433	-	-	1,796	112,691	34	409	2
-	-	-	-	-	-	-	-
-	-	-	5,898	-	254	151,646	-
-	-	-	6,342	-	-	348	-
-	-	-	-	-	-	-	-
32	30,507	-	9,893	-	529	99,656	-
-	-	-	-	-	-	-	-
396	7,362	-	1,262	-	-	-	-
9,047	4,580	5,035	1,234	5,554	412	(19,121)	783
\$ 12,908	\$ 42,449	\$ 5,035	\$ 26,425	\$ 118,245	\$ 1,229	\$ 232,938	\$ 785

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units (Continued from previous page)

June 30, 2015

(Dollars in Thousands)

	Virginia University Research Partnership	Fort Monroe Authority	Assistive Technology Loan Fund Authority	Virginia Sesquicentennial of the American Civil War Foundation
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 4	\$ 5,134	\$ 7,047	\$ 303
Investments	-	-	-	-
Receivables, Net	-	411	2,468	-
Contributions Receivable, Net	-	-	-	-
Due from Primary Government	-	-	-	-
Due from Component Units	-	-	-	-
Inventory	-	-	-	-
Prepaid Items	-	173	-	-
Other Assets	-	-	-	-
Restricted Cash and Cash Equivalents	-	275	-	-
Restricted Investments	-	-	-	-
Other Restricted Assets	-	-	-	-
Nondepreciable Capital Assets	-	877	-	-
Depreciable Capital Assets, Net	-	134	-	-
Total Assets	4	7,004	9,515	303
Deferred Outflows of Resources				
	-	232	-	-
Total Assets and Deferred Outflows of Resources	4	7,236	9,515	303
Liabilities and Deferred Inflows of Resources				
Accounts Payable	-	1,360	-	-
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	-	11	-	-
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	-	22	-	-
Unearned Revenue	-	31	-	-
Obligations Under Securities Lending Program	-	-	-	-
Other Liabilities	-	281	-	-
Loans Payable to Primary Government	-	-	-	-
Claims Payable:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Long-term Liabilities:				
Due Within One Year	-	46	6	-
Due in More Than One Year	-	2,192	-	-
Total Liabilities	-	3,943	6	-
Deferred Inflows of Resources				
	-	329	-	-
Total Liabilities and Deferred Inflows of Resources	-	4,272	6	-
Net Position				
Net Investment in Capital Assets	-	1,011	-	-
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	-
Other	-	9	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Gifts and Grants	-	-	30	303
Higher Education	-	-	-	-
Other	-	-	-	-
Unrestricted	4	1,944	9,479	-
Total Net Position (Deficit)	\$ 4	\$ 2,964	\$ 9,509	\$ 303

Virginia Land Conservation Foundation	Virginia Arts Foundation	Library of Virginia Foundation	Virginia Health Workforce Development Authority	Total Nonmajor Component Units
\$ 2,187	\$ -	\$ 36	\$ 108	\$ 2,558,840
-	-	1,489	-	10,390,576
-	-	-	-	1,366,241
-	-	52	-	380,944
-	-	-	-	8,208
-	-	-	-	143,170
-	-	91	-	129,934
-	-	-	-	135,892
-	-	-	-	92,368
-	993	36	10	877,253
-	-	1,300	-	4,358,046
-	-	-	-	225,585
-	-	-	-	2,687,504
-	-	14	-	14,354,083
2,187	993	3,018	118	37,708,644
-	-	-	-	444,163
2,187	993	3,018	118	38,152,807
-	-	32	-	1,147,258
-	-	-	-	6,149
-	-	-	-	21,055
-	-	-	-	8,037
-	-	-	-	29,352
-	-	-	-	337,618
-	-	-	-	20,744
-	-	34	-	859,270
-	-	-	-	18,992
-	-	-	-	100,864
-	-	-	-	41,529
-	-	-	-	548,465
-	-	-	-	11,245,393
-	-	66	-	14,384,726
-	-	-	-	550,863
-	-	66	-	14,935,589
-	-	14	-	10,094,255
-	-	-	-	3,196,208
-	993	990	-	159,825
-	-	-	-	234,799
-	-	-	-	101,253
-	-	411	10	141,371
-	-	-	-	5,683,909
-	-	-	-	10,546
2,187	-	1,537	108	3,595,052
\$ 2,187	\$ 993	\$ 2,952	\$ 118	\$ 23,217,218

Combining Statement of Activities – Nonmajor Component Units

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue
Higher Education					
University of Virginia	\$ 3,555,450	\$ 2,605,453	\$ 821,753	\$ 48,792	\$ (79,452)
Virginia Polytechnic Institute and State University	1,388,823	721,264	412,181	36,487	(218,891)
Virginia Commonwealth University	3,471,331	3,171,100	279,268	28,373	7,410
The College of William and Mary	456,623	264,420	86,848	41,354	(64,001)
Virginia Military Institute	94,452	46,647	22,483	36,881	11,559
Virginia State University	140,613	54,717	33,331	43,377	(9,188)
Norfolk State University	158,073	51,761	31,725	26,930	(47,657)
University of Mary Washington	131,563	77,573	4,761	17,334	(31,895)
James Madison University	497,980	363,026	39,847	43,830	(51,277)
Radford University	191,055	113,703	26,562	37,009	(13,781)
Old Dominion University	478,475	255,870	91,893	20,043	(110,669)
George Mason University	838,591	516,909	177,773	55,074	(88,835)
Virginia Community College System	1,267,391	383,842	386,734	95,449	(401,366)
Christopher Newport University	152,980	108,828	8,906	23,895	(11,351)
Longwood University	146,340	92,954	12,924	9,266	(31,196)
Southwest Virginia Higher Education Center	10,916	1,474	6,947	2	(2,493)
Roanoke Higher Education Authority	3,756	1,119	50	5,241	2,654
Innovation and Entrepreneurship Investment Authority	18,024	6,836	1,928	-	(9,260)
Institute for Advanced Learning and Research	9,762	3,069	234	781	(5,678)
Southern Virginia Higher Education Center	5,923	2,359	1,125	65	(2,374)
New College Institute	4,301	535	2,091	2,053	378
Total Higher Education	<u>13,022,422</u>	<u>8,843,459</u>	<u>2,449,364</u>	<u>572,236</u>	<u>(1,157,363)</u>
Other Nonmajor Component Units					
Virginia Economic Development Partnership	23,344	463	1,825	-	(21,056)
Virginia Outdoors Foundation	4,409	1,242	1,206	-	(1,961)
Virginia Port Authority	457,744	449,982	6,179	2,065	482
Virginia Tourism Authority	22,743	365	1,863	-	(20,515)
Virginia Foundation for Healthy Youth	9,075	-	43	-	(9,032)
Tobacco Identification and Community Revitalization Commission	77,661	-	-	-	(77,661)
Hampton Roads Sanitation District Commission	218,412	232,989	-	19,519	34,096
Virginia Biotechnology Research Partnership Authority	2,109	2,456	-	-	347
Virginia Small Business Financing Authority	11,946	1,386	5,815	-	(4,745)
Virginia School for the Deaf and Blind Foundation	326	-	-	-	(326)
Science Museum of Virginia Foundation	3,022	-	800	1,311	(911)
Virginia Commercial Space Flight Authority	31,749	2,400	8,307	8,277	(12,765)
Danville Science Center, Inc.	601	8	142	-	(451)
Virginia Museum of Fine Arts Foundation	20,162	-	4,004	-	(16,158)
A. L. Philipott Manufacturing Extension Partnership	3,882	2,534	1,206	-	(142)
Virginia University Research Partnership	-	-	-	-	-
Fort Monroe Authority	10,976	3,792	991	373	(5,820)
Assistive Technology Loan Fund Authority	481	-	2	-	(479)
Virginia Sesquicentennial of the American Civil War Foundation	50	-	24	-	(26)
Virginia Land Conservation Foundation	1,896	-	856	-	(1,040)
Virginia Arts Foundation	-	26	-	-	26
Library of Virginia Foundation	907	228	(9)	-	(688)
Virginia Health Workforce Development Authority	1,078	-	1,082	-	4
Total Other Nonmajor	<u>902,573</u>	<u>697,871</u>	<u>34,336</u>	<u>31,545</u>	<u>(138,821)</u>
Total Nonmajor Component Units	<u>\$ 13,924,995</u>	<u>\$ 9,541,330</u>	<u>\$ 2,483,700</u>	<u>\$ 603,781</u>	<u>\$ (1,296,184)</u>

General Revenues							
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous	Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1, as restated	Net Position (Deficit) June 30
\$ 152,841	\$ 29,073	\$ 264,410	\$ 14,699	\$ 45,376	\$ 426,947	\$ 8,963,954	\$ 9,390,901
242,831	4,177	8,482	32,336	29,330	98,265	2,087,178	2,185,443
198,403	1,973	39,570	5,012	10,978	263,346	2,943,774	3,207,120
69,209	20,792	417	1,021	8,849	36,287	1,321,698	1,357,985
13,411	-	2,086	555	20,767	48,378	575,974	624,352
43,141	2,839	1,545	2,185	708	41,230	130,242	171,472
53,311	1,493	680	2,389	276	10,492	150,999	161,491
25,573	768	447	1,126	7,245	3,264	173,200	176,464
89,223	658	1,236	2,455	4,024	46,319	697,757	744,076
54,903	228	1,946	2,885	807	46,988	291,658	338,646
131,525	-	7,056	-	4,616	32,528	515,459	547,987
139,629	3,137	1,121	1,206	4,956	61,214	525,822	587,036
417,358	8,677	2,318	18,740	9,375	55,102	943,424	998,526
30,559	451	2,127	-	1,537	23,323	332,932	356,255
29,451	496	2,329	34	2,199	3,313	232,720	236,033
2,050	-	-	-	-	(443)	10,391	9,948
1,216	344	6	-	-	4,220	25,147	29,367
5,681	-	182	-	-	(3,397)	26,463	23,066
5,817	152	(1,553)	1,200	-	(62)	17,472	17,410
2,469	454	-	-	-	549	(1,097)	(548)
1,911	-	74	-	10	2,373	20,625	22,998
1,710,512	75,712	334,479	85,843	151,053	1,200,236	19,985,792	21,186,028
21,504	-	5	198	-	651	(11,713)	(11,062)
1,753	88	4	-	-	(116)	8,640	8,524
38,418	-	459	2,672	-	42,031	442,554	484,585
20,007	-	7	-	-	(501)	(1,926)	(2,427)
-	9,350	-	-	-	318	8,739	9,057
-	-	10,019	11,674	-	(55,968)	582,612	526,644
-	-	1,409	2,444	-	37,949	518,876	556,825
-	-	236	-	-	583	12,325	12,908
-	-	99	-	-	(4,646)	47,095	42,449
-	12	232	3	-	(79)	5,114	5,035
-	1,522	22	1	1	635	25,790	26,425
15,800	-	-	-	-	3,035	115,210	118,245
-	97	32	-	-	(322)	1,551	1,229
-	6,247	139	837	2,835	(6,100)	239,038	232,938
399	-	-	-	-	257	528	785
-	-	-	-	-	-	4	4
6,476	-	-	368	-	1,024	1,940	2,964
-	-	141	-	-	(338)	9,847	9,509
-	-	-	-	-	(26)	329	303
700	-	-	-	-	(340)	2,527	2,187
-	-	-	13	-	39	954	993
-	261	(19)	10	219	(217)	3,169	2,952
-	-	-	-	-	4	114	118
105,057	17,577	12,785	18,220	3,055	17,873	2,013,317	2,031,190
\$ 1,815,569	\$ 93,289	\$ 347,264	\$ 104,063	\$ 154,108	\$ 1,218,109	\$ 21,999,109	\$ 23,217,218



Debt Schedules

Summary Schedule – Total Debt and Other Long-term Obligations of the Commonwealth

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2015	2014	2013	2012	2011
Tax-Supported Debt:					
Primary Government:					
General Obligation Bonds (1):					
Section 9(b) Bonds (2)	\$ 642,181	\$ 706,192	\$ 752,493	\$ 831,148	\$ 914,574
Section 9(c) Bonds (2)	33,190	36,677	39,499	42,593	45,800
Subtotal - General Obligation Bonds	675,371	742,869	791,992	873,741	960,374
Nongeneral Obligation Debt:					
Section 9(d) Bonds (2)	5,175,570	4,748,217	5,029,659	5,222,270	4,427,114
Other Long-term Debt and Obligations (3)	5,366,682	3,287,907	3,004,676	2,742,274	2,397,060
Total Primary Government	11,217,623	8,778,993	8,826,327	8,838,285	7,784,548
Component Units:					
General Obligation Bonds (1):					
Section 9(c) Bonds (2)	936,857	925,086	877,858	906,474	765,280
Subtotal - General Obligation Bonds	936,857	925,086	877,858	906,474	765,280
Nongeneral Obligation Bonds:					
Section 9(d) Bonds (2)	3,839,279	3,542,518	2,990,382	2,747,447	2,139,017
Other Long-term Debt (3)	3,756,274	2,207,305	1,944,418	1,701,305	1,472,492
Total Component Units	8,532,410	6,674,909	5,812,658	5,355,226	4,376,789
Total Tax-Supported Debt	19,750,033	15,453,902	14,638,985	14,193,511	12,161,337
Debt Not Supported by Taxes:					
Primary Government:					
Total Primary Government (2)	3,472,475	3,510,428	3,320,450	2,915,671	2,759,434
Component Units:					
Section 9(d) Moral Obligation Bonds	877,875	831,165	836,656	801,384	684,005
Section 9(d) Other Debt	2,038,579	1,826,602	1,538,395	1,541,802	1,450,714
Other Long-term Debt (4)	14,113,641	14,351,277	15,341,291	15,088,830	15,302,035
Foundations (5)	1,685,948	1,669,241	1,583,178	1,570,447	1,355,777
Total Component Units	18,716,043	18,678,285	19,299,520	19,002,463	18,792,531
Total Debt Not Supported by Taxes	22,188,518	22,188,713	22,619,970	21,918,134	21,551,965
Total Debt of the Commonwealth	\$ 41,938,551	\$ 37,642,615	\$ 37,258,955	\$ 36,111,645	\$ 33,713,302

	2015	2014	2013	2012	2011
Section 9(b) Debt:					
Public Facilities Bonds	\$ 642,181	\$ 706,192	\$ 752,493	\$ 831,148	\$ 914,574
Subtotal 9(b) Debt	642,181	706,192	752,493	831,148	914,574
Section 9(c) Debt:					
Higher Educational Institution Bonds	936,857	925,086	877,858	906,474	765,280
Transportation Facilities Bonds	17,154	19,632	21,961	24,210	26,355
Parking Facilities Bonds	16,036	17,045	17,538	18,383	19,445
Subtotal 9(c) Debt	970,047	961,763	917,357	949,067	811,080
Total General Obligation Debt (1)	\$ 1,612,228	\$ 1,667,955	\$ 1,669,850	\$ 1,780,215	\$ 1,725,654

- (1) Total general obligation debt for the fiscal year ended.
- (2) Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. All amounts are net of unamortized discounts and premiums.
- (3) Includes capital lease obligations, notes payable, installment purchase obligations, pension liability, and the long-term portion of the liability for compensated absences.
- (4) Includes bonds payable, notes payable, and other debt not supported by taxes.
- (5) Foundations represent FASB reporting entities defined in Note 1.B.

