

An Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022



Glenn Youngkin  
Governor

Stephen E. Cummings  
Secretary of Finance

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# INTRODUCTORY SECTION

Comptroller's Letter of Transmittal  
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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COMPTROLLER

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December 15, 2022

The Honorable Glenn Youngkin, Governor  
Members of the Virginia General Assembly  
Citizens of Virginia

It is my pleasure to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022, 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 2022 ACFR 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, 2022. 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 U. S. Office of Management and Budget Compliance Supplement and the related Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 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 or for which the resources of the component unit primarily benefit the primary government (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; environmental 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 ACFR.

### **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**

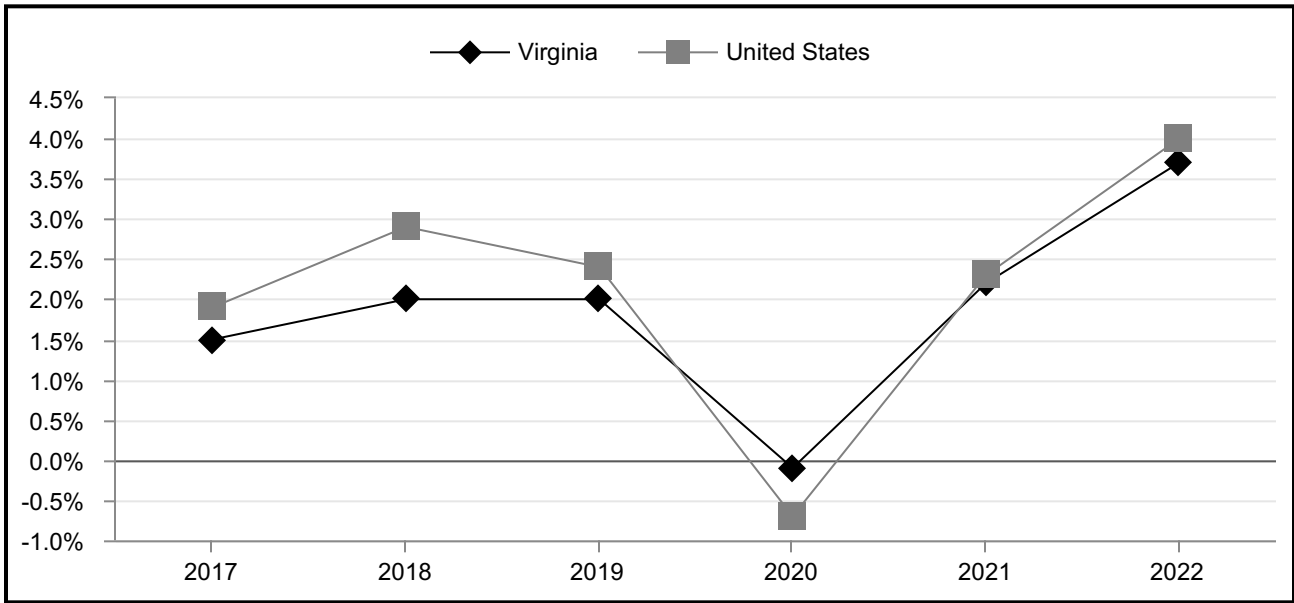
#### **Introduction**

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 2022, Virginia's economy continued to rebound from the negative effects of the COVID-19 pandemic. Because of prior pandemic federal fiscal stimulus and relief policies, accommodative Federal Reserve actions, supply chain disruptions, labor shortages, and commodity supply shocks, the inflation rate climbed to levels last seen nearly 40 years ago. Many measures of state economic activity such as Gross Domestic Product, employment, and taxable sales showed significant improvement. Unemployment rates dropped to near pre-pandemic levels, but this change partly reflected the fact that labor force participation had failed to fully recover from the pandemic. The Virginia housing picture was more mixed, with slowing home permit growth and declining home sales. At the same time, housing inventory remained more limited, which contributed to rapid home price appreciation. Continued tightening of monetary policy in an effort by the Federal Reserve to quell inflation is expected to substantially slow economic growth in the next fiscal year with either a "soft landing" or shallow recession representing the most likely outcomes. International factors, including economic tensions surrounding the Russian-Ukrainian conflict and a slowdown in China's growth, represent significant downside risks to the economy.

#### **Gross Domestic Product**

Gross Domestic Product is the broadest measure of overall economic activity. It represents the value of all finished goods and services produced in the economy. **Figure 1** shows that Gross Domestic Product grew in Virginia by 3.7 percent in fiscal year 2022, which was an improvement over 2.2 percent in fiscal year 2021. The state's rate of growth rate was slightly slower than the nation (4.0 percent) in fiscal year 2022. Virginia typically experiences less volatility in economic activity than the nation due to its higher concentration of federal government and skilled services employment.

**Figure 1**  
**Annual Percentage Change in Real Gross Domestic Product**  
 Fiscal Years 2017 – 2022

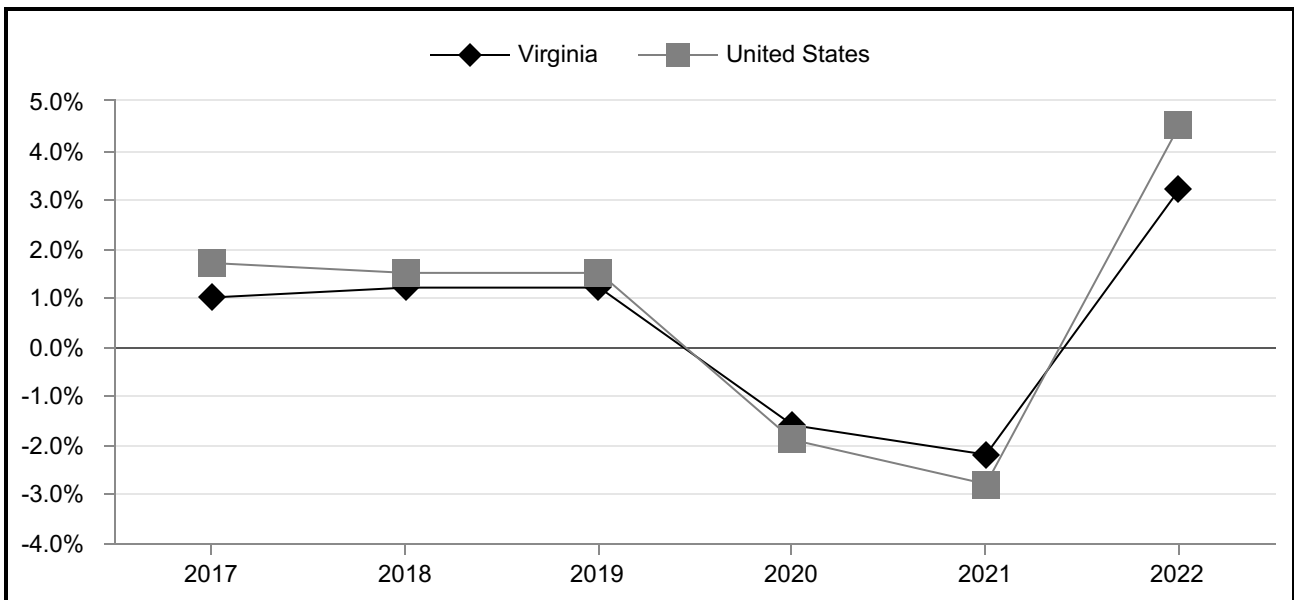


Source: U.S. Bureau of Economic Analysis, Billions of Chained 2012 Dollars

**Employment**

Employment recovered rapidly during fiscal year 2022, growing at a rate of 3.1 percent after two consecutive years of employment loss due to the pandemic (**Figure 2**). The national rate of employment growth was 4.5 percent.

**Figure 2**  
**Annual Percentage Change in Nonfarm Payroll Employment**  
 Fiscal Years 2017 – 2022



Source: U. S. Bureau of Labor Statistics

Virginia gained approximately 120,800 jobs in fiscal year 2022 after losing a total of about 155,500 jobs during the previous two fiscal years. The gains were broad-based recovery, but particularly rapid rebounds occurred in service sectors that consumers avoided due to pandemic-related health and safety concerns such as leisure and hospitality.



**Figure 3** illustrates changes in Virginia’s nonfarm employment by industry for fiscal years 2017 through 2022, along with the employment change between fiscal years 2021 and 2022 for Virginia and the U.S. Virginia’s changes generally mirrored those of the U.S. The largest employment gains occurred in leisure and hospitality (55,100). Though this gain represented a growth rate of nearly 17.0 percent, it had still recovered only 93.7 percent of its pre-pandemic fiscal year (2019) employment level. Other growing sectors included professional and business services (19,600), education and health services (14,000), state and local government (10,900), and retail trade (6,100). Rounding out the sectors with job growth were other services (5,500), transportation and utilities (5,200), wholesale trade (2,800), information (2,200), construction (1,200), manufacturing (500) and mining and logging (200). Two sectors that were less affected by the pandemic, federal government (-1,700) and financial services (-800) experienced small employment losses. In general, goods producing sectors such as manufacturing grew slower than services sectors that involve greater customer contact as consumers shifted their spending from goods to services when pandemic concerns abated.