Tax-Supported Debt and Other Long-term Obligations

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2015	2014	2013	2012	2011
Primary Government:					
General Obligation Debt (1) (4):					
Section 9(b) Debt					
Public Facilities (2)	642,181	706,192	752,493	831,148	914,574
Subtotal Section 9(b) Debt	642,181	706,192	752,493	831,148	914,574
Section 9(c) Debt					
Parking Facilities (2)	16,036	17,045	17,538	18,383	19,445
Transportation Facilities (2)	17,154	19,632	21,961	24,210	26,355
Subtotal Section 9(c) Debt	33,190	36,677	39,499	42,593	45,800
Subtotal General Obligation Debt	675,371	742,869	791,992	873,741	960,374
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Transportation Debt (2)	2,552,123	2,373,382	2,495,312	2,655,481	2,008,601
Virginia Public Building Authority (2)	2,623,447	2,374,835	2,534,347	2,566,789	2,418,513
Subtotal Section 9(d) Debt	5,175,570	4,748,217	5,029,659	5,222,270	4,427,114
Other Long-term Debt:					
Transportation Notes Payable (3)	-	-	8,000	8,000	8,000
Regional Jail Construction	-	-	837	2,748	4,617
Capital Lease Obligations	57,948	60,916	71,835	77,400	87,219
Installment Purchase Obligations	113,373	113,936	106,367	114,959	101,014
Economic Development Authority Obligations	51,249	57,621	77,472	81,747	85,827
Tax Refund Note (3)	-	-	20,319	40,639	60,959
Aviation Notes Payable (3)	307	529	764	1,050	1,336
Subtotal Other Long-term Debt	222,877	233,002	285,594	326,543	348,972
Other Long-term Obligations:					
Compensated Absences	311,406	321,520	317,528	315,176	311,523
Net Pension Liability	4,133,117	2,114,803	1,875,011	1,660,768	1,405,714
OPEB Liability	654,173	568,764	493,443	406,969	301,771
Pollution Remediation Liability	11,954	13,186	3,494	5,171	4,772
Other Liabilities	33,155	36,632	29,606	27,647	24,308
Subtotal Other Long-term Obligations	5,143,805	3,054,905	2,719,082	2,415,731	2,048,088
Total Primary Government	11,217,623	8,778,993	8,826,327	8,838,285	7,784,548
Component Units:					
General Obligation Bonds (1) (4):					
Section 9(c) Debt					
Higher Educational Institutions (2)	936,857	925,086	877,858	906,474	765,280
Subtotal General Obligation Debt	936,857	925,086	877,858	906,474	765,280
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Virginia Port Authority (2)	288,446	222,044	228,619	237,321	186,011
Innovation & Entrepreneurship Investment Authority	-	-	1,220	2,375	3,465
Virginia College Building Authority	3,520,214	3,286,119	2,725,259	2,470,589	1,909,586
Virginia Biotechnology Research Partnership Authority	30,619	34,355	35,284	37,162	39,955
Subtotal Section 9(d) Debt	3,839,279	3,542,518	2,990,382	2,747,447	2,139,017
Other Long-term Debt:					
Capital Lease Obligations	77,456	82,189	85,631	91,166	119,519
Installment Purchase Obligations (3)	63,812	76,526	86,315	100,161	118,277
Subtotal Other Long-term Debt	141,268	158,715	171,946	191,327	237,796
Other Long-term Obligations:					
Compensated Absences	288,320	280,237	265,246	253,845	248,149
Net Pension Liability	2,496,179	1,066,638	924,512	785,472	644,481
OPEB Liability	830,507	701,715	582,714	470,661	342,066
Subtotal Other Long-term Obligations	3,615,006	2,048,590	1,772,472	1,509,978	1,234,696
Total Component Units	8,532,410	6,674,909	5,812,658	5,355,226	4,376,789
Total Tax-Supported Debt	\$ 19,750,033	\$ 15,453,902	\$ 14,638,985	\$ 14,193,511	\$ 12,161,337

- (1) The general obligation debt is the only debt or long-term obligation that is backed by the full faith and credit of the Commonwealth.
- (2) Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. All amounts are net of unamortized discounts and premiums.
- (3) Reflected as Notes Payable in Note 26, Long-term Liabilities.
- (4) See Note 1 on previous page.

Debt and Other Long-term Obligations Not Supported by Taxes

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2015	2014	2013	2012	2011
Primary Government:					
Other Long-term Debt & Obligations:					
Federal Reimbursement Anticipation Notes Payable (1)	\$ 30,624	\$ 60,905	\$ 89,836	\$ 182,450	\$ 274,650
Grant Anticipation Notes (GARVEES) (1)	705,574	746,812	473,733	298,728	-
Route 460 Funding Corporation of Virginia	320,110	317,305	314,662	-	-
Net Pension Liability	125,294	57,400	48,798	42,249	34,054
OPEB Liability	22,051	18,709	15,688	12,751	9,099
Capital Lease Obligations	5,708	6,072	6,453	449	918
Compensated Absences	10,123	10,102	9,727	9,267	9,044
Tuition Benefits Payable	2,116,769	2,140,430	2,189,079	2,175,296	2,215,261
Lottery Prizes Payable	136,222	152,693	172,474	194,481	216,408
Total Primary Government	3,472,475	3,510,428	3,320,450	2,915,671	2,759,434
Component Units:					
Section 9(d) Moral Obligation Debt: (1)					
Virginia Resources Authority	877,875	831,165	836,656	801,384	684,005
Subtotal Section 9(d) Moral Obligation Debt	877,875	831,165	836,656	801,384	684,005
Section 9(d) Other Debt:					
Higher Educational Institutions (1):					
Auxiliary Enterprise Revenue Bonds	1,531,950	1,315,358	1,269,149	1,205,869	1,232,954
Teaching Hospitals Revenue Bonds (4)	506,629	511,244	269,246	335,933	217,760
Subtotal Section 9(d) Other Debt	2,038,579	1,826,602	1,538,395	1,541,802	1,450,714
Other Long-term Debt:					
Virginia Housing Development Authority (1) (2)	4,498,847	4,931,982	5,742,689	5,945,174	6,438,200
Hampton Roads Sanitation District	748,397	766,353	790,503	639,286	560,996
Virginia Biotechnology Research Partnership Authority	-	-	-	-	1,125
Virginia Public School Authority (1) (2)	3,551,741	3,523,633	3,483,366	3,378,084	3,215,448
Virginia Port Authority	256,656	272,831	276,816	281,978	284,558
Virginia Resources Authority	2,631,153	2,536,711	2,582,923	2,478,243	2,060,398
Notes Payable	2,083,619	2,067,038	2,179,181	2,070,152	2,403,627
Net Pension Liability	41,516	-	-	-	-
Other Long-term Debt	301,712	252,729	285,813	295,913	337,683
Foundations (5)	1,685,948	1,669,241	1,583,178	1,570,447	1,355,777
Subtotal Other Long-term Debt	15,799,589	16,020,518	16,924,469	16,659,277	16,657,812
Subtotal Section 9(d) and Other Debt	17,838,168	17,847,120	18,462,864	18,201,079	18,108,526
Total Component Units	18,716,043	18,678,285	19,299,520	19,002,463	18,792,531
Total Debt Not Supported by Taxes (3)	\$ 22,188,518	\$ 22,188,713	\$ 22,619,970	\$ 21,918,134	\$ 21,551,965

- (1) Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. All amounts are net of unamortized discounts and premiums.
- (2) Includes notes payable and/or installment purchase obligations.
- (3) These amounts are not backed by the full faith and credit of the Commonwealth.
- (4) Includes the Virginia Commonwealth University Health System Authority.
- (5) Foundations represent FASB reporting entities defined in Note 1.B.

Authorized and Unissued Tax-Supported Debt

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

	As of June 30, 2014 as restated (1)	New Debt Authorized	Debt Issued	Other Adjust- ments	As of June 30, 2015
Section 9(c) Debt (Primary Government):					
Higher Educational Institution Bonds	651,767	67,500	47,620	(4,085)	667,562
Parking Facilities Bonds	226	-	-	-	226
Subtotal Section 9(c) Debt	651,993	67,500	47,620	(4,085)	667,788
Section 9(d) Debt:					
Primary Government:					
Transportation Contract Revenue Bonds					
(Northern Virginia Transportation District					
Fund Program)	24,700	-	-	-	24,700
U.S. Route 58 Corridor Development Program	595,700	-	-	-	595,700
Transportation Capital Projects Revenue Bonds	1,487,335	-	274,980	(25,020)	1,187,335
Component Units:					
Virginia Public Building Authority					
(Projects)	1,020,536	77,860	395,590	(14,043)	688,763
Virginia Public Building Authority					
(Jails)	95,818	21,321	32,700	(140)	84,299
Virginia College Building Authority					
(21st Century)	1,400,630	39,387	380,015	(54,346)	1,005,656
Virginia College Building Authority					
(Equipment Program)	128,436	10,000	-	-	138,436
Virginia Port Authority	64,999	-	58,680	(6,319)	-
Subtotal Section 9(d) Debt	4,818,154	148,568	1,141,965	(99,868)	3,724,889
Total Authorized and Unissued					
Tax-Supported Debt	\$ 5,470,147	\$ 216,068	\$ 1,189,585	\$ (103,953)	\$ 4,392,677

- (1) Virginia Public Building Authority (Projects) has been restated by \$31.7 million for adjustments made for payments made in fiscal year 2014 with proceeds from previous bond issuances.

Tax-Supported Debt – Annual Debt Service Requirements [1]

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

Fiscal Year Ending June 30	General Obligation Debt Sections 9(a), 9(b) and 9(c)			Other Tax-Supported Debt Section 9(d) [1] [2]		
	Principal	Interest	Total	Principal	Interest	Total
2016	115,690	64,853	180,543	508,312	359,028	867,340
2017	108,735	59,583	168,318	540,059	347,443	887,502
2018	101,990	54,467	156,457	516,540	322,974	839,514
2019	101,445	49,855	151,300	484,296	300,014	784,310
2020	101,385	45,200	146,585	466,073	277,792	743,865
2021	103,520	40,590	144,110	468,211	256,633	724,844
2022	98,740	35,804	134,544	444,940	235,445	680,385
2023	99,145	31,295	130,440	441,996	215,830	657,826
2024	98,770	26,819	125,589	438,516	196,200	634,716
2025	90,545	22,366	112,911	443,164	176,884	620,048
2026	85,160	18,460	103,620	439,919	157,550	597,469
2027	76,825	14,777	91,602	409,206	138,990	548,196
2028	61,410	11,316	72,726	409,420	120,853	530,273
2029	47,000	8,569	55,569	415,550	102,052	517,602
2030	37,290	6,567	43,857	395,985	83,394	479,379
2031	32,890	5,029	37,919	340,715	65,076	405,791
2032	22,855	3,699	26,554	311,845	50,556	362,401
2033	22,440	2,794	25,234	220,655	37,960	258,615
2034	20,080	1,896	21,976	236,310	28,498	264,808
2035	12,805	1,061	13,866	189,835	18,264	208,099
2036	5,210	545	5,755	118,925	10,120	129,045
2037	1,895	328	2,223	64,180	5,402	69,582
2038	1,675	244	1,919	24,270	2,789	27,059
2039	1,730	165	1,895	25,315	1,734	27,049
2040	1,785	84	1,869	8,180	634	8,814
2041	-	-	-	8,590	215	8,805
Subtotal	1,451,015	506,366	1,957,381	8,371,007	3,512,330	11,883,337
Add						
Accretion on						
Capital Appreciation						
Bonds	-	-	-	23,139	-	23,139
Add						
Unamortized						
Premium	161,213	-	161,213	672,354	-	672,354
Less						
Unamortized						
Discount	-	-	-	(96)	-	(96)
Total	\$ 1,612,228	\$ 506,366	\$ 2,118,594	\$ 9,066,404	\$ 3,512,330	\$ 12,578,734

[1] Includes Fairfax County Economic Development Authority and the Virginia Aviation Board. Does not include other capital leases, installment purchase obligations, regional jail reimbursements under the original treasury board program, compensated absences, pension liability, pollution remediation liability and uninsured employers' fund.

[2] Includes principal amount of \$5,227,126 (dollars in thousands) for the primary government.

Total		
Principal	Interest	Total
624,002	423,881	1,047,883
648,794	407,026	1,055,820
618,530	377,441	995,971
585,741	349,869	935,610
567,458	322,992	890,450
571,731	297,223	868,954
543,680	271,249	814,929
541,141	247,125	788,266
537,286	223,019	760,305
533,709	199,250	732,959
525,079	176,010	701,089
486,031	153,767	639,798
470,830	132,169	602,999
462,550	110,621	573,171
433,275	89,961	523,236
373,605	70,105	443,710
334,700	54,255	388,955
243,095	40,754	283,849
256,390	30,394	286,784
202,640	19,325	221,965
124,135	10,665	134,800
66,075	5,730	71,805
25,945	3,033	28,978
27,045	1,899	28,944
9,965	718	10,683
8,590	215	8,805
9,822,022	4,018,696	13,840,718
23,139	-	23,139
833,567	-	833,567
(96)	-	(96)
<u>\$ 10,678,632</u>	<u>\$ 4,018,696</u>	<u>\$ 14,697,328</u>

Tax-Supported Debt – Detail of Long-term Indebtedness

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2014 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2015	Maturity
General Obligation Debt					
Section 9(b) Debt (Primary Government):					
Public Facilities Bonds					
Series 2005	118,110	5,950	(5,950)	-	
Series 2006 Refunding	56,580	7,555	(7,555)	-	
Series 2006	117,910	11,840	(5,920)	5,920	06/01/16
Series 2007	200,465	48,990	(22,240)	26,750	06/01/16-18
Series 2008	198,165	138,850	(109,085)	29,765	06/01/16-18
Series 2009	80,000	60,000	(4,000)	56,000	06/01/16-29
Series 2009 Refunding	121,765	121,295	-	121,295	06/01/16-22
Series 2009 Taxable BABs	45,000	35,540	(2,365)	33,175	06/01/16-29
Series 2012A Refunding	71,065	62,050	(12,995)	49,055	06/01/16-24
Series 2013 Refunding	128,250	128,250	-	128,250	06/01/16-17,19-27
Series 2014B Refunding	22,855	22,855	(8,265)	14,590	06/01/16-18
Series 2015	102,520	-	102,520	102,520	06/01/18-28
Unamortized Premium	-	63,017	11,844	74,861	
Total Public Facilities Bonds	1,262,685	706,192	(64,011)	642,181	
Total Section 9(b) Debt	1,262,685	706,192	(64,011)	642,181	
Section 9(c) Debt					
Higher Educational Institution bonds (Component Units)					
Series 2005 Bonds					
The College of William and Mary					
Renovate Dining	9,555	425	(425)	-	
Renovate Dorms	5,800	260	(260)	-	
George Mason University					
Student Housing	25,800	885	(885)	-	
Longwood University					
Renovate Housing Facilities	3,915	180	(180)	-	
Old Dominion University					
Renovate Housing - Phase I	4,735	215	(215)	-	
University of Mary Washington					
Seacobeck Dining Hall	4,730	215	(215)	-	
Subtotal Series 2005 Bonds	54,535	2,180	(2,180)	-	
Series 2006 Refunding Bonds					
Christopher Newport University					
Dorm/Dining - '96 Refunding, Refunded Portion	1,725	1,090	(140)	950	06/01/16-21
The College of William and Mary					
Dorm, Phase II - '96 Refunding, Refunded Portion	1,525	265	(265)	-	
Subtotal Series 2006 Refunding Bonds	3,250	1,355	(405)	950	
Series 2006 Bonds					
The College of William and Mary					
Renovate Dormitories	4,515	410	(200)	210	06/01/16
George Mason University					
Construct Student Housing VII	39,080	14,825	(13,475)	1,350	06/01/16
Renovate Housing Facilities	2,420	635	(310)	325	06/01/16
James Madison University					
Renovate Residence Hall Phase III	6,230	560	(275)	285	06/01/16
Longwood University					
Renovate Housing Facilities	5,900	530	(260)	270	06/01/16
Old Dominion University					
Construct Residence Hall Phase II	8,785	790	(385)	405	06/01/16
Virginia Polytechnic Institute and State University					
Parking Projects	685	60	(30)	30	06/01/16
Virginia State University					
Construct Dining Hall	4,330	410	(200)	210	06/01/16
Construct Residence Halls	16,780	1,590	(775)	815	06/01/16
Subtotal Series 2006 Bonds	88,725	19,810	(15,910)	3,900	

Series	Amount Issued	Outstanding June 30, 2014 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2015	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2007 Bonds					
George Mason University					
Construct Student Housing VII and Entrance Road	15,495	8,595	(7,530)	1,065	06/01/16-17
Construct Student Housing, VII	2,010	1,085	(950)	135	06/01/16-17
Renovate Student Housing, President's Park I	3,130	1,200	(380)	820	06/01/16-17
James Madison University					
Construct Dining Hall	20,840	6,770	(4,860)	1,910	06/01/16-17
Renovate Bluestone Residence Hall, Phase III	2,280	740	(535)	205	06/01/16-17
Longwood University					
Renovate Cox Hall	6,250	2,025	(1,450)	575	06/01/16-17
Old Dominion University					
Construct Residence Hall, Phase II	16,115	5,235	(3,760)	1,475	06/01/16-17
Virginia Commonwealth University					
Monroe Park Housing	15,525	10,370	(9,610)	760	06/01/16-17
Virginia Polytechnic Institute and State University					
Construct New Residence Hall	13,130	2,605	(605)	2,000	06/01/16-18
Improve Residence and Dining Halls	5,995	1,190	(275)	915	06/01/16-18
Virginia State University					
Construct Residence Halls	2,020	370	(85)	285	06/01/16-18
Construct Two Residence Halls	26,160	9,265	(6,650)	2,615	06/01/16-17
Subtotal Series 2007 Bonds	128,950	49,450	(36,690)	12,760	
Series 2008 Bonds					
The College of William and Mary					
Renovate Graduate Student Residence Halls	2,395	1,960	(1,630)	330	06/01/16-18
George Mason University					
Renovate Commonwealth and Dominion Phase II	1,530	760	(175)	585	06/01/16-18
Renovate President's Park Phase I	3,095	1,540	(355)	1,185	06/01/16-18
Renovate President's Park Phase II	3,120	2,640	(2,195)	445	06/01/16-18
Student Housing VII	1,955	1,680	(1,495)	185	06/01/16-18
Student Housing VII and Entrance Road	23,870	21,390	(19,070)	2,320	06/01/16-18
James Madison University					
Construct New Residence Hall	19,430	15,405	(12,805)	2,600	06/01/16-18
Longwood University					
Renovate Cox Hall	4,630	3,665	(3,050)	615	06/01/16-18
Old Dominion University					
Quad Housing Phase II	39,960	31,695	(26,340)	5,355	06/01/16-18
Virginia Polytechnic Institute and State University					
New Residence Hall	17,185	14,060	(11,685)	2,375	06/01/16-18
Parking Auxiliary Projects	1,545	1,225	(1,020)	205	06/01/16-18
Subtotal Series 2008 Bonds	118,715	96,020	(79,820)	16,200	
Series 2009 Bonds					
Christopher Newport University					
Residence Hall '01 Refunded Portion	1,878	1,878	(12)	1,866	06/01/16-21
The College of William and Mary					
Dining Commons Hall Renovation '05 Refunded Portion	3,200	3,200	-	3,200	06/01/17-22
Dormitory Renovations '06B Refunded Portion	1,270	1,270	-	1,270	06/01/18-22
Dormitory Renovations '02 Refunded	2,582	2,536	(277)	2,259	06/01/16-22
Dormitory Renovations '05 Refunded	1,940	1,940	-	1,940	06/01/17-22
Dormitory Renovations '01 Refunded Portion	384	384	(2)	382	06/01/16-21
George Mason University					
Housing Building V '01 Refunded Portion	6,267	6,267	(33)	6,234	06/01/16-24
Housing Building V '02 Refunded Portion	4,448	4,367	(478)	3,889	06/01/16-22
Housing VIII	7,910	7,485	(225)	7,260	06/01/16-34
Renovate President Park Phase I	1,790	1,080	(195)	885	06/01/16-19
Student Housing Construction VII '05 Refunded	6,630	6,630	-	6,630	06/01/17-22
Student Housing VII C	8,255	7,440	(225)	7,215	06/01/16-34
Student Housing Construction VII '06B Refunded	8,230	8,230	-	8,230	06/01/18-22

Continued on next page

Tax-Supported Debt – Detail of Long-term Indebtedness (Continued from previous page)

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2014 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2015	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2009 Bonds (continued)					
James Madison University					
Bluestone Dorm Phase II '01 Refunded Portion	458	458	(3)	455	06/01/16-21
Renovate Bluestone Res Hall III '06B Refunded Portion	1,750	1,750	-	1,750	06/01/18-22
Renovate Bluestone Dorms '02 Refunded Portion	1,048	1,029	(113)	916	06/01/16-22
Renovate Bluestone Dorms II '02 Refunded Portion	1,089	1,069	(118)	951	06/01/16-22
Longwood University					
Housing Facilities Renovations '05 Refunded Portion	1,340	1,340	-	1,340	06/01/17-22
Renovate Housing Facilities '06B Refunded Portion	1,655	1,655	-	1,655	06/01/18-22
Old Dominion University					
Construct Residence Hall Ph II '06B Refunded Portion	2,465	2,465	-	2,465	06/01/18-22
Housing Renovations '02 Refunded Portion	1,319	1,296	(144)	1,152	06/01/16-22
Housing Renovations Ph I '05 Refunded Portion	1,625	1,625	-	1,625	06/01/17-22
University of Mary Washington					
Residence Hall Renovation '01 Refunded Portion	153	153	(1)	152	06/01/16-21
Seacobeck Dining Hall '05 Refunded Portion	1,625	1,625	-	1,625	06/01/17-22
University of Virginia					
Residence Hall Monroe Lane '01 Refunded Portion	368	368	(2)	366	06/01/16-21
Virginia Military Institute					
Crozet Hall & Parking '04A Refunded Portion	4,242	4,242	-	4,242	06/01/16-22
Virginia Polytechnic Institute and State University					
Parking Aux Projects '06B Refunded Portion	190	190	-	190	06/01/18-22
Improve Residence and Dining Halls	3,720	3,300	(155)	3,145	06/01/16-29
Parking Auxiliary Project '02 Refunded Portion	276	251	(82)	169	06/01/16-17
Parking Structure	24,590	22,695	(685)	22,010	06/01/16-34
Renovate Dietrick Servery Ph II '04A Refunded Portion	1,891	1,891	-	1,891	06/01/16-22
Renovate Ambler Johnston Hall	39,005	34,584	(1,605)	32,979	06/01/16-29
Virginia State University					
Construct Residence Hall '06B Refunded Portion	4,965	4,965	-	4,965	06/01/18-22
Construct Dining Hall '06B Refunded Portion	1,280	1,280	-	1,280	06/01/18-22
Subtotal Series 2009 Bonds	149,838	140,938	(4,355)	136,583	
Series 2010 Bonds					
Christopher Newport University					
Construct Residence Hall	34,480	32,805	(900)	31,905	06/01/16-40
The College of William and Mary					
Construct New Dormitory	2,010	1,720	(90)	1,630	06/01/16-30
Renovate Residence Halls	4,440	3,790	(200)	3,590	06/01/16-30
George Mason University					
Housing VIII	39,420	36,890	(1,355)	35,535	06/01/16-35
Renovate Commons	1,325	1,210	(65)	1,145	06/01/16-30
Renovate Student Housing, President's Park II	2,790	1,950	(305)	1,645	06/01/16-20
Smithsonian CRC Housing	5,415	5,065	(185)	4,880	06/01/16-35
James Madison University					
Renovate Bluestone Dormitories, Phase IV	14,890	12,720	(660)	12,060	06/01/16-30
Old Dominion University					
Renovate Student Housing, Phase I	1,975	1,685	(90)	1,595	06/01/16-30
Virginia Commonwealth University					
Construct West Grace Housing and Parking Phase I	29,130	27,255	(1,005)	26,250	06/01/16-35
Virginia Polytechnic Institute and State University					
Construct Academic and Student Affairs Building	34,650	30,295	(1,580)	28,715	06/01/16-30
Parking Auxiliary Projects	745	635	(35)	600	06/01/16-30
Subtotal Series 2010 Bonds	171,270	156,020	(6,470)	149,550	
Series 2011 Bonds					
Christopher Newport University					
Renovate Santoro Residence Hall	4,100	3,200	(425)	2,775	06/01/16-21
The College of William and Mary					
Construct New Dormitory	14,400	13,325	(590)	12,735	06/01/16-31

Series	Amount Issued	Outstanding June 30, 2014 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2015	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2011 Bonds (continued)					
George Mason University					
Housing V III	20,230	19,170	(565)	18,605	06/01/16-36
Presidential Park Housing Renovation	2,700	2,225	(295)	1,930	06/01/16-21
Renovate Commons	14,350	13,805	(605)	13,200	06/01/16-31
Smithsonian CRC Housing	4,070	3,960	(115)	3,845	06/01/16-36
Student Housing VII-C	1,045	1,005	(30)	975	06/01/16-36
Virginia Commonwealth University					
West Grace Housing - North	25,830	25,125	(735)	24,390	06/01/16-36
Virginia Polytechnic Institute and State University					
Renovate Ambler Johnston Hall	18,860	17,455	(770)	16,685	06/01/16-31
Virginia State University					
Construct Gateway Residence Hall Phase II	34,735	31,460	(1,385)	30,075	06/01/16-31
Construct Quad Phase II	28,555	27,470	(1,200)	26,270	06/01/16-31
Subtotal Series 2011 Bonds	168,875	158,200	(6,715)	151,485	
Series 2012 Bonds					
The College of William and Mary					
Dining Commons Hall Renovation 2005 Refunding	1,289	1,289	-	1,289	06/01/23-24
Dorm Renovation - 2005 Refunding	780	780	-	780	06/01/23-24
Dorm Repairs - 2002 Refunding (96 Ref)	429	258	(128)	130	06/01/16
Underground Utilities - 2002 Refunding (95 Ref)	388	232	(112)	120	06/01/16
George Mason University					
Student Housing Construction, VII - 2005 Refunding	2,674	2,674	-	2,674	06/01/23-24
University Center - 2002 Refunding (93A Ref)	3,956	1,658	(1,658)	-	
Longwood University					
Dining Hall - 2002 Refunding (96 Ref)	1,472	879	(433)	446	06/01/16
Housing Facilities Renovation - 2005 Refunding	545	545	-	545	06/01/23-24
Old Dominion University					
Housing Renovation, Phase I - 2005 Refunding	655	655	-	655	06/01/23-24
University of Mary Washington					
Seacobeck Dining Hall - 2005 Refunding	655	655	-	655	06/01/23-24
University of Virginia					
Newcomb Hall - 2002 Refunding (95 Ref)	2,752	1,636	(804)	832	06/01/16
Student Residence - 2002 Refunding (95 Ref)	1,241	737	(361)	376	06/01/16
Virginia Commonwealth University					
Visitors Deck - 2002 Refunding (96 Ref)	871	520	(255)	265	06/01/16
Virginia Military Institute					
Crozet Hall & Parking - 2004A Refunding	3,019	3,019	(530)	2,489	06/01/23-25
Virginia Polytechnic Institute and State University					
Renovate Dietrick Seryery -2004A Refunding	942	942	(237)	705	06/01/23-24
Virginia State University					
Jones Hall - 2002 Refunding (96 Ref)	646	384	(189)	195	06/01/16
Subtotal Series 2012 Bonds	22,314	16,863	(4,707)	12,156	
Series 2013 Bonds					
The College of William and Mary					
Construct New Dormitory	8,770	8,475	(300)	8,175	06/01/16-33
Dining Commons Hall Renovation - 2005A Ref Portion	1,831	1,831	-	1,831	06/01/16, 25-26
Dorm Renovations - 2005A Ref Portion	1,113	1,113	-	1,113	06/01/16, 25-26
Dorm Renovations - 2006B Ref Portion	1,412	1,412	-	1,412	06/01/17, 23-26
Renovate Dormitory	4,660	4,505	(160)	4,345	06/01/16-33
George Mason University					
Construct Student Housing VII & Entrance Rd - 2007B Ref Portion	4,579	4,579	-	4,579	06/01/19-25
Construct Student Housing VII - 2007B Refunded Portion	584	584	-	584	06/01/19-25
Construct Student Housing VII - 2006B Refunded Portion	9,187	9,187	-	9,187	06/01/17, 23-26
Student Housing Construction, VII - 2005A Ref Portion	10,504	10,504	-	10,504	06/01/16, 25-30
James Madison University					
Construct Dining Hall - 2007B Refunded Portion	8,207	8,207	-	8,207	06/01/19-25
Renovate Bluestone Residence Hall, Ph 3 -2007B Ref Portion	893	893	-	893	06/01/19-25
Renovate Residence Hall - 2006B Refunded Portion	1,953	1,953	-	1,953	06/01/17, 23-26

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Tax-Supported Debt – Detail of Long-term Indebtedness (Continued from previous page)

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2014 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2015	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2013 Bonds (continued)					
Longwood University					
Housing Facility Renovation - 2005A Refunded Portion	472	472	-	472	06/01/16, 25
Renovate Cox Hall - 2007B Refunded Portion	2,461	2,461	-	2,461	06/01/19-25
Renovate Housing Facilities - 2006B Refunded Portion	1,852	1,852	-	1,852	06/01/17, 23-26
Old Dominion University					
Construct Residence Hall, Ph II - 2007B Refunded Portion	6,344	6,344	-	6,344	06/01/19-25
Construct Residence Hall, Ph II - 2006B Refunded Portion	2,761	2,761	-	2,761	06/01/17, 23-26
Housing Renovations, Ph I - 2005A Refunded Portion	570	570	-	570	06/01/16, 25
Radford University					
Washington Hall	5,040	4,870	(170)	4,700	06/01/16-33
University of Mary Washington					
Seacobeck Dining Hall - 2005A Refunded Portion	565	565	-	565	06/01/16, 25
Virginia Commonwealth University					
Monroe Park Housing - 2007B Refunded Portion	3,252	3,252	-	3,252	06/01/19-25
Virginia Polytechnic Institute and State University					
Construct New Residence Hall - 2007A Refunded Portion	7,842	7,842	-	7,842	06/01/19-27
Improve Residence and Dining Halls - 2007A Refunded Portion	3,576	3,576	-	3,576	06/01/19-27
Parking Projects - 2006B Refunded Portion	217	217	-	217	06/01/17, 23-26
Virginia State University					
Construct Dining Hall - 2006B Refunded Portion	1,431	1,431	-	1,431	06/01/17, 23-26
Construct Residence Hall - 2007B Refunded Portion	1,132	1,132	-	1,132	06/01/19-27
Construct Residence Halls - 2006B Refunded Portion	5,541	5,541	-	5,541	06/01/17, 23-26
Construct Two Residence Halls - 2007B Refunded Portion	11,231	11,231	-	11,231	06/01/19-25
Subtotal Series 2013 Bonds	107,980	107,360	(630)	106,730	
Series 2014 Bonds					
Christopher Newport University					
New Residence Hall - 2004B Refunded Portion	8,147	8,147	(775)	7,372	06/01/16-20
Residence Hall II - 2004B Refunding Portion	4,210	4,210	(512)	3,698	06/01/16-19
College Of William and Mary					
Renovate Dormitories - 2004B Refunding Portion	1,666	1,666	(160)	1,506	06/01/16-20
Dormitory Renovation Phase II - 2004B Refunding Portion	120	120	(9)	111	06/01/16-17
Dormitory Repairs - 2004B Refunding Portion	650	650	(158)	492	06/01/16-17
Utility System - 2004B Refunding Portion	311	311	(26)	285	06/01/16-17
Dormitory Renovation - 2004B Refunding Portion	1,551	1,551	(253)	1,298	06/01/16-18
Renovate Dormitories	9,005	9,005	(255)	8,750	06/01/16-34
George Mason University					
Housing Building V - 2004B Refunding Portion	6,306	6,306	(596)	5,710	06/01/16-20
Student Housing VIII	2,235	2,235	(65)	2,170	06/01/16-34
James Madison University					
Bluestone Dormitory Phase II - 2004B Refunding Portion	1,985	1,985	(188)	1,797	06/01/16-20
Dining Hall Renovation - 2004B Refunding Portion	254	254	(64)	190	06/01/16-17
Residence Hall - 2004B Refunding Portion	2,232	2,232	(542)	1,690	06/01/16-17
Student Services - 2004B Refunding Portion	1,191	1,191	(290)	901	06/01/16-17
Dining Facilities Renovation - 2004B Refunding Portion	260	260	(44)	216	06/01/16-18
Student Housing Phase I	46,660	46,660	(1,310)	45,350	06/01/16-34
Longwood University					
Dining Hall - 2004B Refunding Portion	934	934	(112)	822	06/01/16-19
Residence Hall Improvements - 2004B Refunding Portion	880	880	(107)	773	06/01/16-19
Radford University					
Renovate Residence Halls	11,080	11,080	(310)	10,770	06/01/16-34
University of Mary Washington					
Residence Hall Renovation - 2004B Refunding Portion	656	656	(60)	596	06/01/16-20
University of Virginia					
Residence Hall - Monroe Lane - 2004B Refunding Portion	1,595	1,595	(151)	1,444	06/01/16-20
Residence Hall - Wise - 2004B Refunding Portion	1,512	1,512	(183)	1,329	06/01/16-19
Virginia Commonwealth University					
Academic Parking Deck - 2004B Refunding Portion	2,429	2,429	(593)	1,836	06/01/16-17