**Figure 3**  
**Nonfarm Payroll Employment in Virginia’s Industries**  
 Fiscal Years 2017 – 2022

Industry*	Virginia Employment (000)						Change, FY 2021 to FY 2022		
							Virginia		U.S.,
	2017	2018	2019	2020	2021	2022	Number (000)	Percent	Percent
Mining and logging	7.9	7.9	7.9	7.5	6.9	7.1	0.2	2.9%	6.7%
Construction	190.8	196.0	201.1	203.2	204.2	205.4	1.2	0.6%	3.0%
Manufacturing	233.9	237.1	243.3	238.4	235.5	236.0	0.5	0.2%	3.3%
Wholesale trade	110.3	110.5	110.1	108.8	106.2	109.0	2.8	2.6%	3.0%
Retail trade	419.0	416.7	410.0	394.1	396.2	402.3	6.1	1.5%	3.1%
Transportation and utilities	132.0	134.3	139.9	141.7	144.8	150.0	5.2	3.6%	7.4%
Information	68.2	67.9	67.5	67.1	65.2	67.4	2.2	3.4%	6.9%
Financial activities	202.9	206.9	210.0	211.9	209.3	208.5	-0.8	-0.4%	1.8%
Professional and business services	722.1	740.7	758.3	765.4	764.9	784.5	19.6	2.6%	5.8%
Education and health services	530.9	540.8	550.0	541.9	530.1	544.1	14.0	2.6%	2.6%
Leisure and hospitality	404.8	408.5	412.4	371.4	331.5	386.6	55.1	16.6%	14.6%
Other services	199.3	198.6	198.3	189.0	181.0	186.5	5.5	3.0%	4.9%
Federal government	178.3	178.3	180.7	183.5	187.6	185.9	-1.7	-0.9%	-2.2%
State government	159.6	159.7	160.5	161.5	154.1	153.9	-0.2	-0.1%	1.7%
Local government	377.9	381.3	384.9	382.6	361.9	373.0	11.1	3.1%	2.1%
<b>Total</b>	<b>3,937.9</b>	<b>3,985.2</b>	<b>4,034.9</b>	<b>3,968.0</b>	<b>3,879.4</b>	<b>4,000.2</b>	<b>120.8</b>	<b>3.1%</b>	<b>4.5%</b>

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

\* North American Industry Classification System (NAICS)

**Figure 4** shows the annual percentage change in nonfarm employment for 10 of the 11 Metropolitan Statistical Areas (MSAs) in Virginia. The Kingsport-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. All 10 of the remaining Virginia metropolitan areas saw employment growth during the fiscal year. The largest percentage increases occurred in Blacksburg MSA (6.4 percent) followed by the Charlottesville (4.2 percent), Harrisonburg (4.1 percent), Northern Virginia (3.5 percent) and Winchester MSAs (3.3 percent). The remaining metropolitan areas experienced growth rates below the Virginia average of 3.1 percent, including Richmond and Staunton-Waynesboro (2.6 percent), Lynchburg (2.2 percent), Virginia Beach-Norfolk-Newport News (1.9 percent), and Roanoke (1.7 percent).

**Figure 4**  
**Annual Percentage Change in Nonfarm Payroll Employment in Virginia’s MSAs**  
 Fiscal Years 2017 – 2022

Area	2017	2018	2019	2020	2021	2022
Virginia	1.1%	1.2%	1.2%	-1.7%	-2.2%	3.1%
Metropolitan areas (a)						
Blacksburg-Christiansburg-Radford	-0.7%	0.7%	1.3%	-2.6%	-1.0%	6.4%
Charlottesville	2.2%	1.8%	1.8%	-1.3%	-4.8%	4.2%
Harrisonburg	1.9%	1.3%	1.5%	-1.4%	-2.3%	4.1%
Lynchburg	-0.4%	0.6%	1.3%	-2.4%	-2.8%	2.2%
Northern Virginia	1.7%	1.6%	1.9%	-1.0%	-2.0%	3.5%
Richmond	1.1%	1.2%	1.5%	-1.8%	-2.5%	2.6%
Roanoke	-0.1%	0.0%	0.8%	-2.2%	-1.7%	1.7%
Staunton-Waynesboro	0.5%	0.6%	1.7%	-1.4%	-2.2%	2.6%
Virginia Beach-Norfolk-Newport News (b)	0.9%	1.4%	0.8%	-2.1%	-2.3%	1.9%
Winchester (c)	1.8%	1.9%	1.8%	0.2%	0.8%	3.3%

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

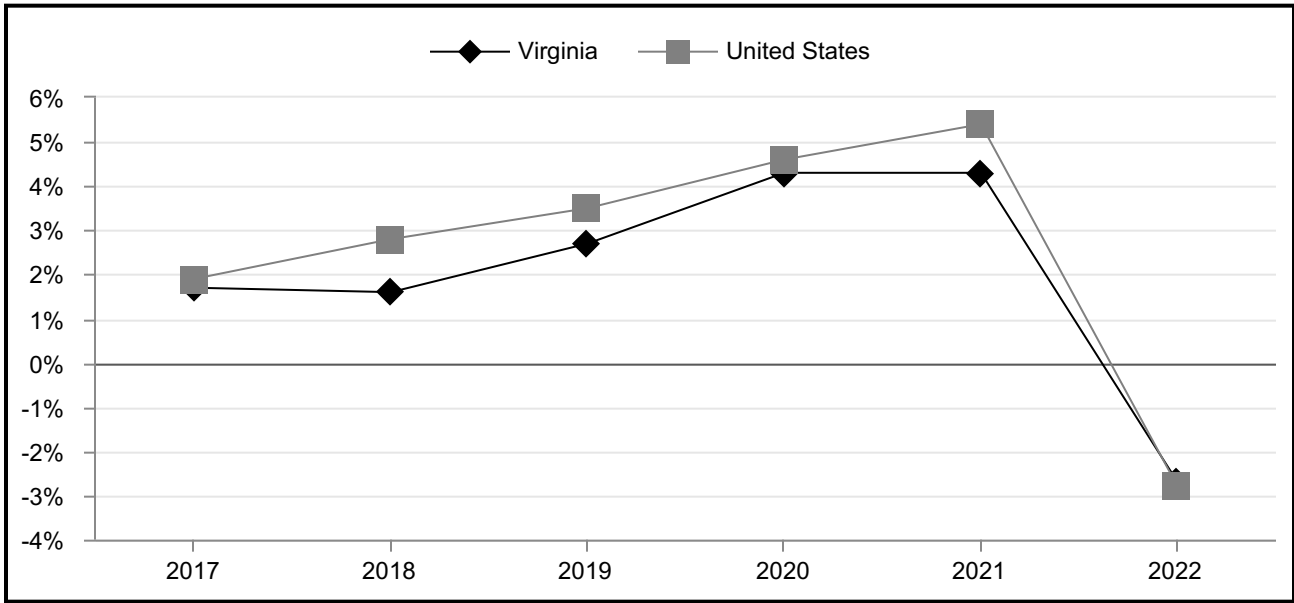
- (a) Excludes Kingsport-Bristol MSA, and TN-VA, most of which is located in Tennessee
- (b) Includes portion in North Carolina
- (c) Includes portion in West Virginia

## Personal Income

Personal income provides another important gauge of the health of Virginia’s economy. While personal income is traditionally a key determinant of consumer spending and strongly correlated with state government revenues such as income tax and retail sales tax collections, it is slightly more disconnected from consumer spending potential in the current environment because of federal government relief programs that provided a temporary fillip to household incomes and savings. As a result, household balance sheets and creditworthiness markedly improved, which provides a financial cushion for households to draw on for current and future consumer spending.

As shown in **Figure 5**, state personal income growth dropped 2.7 percent in fiscal year 2022 compared to 4.3 percent increases in fiscal years 2020 and 2021. Personal income shrunk by a similar relative magnitude (2.8 percent) at the national level in fiscal year 2022 after rapid growth the previous two fiscal years. These drops reflect a sharp decrease in personal current transfer receipts due to the expiration of COVID-19 relief programs that supported payments to individuals such as expanded unemployment benefits and multiple rounds of stimulus checks. Virginia transfer receipts decreased by 16.7 percent in fiscal year 2022 compared to growth in excess of 20.4 percent during each of the previous two fiscal years. Real wages and salaries, which make up most of total personal income and better reflect the state of the economy during the fiscal year, grew 2.1 percent in fiscal year 2022, which is in line with an average 2.1 percent growth rate during the previous five fiscal years (2017-2021).

**Figure 5**  
**Annual Percentage Change in Real Personal Income**  
 Fiscal Years 2017 – 2022

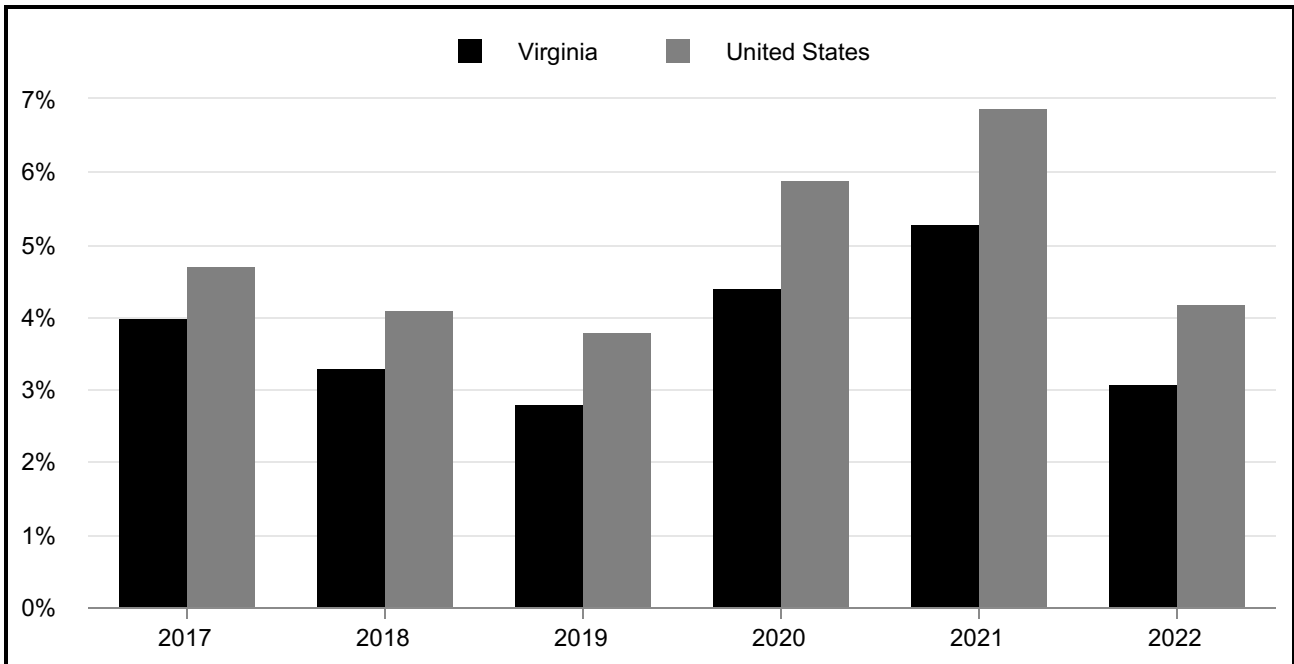


Source: U.S. Bureau of Economic Analysis, Billions of Chained 2012 Dollars

**Unemployment**

Virginia's unemployment rate dropped precipitously during fiscal year 2022. **Figure 6** shows that the state unemployment decreased from an average of 5.3 percent in fiscal year 2021 to an average of 3.1 percent in fiscal year 2022. This rate was only slightly higher than the 2.8 percent rate seen in the pre-pandemic fiscal year (2019). The state unemployment rate was lower than the national rate (4.2 percent). Rapidly declining unemployment rates were supported by a growing economy as well as a labor force that failed to keep pace with the increased economic activity due to temporary and permanent exits from the workforce resulting from the pandemic.