Series	Amount Issued	Outstanding June 30, 2014 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2015	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2014 Bonds (continued)					
Virginia Polytechnic Institute and State University					
Parking Auxilliary Projects - 2004B Refunding Portion	300	300	(71)	229	06/01/16-17
Residence Hall - 2004B Refunding Portion	3,151	3,151	(764)	2,387	06/01/16-17
Dining Hall - 2004B Refunding Portion	793	793	(130)	663	06/01/16-18
Dining Hall HVAC - 2004B Refunding Portion	587	587	(70)	517	06/01/16-19
Virginia State University					
Jones Dining Hall - 2004B Refunding Portion	255	255	(43)	212	06/01/16-18
Subtotal Series 2014 Bonds	110,955	110,955	(7,841)	103,114	
Series 2015 Bonds					
Christopher Newport University					
Construct Residential Housing	18,860	-	18,860	18,860	06/01/17 - 35
Expand Dining Hall	8,960	-	8,960	8,960	06/01/17 - 35
College of William and Mary					
Renovate Graduate St. - 2008B Ref Portion	1,482	-	1,482	1,482	06/01/19 - 28
Renovate Dormitories	10,980	-	10,980	10,980	06/01/16 - 35
George Mason University					
Construct Housing VII & Entrance Road - 2007B Ref Portion	6,817	-	6,817	6,817	06/01/18, 26 - 32
Construct Student Housing VII - 2006B Refunding Portion	11,765	-	11,765	11,765	06/01/27 - 31
Construct Student Housing VII - 2007B Refunding Portion	854	-	854	854	06/01/18, 26 - 32
Renovate President Park, Phase II - 2008B Refunding Portion	1,999	-	1,999	1,999	06/01/19 - 28
Student Housing VII - 2008B Refunding Portion	1,366	-	1,366	1,366	06/01/19 - 33
Student Housing VII - C - 2008B Refunding Portion	17,566	-	17,566	17,566	06/01/19 - 33
James Madison University					
Construct Dining Hall - 2007B Refunding Portion	3,650	-	3,650	3,650	06/01/18, 26 - 27
Construct New Residence Hall - 2008B Refunding Portion	11,695	-	11,695	11,695	06/01/19 - 28
Renovate Bluestone Residence Hall, Ph 3 - 2007B Ref Portion	403	-	403	403	06/01/18, 26 - 27
Longwood University					
Renovate Cox Hall - 2007B Refunding Portion	1,089	-	1,089	1,089	06/01/18, 26 - 27
Renovate Cox Hall - 2008B Refunding Portion	2,785	-	2,785	2,785	06/01/19 - 28
Old Dominion University					
Construct Residence Hall, Phase II - 2007B Refunding Portion	2,827	-	2,827	2,827	6/1/2018, 26 - 27
Quad Housing Phase II - 2008B Refunding Portion	24,074	-	24,074	24,074	06/01/19 - 28
Radford University					
Renovate Residence Halls	8,820	-	8,820	8,820	06/01/16 - 35
Virginia Commonwealth University					
Monroe Park Housing - 2007B Refunding Portion	6,806	-	6,806	6,806	06/01/18, 26- 37
Virginia Polytechnic Institute and State					
New Residence Hall - 2008B Refunding Portion	10,671	-	10,671	10,671	06/01/19 - 28
Parking Auxiliary Project - 2008B Refunding Portion	921	-	921	921	06/01/19 - 28
Virginia State University					
Construct Two Residence Halls - 2007B Refunding Portion	4,995	-	4,996	4,996	06/01/18, 26- 27
Subtotal Series 2015 Bonds	159,385	-	159,386	159,386	
Unamortized Premium	-	65,935	18,108	84,043	
Subtotal Higher Educational Institution Bonds					
	1,284,792	925,086	11,771	936,857	
Transportation Facilities Bonds (Primary Government)					
Series 2006, Coleman Refunding	31,880	19,130	(2,405)	16,725	06/01/16-21
Unamortized Premium	-	502	(73)	429	
Subtotal Transportation Facilities Bonds	31,880	19,632	(2,478)	17,154	

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Tax-Supported Debt – Detail of Long-term Indebtedness (Continued from previous page)

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2014 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2015	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Parking Facilities Bonds (Primary Government)					
Series 2009	13,755	11,785	(545)	11,240	06/01/16-29
Series 2009 Refunding	2,122	2,122	-	2,122	06/01/16-22
Series 2012 Refunding (2002 Ref)	82	36	(36)	-	
Series 2012 Refunding (2004A Ref)	1,061	1,061	(267)	794	06/01/23-24
Unamortized Premium	-	2,041	(161)	1,880	
Subtotal Parking Facilities Bonds	17,020	17,045	(1,009)	16,036	
Total Section 9(c) Debt	1,333,692	961,763	8,284	970,047	
Total General Obligation Debt	2,596,377	1,667,955	(55,727)	1,612,228	
Nongeneral Obligation Debt					
Section 9(d) Debt					
Virginia Public Building Authority Bonds (Primary Government)					
Series 2003A Refunding	38,809	980	(980)	-	
Series 2004A Refunding	187,106	56,415	(56,415)	-	
Series 2004B	207,065	21,800	(21,800)	-	
Series 2004C Refunding	39,260	8,700	(8,700)	-	
Series 2004D Refunding	106,460	77,590	(77,590)	-	
Series 2005A Refunding	47,305	18,970	(14,920)	4,050	08/01/15
Series 2005B Refunding	135,675	54,900	(41,315)	13,585	08/01/15
Series 2005C	165,810	35,825	(19,710)	16,115	08/01/15
Series 2005D	50,000	50,000	-	50,000	08/01/22-25
Series 2006A	135,000	60,560	(39,625)	20,935	08/01/15-16
Series 2006B	215,065	93,885	(68,970)	24,915	08/01/15-16
Series 2007A	242,480	176,030	(130,030)	46,000	08/01/15-17
Series 2008B	150,000	125,320	(99,285)	26,035	08/01/15-18
Series 2009A	40,995	29,920	(3,035)	26,885	08/01/15-21
Series 2009B	265,000	218,030	(12,825)	205,205	08/01/15-29
Series 2009C	10,000	7,180	(760)	6,420	08/01/15-21
Series 2009D Refunding	42,745	36,325	(4,670)	31,655	08/01/15-21
Series 2010A1	60,520	25,595	(12,545)	13,050	08/01/15
Series 2010A2 BABs	256,710	256,710	-	256,710	08/01/16-30
Series 2010B1	87,510	59,785	(10,805)	48,980	08/01/15-18
Series 2010B2 Taxable BABs	195,310	195,260	-	195,260	08/01/19-30
Series 2010B3 Refunding	50,780	50,100	(350)	49,750	08/01/15-22
Series 2011A	280,000	262,405	(9,305)	253,100	08/01/15-31
Series 2011B	18,500	17,085	(730)	16,355	08/01/15-31
Series 2012A Refunding	72,415	72,415	-	72,415	08/01/16-24
Series 2013A	143,400	143,400	(4,440)	138,960	08/01/15-33
Series 2013B Refunding	72,370	72,370	-	72,370	08/01/19-23
Series 2014A	132,875	-	132,875	132,875	08/01/15 - 34
Series 2014B Taxable	29,735	-	29,735	29,735	08/01/15 - 34
Series 2014C Refunding	298,390	-	298,390	298,390	08/01/15 - 27
Series 2015A	232,980	-	232,980	232,980	08/01/16 - 35
Series 2015B Refunding	134,730	-	134,730	134,730	08/01/16 - 28
Unamortized Premium	-	147,280	58,707	205,987	
Total Virginia Public Building Authority Bonds	4,145,000	2,374,835	248,612	2,623,447	

Series	Amount Issued	Outstanding June 30, 2014 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2015	Maturity
Nongeneral Obligation Debt (continued)					
Section 9(d) Debt (continued)					
Virginia College Building Authority Bonds (Component Unit) (2)					
21st Century College Program					
Series 2005	115,785	3,085	(3,085)	-	
Series 2006BC	120,000	89,555	(5,975)	83,580	02/01/16-26
Series 2007A	59,125	58,195	(965)	57,230	02/01/16-22
Series 2007B	132,095	16,840	(12,320)	4,520	02/01/16-17
Series 2008A	144,075	83,445	(58,570)	24,875	02/01/16-19, 28
Series 2009A	284,020	237,635	(133,255)	104,380	02/01/16-20, 28-29
Series 2009B	84,680	41,260	(9,510)	31,750	02/01/16-18
Series 2009C Refunding	12,945	5,530	(5,530)	-	
Series 2009D	52,420	24,815	(7,990)	16,825	02/01/16-17
Series 2009E Refunding	208,860	194,260	(11,935)	182,325	02/01/16-24
Series 2009F2 Taxable BABs	390,575	390,575	(19,605)	370,970	02/01/16-30
Series 2010A	50,350	22,530	(7,210)	15,320	02/01/16-17
Series 2010B1	55,815	15,690	(15,690)	-	
Series 2010B2 Taxable BABs	290,600	290,600	-	290,600	02/01/16-30
Series 2011A	272,515	251,050	(14,330)	236,720	02/01/16-32
Series 2012A	335,075	301,100	(16,100)	285,000	02/01/16-32
Series 2012B	349,255	341,075	(10,450)	330,625	02/01/16-33
Series 2012C	8,350	6,680	(1,670)	5,010	02/01/16-18
Series 2013A	331,705	331,705	(10,205)	321,500	02/01/16-34
Series 2014A	319,155	319,155	(18,890)	300,265	02/01/16-34
Series 2014B	27,985	27,985	(6,120)	21,865	02/01/16-20, 25
Series 2015A	373,230	-	373,230	373,230	02/01/16 - 35
Series 2015B Refunding	204,880	-	204,880	204,880	02/01/16 - 27
Series 2015C Taxable	6,785	-	6,785	6,785	02/01/16 - 20
Unamortized Premium	-	224,838	27,121	251,959	
Total Virginia College Building Authority Bonds	4,230,280	3,277,603	242,611	3,520,214	
Transportation Debt (Primary Government)					
Route 28 Refunding Bonds	111,680	87,527	(3,222)	84,305	10/01/15-32
Transportation Revenue Bonds (U.S. Route 58)	606,620	295,435	(34,605)	260,830	11/15/15-26
Northern Virginia Transportation District Program	324,410	227,180	(21,520)	205,660	11/15/15-34
Oak Grove Connector (Chesapeake)	33,075	14,390	(1,505)	12,885	11/15/15-22
Capital Projects	767,645	1,577,455	227,720	1,805,175	11/15/15-39
Unamortized Premium	-	171,395	11,873	183,268	
Total Section 9(d) Transportation Debt	1,843,430	2,373,382	178,741	2,552,123	
Virginia Port Authority Debt (Component Unit)					
Series 2005	60,000	3,770	(1,840)	1,930	07/01/15-30
Series 2006	21,730	6,985	(2,735)	4,250	07/01/15-16
Series 2011	57,370	57,370	-	57,370	07/01/15-36
Series 2012	108,015	101,715	(6,345)	95,370	01/01/15-27
Series 2012B	45,230	44,595	(710)	43,885	07/01/15-29
Series 2012C	4,795	4,795	-	4,795	07/01/15-30
Series 2015	58,680	-	58,680	58,680	07/01/28-31, 37-40
Unamortized Premium	-	2,814	19,352	22,166	
Total Virginia Port Authority Debt	355,820	222,044	66,402	288,446	
Virginia Biotechnology Research Partnership Authority (Component Unit)					
Series 2009	91,010	31,635	(3,385)	28,250	09/01/15-22
Unamortized Premium	-	2,720	(351)	2,369	
Total Virginia Biotechnology Research Partnership Authority (Component Unit)	91,010	34,355	(3,736)	30,619	

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Tax-Supported Debt – Detail of Long-term Indebtedness (Continued from previous page)

For the Fiscal Year Ended June 30, 2015

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2014 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2015	Maturity
Nongeneral Obligation Debt (continued)					
Section 9(d) Debt (continued)					
Economic Development Authority Obligations	96,515	50,165	(5,425)	44,740	12/01/15-22
Unamortized Premium	-	7,456	(947)	6,509	
Total Economic Development Authority Obligations	<u>96,515</u>	<u>57,621</u>	<u>(6,372)</u>	<u>51,249</u>	
Total Section 9(d) Debt	<u>10,762,055</u>	<u>8,339,840</u>	<u>726,258</u>	<u>9,066,098</u>	
Nongeneral Obligation Debt and Other Obligations					
Other Long-term Debt (2)					
Capital Leases	-	143,583	(8,179)	135,404	
Installment Purchase Obligations	-	190,462	(13,277)	177,185	
Aviation Note Payable	6,600	529	(222)	307	
Total Other Long-term Debt	<u>6,600</u>	<u>334,574</u>	<u>(21,678)</u>	<u>312,896</u>	
Other Long-term Obligations					
Compensated Absences	-	603,212	(3,486)	599,726	
Net Pension Liability	-	7,742,886	(1,113,590)	6,629,296	
OPEB Liability	-	1,270,479	214,201	1,484,680	
Other	-	49,818	(4,709)	45,109	
Total Other Long-term Obligations	<u>-</u>	<u>9,666,395</u>	<u>(907,584)</u>	<u>8,758,811</u>	
Total Nongeneral Obligation Debt and Other Obligations	<u>10,768,655</u>	<u>18,340,809</u>	<u>(203,004)</u>	<u>18,137,805</u>	
Total Tax-Supported Debt and Other Obligations	<u>\$ 13,365,032</u>	<u>\$ 20,008,764</u>	<u>\$ (258,731)</u>	<u>\$ 19,750,033</u>	

(1) As discussed in Note 26, beginning balances have been restated.

(2) These amounts are reported as notes payable on the higher education institutions' financial statements.

(3) Pursuant to GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Governmental Activities include internal service funds.

STATISTICAL SECTION

The financial presentations included in this section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commonwealth's overall financial health.

Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

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



Financial Trends

**Ten-Year Schedule of Revenues and Expenditures – Modified Accrual Basis
General Governmental Revenues by Source and Expenditures by Function**

For Fiscal Year Ended June 30
(Dollars in Millions)

	2015	2014	2013	2012
Tax Revenues:				
Individual and Fiduciary Income	\$ 12,248	\$ 11,659	\$ 11,378	\$ 10,714
Sales and Use	4,832	4,606	3,935	3,866
Motor Fuels	887	793	879	900
Corporation Income	797	774	778	950
Public Service Corporations	119	119	116	115
Motor Vehicle Sales and Use	846	781	582	538
Communications Sales and Use	416	422	425	425
Gross Premiums of Insurance Companies	454	449	396	391
Alcoholic Beverage Sales	140	132	127	121
Deeds, Contracts, Wills, and Suits	441	395	436	371
Beer and Beverage Excise	43	43	43	44
Estate	-	-	-	-
Tobacco Products	179	182	182	195
Bank Stock	19	23	20	19
Wine and Spirits/ABC Liter	26	26	25	24
Other Taxes	110	95	78	75
Total Tax Revenues	21,557	20,499	19,400	18,748
Other Revenues:				
Federal Grants and Contracts	9,727	9,681	9,913	9,933
Institutional Revenue	303	325	360	385
Sales of Property and Commodities	38	56	35	41
Rights and Privileges	978	950	957	921
Interest, Dividends, and Rents	91	144	83	164
Fines, Forfeitures, Costs, Penalties and Escheats	352	435	366	362
Assessments	137	132	125	120
Other Revenues	987	739	824	814
Total Other Revenues	12,613	12,462	12,663	12,740
Total Revenues	\$ 34,170	\$ 32,961	\$ 32,063	\$ 31,488
Percentage Increase Over Previous Year	3.7%	2.8%	1.8%	0.7%
Expenditures by Function:				
Education	\$ 9,372	\$ 8,970	\$ 8,886	\$ 8,733
Administration of Justice	2,690	2,724	2,566	2,422
Individual and Family Services	13,421	13,196	13,039	12,682
Resources and Economic Development	929	912	876	870
Transportation	5,348	5,057	4,613	4,474
General Government (1)	3,261	3,238	3,187	3,007
Capital Outlay	251	194	219	330
Total Expenditures	\$ 35,272	\$ 34,291	\$ 33,386	\$ 32,518
Percentage Increase Over Previous Year	2.9%	2.7%	2.7%	1.4%

Includes all General, Special Revenue, Debt Service, Capital Project, and Permanent Funds

(1) General Government expenditure amounts include debt service principal retirement and interest charges.

Source: Department of Accounts

2011	2010	2009	2008	2007	2006
\$ 10,050	\$ 8,730	\$ 9,471	\$ 10,084	\$ 9,629	\$ 9,236
3,674	3,553	3,568	3,820	3,760	3,682
903	891	889	924	930	902
827	833	642	767	889	869
113	112	103	106	89	91
495	440	406	534	588	593
556	453	-	-	-	-
412	391	387	397	385	374
114	111	110	106	100	94
335	326	351	457	584	696
44	44	45	44	44	44
2	6	4	136	140	167
175	178	182	183	188	189
25	24	21	14	13	12
23	21	20	19	18	16
77	74	77	68	79	78
<u>17,825</u>	<u>16,187</u>	<u>16,276</u>	<u>17,659</u>	<u>17,436</u>	<u>17,043</u>

10,749	10,628	8,113	6,627	6,204	5,958
384	403	409	390	360	343
36	32	26	29	24	32
917	870	889	933	826	816
159	294	218	452	532	256
368	343	349	394	334	279
122	116	113	109	110	103
712	704	611	645	558	634
13,447	13,390	10,728	9,579	8,948	8,421
<u>\$ 31,272</u>	<u>\$ 29,577</u>	<u>\$ 27,004</u>	<u>\$ 27,238</u>	<u>\$ 26,384</u>	<u>\$ 25,464</u>

5.7%	9.5%	-0.9%	3.2%	3.6%	7.5%
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\$ 8,682	\$ 8,843	\$ 9,260	\$ 8,940	\$ 8,700	\$ 7,661
2,398	2,399	2,531	2,543	2,398	2,296
12,688	12,236	10,764	9,345	8,996	8,626
886	897	990	868	812	788
3,860	3,401	3,704	3,883	3,141	3,092
3,129	2,932	2,512	2,612	2,545	2,246
439	619	612	845	808	588
<u>\$ 32,082</u>	<u>\$ 31,327</u>	<u>\$ 30,373</u>	<u>\$ 29,036</u>	<u>\$ 27,400</u>	<u>\$ 25,297</u>

2.4%	3.1%	4.6%	6.0%	8.3%	6.9%
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Net Position by Component
Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities:				
Net Investment in Capital Assets (1)	\$ 23,407	\$ 22,317	\$ 20,259	\$ 19,891
Restricted	1,436	1,465	1,456	1,648
Unrestricted	(5,406)	(2,820)	(1,531)	(2,216)
Total Governmental Activities Net Position	<u>19,437</u>	<u>20,962</u>	<u>20,184</u>	<u>19,323</u>
Business-type Activities:				
Net Investment in Capital Assets (1)	34	12	30	34
Restricted	845	587	371	179
Unrestricted	500	563	261	143
Total Business-type Activities Net Position	<u>1,379</u>	<u>1,162</u>	<u>662</u>	<u>356</u>
Primary Government:				
Net Investment in Capital Assets (1)	23,441	22,329	20,289	19,925
Restricted	2,281	2,052	1,827	1,827
Unrestricted	(4,906)	(2,257)	(1,270)	(2,073)
Total Primary Government Net Position	<u>\$ 20,816</u>	<u>\$ 22,124</u>	<u>\$ 20,846</u>	<u>\$ 19,679</u>

(1) Beginning with fiscal year 2013, GASB Statement No. 63 changed the title of Invested in Capital Assets, Net of Related Debt to Net Investment in Capital Assets. Balances reported in prior fiscal years were not affected.

Source: Department of Accounts

2011	2010	2009	2008	2007	2006
\$ 18,320	\$ 17,424	\$ 16,209	\$ 15,241	\$ 13,835	\$ 11,637
1,171	1,160	1,421	1,641	1,893	1,588
(1,596)	(1,887)	(1,555)	516	944	2,874
17,895	16,697	16,075	17,398	16,672	16,099
35	31	23	26	30	32
16	16	372	816	872	790
70	(169)	(180)	59	212	17
121	(122)	215	901	1,114	839
18,355	17,455	16,232	15,267	13,865	11,669
1,187	1,176	1,793	2,457	2,765	2,378
(1,526)	(2,056)	(1,735)	575	1,156	2,891
\$ 18,016	\$ 16,575	\$ 16,290	\$ 18,299	\$ 17,786	\$ 16,938

**Changes in Net Position
Accrual Basis of Accounting**

Last Ten Fiscal Years
(Dollars in Millions)

	2015	2014	2013	2012
Expenses				
Governmental Activities:				
General Government	\$ 3,267	\$ 3,362	\$ 3,019	\$ 2,878
Education	9,845	9,431	9,281	9,181
Transportation	4,369	3,602	3,307	3,030
Resources and Economic Development	970	940	928	985
Individual and Family Services	13,277	13,116	12,941	12,712
Administration of Justice	2,751	2,927	2,760	2,639
Interest and Charges on Long-term Debt	224	238	255	229
Total Governmental Activities Expenses	34,703	33,616	32,491	31,654
Business-type Activities:				
Virginia Lottery	1,300	1,266	1,194	1,121
Virginia College Savings Plan	155	104	156	96
Pocahontas Parkway	-	-	-	-
Unemployment Compensation	431	536	584	640
Alcoholic Beverage Control	580	555	533	507
Risk Management	10	13	12	13
Local Choice Health Care	350	308	296	267
Route 460 Funding Corporation of Virginia	13	82	67	-
Virginia Industries for the Blind	43	38	31	32
Consolidated Laboratory	9	9	8	7
eVA Procurement System	23	20	20	19
Department of Environmental Quality Title V	10	12	11	11
Wireless E-911	37	37	42	41
Museum and Library Gift Shops	7	6	7	6
Behavioral Health Canteen and Work Activity	-	1	1	1
Virginia Information Providers Network	-	-	-	-
Total Business-type Activities Expenses	2,968	2,987	2,962	2,761
Total Primary Government Expenses	\$ 37,671	\$ 36,603	\$ 35,453	\$ 34,415
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 297	\$ 255	\$ 250	\$ 255
Education	545	518	448	397
Transportation	691	652	680	645
Resources and Economic Development	379	359	345	393
Individual and Family Services	366	376	413	429
Administration of Justice	316	401	322	323
Operating Grants and Contributions	8,915	8,732	8,820	9,178
Capital Grants and Contributions	1,619	1,509	1,754	1,267
Total Governmental Activities Program Revenues	13,128	12,802	13,032	12,887

Source: Department of Accounts

2011	2010	2009	2008	2007	2006
\$ 2,917	\$ 2,829	\$ 2,541	\$ 2,470	\$ 2,645	\$ 2,015
9,086	9,312	9,566	9,300	9,542	7,926
2,839	2,311	2,786	3,054	2,256	2,559
1,006	1,107	1,003	878	841	835
12,663	12,285	10,757	9,249	9,022	8,570
2,641	2,741	2,611	2,607	2,659	2,493
228	206	201	205	203	209
31,380	30,791	29,465	27,763	27,168	24,607
1,030	998	920	936	929	908
243	294	115	244	180	238
-	-	-	-	-	39
662	923	881	433	382	339
479	469	467	457	434	408
8	7	6	6	3	6
230	231	231	202	179	165
-	-	-	-	-	-
28	28	24	24	20	20
7	6	6	6	6	5
17	19	18	18	19	6
10	10	11	12	11	11
38	48	53	50	47	43
7	2	1	2	2	2
-	1	1	-	1	1
-	-	-	-	-	14
2,759	3,036	2,734	2,390	2,213	2,205
\$ 34,139	\$ 33,827	\$ 32,199	\$ 30,153	\$ 29,381	\$ 26,812
\$ 254	\$ 248	\$ 243	\$ 229	\$ 216	\$ 251
388	380	373	379	350	311
650	611	643	709	583	601
309	306	299	297	299	280
430	411	415	389	370	394
322	308	321	387	292	286
9,950	9,951	7,584	6,067	5,870	5,671
1,324	1,603	997	1,152	851	707
13,627	13,818	10,875	9,609	8,831	8,501

Continued on next page

Changes in Net Position
Accrual Basis of Accounting (Continued from previous page)

Last Ten Fiscal Years
(Dollars in Millions)

	2015	2014	2013	2012
Business-type Activities:				
Charges for Services:				
Virginia Lottery	1,844	1,811	1,690	1,616
Virginia College Savings Plan	188	408	301	160
Pocahontas Parkway	-	-	-	-
Unemployment Compensation	693	761	790	853
Alcoholic Beverage Control	730	689	662	633
Risk Management	8	9	5	5
Local Choice Health Care	343	321	285	259
Virginia Industries for the Blind	44	36	30	32
Consolidated Laboratory	10	9	7	8
eVA Procurement System	20	16	16	16
Department of Environmental Quality Title V	11	11	11	8
Wireless E-911	55	54	62	55
Museum and Library Gift Shops	8	6	8	7
Behavioral Health Canteen and Work Activity	-	-	-	1
Virginia Information Providers Network	-	-	-	-
Operating Grants and Contributions	-	-	-	-
Capital Contributions	-	70	61	-
Total Business-type Activities Program Revenue	3,954	4,201	3,928	3,653
Total Primary Government Program Revenues	\$ 17,082	\$ 17,003	\$ 16,960	\$ 16,540
Net (Expense)/Revenue				
Governmental Activities	\$ (21,575)	\$ (20,814)	\$ (19,459)	\$ (18,767)
Business-type Activities	986	1,214	966	892
Total Primary Government Net Expense	\$ (20,589)	\$ (19,600)	\$ (18,493)	\$ (17,875)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual and Fiduciary Income	\$ 12,266	\$ 11,681	\$ 11,400	\$ 10,814
Sales and Use	4,830	4,597	3,941	3,885
Corporation Income	801	770	805	979
Motor Fuel	888	792	879	900
Motor Vehicle Sales and Use	846	781	582	538
Communications Sales and Use	416	420	424	423
Premiums of Insurance Companies	453	460	407	391
Public Service Corporations	119	119	116	115
Other Taxes	959	896	909	849
Unrestricted Grants and Contributions	49	49	74	49
Investment Earnings	16	44	6	84
Miscellaneous	206	234	306	465
Special Item	(134)	-	-	-
Transfers	728	724	670	668
Contributions to Permanent and Term Endowments	-	-	-	-
Total Governmental Activities	22,443	21,567	20,519	20,160
Business-type Activities:				
Other Taxes	9	9	9	9
Investment Earnings	2	2	1	1
Miscellaneous	-	1	-	-
Special Items	34	-	-	-
Transfers	(728)	(724)	(670)	(668)
Total Business-type Activities	(683)	(712)	(660)	(658)
Total Primary Government	\$ 21,760	\$ 20,855	\$ 19,859	\$ 19,502
Change in Net Position				
Governmental Activities	\$ 868	\$ 753	\$ 1,060	\$ 1,394
Business-type Activities	303	502	306	234
Total Primary Government	\$ 1,171	\$ 1,255	\$ 1,366	\$ 1,628

Source: Department of Accounts

2011	2010	2009	2008	2007	2006
1,483	1,436	1,366	1,389	1,366	1,367
459	371	(117)	70	328	272
-	-	-	-	-	15
686	524	341	350	438	543
598	584	573	552	525	497
4	5	6	7	7	5
247	241	226	216	207	186
28	30	24	24	21	21
8	7	9	8	7	6
19	17	27	26	29	7
7	10	9	10	10	10
53	53	51	51	50	43
8	2	2	2	2	2
-	-	-	1	1	1
-	-	-	-	-	15
1	4	105	39	36	27
-	-	-	-	-	-
3,601	3,284	2,622	2,745	3,027	3,017
\$ 17,228	\$ 17,102	\$ 13,497	\$ 12,354	\$ 11,858	\$ 11,518
\$ (17,753)	\$ (16,973)	\$ (18,590)	\$ (18,154)	\$ (18,337)	\$ (16,106)
842	248	(112)	355	814	812
\$ (16,911)	\$ (16,725)	\$ (18,702)	\$ (17,799)	\$ (17,523)	\$ (15,294)
\$ 10,050	\$ 8,779	\$ 9,559	\$ 10,100	\$ 9,639	\$ 9,206
3,669	3,569	3,554	3,821	3,756	3,679
852	846	546	772	906	838
903	891	889	924	930	938
495	440	406	534	588	593
557	456	-	-	-	-
406	414	365	356	385	374
113	112	103	106	89	91
795	777	814	1,025	1,161	1,296
48	49	60	54	50	48
63	205	143	349	477	221
286	427	237	224	154	115
-	-	-	-	-	-
615	597	591	593	564	581
-	-	-	-	20	-
18,852	17,562	17,267	18,858	18,719	17,980
9	10	13	12	12	12
1	2	4	12	11	12
-	-	-	1	-	1
-	-	-	-	-	164
(614)	(597)	(591)	(593)	(563)	(581)
(604)	(585)	(574)	(568)	(540)	(392)
\$ 18,248	\$ 16,977	\$ 16,693	\$ 18,290	\$ 18,179	\$ 17,588
\$ 1,099	\$ 589	\$ (1,323)	\$ 704	\$ 381	\$ 1,873
238	(337)	(686)	(213)	274	421
\$ 1,337	\$ 252	\$ (2,009)	\$ 491	\$ 655	\$ 2,294

**Changes in Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting**

Last Ten Fiscal Years
(Dollars in Millions)

	2015	2014	2013	2012
Revenues				
Taxes	\$ 21,557	\$ 20,499	\$ 19,400	\$ 18,748
Rights and Privileges	978	950	957	921
Institutional Revenue	303	325	360	385
Interest, Dividends, Rents, and				
Other Investment Income	91	144	83	164
Federal Grants and Contracts	9,727	9,681	9,913	9,933
Other	1,514	1,362	1,350	1,337
Total Revenues	34,170	32,961	32,063	31,488
Expenditures				
General Government	2,544	2,538	2,424	2,322
Education	9,372	8,970	8,886	8,733
Transportation	5,348	5,057	4,613	4,474
Resources and Economic Development	929	912	876	870
Individual and Family Services	13,421	13,196	13,039	12,682
Administration of Justice	2,690	2,724	2,566	2,422
Capital Outlay	251	194	219	330
Debt Service:				
Principal Retirement	441	421	474	423
Interest and Charges	276	279	289	262
Total Expenditures	35,272	34,291	33,386	32,518
Revenues Over (Under) Expenditures	(1,102)	(1,330)	(1,323)	(1,030)
Other Financing Sources (Uses)				
Transfers In	1,706	1,661	1,625	1,770
Transfers Out	(972)	(927)	(940)	(1,097)
Notes Issued	7	16	22	10
Insurance Recoveries	1	-	1	3
Capital Leases Issued	-	-	-	1
Bonds Issued	671	273	264	1,196
Premium on Debt Issuance	150	75	85	217
Refunding Bonds Issued	536	277	201	319
Sale of Capital Assets	24	16	96	4
Payments to Refunded Bond Escrow Agents	(618)	(337)	(258)	(373)
Total Other Financing Sources (Uses)	1,505	1,054	1,096	2,050
Net Change in Fund Balances	\$ 403	\$ (276)	\$ (227)	\$ 1,020
Debt Service as a Percentage of Noncapital Expenditures (1)	2.22%	2.21%	2.58%	2.29%

(1) Noncapital expenditures exclude expenditures for capital outlay, which are recorded by function. The majority of these expenditures were for Transportation.