**Figure 6**  
**Civilian Unemployment Rate**  
 Fiscal Years 2017 – 2022



Source: U.S. Bureau of Labor Statistics

**Figure 7** shows unemployment rates for Virginia’s metropolitan and non-metropolitan regions. Every region experienced a substantial decrease in the unemployment rate. The metropolitan area unemployment average decreased from 5.2 percent in fiscal year 2021 to 3.1 percent in fiscal year 2022. Three metropolitan areas had unemployment rates above the statewide average, including the Virginia Beach-Norfolk-Newport News (3.6 percent), Richmond (3.4 percent), and Lynchburg (3.3 percent) metropolitan areas. These same three metro areas have experienced unemployment rates persistently above the statewide average throughout the past six fiscal years (2017-2022). The nonmetropolitan area unemployment rate decreased to 3.6 percent in fiscal year 2022 from 5.7 percent the fiscal year before.

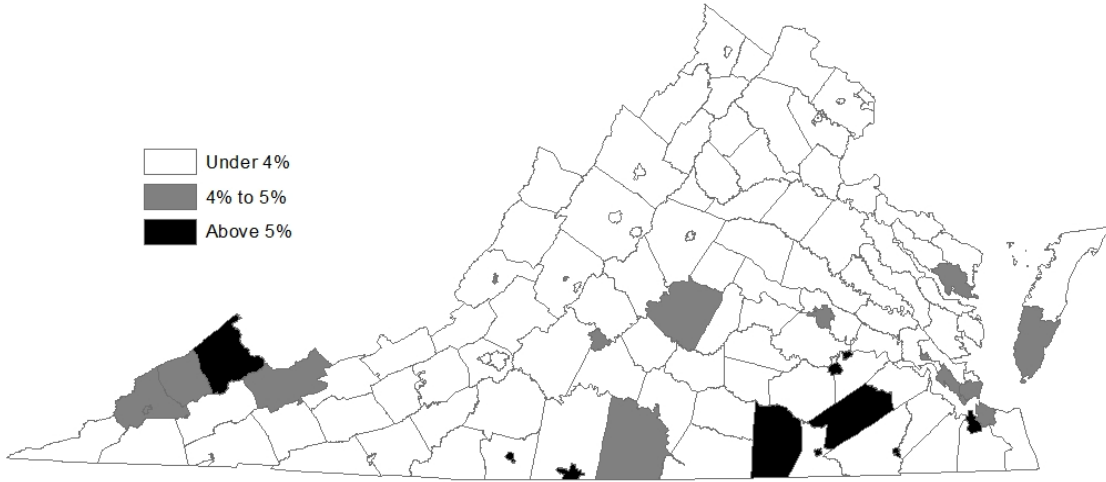
**Figure 7**  
**Civilian Unemployment Rate for Virginia’s MSAs**  
 Fiscal Years 2017 – 2022

<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Virginia	4.0%	3.3%	2.8%	4.4%	5.3%	3.1%
Metropolitan Areas	3.8%	3.2%	2.8%	4.4%	5.2%	3.1%
Blacksburg-Christiansburg-Radford	4.7%	3.5%	3.0%	4.6%	4.3%	2.8%
Charlottesville	3.5%	3.0%	2.6%	4.1%	4.7%	2.8%
Harrisonburg	3.9%	3.3%	2.8%	4.2%	4.2%	2.8%
Kingsport-Bristol	4.6%	3.7%	3.4%	4.8%	4.9%	3.1%
Lynchburg	4.5%	3.9%	3.3%	4.6%	5.2%	3.3%
Northern Virginia	3.3%	2.8%	2.4%	3.9%	4.8%	2.7%
Richmond	4.1%	3.5%	3.0%	4.7%	5.7%	3.4%
Roanoke	4.0%	3.3%	2.8%	4.4%	4.9%	3.1%
Staunton-Waynesboro	3.8%	3.2%	2.6%	4.0%	4.4%	2.8%
Virginia Beach-Norfolk-Newport News	4.4%	3.6%	3.2%	5.0%	6.1%	3.6%
Winchester	3.6%	3.1%	2.8%	4.0%	3.9%	2.5%
Non-metropolitan Areas	5.1%	4.1%	3.5%	5.2%	5.7%	3.6%

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

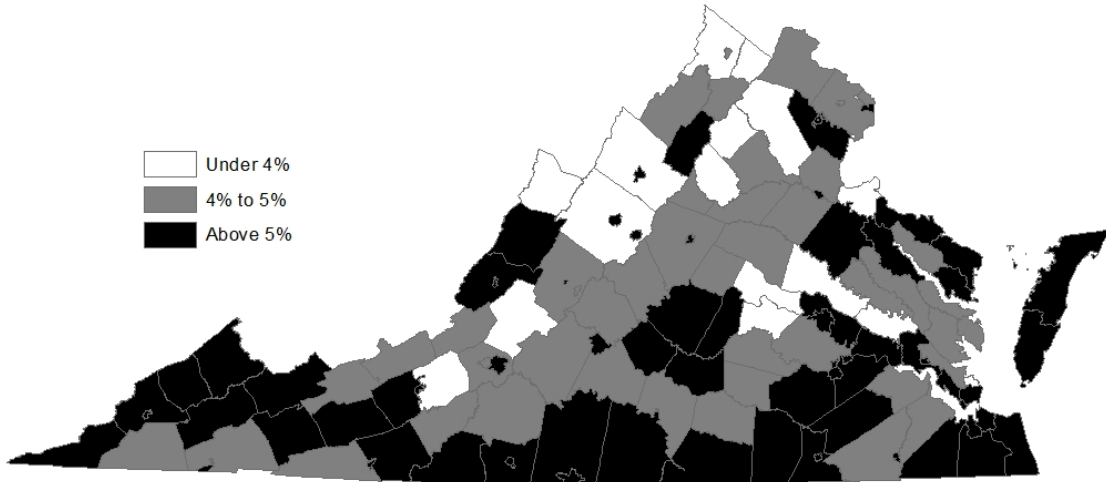
**Figures 8a** and **8b** show changes in the spatial pattern of unemployment rates in Virginia during the last two fiscal years using locality-level data. The maps illustrate that the regions with unemployment rates above 4.0 percent receded from an area encompassing most of the state to 25 dispersed independent cities and rural counties. The state’s highest unemployment rates were found in several independent cities, including Petersburg (8.4 percent), Emporia (6.5 percent), Martinsville and Hopewell (6.0 percent each). All 133 of Virginia’s localities experienced unemployment rate decreases in fiscal year 2022.

**Figure 8a**  
**Unemployment Rate by Locality**  
Fiscal Year 2022



Source: Virginia Employment Commission

**Figure 8b**  
**Unemployment Rate by Locality**  
Fiscal Year 2021

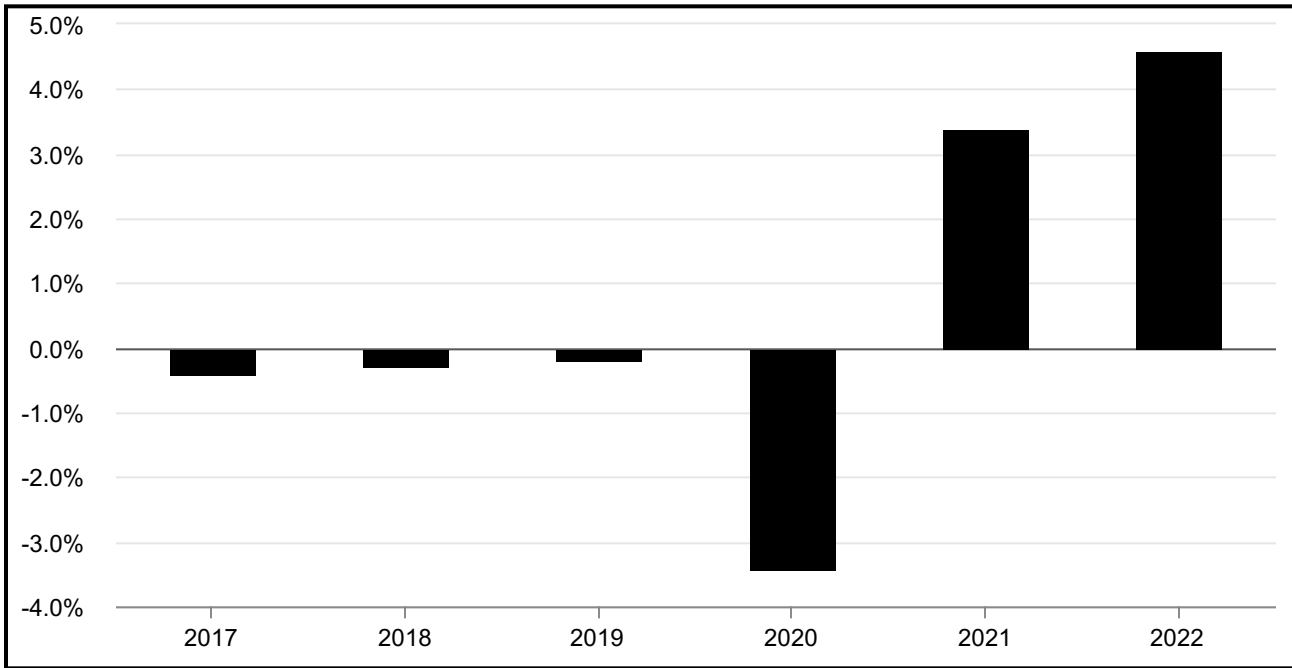


Source: Virginia Employment Commission

## Taxable Sales

Changes in state retail sales are represented here using information on real 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 9** shows that the real taxable sales increased by 4.6 percent during fiscal year 2022. This was up from a 3.4 percent rate of increase the previous fiscal year and represents the largest increase in real taxable sales in 15 years.