Source: Department of Accounts

2011	2010	2009	2008	2007	2006
\$ 17,825	\$ 16,187	\$ 16,276	\$ 17,659	\$ 17,436	\$ 17,043
917	869	889	933	826	816
384	403	409	390	360	343
159	294	218	452	532	256
10,749	10,628	8,112	6,627	6,203	5,958
1,238	1,196	1,100	1,177	1,027	1,048
<u>31,272</u>	<u>29,577</u>	<u>27,004</u>	<u>27,238</u>	<u>26,384</u>	<u>25,464</u>
2,439	2,306	1,889	2,047	2,030	1,787
8,683	8,842	9,260	8,940	8,700	7,661
3,860	3,401	3,704	3,883	3,141	3,092
886	897	990	868	812	788
12,688	12,236	10,764	9,345	8,996	8,626
2,398	2,399	2,531	2,543	2,398	2,296
439	619	612	845	809	588
456	420	416	362	322	280
233	206	207	203	192	179
<u>32,082</u>	<u>31,326</u>	<u>30,373</u>	<u>29,036</u>	<u>27,400</u>	<u>25,297</u>
<u>(810)</u>	<u>(1,749)</u>	<u>(3,369)</u>	<u>(1,798)</u>	<u>(1,016)</u>	<u>167</u>
1,498	1,624	1,571	1,663	1,637	1,590
(876)	(1,022)	(976)	(1,070)	(1,072)	(1,014)
37	20	21	-	16	128
8	5	8	6	7	4
2	1	1	5	4	1
883	941	646	416	593	584
71	44	46	23	40	45
51	124	68	59	123	205
3	4	4	7	8	7
(55)	(146)	(74)	(62)	(131)	(214)
<u>1,622</u>	<u>1,595</u>	<u>1,315</u>	<u>1,047</u>	<u>1,225</u>	<u>1,336</u>
<u>\$ 812</u>	<u>\$ (154)</u>	<u>\$ (2,054)</u>	<u>\$ (751)</u>	<u>\$ 209</u>	<u>\$ 1,503</u>
2.30%	2.04%	2.09%	2.00%	1.93%	1.86%

**Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting**

Last Ten Fiscal Years
(Dollars in Millions)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund				
Reserved (1)	\$ -	\$ -	\$ -	\$ -
Unreserved (1)	-	-	-	-
Nonspendable	120	111	120	118
Restricted	1,086	971	962	729
Committed	296	330	503	486
Unassigned	(653)	(782)	(947)	(821)
Total	<u>\$ 849</u>	<u>\$ 630</u>	<u>\$ 638</u>	<u>\$ 512</u>
All Other Governmental Funds				
Special Revenue Funds				
Reserved (1)	\$ -	\$ -	\$ -	\$ -
Unreserved (1)	-	-	-	-
Nonspendable	128	104	118	105
Restricted	759	880	588	567
Committed	2,244	2,145	2,556	2,923
Assigned	29	17	14	12
Unassigned	(60)	-	-	-
Debt Service Funds				
Reserved (1)	-	-	-	-
Restricted	45	44	35	79
Capital Projects Funds				
Unreserved (1)	-	-	-	-
Restricted	288	53	214	202
Permanent Funds				
Unreserved (1)	-	-	-	-
Nonspendable	35	34	31	28
Restricted	1	1	1	1
Total	<u>\$ 3,469</u>	<u>\$ 3,278</u>	<u>\$ 3,557</u>	<u>\$ 3,917</u>

(1) GASB Statement No. 54 changes in fund balance information presented in this section began with fiscal year 2011. Fund balances prior to fiscal year 2011 were not reclassified because this was deemed impractical. The nature of the difference between fiscal year 2011 forward and all prior years relates to fund balances for those prior years not being reclassified to GASB Statement No. 54 fund classifications. For additional information on fund balance classifications, see Note 3, Fund Balance Classifications.

Source: Department of Accounts

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ 395	\$ 670	\$ 1,125	\$ 1,420	\$ 1,162
-	(1,069)	(928)	78	564	973
113	-	-	-	-	-
464	-	-	-	-	-
410	-	-	-	-	-
(1,046)	-	-	-	-	-
<u>\$ (59)</u>	<u>\$ (674)</u>	<u>\$ (258)</u>	<u>\$ 1,203</u>	<u>\$ 1,984</u>	<u>\$ 2,135</u>
\$ -	\$ 410	\$ 204	\$ 242	\$ 280	\$ 108
-	2,502	2,325	3,072	3,060	2,882
111	-	-	-	-	-
422	-	-	-	-	-
2,683	-	-	-	-	-
10	-	-	-	-	-
-	-	-	-	-	-
-	105	102	101	97	94
68	-	-	-	-	-
-	206	331	134	81	(16)
145	-	-	-	-	-
-	47	45	52	53	30
29	-	-	-	-	-
1	-	-	-	-	-
<u>\$ 3,469</u>	<u>\$ 3,270</u>	<u>\$ 3,007</u>	<u>\$ 3,601</u>	<u>\$ 3,571</u>	<u>\$ 3,098</u>

Comparison of General Fund Balance

Last Ten Fiscal Years
(Dollars in Millions)

Fiscal Year Ended June 30,	Fund Balance	
	Budgetary Basis	Modified Accrual Basis
2015	\$ 1,759.2	\$ 848.4
2014	1,349.3	629.6
2013	1,820.6	637.9
2012	1,683.4	512.4
2011	1,297.6	(58.8)
2010	870.9	(674.3)
2009	823.5	(258.5)
2008	2,219.8	1,202.9
2007	2,955.1	1,984.0
2006	2,890.0	2,135.5

Source: Department of Accounts

Revenue Capacity

Personal Income Tax Rates

Last Ten Fiscal Years
(Dollars in Millions)

<u>For the Fiscal Year Ended June 30,</u>	<u>Personal Income Tax Collections (1)</u>	<u>Personal Income (2)(3)</u>	<u>Average Effective Rate (3)(4)</u>
2015	\$ 12,329	\$ 433,670	2.84%
2014	11,253	417,770	2.69%
2013	11,340	440,406	2.57%
2012	10,613	401,060	2.65%
2011	9,944	384,653	2.59%
2010	9,088	363,270	2.50%
2009	9,481	353,249	2.68%
2008	10,115	361,258	2.80%
2007	9,788	343,226	2.85%
2006	9,309	323,755	2.88%

- (1) Tax revenues from individual and fiduciary income tax.
(2) Personal income amounts provided by U.S. Bureau of Economic Analysis website.
(3) Amounts for fiscal years 2006-2014 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.
(4) Average effective rate equals tax collections divided by income.

Sources: Department of Taxation
U.S. Bureau of Economic Analysis

Effective Tax Rates (1)

Tax Years 2005-2014

<u>Income Tax Bracket</u>	<u>Tax Rate</u>
\$0 - \$3,000	2.00%
\$3,000 - \$5,000	2.00% - 2.40%
\$5,000 - \$17,000	2.40% - 4.23%
\$17,000 - \$30,000	4.23% - 4.89%
\$30,000 - \$50,000	4.89% - 5.23%
\$50,000 - \$100,000	5.23% - 5.49%
Over \$100,000	5.49% up to 5.75%

- (1) Amounts shown are for all filing status returns.

Source: Department of Taxation

Personal Income Tax Filers and Liability by Income Level (1)

Current Year and Ten Years Ago

Income Level	Tax Year Ended December 31, 2013 (2)				Tax Year Ended December 31, 2004			
	Number of Returns	% of Total	Income Tax Liability	% of Total	Number of Returns	% of Total	Income Tax Liability	% of Total
\$100,000 and higher	687,720	18.3%	\$ 6,982,322,551	66.0%	399,699	12.1%	\$ 4,031,807,838	54.8%
\$75,000 - \$99,999	322,261	8.6%	1,170,564,302	11.1%	260,810	7.9%	944,241,547	12.8%
\$50,000 - \$74,999	488,520	13.0%	1,158,182,854	10.9%	431,160	13.0%	1,051,466,611	14.3%
\$25,000 - \$49,999	850,304	22.6%	1,010,305,976	9.5%	770,134	23.3%	993,782,737	13.5%
\$10,000 - \$24,999	758,813	20.1%	260,591,447	2.4%	707,096	21.4%	312,988,502	4.3%
\$9,999 and lower	658,051	17.4%	4,376,555	0.1%	739,160	22.3%	23,761,642	0.3%
Total	<u>3,765,669</u>	<u>100.0%</u>	<u>\$ 10,586,343,685</u>	<u>100.0%</u>	<u>3,308,059</u>	<u>100.0%</u>	<u>\$ 7,358,048,877</u>	<u>100.0%</u>

- (1) Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.
- (2) Tax year 2013 is the most recent year for which data are available.

Source: Department of Taxation

Personal Income by Industry

Last Ten Fiscal Years
(Dollars in Millions)

	<u>2015 (1)</u>	<u>2014 (2)</u>	<u>2013 (2)</u>	<u>2012 (2)</u>	<u>2011 (2)</u>
Farm Earnings	\$ 912	\$ 814	\$ 802	\$ 599	\$ 513
Agricultural/Forestry, Fishing, and Other	442	383	351	359	314
Mining	1,112	1,194	1,220	1,485	1,494
Construction	15,957	15,565	14,702	14,347	13,811
Manufacturing	17,081	17,227	16,553	16,364	16,030
Transportation, Warehousing, Information and Public Utilities	18,421	17,817	17,092	16,657	16,203
Wholesale Trade	10,571	10,277	9,980	9,814	9,788
Retail Trade	15,296	15,225	14,854	14,297	13,882
Finance, Insurance, Real Estate, Rental and Leasing	21,887	20,742	20,142	18,919	17,253
Services	129,131	123,442	122,094	119,014	114,710
Federal, Civilian	24,619	23,648	23,253	23,328	22,952
Military	12,587	12,754	12,714	13,281	13,399
State and Local Government	34,017	33,413	32,448	31,626	31,091
Other (3)	131,637	125,269	118,201	120,970	113,213
Total Personal Income	<u>\$ 433,670</u>	<u>\$ 417,770</u>	<u>\$ 404,406</u>	<u>\$ 401,060</u>	<u>\$ 384,653</u>

(1) Personal income figures for fiscal year 2015 are estimated.

(2) Amounts for fiscal years 2006-2014 were revised to reflect the incorporation of newly available and revised source data.

(3) Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

Source: U.S. Bureau of Economic Analysis (BEA)

Note: Details may not agree to BEA due to rounding.

<u>2010 (2)</u>	<u>2009 (2)</u>	<u>2008 (2)</u>	<u>2007 (2)</u>	<u>2006 (2)</u>
\$ 255	\$ 227	\$ 312	\$ 221	\$ 322
338	288	270	321	327
1,050	872	1,034	794	880
13,857	13,469	15,642	17,151	17,912
15,932	15,651	17,009	17,299	17,105
16,116	16,629	16,805	16,872	16,624
9,143	9,165	9,559	9,591	8,798
13,829	13,376	13,844	14,212	14,035
16,121	15,582	15,908	17,051	17,155
109,948	106,744	104,058	97,450	90,640
22,206	20,113	19,045	18,012	16,585
13,833	13,326	13,048	12,474	12,113
31,209	30,780	29,697	28,256	26,905
99,433	97,027	105,027	93,522	84,354
<u>\$ 363,270</u>	<u>\$ 353,249</u>	<u>\$ 361,258</u>	<u>\$ 343,226</u>	<u>\$ 323,755</u>

Taxable Sales by Business Class (1) (2)

Last Ten Calendar Years
(Dollars in Millions)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Alcoholic Beverage	676	640	559	567	545
Apparel	4,918	6,668	6,545	4,749	4,601
Automotive	3,024	2,945	2,860	2,717	2,555
Food	28,972	27,924	27,150	25,691	24,617
Fuel	1,864	1,880	1,899	1,828	1,691
Furniture, Home Furnishings, and Equipment	2,663	2,645	2,612	2,538	2,442
General Merchandise	21,693	21,852	21,568	20,635	19,836
Hotels, Motels, Tourist Camps, etc.	3,238	3,098	3,107	2,988	2,837
Lumber, Building Materials, and Supply	8,589	8,513	8,112	7,750	7,652
Machinery, Equipment, and Supplies	303	300	357	309	243
Miscellaneous	17,994	16,031	16,228	16,341	16,402
Other Miscellaneous and Unidentifiable	2,270	2,088	2,321	2,955	2,997
Total	<u>\$ 96,204</u>	<u>\$ 94,584</u>	<u>\$ 93,318</u>	<u>\$ 89,068</u>	<u>\$ 86,418</u>
Direct Sales Tax Rate (2)	5.3%	5.3%	5.0%	5.0%	5.0%

(1) Retail sales information is available only on a calendar-year basis.

(2) Effective July 1, 2013, the sales tax rate increased from 5.0 percent to 5.3 percent.

Source: Department of Taxation

2009	2008	2007	2006	2005
532	517	487	456	362
4,494	5,015	5,191	4,917	3,794
2,397	2,440	2,563	2,413	3,571
24,134	23,721	22,502	19,943	19,363
1,582	1,539	1,729	1,778	990
2,519	3,013	3,448	3,684	4,290
19,577	19,387	19,574	17,104	12,669
2,804	3,066	3,079	3,003	2,427
7,369	8,140	9,354	8,929	8,962
173	241	238	213	1,945
16,780	18,527	18,301	18,355	14,512
3,505	4,495	5,577	8,683	4,736
\$ 85,866	\$ 90,101	\$ 92,043	\$ 89,478	\$ 77,621
5.0%	5.0%	5.0%	5.0%	4.5%

Sales Tax Revenue by Business Class (1)

Tax Year 2014 and Nine Years Ago

	Tax Year Ended December 31, 2014				Tax Year Ended December 31, 2005			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Alcoholic Beverage	359	0.4%	\$ 676,002,220	0.7%	603	0.2%	\$ 362,213,515	0.5%
Apparel	3,814	3.7%	4,917,950,090	5.1%	16,743	4.3%	3,794,176,619	4.9%
Automotive	3,028	2.9%	3,024,332,962	3.1%	25,778	6.7%	3,571,242,215	4.6%
Food	22,178	21.4%	28,972,022,860	30.1%	74,854	19.3%	19,363,072,906	25.0%
Fuel	2,443	2.4%	1,863,822,561	1.9%	7,445	1.9%	989,875,205	1.3%
Furniture, Home Furnishings, and Equipment	3,525	3.4%	2,663,271,354	2.8%	20,111	5.2%	4,290,387,769	5.5%
General Merchandise	16,081	15.5%	21,692,828,701	22.6%	32,339	8.4%	12,668,598,564	16.3%
Hotels, Motels, Tourist Camps, etc.	2,314	2.2%	3,237,643,337	3.4%	7,052	1.8%	2,427,376,798	3.1%
Lumber, Building Materials, and Supply	5,547	5.4%	8,588,922,803	8.9%	16,465	4.2%	8,961,776,603	11.5%
Machinery, Equipment, and Supply	159	0.2%	303,274,966	0.3%	15,364	4.0%	1,945,360,572	2.5%
Miscellaneous	37,288	36.0%	17,994,208,965	18.7%	155,103	40.1%	14,511,551,131	18.7%
Other Miscellaneous and Unidentifiable	6,750	6.5%	2,269,632,597	2.4%	15,035	3.9%	4,735,840,951	6.1%
Total	103,486	100.0%	\$ 96,203,913,416	100.0%	386,892	100.0%	\$ 77,621,472,848	100.0%

(1) Due to confidentiality issues, the names of the ten largest revenue payers are not presented. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.

Sources: Department of Taxation
Weldon Cooper Center for Public Service, University of Virginia

Debt Capacity

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities		Total Primary Government	Debt as a Percentage of Personal Income (2)	Amount Per Capita (3)
	General Obligation Bonds	Non- General Obligation Bonds	Other Long-term Obligations (1)	Non-General Obligation Bonds	Other Long-term Obligations (1)			
2015	\$ 675,371	\$ 5,911,768	\$ 222,877	\$ 320,110	\$ 5,708	\$ 7,135,834	1.65%	\$ 850
2014	742,869	5,555,935	233,002	317,305	6,072	6,855,183	1.64%	823
2013	791,992	5,593,228	285,594	314,662	6,453	6,991,929	1.73%	849
2012	873,741	5,703,448	326,543	-	449	6,904,181	1.72%	844
2011	960,374	4,701,764	348,972	-	918	6,012,028	1.56%	749
2010	1,049,386	4,120,056	366,170	-	1,594	5,537,206	1.52%	702
2009	1,077,520	3,549,958	373,594	-	2,883	5,003,955	1.42%	638
2008	1,001,989	3,345,259	312,890	-	4,082	4,664,220	1.29%	601
2007	900,329	3,363,275	341,574	-	2,610	4,607,788	1.34%	599
2006	716,498	3,231,917	342,805	-	5,967	4,297,187	1.33%	564

- (1) Pension, compensated absences, other postemployment benefits, uninsured employers' fund, lottery prizes payable, tuition benefits payable, and pollution remediation obligations have been excluded.
- (2) Personal income amounts used for this calculation were obtained from the U. S. Bureau of Economic Analysis.
- (3) Population statistics used in this calculation were provided by the Department of Taxation. Fiscal year 2015 population was estimated.

Sources: Department of Accounts
 Department of Taxation
 U. S. Bureau of Economic Analysis

Ratios of General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years

(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	General Bonded Debt Outstanding [1] [2]				Percentage of Tax Revenues [5]	Amount Per Capita [6]
	Governmental		Higher Education	Total		
	9(b) [3]	9(c) [4]	9(c)			
2015	\$ 642,181	\$ 33,190	\$ 936,857	\$ 1,612,228	13.08%	\$ 192
2014	706,192	36,677	925,086	1,667,955	14.82%	200
2013	752,493	39,499	877,858	1,669,850	14.73%	203
2012	831,148	42,593	906,474	1,780,215	16.77%	218
2011	914,574	45,800	765,280	1,725,654	17.35%	215
2010	999,841	49,545	631,275	1,680,661	18.49%	213
2009	1,040,636	36,884	573,550	1,651,070	17.41%	211
2008	935,105	66,884	487,296	1,489,285	14.72%	192
2007	821,563	78,766	411,842	1,312,171	13.41%	171
2006	626,124	90,374	325,969	1,042,467	11.20%	137

[1] Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. Amounts are net of unamortized premiums, discounts, deferrals on debt defeasance, and/or issuance expenses.

[2] There are currently no Section 9(a) bonds outstanding.

[3] Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations.

[4] Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt.

[5] Individual and fiduciary Income tax collections were used for this calculation.

[6] Population statistics used in this calculation are provided by the Department of Taxation. Fiscal year 2015 population was estimated.

Source: Department of Accounts

Computation of Legal Debt Limit and Margin

Last Ten Fiscal Years
(Dollars in Thousands)

Tax Revenues Required for Computation	2015	2014	2013	2012
Taxes on Income and Retail Sales:				
Individual and Fiduciary Income Tax [1]	\$ 12,328,675	\$ 11,253,348	\$ 11,339,965	\$ 10,612,836
Corporate Income Tax [2]	831,907	757,491	796,728	859,923
State Sales and Use Tax [3]	3,587,849	3,399,223	3,419,489	3,314,677
Total	\$ 16,748,431	\$ 15,410,062	\$ 15,556,182	\$ 14,787,436
Average Tax Revenues (Three Fiscal Years)	\$ 15,904,892	\$ 15,251,227	\$ 14,766,900	\$ 13,967,817

Section 9(a) [2] General Obligation Debt Limit [4]

Debt Issuance Limit				
(30% of 1.15 times annual tax revenues)	\$ 5,778,209	\$ 5,316,471	\$ 5,366,883	\$ 5,101,665
Less Bonds Outstanding:	-	-	-	-
Debt Issuance Margin for Section 9(a) [2]				
General Obligation Bonds	\$ 5,778,209	\$ 5,316,471	\$ 5,366,883	\$ 5,101,665
Debt Applicable to Limit as a % Limit	0.00%	0.00%	0.00%	0.00%

Section 9(b) General Obligation Debt Limit

Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	\$ 18,290,626	\$ 17,538,911	\$ 16,981,935	\$ 16,062,990
Less Bonds Outstanding:**				
Public Facilities Bonds [6]	642,181	706,192	752,493	831,148
Transportation Facilities Refunding Bonds [5] [6]	-	-	-	-
Debt Issuance Margin for Section 9(b)				
General Obligation Bonds	\$ 17,648,445	\$ 16,832,719	\$ 16,229,442	\$ 15,231,842
Debt Applicable to Limit as a % Limit	3.51%	4.03%	4.43%	5.17%

Additional Section 9(b) Debt Borrowing Restriction:

Four-year Authorization Restriction (25% of 9(b) Debt Limit)	\$ 4,572,656	\$ 4,384,728	\$ 4,245,484	\$ 4,015,747
Less 9(b) Debt authorized in past three fiscal years	-	-	-	-
Maximum Additional Borrowing Restriction (amount that may be authorized by the General Assembly)	\$ 4,572,656	\$ 4,384,728	\$ 4,245,484	\$ 4,015,747

Section 9(c) General Obligation Debt Limit

Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	\$ 18,290,626	\$ 17,538,911	\$ 16,981,935	\$ 16,062,990
Less Bonds Outstanding:**				
Parking Facilities Bonds [6]	16,036	17,045	17,538	18,383
Transportation Facilities Bonds [6]	17,154	19,632	21,961	24,210
Higher Educational Institution Bonds [6]	936,857	925,086	877,858	906,474
Debt Issuance Margin for Section 9(c)				
General Obligation Bonds	\$ 17,320,579	\$ 16,577,148	\$ 16,064,578	\$ 15,113,923
Debt Applicable to Limit as a % Limit	5.30%	5.48%	5.40%	5.91%

**Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.

[1] Includes taxes imposed pursuant to Articles 2 and 9 of Chapter 3, Title 58.1 of the *Code of Virginia*.

[2] Includes taxes imposed pursuant to Article 10 of Chapter 3, Title 58.1 of the *Code of Virginia*.

[3] Includes taxes imposed pursuant to Chapter 6, Title 58.1 of the *Code of Virginia*, less taxes identified in Sections 58.1-605 and 58.1-638.

[4] Debt limit applies only to debt authorized pursuant to Article X, Section 9(a)(2) of the Constitution of Virginia.

[5] These bonds refunded certain Section 9(c) debt, and because the Governor did not certify the feasibility of the refinanced project, it must be applied against the Section 9(b) Debt Limit.

[6] Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. Net of unamortized discounts, premiums, and/or deferral on debt defeasance.

Sources: Department of Accounts
Department of the Treasury

2011	2010	2009	2008	2007	2006
\$ 9,944,370	\$ 9,088,252	\$ 9,481,109	\$ 10,114,833	\$ 9,787,592	\$ 9,308,570
822,259	806,473	648,033	807,852	879,575	871,554
3,190,452	3,264,210	3,116,831	3,302,181	3,274,286	3,029,949
<u>\$ 13,957,081</u>	<u>\$ 13,158,935</u>	<u>\$ 13,245,973</u>	<u>\$ 14,224,866</u>	<u>\$ 13,941,453</u>	<u>\$ 13,210,073</u>
\$ 13,453,996	\$ 13,543,258	\$ 13,804,097	\$ 13,792,131	\$ 13,071,436	\$ 11,906,836
\$ 4,815,193	\$ 4,539,833	\$ 4,569,861	\$ 4,907,579	\$ 4,809,801	\$ 4,557,475
-	-	-	-	-	-
<u>\$ 4,815,193</u>	<u>\$ 4,539,833</u>	<u>\$ 4,569,861</u>	<u>\$ 4,907,579</u>	<u>\$ 4,809,801</u>	<u>\$ 4,557,475</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 15,472,096	\$ 15,574,747	\$ 15,874,712	\$ 15,860,950	\$ 15,032,151	\$ 13,692,862
914,574	993,372	1,027,941	916,483	797,300	596,464
-	6,469	12,696	18,622	24,263	29,660
<u>\$ 14,557,522</u>	<u>\$ 14,574,906</u>	<u>\$ 14,834,075</u>	<u>\$ 14,925,845</u>	<u>\$ 14,210,588</u>	<u>\$ 13,066,738</u>
5.91%	6.42%	6.56%	5.90%	5.47%	4.57%
\$ 3,868,024	\$ 3,893,687	\$ 3,968,678	\$ 3,965,238	\$ 3,758,038	\$ 3,423,215
-	-	-	-	-	-
<u>\$ 3,868,024</u>	<u>\$ 3,893,687</u>	<u>\$ 3,968,678</u>	<u>\$ 3,965,238</u>	<u>\$ 3,758,038</u>	<u>\$ 3,423,215</u>
\$ 15,472,096	\$ 15,574,747	\$ 15,874,712	\$ 15,860,950	\$ 15,032,151	\$ 13,692,862
19,445	21,151	6,527	7,590	8,804	9,939
26,355	28,394	30,358	59,294	69,962	80,435
765,280	631,275	573,550	487,296	411,842	325,969
<u>\$ 14,661,016</u>	<u>\$ 14,893,927</u>	<u>\$ 15,264,277</u>	<u>\$ 15,306,770</u>	<u>\$ 14,541,543</u>	<u>\$ 13,276,519</u>
5.24%	4.37%	3.85%	3.49%	3.26%	3.04%

**Schedule of Pledged Revenue Bond Coverage
Primary Government 9(d) General Long-term Debt**

Last Ten Fiscal Years

(Dollars in Thousands except Coverage)

	For the Fiscal Year Ended June 30,	Beginning Balance, as restated (1)	Pledged Revenues (2)	Operating Expenses (3)	Net Available for Debt Service	Debt Service Requirements (4) (5) (6)		Coverage
						Principal	Interest	
Primary Government Revenue Bonds:								
Route 460 Funding Corporation of Virginia (5) (7)	2015	\$ (20,991)	\$ -	\$ 524	\$ (21,515)	\$ -	\$ 11,726	(1.83)
(Series 2012A and 2012B CAB)	2014	(8,958)	-	448	(9,406)	-	12,084	(0.78)
	2013	-	-	130	(130)	-	-	-
Pocahontas Parkway Association (6)								
(Series 1998A-D and 2001A)	2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	2014	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-
	2006	(140,294)	11,680	30,214	(158,828)	-	-	-

- (1) The Route 460 Funding Corporation of Virginia was restated due to the implementation of GASB Statement No. 65 in fiscal year 2014.
- (2) Bonds payable solely from toll revenues.
- (3) Operating expenses are exclusive of principal and interest.
- (4) Includes principal and interest of revenue bonds only. Does not include debt defeasance transactions.
- (5) This entity was established in fiscal year 2013. No debt service payments were required during fiscal year 2013.
- (6) This entity was established in 1999. The toll rights owned by the Pocahontas Parkway Association were sold on June 29, 2006; the association was relieved of any outstanding debt at that time and has no bonds outstanding at June 30, 2015, to report.
- (7) As discussed in Note 31, the Route 460 Funding Corporation of Virginia continuing operations will cease during fiscal year 2016.

Source: Department of Accounts

Demographic and Economic Information

Schedule of Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population In Thousands (1)</u>	<u>Personal Income In Thousands (2)(3)</u>	<u>Per Capita Income (3)</u>	<u>Public Primary and Secondary School Enrollment</u>	<u>Unemployment Rate</u>
2015	8,392	\$ 433,669,824	\$ 51,677	1,279,773	4.9 %
2014	8,332	417,769,624	50,140	1,273,211	5.2 %
2013	8,235	404,405,716	49,108	1,264,880	5.6 %
2012	8,178	401,060,440	49,041	1,258,521	6.0 %
2011	8,029	384,652,808	47,908	1,253,038	6.5 %
2010	7,886	363,269,504	46,065	1,245,937	7.0 %
2009	7,839	353,248,764	45,063	1,236,546	5.6 %
2008	7,758	361,258,556	46,566	1,232,436	3.4 %
2007	7,694	343,226,264	44,610	1,221,939	3.1 %
2006	7,623	323,754,648	42,471	1,214,737	3.2 %

(1) Population figure for fiscal year 2015 is estimated.

(2) Personal income amount for fiscal year 2015 is estimated.

(3) Amounts for fiscal years 2006-2014 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

Sources: Department of Education
Department of Taxation
Virginia Employment Commission
U.S. Bureau of Economic Analysis

Principal Employers (1)

Current Year and Nine Years Ago

<u>Employer</u>	<u>2014 Rank (2)</u>	<u>2005 Rank</u>
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
U. S. Postal Service	7	6
County of Fairfax	8	7
HCA Virginia Health System (3)	9	-
U. S. Department of Homeland Defense (3)	10	-

(1) The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All Employers above have an employment size of 1,000 or more.

(2) Calendar year 2014 is the most recent information available.

(3) Previous ranking not available.

Source: Virginia Employment Commission (1)

Operating Information

State Employees by Function (1)

Last Ten Fiscal Years

	2015	2014	2013	2012	2011
General Government					
Virginia Information Technologies Agency	260	263	270	262	261
Department of Taxation	855	877	873	917	976
Department of General Services	608	614	621	624	634
All other	1,675	1,663	1,677	1,571	1,936
Education					
Colleges and Universities	56,777	56,086	55,223	53,979	49,107
All other	2,634	2,663	2,662	2,667	3,287
Transportation					
Department of Transportation	7,372	7,365	7,212	7,167	7,024
Department of Motor Vehicles	2,023	2,040	1,999	1,926	1,949
All other	263	198	193	190	242
Resources and Economic Development					
Department of Conservation & Recreation	1,106	747	1,165	933	909
Department of Environmental Quality	826	822	779	731	743
All other	2,957	2,950	2,898	2,957	3,001
Individual and Family Services					
Department of Health	3,565	3,593	3,646	3,784	3,827
Behavioral Health Agencies	7,378	7,629	8,314	8,803	8,757
All other	5,505	5,545	5,804	5,740	5,576
Administration of Justice					
Department of State Police	2,773	2,792	2,779	2,640	2,627
Department of Juvenile Justice	2,086	2,339	2,405	2,499	2,380
Correctional Facilities	9,272	9,922	9,738	9,656	9,656
All other	6,505	6,579	6,606	6,363	6,262
Business-type Activities					
Department of Alcoholic Beverage Control	2,294	2,272	2,182	3,306	2,483
Virginia Lottery	284	279	275	270	267
All other	100	94	84	81	82
State Total (2)	<u>117,118</u>	<u>117,332</u>	<u>117,405</u>	<u>117,066</u>	<u>111,986</u>

(1) Includes salaried and wage employees but excludes adjunct faculty.