**Figure 9**  
**Annual Percentage Change in Real Taxable Sales in Virginia**  
Fiscal Years 2017 - 2022



Source: Virginia Department of Taxation.

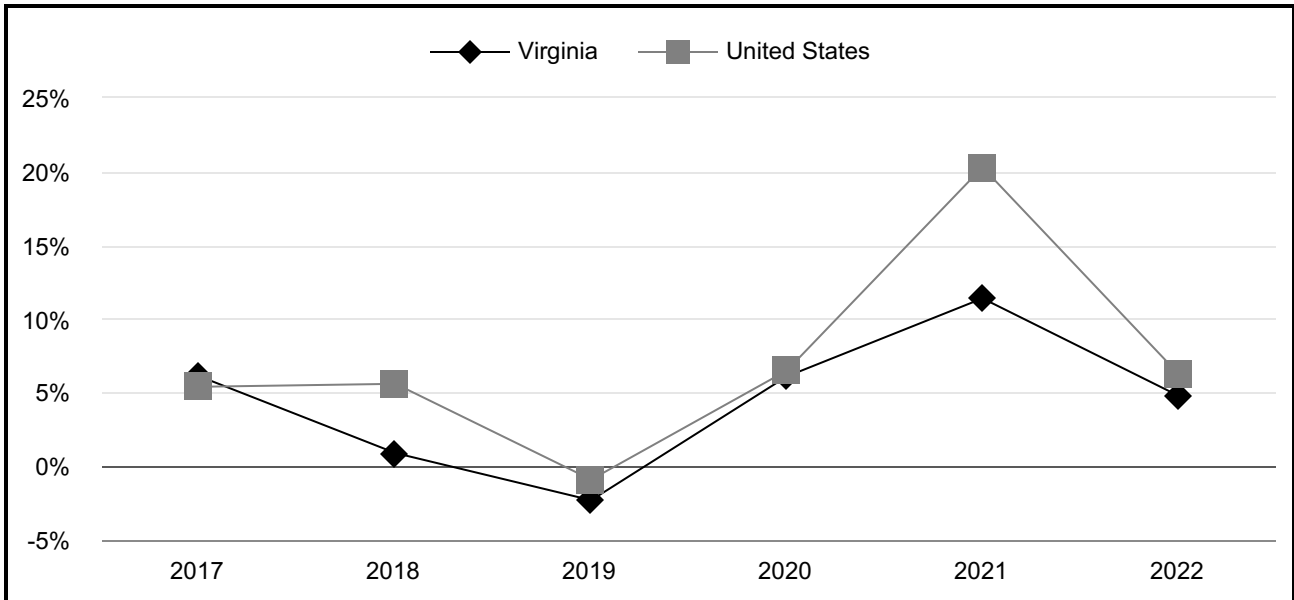
Taxable sales are adjusted for inflation using the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, All Items.

## Housing Market

Virginia housing market outcomes were mixed during fiscal year 2022. Sales of existing homes decreased while the growth rate of home building permit issuance slowed. According to data available from the Virginia Association of Realtors, sales of single-family homes, townhomes, and condos decreased from 156,251 units in fiscal year 2021 to 146,015 units in fiscal year 2022. This represents a 6.6 percent rate of decrease compared to a 27.1 percent rate of increase in fiscal year 2021. Building permit data show the number of new privately-owned housing units authorized for construction in Virginia grew by 4.8 percent in fiscal year 2022 (**Figure 10**). This represents a slowing from the 11.4 percent increase in fiscal year 2021 and was lower than the 6.3 percent rate of increase experienced nationwide in fiscal year 2022.

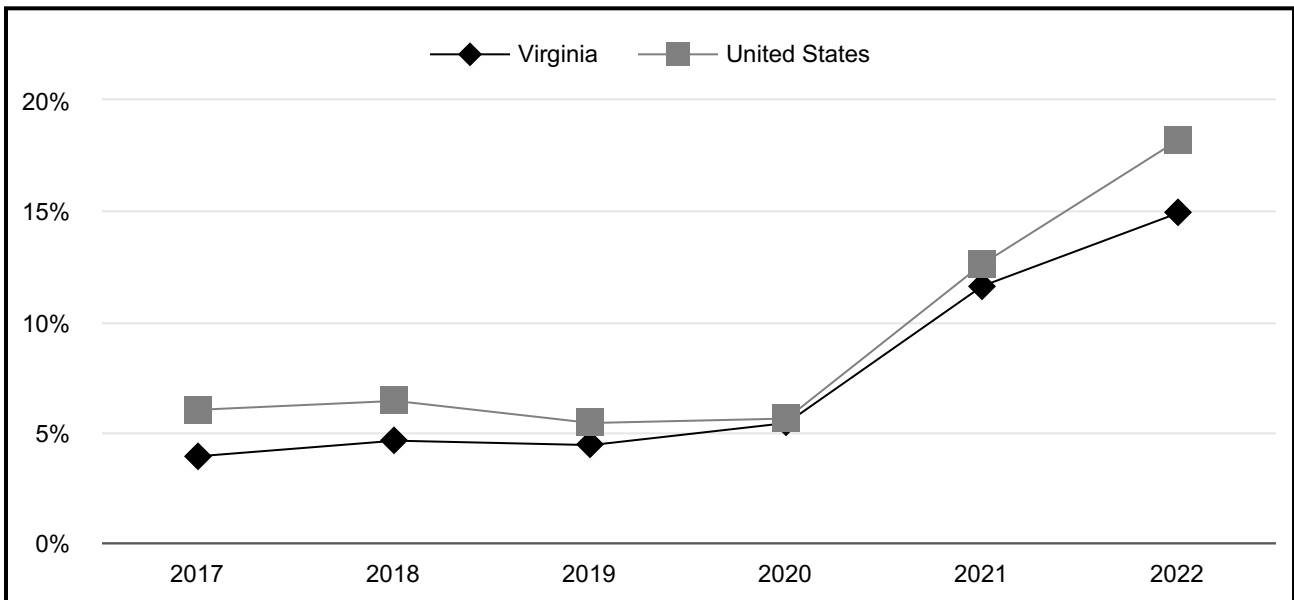
Housing prices published by the Federal Housing Finance Agency indicate that prices continued to grow rapidly during the fiscal year. **Figure 11** shows the percentage change in housing prices for Virginia and the nation. Virginia housing prices increased 14.9 percent in fiscal year 2022, up from 11.6 percent in fiscal year 2021. This is the highest rate of price appreciation since the 15.8 percent rate of increase in fiscal year 2005 before the real estate bubble that precipitated the Great Recession. This rate was lower than the 18.2 percent national growth rate in fiscal year 2022. Consumer demand for housing was dampened by higher mortgage rates during the second half of the fiscal year. Throughout the fiscal year homebuilders continued to grapple with labor and material shortages and housing inventories remained low.

**Figure 10**  
**New Privately Owned Housing Units Authorized, Annual Percentage Change**  
 Fiscal Years 2017 – 2022



Source: U.S. Census Bureau

**Figure 11**  
**Annual Percentage Change in Housing Prices**  
 Fiscal Years 2017 – 2022



Source: Federal Housing Finance Agency

## Conclusion

Virginia's economy continued to rebound from the effects of the COVID-19 pandemic in fiscal year 2022. However, the effects of the pandemic could still be felt during the fiscal year in the form of depressed labor force participation, supply chain bottlenecks, consumer spending reallocation from goods to services, and the residual effects of fiscal and monetary stimulus policies introduced during the pandemic. These factors contributed to a more inflationary environment, with inflation measured by the Consumer Price Index (CPI) reaching nearly 9.0 percent by the end of the fiscal year. The pace of state Gross Domestic Product growth picked up further from the year before. While personal incomes decreased due to the expiration of pandemic relief programs, wages and salaries continued to grow at a steady rate. Moreover, savings accumulated due to pandemic restrictions and federal relief programs resulted in improved household balance sheets that supported robust consumer spending. The Virginia housing market showed mixed performance. Existing home sales decreased, and the growth rate of building permit issuance slowed. However, housing prices increased more rapidly than the previous year due to continued builder challenges in securing labor and materials and low housing inventories.

By the end of fiscal year 2022, the nation's economy was growing, but was on more uncertain footing due to inflationary conditions, more restrictive Federal Reserve monetary policy, and unfavorable global economic developments. Economic activity is expected to slow or even decrease in the next fiscal year, as interest rates ratchet upward and consumer spending plateaus due to erosion in real household incomes from inflation and the gradual depletion of accumulated excess savings. Global economic conditions may exert an additional drag. The European Union economy has been hampered by an energy crisis resulting from the Russian-Ukrainian conflict, while China's growth has significantly slowed due to its Zero-Covid policy and housing market turmoil.

## MAJOR INITIATIVES

The ACFR has received unmodified audit opinions from fiscal year 1986 through fiscal year 2021. 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 to not only 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.

During fiscal year 2018, the *Code of Virginia* established the Revenue Reserve Fund to mitigate certain anticipated revenue shortfalls when appropriations based on previous revenue forecasts exceed expected revenues in subsequent forecasts. Annually, revenue collections are evaluated to determine whether deposits are required to the Fund. Generally, withdrawals can only occur if a revised general fund revenue forecast is less than appropriated general fund revenues and the decrease is 2.0 percent or less of general fund revenues collected in the most recently ended fiscal year. Additionally, a withdrawal from the Fund may not exceed more than one-half of the Fund balance. The combined balance of the Revenue Reserve Fund and Revenue Stabilization Fund cannot exceed 20.0 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. Pursuant to Chapter 1, 2022 Acts of Assembly Special Session I, this is an increase to the previous 15.0 percent limit.

During fiscal year 2022, a deposit of \$498.7 million was made to the Revenue Reserve Fund pursuant to Chapter 1, 2022 Acts of Assembly Special Session I. This amount represents an advance reservation for the fiscal year 2024 mandatory deposit to the Revenue Stabilization Fund. This amount will be transferred from the Revenue Reserve Fund to the Revenue Stabilization Fund during fiscal year 2024.

## Enterprise Application Project

The Cardinal Project represents a shared vision between the offices of the Secretary of Transportation, Secretary of Finance, Secretary of Administration, and the Virginia Information Technologies Agency to replace aging statewide enterprise applications. This effort began with the effort 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 provides a solid foundation for the Commonwealth to expand system functionality and facilitates better integration



of key administrative systems across the state. This foundation enables 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. This phase of the Cardinal Application Project has been completed. Effective July 1, 2016 (fiscal year 2017), Cardinal became the official general ledger accounting system for the Commonwealth, and CARS was retired.

The next phase of this project involves a partnership between the Department of Accounts (DOA) and the Department of Human Resource Management (DHRM) to replace the existing statewide payroll system (CIPPS), along with the Commonwealth's statewide Personnel Management Information System (PMIS) and Benefits Eligibility System (BES), and integrate these statewide systems into Cardinal. The Human Capital Management System (HCM) was implemented in phases. The first phase was implemented October 2, 2021, and second phase was implemented April 4, 2022. The third and final phase of the Cardinal HCM project was implemented October 3, 2022. Cardinal HCM is now the official payroll, benefits, human resource and absence management system for the Commonwealth. Additionally, Cardinal HCM serves over 231,000 users in 233 state agencies and 363 localities. I, as State Comptroller, chair the Cardinal Steering Committee, and both DOA and DHRM have assigned full-time resources to this project. A Cardinal Governance Committee is being formed, and an evaluation to identify the next phase of the Cardinal Enterprise Project will begin shortly.

### **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 ACFR for the fiscal year ended June 30, 2021. 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 annual comprehensive 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 36 consecutive years (fiscal years 1986-2021). 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,



Lewis R. McCabe  
Comptroller of the Commonwealth of Virginia



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Commonwealth of Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO

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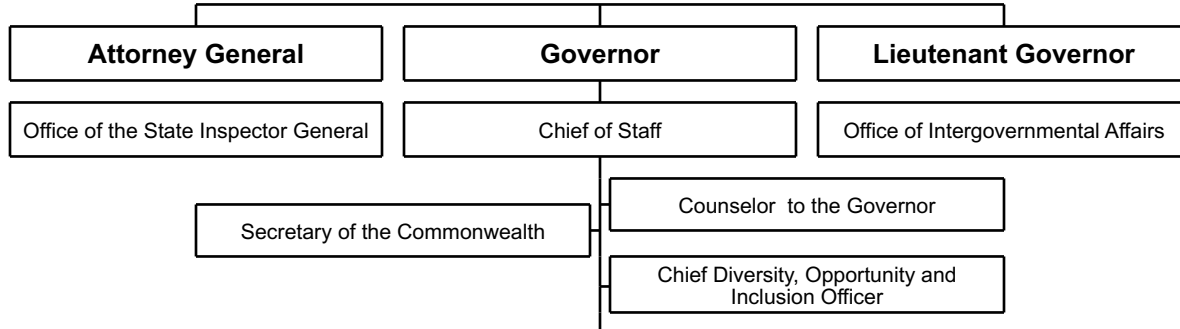
# Organization Charts

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# Organization of Executive Branch of Government

As of June 30, 2022

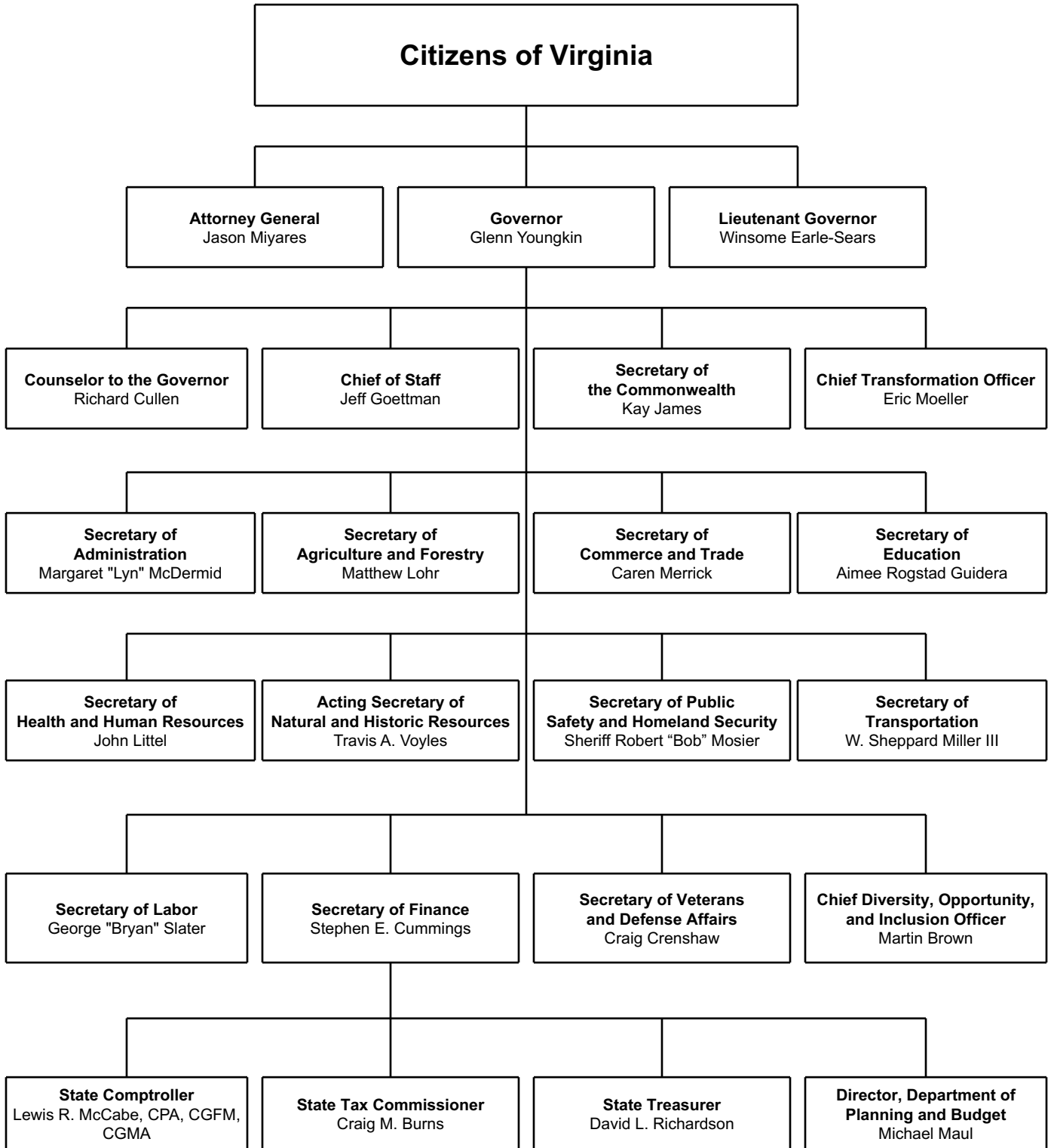


<p><b>Secretary of Administration</b>            Compensation Board            Department of Elections            Department of General Services            Department of Human Resource Management            Virginia Information Technologies Agency</p>	<p><b>Secretary of Education</b>            Christopher 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 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 Museum of Natural History            Virginia Polytechnic Institute and State University            Virginia School for the Deaf and the Blind            Virginia State University</p>	<p><b>Secretary of Natural and Historic Resources</b>            Department of Conservation and Recreation            Department of Environmental Quality            Department of Historic Resources            Department of Wildlife Resources            Marine Resources Commission</p>
<p><b>Secretary of Agriculture and Forestry</b>            Agricultural Council            Department of Agriculture and Consumer Services            Department of Forestry            Virginia Racing Commission</p>		<p><b>Secretary of Public Safety and Homeland Security</b>            Commonwealth Attorneys' Services Council            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 State Police            Virginia Alcoholic Beverage Control Authority            Virginia Correctional Enterprises            Virginia Parole Board</p>
<p><b>Secretary of Commerce and Trade</b>            Center for Rural Virginia            Department of Housing and Community Development            Department of Energy            Department of Small Business and Supplier Diversity            Tobacco Region Revitalization Commission            Virginia Economic Development Partnership            Virginia Housing Development Authority            Virginia Innovation Partnership Authority            Virginia Tourism Corporation</p>		<p><b>Secretary of Transportation</b>            Department of Aviation            Department of Motor Vehicles            Department of Rail and Public Transportation            Department of Transportation            Motor Vehicle Dealer Board            Office of Intermodal Planning and Investment            Office of Public-Private Partnerships            Virginia Commercial Space Flight Authority            Virginia Port Authority            Virginia Passenger Rail Authority</p>
<p><b>Secretary of Health and Human Resources</b>            Assistive Technology Loan Fund Authority            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            Office of Children's Services            Virginia Board for People with Disabilities            Virginia Foundation for Healthy Youth            Virginia Rehabilitation Center for the Blind and Vision Impaired            Wilson Workforce and Rehabilitation Center</p>	<p><b>Secretary of Finance</b>            Board of Accountancy            Department of Accounts            Department of Planning and Budget            Department of Taxation            Department of the Treasury            Virginia College Building Authority            Virginia Public Building Authority            Virginia Public School Authority            Virginia Resources Authority</p>	<p><b>Secretary of Veterans and Defense Affairs</b>            Department of Military Affairs            Department of Veterans Services</p>
		<p><b>Secretary of Labor</b>            Department of Labor and Industry            Department of Professional and Occupational Regulation            Virginia Employment Commission</p>