(2) Totals have been rounded and may vary slightly from the Department of Human Resource Management reports.

Source: Department of Human Resource Management

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
295	353	377	400	453
1,044	947	1,014	927	1,031
654	618	624	634	621
1,608	1,918	1,960	1,915	1,778
47,981	48,485	48,032	48,004	47,371
3,276	3,551	3,806	3,811	3,813
6,852	8,261	8,680	8,824	9,338
1,900	1,931	2,001	2,044	2,102
233	215	239	231	110
930	953	960	753	709
768	800	842	882	870
2,874	3,334	3,369	3,412	3,263
3,856	3,750	3,800	3,943	3,817
8,635	8,355	8,341	8,361	7,679
5,622	5,957	5,550	5,540	6,424
2,533	2,671	2,668	2,700	2,604
2,442	2,314	2,457	2,295	2,312
9,623	10,437	10,802	10,456	10,368
6,314	6,285	6,441	6,454	5,382
2,461	2,581	2,472	1,938	1,851
257	252	241	265	261
77	74	50	48	257
<u>110,235</u>	<u>114,042</u>	<u>114,726</u>	<u>113,837</u>	<u>112,414</u>

Operating Indicators by Function

Last Ten Fiscal Years

	2015	2014	2013	2012
General Government				
Virginia Department of Taxation				
Number of Returns Processed (calendar year) (1)	Not yet available	7,575,225	7,520,463	7,446,060
Department of Accounts				
Number of Payments Processed Via Check	1,297,646	1,466,309	1,530,548	1,624,902
Number of Payments Processed Electronically	9,047,340	9,729,332	9,552,890	9,856,757
Percentage Processed Electronically	87.5%	86.9%	86.2%	85.8%
Education				
State Council of Higher Education				
Number of Students Enrolled at State-supported Colleges and Universities	534,280	537,370	539,025	535,294
Department of Education				
Number of Public Primary and Secondary School Enrollment	1,279,773	1,273,211	1,264,880	1,258,521
Transportation				
Department of Transportation				
Number of Vehicles Paying Tolls for the Pocahontas Parkway (2)	N/A	N/A	N/A	N/A
Resources and Economic Development				
Department of Environmental Quality				
Number of Permits Issued	7,173	5,890	1,750	4,063
Number of Inspections Conducted	7,848	8,307	9,044	9,834
Department of Housing and Community Development				
Number of Housing Units Improved to Define Standards through Housing Programs	3,491	3,677	7,396	7,279
Department of Agriculture and Consumer Services				
Number of Food Inspections Conducted	5,583	8,886	10,441	12,966
Number of Weights/Measure Equipment Inspected	82,355	76,342	62,488	68,292
Department of Forestry				
Number of Firefighters Trained in Forest Fire Control	1,178	1,233	1,197	1,178
Individual and Family Services				
Comprehensive Services for At-Risk Youth and Families				
Number of Youth Served	15,700	15,025	13,516	15,425
Department for Aging and Rehabilitative Services				
Number of Medicare Recipients	1,328,435	1,203,462	1,244,136	1,190,827
Department of Medical Assistance Services				
Number of Medicaid Recipients	1,255,960	1,177,922	1,046,790	996,835
Department of Behavioral Health and Developmental Services (3)				
Number of Patients Served	2,229	2,269	2,455	2,608
Number of Beds Used	2,813	2,822	3,071	3,471
Department of Social Services				
Average Number of Households Receiving Food Stamps	411,768	451,640	453,244	434,223
Number of Households Receiving Child Support Enforcement Assistance	314,377	320,942	347,729	349,661
Department of Health				
Number of WIC Participants	249,499	244,181	267,465	270,962
Number of Childhood Immunizations Administered	1,534,373	1,675,572	1,736,396	1,439,233

2011	2010	2009	2008	2007	2006
6,969,581	6,998,747	7,079,611	6,893,047	6,746,596	7,860,850
1,658,227	1,625,763	1,715,164	2,597,746	1,431,918	1,522,865
9,912,627	11,141,067	10,059,109	8,065,038	2,861,979	2,684,123
85.7%	87.2%	85.4%	75.6%	66.7%	63.8%
519,772	501,866	467,093	449,671	428,642	412,336
1,253,038	1,245,937	1,236,546	1,232,436	1,221,939	1,214,737
N/A	N/A	N/A	N/A	N/A	5,746,292
2,486	2,780	1,925	2,389	3,491	2,011
10,441	11,804	11,599	11,721	11,730	10,471
7,675	7,231	5,198	3,248	3,392	3,459
12,003	13,516	14,639	17,551	14,623	16,350
66,760	53,329	57,275	84,481	77,921	101,471
1,192	1,123	1,034	1,200	1,300	1,000
16,617	17,242	17,957	19,658	18,498	16,722
1,143,243	1,122,522	1,104,765	1,071,681	1,039,059	1,010,487
992,816	937,522	857,662	818,452	805,458	812,796
2,724	2,754	2,877	2,915	3,003	3,033
3,317	3,396	3,533	2,891	2,988	3,499
396,613	350,599	277,498	240,821	228,116	223,116
352,825	359,317	359,487	359,977	363,272	361,909
270,219	275,580	270,378	258,593	270,918	247,386
1,773,402	1,602,907	1,470,403	1,455,166	1,076,412	1,093,450

Continued on next page

Operating Indicators by Function (Continued from previous page)

Last Ten Fiscal Years

	2015	2014	2013	2012
Administration of Justice				
Supreme Court				
Number of Criminal Trials (calendar year)	686,795	699,270	720,630	708,943
Number of Civil Trials (calendar year)	1,171,042	1,232,899	1,264,219	1,299,053
Number of Traffic Hearings (calendar year)	1,903,845	1,887,252	1,891,207	1,956,836
Compensation Board				
Number of Constitutional Officers Receiving Financial Support	650	649	651	650
Department of State Police				
Number of Traffic Citations Issued (calendar year)	644,218	686,812	588,307	550,122
Number of Arrests (calendar year)	20,608	21,777	19,611	19,460
Department of Corrections				
Number of Inmates	30,258	30,275	29,803	29,685
Business-type Activities				
Virginia Lottery				
Number of Plays Sold - Pick 3	272,253,482	265,144,318	253,682,839	243,270,273
Number of Plays Sold - Pick 4	268,645,030	244,143,030	232,184,205	222,774,015
Number of Plays Sold - Cash 5	29,895,533	30,114,799	28,302,849	26,677,286
Number of Plays Sold - Megamillions	94,283,607	115,298,827	89,518,093	140,240,940
Number of Plays Sold - Win for Life (4)	2,979,902	14,870,716	15,950,166	17,682,922
Number of Plays Sold - Lotto South (4)	-	-	-	-
Number of Plays Sold - Millionaire Raffle (5)	6,600,000	6,600,000	6,945,500	6,625,456
Number of Plays Sold - Fast Play Bingo (5)	24,205,141	20,095,274	16,581,338	12,094,785
Number of Plays Sold - Powerball (6)	96,580,238	113,724,880	145,690,841	89,046,990
Number of Plays Sold - Decades of Dollars (7)	9,365,110	12,236,092	13,243,504	15,467,376
Number of Plays Sold - Money Ball (8)	16,766,958	-	-	-
Number of Plays Sold - Cash 4 Life (8)	3,812,708	-	-	-
Number of Tickets Sold - Instant Tickets	1,018,488,394	988,592,675	887,139,810	842,121,604
Virginia College Savings Plan				
Number of Virginia529 prePAID Tuition Contractholders	66,364	70,490	68,637	69,847
Virginia Employment Commission				
Number of Individuals Receiving Unemployment Benefits	92,762	115,155	127,091	136,753
New Unemployment Benefit Claims	202,040	253,310	284,218	318,935

- (1) Information for fiscal year 2015 is not yet available.
- (2) The assets of the Pocahontas Parkway Association, including the rights and obligations to manage, operate, maintain and collect tolls, were sold in June 2006. Therefore, this information is not available subsequent to fiscal year 2006.
- (3) This agency is structured to provide services primarily in a community setting. Although they have a significant amount of capital and operating costs in facility operations, inpatient treatment methodology is being deemphasized over time. Their inpatient census will continue to decline in the future. Over \$250 million of community funding (state and Federal dollars) each fiscal year supports 40 community services boards across the Commonwealth. These entities serve approximately 300,000 Virginians each year.
- (4) Win for Life replaced Lotto South during fiscal year 2006.
- (5) Fast Play Bingo and Millionaire Raffle began during fiscal year 2007; therefore, information for fiscal year 2006 and prior years is not available.
- (6) Powerball began during fiscal year 2010; therefore, information for fiscal year 2009 and prior years is not available.
- (7) Decades of Dollars began during fiscal year 2011; therefore, information for fiscal year 2010 and prior years is not available.
- (8) Money Ball and Cash 4 Life began during fiscal year 2015; therefore, information for fiscal year 2014 and prior years is not available.

2011	2010	2009	2008	2007	2006
697,360	705,777	731,609	741,701	733,714	710,380
1,289,633	1,372,483	1,397,850	1,366,596	1,335,192	1,327,296
2,069,668	2,143,109	2,050,896	2,019,753	1,973,047	1,971,413
650	650	654	649	650	650
567,480	686,173	647,396	652,837	646,166	600,121
20,132	22,713	23,996	22,475	23,348	22,622
32,116	31,735	32,708	33,157	31,647	31,072
241,963,816	246,899,030	250,634,329	256,605,411	265,398,821	257,008,607
207,174,550	197,460,420	185,418,033	183,990,214	179,922,714	169,761,961
26,657,009	28,242,740	29,267,637	29,022,974	27,520,707	27,723,536
138,496,457	174,882,294	162,095,735	166,144,927	130,299,581	159,665,341
21,052,138	28,440,948	32,128,730	37,717,958	41,323,625	17,529,322
-	-	-	-	-	44,322,641
6,600,000	6,600,000	8,905,555	8,798,720	13,005,307	-
8,915,566	6,884,748	6,772,764	9,229,805	6,600,000	-
66,614,340	34,562,352	-	-	-	-
8,377,354	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
756,837,222	711,155,383	690,382,366	694,902,491	698,271,837	689,315,033
70,955	71,373	71,898	71,812	71,382	70,006
162,025	190,370	219,646	122,144	106,554	110,881
360,657	418,431	474,777	279,939	260,804	260,381

Sources: Compensation Board
 Comprehensive Services for At-Risk Youth and Families
 Department for Aging and Rehabilitative Services
 Department of Agriculture and Consumer Services
 Department of Behavioral Health and Developmental Services
 Department of Corrections
 Department of Education
 Department of Environmental Quality
 Department of Forestry
 Department of Health
 Department of Housing and Community Development
 Department of Medical Assistance Services
 Department of Social Services
 Department of State Police
 Department of Taxation
 Department of Transportation
 State Council of Higher Education
 Supreme Court
 Virginia College Savings Plan
 Virginia Employment Commission
 Virginia Lottery

Capital Asset Statistics by Function (1)

Last Ten Fiscal Years

	2015	2014	2013	2012
General Government				
Department of General Services				
Number of Buildings	65	63	62	62
Total Square Footage of Buildings	5,032,991	5,026,991	4,961,416	4,961,416
Vehicles	14,669	14,769	14,424	14,161
Education				
State Council of Higher Education				
Campuses of In-State Institutions	231	276	252	262
Campuses of Out-of-State Institutions	132	146	142	158
Transportation				
Department of Transportation				
Bridges Maintained (1)	Not yet available	13,089	13,049	13,042
State Maintained Highway Lane Miles (calendar year) (1)	Not yet available	72,089	71,937	71,779
Vehicles	7,503	7,768	7,762	7,797
Number of Buildings (2)	3,492	3,488	3,501	3,487
Total Square Footage of Buildings	8,269,556	8,158,974	8,119,018	7,830,447
Resources and Economic Development				
Department Conservation & Recreation				
State Parks	39	37	37	37
Acres of State Parks (in thousands)	71	68	67	69
Natural Area Preserves	39	39	39	39
Acres of Natural Area Preserves (in thousands)	34	34	35	31
Historic Sites	3	3	3	3
Acres of Historic Sites (in thousands)	0.3	0.3	0.3	0.3
Number of Buildings (3)	1,360	1,345	1,345	1,164
Total Square Footage of Buildings	2,583,309	2,560,662	2,560,662	1,152,257
Department of Forestry				
State Forests	23	23	23	22
Buildings	295	295	295	295
Total Square Footage of Buildings	600,602	600,602	600,602	600,602
Individual and Family Services				
Department of Behavioral Health and Developmental Services				
Number of Buildings	409	409	408	407
Total Square Footage of Buildings	5,571,068	5,534,625	5,523,762	5,169,937
Administration of Justice				
Department of State Police				
Number of Stations	65	65	65	65
Number of Buildings	147	147	148	144
Total Square Footage of Buildings	685,109	685,109	681,987	562,736
Department of Corrections				
Number of Buildings	1,823	1,843	1,881	1,858
Total Square Footage of Buildings	11,826,751	11,799,780	11,889,055	11,872,765
Business-type Activities				
Department of Alcoholic Beverage Control				
Number of Buildings	24	24	24	25
Total Square Footage of Buildings	1,180,501	1,180,501	1,180,501	1,185,501

- (1) Information not yet available for fiscal year 2015. Some prior year amounts have been updated based on revised information from the Virginia Department of Transportation.
- (2) Includes storage sheds
- (3) Includes cabins

2011	2010	2009	2008	2007	2006
54	55	48	48	47	45
5,259,506	5,053,912	4,718,480	4,409,026	4,358,746	4,236,832
13,983	13,534	13,322	13,262	12,779	11,841
250	244	254	258	207	116
166	121	87	67	63	110
12,926	12,949	12,912	12,603	12,603	12,603
71,668	71,561	71,349	71,091	70,784	70,105
7,593	7,734	8,185	9,060	9,443	9,952
3,520	3,513	3,526	3,562	3,595	3,582
7,916,019	7,713,617	7,683,384	7,734,267	7,750,199	7,624,896
37	37	37	37	37	34
69	71	69	68	67	66
39	39	39	38	35	34
30	30	29	28	25	25
3	3	3	3	3	3
0.3	0.3	0.3	0.3	0.3	0.3
1,164	1,164	1,168	991	991	989
1,152,257	1,152,257	1,154,487	1,223,427	1,223,427	1,284,589
22	19	19	19	17	17
295	295	295	295	295	283
600,602	600,602	600,602	600,602	600,602	587,838
429	438	435	441	449	446
5,901,505	5,744,389	5,743,088	6,037,953	6,161,843	6,263,527
65	64	66	66	66	66
145	145	145	145	143	143
562,736	562,736	550,736	550,736	526,617	526,617
1,820	1,835	1,826	1,817	1,809	1,812
11,771,319	11,920,234	12,160,909	11,963,087	11,787,810	11,102,021
25	25	24	22	21	22
1,185,501	1,185,501	1,142,273	787,348	784,548	789,548

Sources: Department of Conservation and Recreation
Department of Forestry
Department of Motor Vehicles
Department of State Police

Department of Transportation
Department of the Treasury
State Council of Higher Education for Virginia

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