# Organization of Government

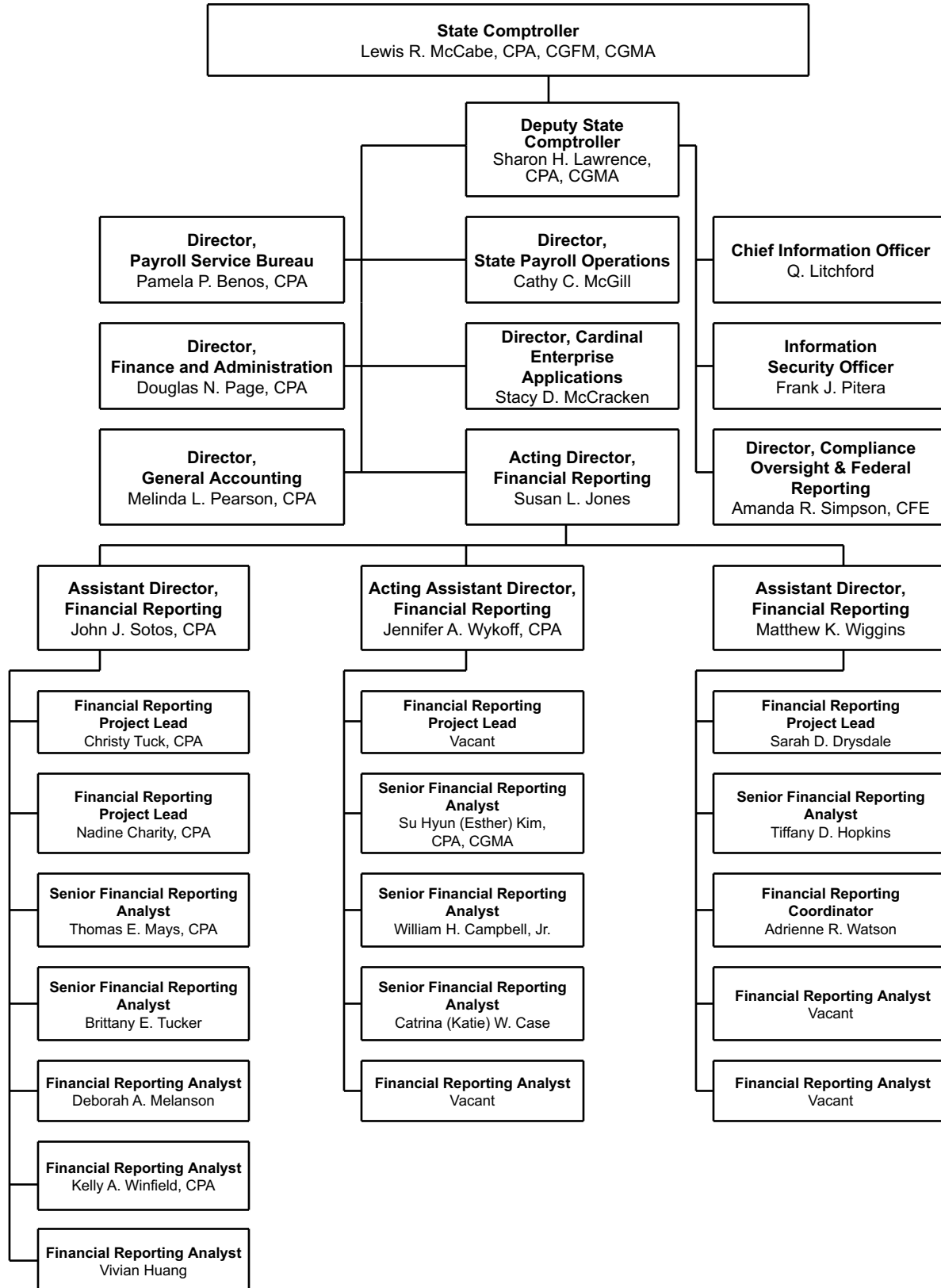
## Selected Government Officials - Executive Branch

As of December 15, 2022



# Organization of the Department of Accounts

As of December 15, 2022



# 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

Staci A. Henshaw, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

December 15, 2022

The Honorable Glenn Youngkin  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

### INDEPENDENT AUDITOR'S REPORT

#### Report on the Audit of the Financial Statements

##### *Opinions*

We have audited the 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, 2022, and the related notes to the financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, 2022, 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.

We did not audit the financial statements of Virginia College Savings Plan (major fund and private purpose trust fund,) which is discussed on pages 53 and 276, and certain blended and discretely presented component units of the Commonwealth, which are discussed at Note 1.B. The Virginia College Savings Plan and component units account for the following percentages of total assets and deferred outflows of resources; revenues, additions, and other financing sources; and net position/fund balance of the opinion units affected as of June 30, 2022.

Opinion Unit	Total Assets and Deferred Outflows	Net Position/Fund Balance	Revenues, Additions, and Other Financing Sources
Governmental Activities	2.85 %	5.31 %	2.26 %
Business-type Activities	53.22 %	47.71 %	-1.01 %
Virginia College Savings Plan Major Enterprise Fund	100.00 %	100.00 %	100.00 %
Aggregate Remaining Fund Information	6.81 %	7.43 %	6.22 %
Aggregate Discretely Presented Component Units	30.00 %	23.32 %	13.37 %

Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Virginia College Savings Plan and certain blended and discretely presented component units, are based solely on the reports of the other auditors.



### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commonwealth of Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of Danville Science Center Inc., Library of Virginia Foundation, Science Museum of Virginia Foundation, and Virginia Museum of Fine Arts Foundation, which were audited by other auditors upon whose reports we are relying, were not audited in accordance with Government Auditing Standards.

### *Emphasis of Matters*

#### Change in Accounting Principle

As discussed in Note 2 of the accompanying financial statements, in fiscal year 2022 the Commonwealth of Virginia implemented the Governmental Accounting Standards Board's Statement No. 87, *Leases*. The government-wide and fund statements have been restated to reflect the provisions of this standard. Our opinions are not modified with respect to this matter.

#### Correction of 2021 Financial Statements

As discussed in Note 2 of the accompanying financial statements, the fiscal year 2021 governmental activities, nonmajor governmental and private purpose trust funds have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

#### Investments with Values that are not Readily Determined

As discussed in Note 7, the Pension and Other Employee Benefit Trust Funds include investments valued at approximately \$46.2 billion (34.2% of the aggregate remaining fund information's total assets, respectively), whose fair values have been estimated by management using a roll-forward process in the absence of readily determinable fair values. In addition, the Virginia College Savings Plan major enterprise fund includes investments valued at \$1.8 billion (58.1% and 31.1% of the major enterprise fund and business-type activity total assets, respectively) and \$299.7 million for the private purpose trust fund (0.2% of the aggregate remaining fund information's total assets), whose fair values have been estimated by management based on information provided by the fund managers or the general partners. Our opinions are not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth of Virginia's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Commonwealth of Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth of Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 27 through 37; Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Major Special Revenue Funds, the Schedule of Changes in Employer's Net Pension Liability, Schedule of Employer Contributions - Pension Plans, Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset), Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability, Schedule of Employer Contributions - Other Postemployment Benefit Plans, Schedule of Changes in Employers' Total Other Postemployment Benefit Liability, and Claims Development Information on pages 200 through 236. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary 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 Combining and Individual Fund Statements and Schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, our report dated December 15, 2022, on our consideration of the Commonwealth of Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters is issued in the Commonwealth of Virginia Single Audit Report. We anticipate releasing that report on or before February 13, 2023. 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 effectiveness of 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 of Virginia's internal control over financial reporting and compliance.

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, 2022. 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, 2022, by \$42.2 billion. Net position of governmental activities increased by \$7.5 billion and net position of business-type activities increased by \$1.1 billion. Component units reported an increase in net position of \$753.5 million from June 30, 2021.

### Fund Highlights

At the end of the fiscal year, the Commonwealth's governmental funds reported a combined ending fund balance of \$20.9 billion, an increase of \$6.6 billion in comparison with the prior year. Of this total fund balance, \$472.7 million represents nonspendable fund balance, \$6.3 billion represents restricted fund balance, \$10.9 billion represents committed fund balance, and \$3.2 billion represents assigned fund balance. The Enterprise Funds reported net position at June 30, 2022, of \$3.0 billion, an increase of \$1.1 billion during the year which is primarily attributable to increases for the Unemployment Compensation Fund (major) offset by a decrease for the Virginia College Savings Plan (major). See page 33 for additional information regarding the Virginia College Savings Plan and Unemployment Compensation Fund.

The General Fund recognized higher total fund assets, total fund liabilities, revenues, and expenditures when compared to fiscal year 2021. See page 34 for additional information.

### Long-term Debt

The Commonwealth's total debt rose during the fiscal year to \$53.7 billion, an increase of \$1.1 billion, or 2.1 percent. During the fiscal year, the Commonwealth issued new debt in the amount of \$2.7 billion and \$3.5 billion for the primary government and component units. However, for the primary government, the new issuances, coupled with debt retirements, decreased the total debt balance to \$17.4 billion. Debt balances for the component units increased to \$36.3 billion.

## 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 2022. 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 21 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 results 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 15 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 11 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 27 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 is 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 in accordance with GASB Statement No. 84, *Fiduciary Activities*. 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 four 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 nine separate pension and other employment retirement plans for employees;
- Custodial Funds - External Investment Pool, which accounts for the activity of the external investment pool not meeting the GASB Statement No. 84 trust criteria; and,
- Custodial Funds - Other, which accounts for 10 separate funds similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria.

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 is 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 net pension liability, other postemployment benefit liability plans, and employer contributions for pension and other postemployment benefit plans, 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 240 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 \$42.2 billion during the fiscal year. The net position of the governmental activities increased \$7.5 billion, or 23.5 percent, primarily due to increases in cash and investments in the General Fund (major), increases in capital assets, and decreases in long-term liabilities outstanding offset by increases in deferred inflows of resources. The General Fund is discussed further on page 34. Capital assets are discussed further on page 35, and long-term liabilities are discussed further on page 36. Business-type activities had an increase of \$1.1 billion, or 58.0 percent, primarily due to increases in the Unemployment Compensation Fund (major) offset by a decrease for the Virginia College Savings Plan (major). See page 33 for additional information regarding the Virginia College Savings Plan and Unemployment Compensation Funds. As discussed in Note 2, the government-wide beginning balance was restated for GASB Statement No. 87, *Leases*, and the correction of prior year errors to arrive at a restated beginning balance of \$33.7 billion.

**Figure 12**  
**Net Position as of June 30, 2022 and 2021**  
*(Dollars in Thousands)*

	Governmental Activities		Business-type Activities		Total	
	2021				2021	
	2022	as restated	2022	2021	2022	as restated
Current and other assets	\$ 41,205,639	\$ 32,379,235	\$ 5,469,814	\$ 4,489,084	\$ 46,675,453	\$ 36,868,319
Capital assets	36,364,626	35,016,806	340,530	151,529	36,705,156	35,168,335
Total Assets	77,570,265	67,396,041	5,810,344	4,640,613	83,380,609	72,036,654
Deferred outflows of resources	1,317,219	1,548,153	48,745	52,461	1,365,964	1,600,614
Total assets and deferred outflows of resources	78,887,484	68,944,194	5,859,089	4,693,074	84,746,573	73,637,268
Long-term liabilities outstanding	15,339,574	16,054,580	2,061,395	2,079,094	17,400,969	18,133,674
Other liabilities	16,975,376	15,581,996	656,829	660,714	17,632,205	16,242,710
Total Liabilities	32,314,950	31,636,576	2,718,224	2,739,808	35,033,174	34,376,384
Deferred inflows of resources	7,388,896	5,586,303	89,152	21,457	7,478,048	5,607,760
Total liabilities and deferred inflows of resources	39,703,846	37,222,879	2,807,376	2,761,265	42,511,222	39,984,144
Net position:						
Net investment in capital assets	26,643,211	26,254,889	145,999	150,758	26,789,210	26,405,647
Restricted	4,932,268	3,868,045	1,416,339	137,428	6,348,607	4,005,473
Unrestricted	7,608,159	1,598,381	1,489,375	1,643,623	9,097,534	3,242,004
Total net position	\$ 39,183,638	\$ 31,721,315	\$ 3,051,713	\$ 1,931,809	\$ 42,235,351	\$ 33,653,124

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, right-to-use intangible assets, 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 12**).

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 \$9.1 billion is unrestricted net position (**Figure 12**). The significant increase in restricted net position is primarily due to the Unemployment Compensation Fund and the required constitutional deposit to the Revenue Stabilization Fund discussed in Note 5.

Approximately 48.7 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 2022, program and general revenues exceeded governmental expenses by \$6.4 billion. Program revenues exceeded expenses from business-type activities by \$2.2 billion. The following condensed financial information (**Figure 13**) was derived from the Government-wide Statement of Activities and provides detail regarding the change in net position (see page 42).

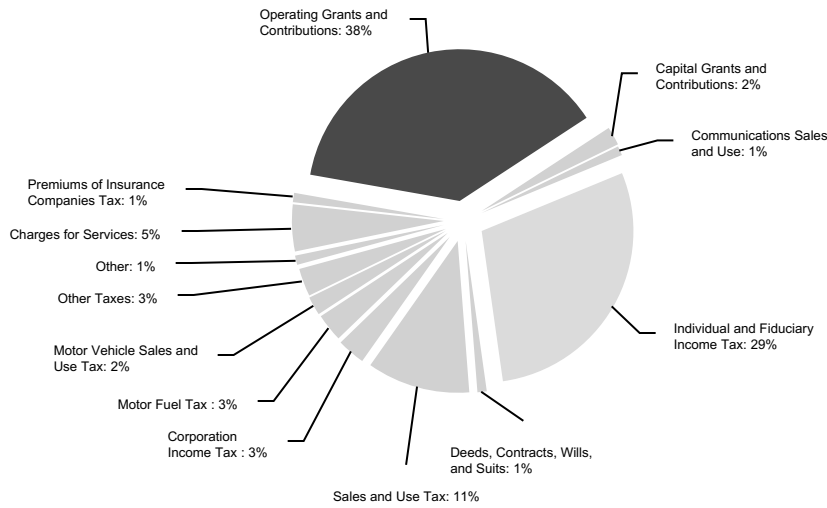
**Figure 13**  
**Changes in Net Position for the Fiscal Years Ended June 30, 2022 and 2021**  
*(Dollars in Thousands)*

	Governmental Activities		Business-type Activities		Total	
	2022	2021 as restated	2022	2021	2022	2021 as restated
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,434,889	\$ 2,789,861	\$ 5,947,931	\$ 6,230,463	\$ 9,382,820	\$ 9,020,324
Operating Grants and Contributions	25,387,334	26,952,001	1,054,362	257,017	26,441,696	27,209,018
Capital Grants and Contributions	1,573,707	1,390,079	3,713	76,941	1,577,420	1,467,020
General Revenues:						
Taxes:						
Individual and Fiduciary Income	19,564,418	17,066,596	—	—	19,564,418	17,066,596
Sales and Use	7,447,659	6,527,477	—	—	7,447,659	6,527,477
Corporation Income	1,999,923	1,579,303	—	—	1,999,923	1,579,303
Motor Fuel	1,772,518	1,421,963	—	—	1,772,518	1,421,963
Motor Vehicle Sales and Use	1,214,463	1,118,962	—	—	1,214,463	1,118,962
Communications Sales and Use	301,108	312,477	—	—	301,108	312,477
Deeds, Contracts, Wills, and Suits	802,583	810,105	—	—	802,583	810,105
Premiums of Insurance Companies	612,317	551,005	—	—	612,317	551,005
Alcoholic Beverage Sales	227,552	220,078	—	—	227,552	220,078
Tobacco Products	276,056	287,856	—	—	276,056	287,856
Estate	27	810	—	—	27	810
Public Service Corporations	119,039	117,596	—	—	119,039	117,596
Beer and Beverage Excise	41,302	42,548	—	—	41,302	42,548
Wine and Spirits/ABC Liter	33,121	32,845	—	—	33,121	32,845
Bank Stock	37,481	26,788	—	—	37,481	26,788
Other Taxes	1,352,900	1,152,087	9,142	9,141	1,362,042	1,161,228
Unrestricted Grants and Contributions	63,736	102,053	—	—	63,736	102,053
Investment Earnings	(538,448)	36,840	249	715	(538,199)	37,555
Miscellaneous	749,323	380,659	16,043	2,389	765,366	383,048
<b>Total Revenues</b>	<b>66,473,008</b>	<b>62,919,989</b>	<b>7,031,440</b>	<b>6,576,666</b>	<b>73,504,448</b>	<b>69,496,655</b>
Expenses:						
General Government	3,881,074	5,127,160	—	—	3,881,074	5,127,160
Education	14,981,659	12,764,820	—	—	14,981,659	12,764,820
Transportation	6,580,186	6,115,306	—	—	6,580,186	6,115,306
Resources and Economic Development	1,633,056	1,435,203	—	—	1,633,056	1,435,203
Individual and Family Services	29,511,155	30,579,562	—	—	29,511,155	30,579,562
Administration of Justice	3,211,735	3,257,124	—	—	3,211,735	3,257,124
Interest and Charges on Long-term Debt	288,246	271,799	—	—	288,246	271,799
Virginia Lottery	—	—	2,950,964	2,483,875	2,950,964	2,483,875
Virginia College Savings Plan	—	—	123,259	124,169	123,259	124,169
Unemployment Compensation	—	—	170,269	1,199,074	170,269	1,199,074
Alcoholic Beverage Control	—	—	927,850	904,400	927,850	904,400
Risk Management	—	—	12,472	10,978	12,472	10,978
Local Choice Health Care	—	—	477,953	474,924	477,953	474,924
Line of Duty	—	—	17,519	19,681	17,519	19,681
Advantage Vanpool Self Insurance Fund	—	—	98	86	98	86
Virginia Industries for the Blind	—	—	43,221	65,204	43,221	65,204
Consolidated Laboratory	—	—	13,763	12,694	13,763	12,694
eVA Procurement System	—	—	21,424	22,223	21,424	22,223
Department of Environmental Quality Title V	—	—	10,636	11,738	10,636	11,738
Wireless E-911	—	—	58,021	49,178	58,021	49,178
Museum and Library Gift Shops	—	—	7,390	4,928	7,390	4,928
Behavioral Health Canteen and Work Activity	—	—	271	285	271	285
<b>Total Expenses</b>	<b>60,087,111</b>	<b>59,550,974</b>	<b>4,835,110</b>	<b>5,383,437</b>	<b>64,922,221</b>	<b>64,934,411</b>
Excess before transfers	6,385,897	3,369,015	2,196,330	1,193,229	8,582,227	4,562,244
Transfers	1,076,426	1,040,213	(1,076,426)	(1,040,213)	—	—
Increase in net position	7,462,323	4,409,228	1,119,904	153,016	8,582,227	4,562,244
Net position, July 1, as restated	31,721,315	27,312,087	1,931,809	1,778,793	33,653,124	29,090,880
<b>Net position, June 30</b>	<b>\$ 39,183,638</b>	<b>\$ 31,721,315</b>	<b>\$ 3,051,713</b>	<b>\$ 1,931,809</b>	<b>\$ 42,235,351</b>	<b>\$ 33,653,124</b>

**Governmental Activities Revenues**

**Figure 14** is a graphical representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$3.6 billion, or 5.6 percent. The net increase is mainly attributable to increases in the General Fund, which are discussed on page 34.

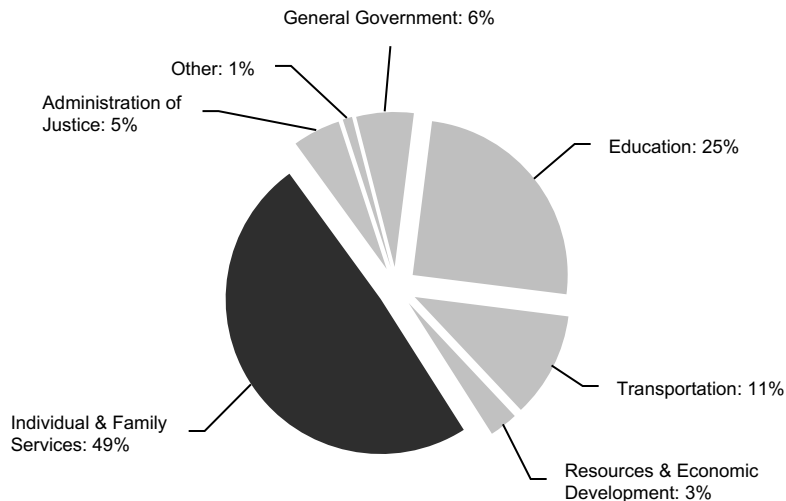
**Figure 14  
Revenues by Source – Governmental Activities  
Fiscal Year 2022**



**Governmental Activities Expenses**

**Figure 15** is a graphical representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by \$536.1 million, or 0.9 percent. While there were increases in multiple expense types, the largest increase was in Education. See pages 34 and 35 for additional information.

**Figure 15  
Expenses by Type – Governmental Activities  
Fiscal Year 2022**





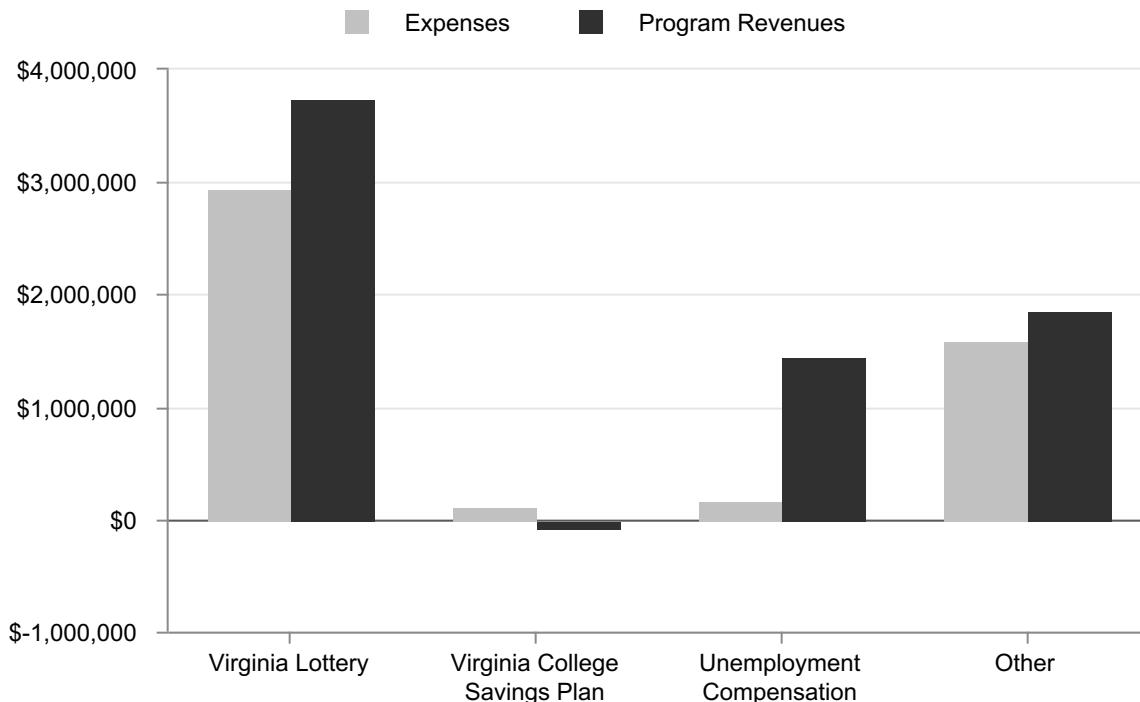
## Net Position of Business-type Activities

Net position of business-type activities increased by \$1.1 billion during the fiscal year. As shown in **Figure 16**, highlights of the changes in net position for the major enterprise funds were as follows:

- Lottery sales were \$3.8 billion, an increase of \$493.4 million over the prior year. Income before transfers was \$802.0 million, an increase of \$24.9 million (3.2 percent) from fiscal year 2021. Sales of scratch games increased by \$23.0 million (1.8 percent) and non-scratch game sales increased by \$470.5 million (24.0 percent). Total expenses also increased by \$468.2 million (18.9 percent), primarily attributable to the cost of prizes.
- Virginia College Savings Plan's net position decreased by \$194.8 million (11.8 percent) during the fiscal year as a result of total expenses incurred exceeding revenues. While Prepaid529 is closed to new participants, existing customers are still being serviced. Additionally, the Tuition Track Portfolio activity grew during fiscal year 2022 and is expected to continue growing in future years. However, the current year change was not significant to the total fund change. During the fiscal year, the majority of the net position decrease is attributed to investment losses.
- Unemployment Compensation Fund net position increased by \$1.3 billion during fiscal year 2022, as a result of operating revenues exceeding benefits paid by \$235.9 million and COVID-19 related additional funding of \$1.1 billion.

Over the one-year period from July 1, 2021, to June 30, 2022, the unemployment rate dropped from 4.3 percent to 2.8 percent. Additionally, there were approximately 499,348 less initial unemployment claims filed than in the previous year, as well as the average benefit duration decreasing from 13.6 weeks to 7.1 weeks. These decreases were offset by an increase in the average weekly benefit amounts from approximately \$279.74 to \$326.17 in fiscal year 2022. These multiple influences led to a decrease in the total benefit payments of \$1.0 billion over the prior year.

**Figure 16**  
**Business-type Activities**  
**Program Revenues and Expenses**  
**Fiscal Year 2022**  
**(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 \$20.9 billion. The fund balance includes nonspendable, restricted, committed, or assigned 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 \$11.7 billion, an increase of \$4.6 billion in comparison with the prior year. Of this total fund balance, \$187.8 million represents nonspendable fund balance, \$2.7 billion represents restricted fund balance, \$5.7 billion represents committed fund balance, and \$3.1 billion represents assigned fund balance.

Fiscal year 2022 General Fund revenues were 11.9 percent, or \$3.1 billion, higher than fiscal year 2021 revenues. This revenue change results from increases of \$3.7 billion primarily attributable to individual and fiduciary income taxes (\$2.4 billion), which was reduced by the Individual Income Tax Rebate of \$1.0 billion, sales and use taxes (\$629.7 million), corporation income taxes (\$408.3 million), other revenue predominantly related to prior year expenditures refunded in the current fiscal year (\$138.7 million), and premiums of insurance companies taxes (\$56.7 million). This was offset by decreases of \$614.6 million primarily attributable to interest, dividends, and rents (\$512.9 million), tobacco master settlement (\$37.7 million), deeds, contracts, wills, and suits taxes (\$29.2 million), tobacco product taxes (\$11.5 million), and communications sales and use taxes (\$11.3 million).

Fiscal year 2022 expenditures increased by 9.4 percent, or \$2.2 billion, when compared to fiscal year 2021. While all expenditures categories increased during fiscal year 2022, the largest increases were primarily attributable to education, general government and individual and family services expenditures of \$1.3 billion, \$333.9 million and \$234.0 million, respectively. Net other financing sources and uses decreased by \$124.1 million, which is primarily due to higher transfers out to nongeneral funds offset by increases in transfers in from nongeneral funds and long-term leases issued.

### Budget Highlights

The General Fund began the year with an original revenue budget that was \$559.7 million, or 2.4 percent, higher than the final fiscal year 2021 revenue budget. Additionally, the final revenue budget was higher (\$4.3 billion or 17.7 percent) than the original budget. The change between the original and final budget was primarily attributable to increases in the final budget for individual and fiduciary income taxes (\$2.6 billion), corporation income taxes (\$738.0 million), sales and use taxes (\$522.3 million), and deeds, contracts, wills, and suits taxes (\$190.7 million). This was offset by decreases in the final budget for communications sales and use taxes (\$13.0 million). Total actual General Fund revenues were higher than final budgeted revenues by \$2.0 billion primarily due to individual and fiduciary income taxes (\$1.8 billion) and sales and use taxes (\$132.3 million) which were offset by decreases in communications sales and use taxes (\$33.6 million) and corporation income taxes (\$30.9 million).

Total final budget expenditures were higher than original budget expenditures by \$857.4 million, or 3.3 percent. This change between the original and final budget was primarily attributable to increases of budgeted expenditures for education of \$899.4 million, transportation of \$171.9 million and administration of justice of \$150.8 million. This was offset by decreases for individual and family services of \$673.6 million.

The Commonwealth spent less than planned so actual expenditures were \$1.6 billion, or 6.1 percent, lower than final budget expenditures. This was primarily attributable to education (\$325.7 million), general government (\$287.6 million), resources and economic development (\$267.0 million) and individual and family services (\$253.5 million).

### Budget Outlook

Virginia's economy continued to recover in fiscal year 2022 from the negative effects of the COVID-19 pandemic. State economic activity such as Gross Domestic Product, employment, and taxable sales showed significant improvement. Unemployment dropped to rates closely resembling pre-pandemic levels. The housing market showed a decline in home sales and home permit issuance. Home sales declined and home permit growth slowed, although housing inventory remained limited, contributing to a rise in home appreciation. The Federal Reserve's efforts to keep inflation from rising is expected to substantially slow economic growth and produce a shallow recession. The Russian-Ukrainian conflict and a slowdown in China's growth could also continue to negatively affect Virginia's economy. During fiscal year 2022, 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 2021 collections by \$3.1 billion (18.0 percent) and \$391.9 million (9.4 percent), respectively. The individual income tax collections were more than the estimated revenue by \$1.8 billion (9.8 percent) and the retail sales taxes were more than the estimated revenue by \$120.5 million (2.7 percent).

The fiscal year 2022 revenue collections exceeded fiscal year 2021 and the fiscal year 2022 collections estimate. Based on the July 2022 General Fund revenue estimate, the fiscal year 2023 revenue is projected to decrease by 14.0 percent when compared to the fiscal year 2022 revenue collections. This projected planned decrease is primarily a result of the economic uncertainty arising from the expected shallow recession and Russian-Ukrainian conflict. The Governor will release his amendments to the 2023-2024 biennial budget on December 15, 2022.

## Major Special Revenue Fund Highlights

The Commonwealth Transportation Fund ended the fiscal year with a fund balance of \$4.5 billion. Approximately \$4.9 billion is contractually committed for various highways, public transportation, and rail preservation projects; \$1.5 billion for individual contracts awarded with a contract value of \$1.0 million or more for operational and tolling services, facilities, and other non-highway construction-type contracts (see Note 21). Additionally, revenues increased \$798.2 million, or 10.6 percent, and expenditures increased \$564.1 million, or 8.2 percent. The revenue increase was primarily due to increases in tax collections of \$810.5 million, or 16.9 percent and federal income of \$280.6 million, or 30.8 percent, offset by a decrease in receipts from localities of \$280.9 million, or 29.3 percent. Expenditures increased mainly for highway maintenance, acquisition, and construction.

The Federal Trust Fund balance decreased by \$136.9 million, or 27.8 percent during the current year. The change is primarily due to a decrease in Federal Grants and Contracts revenue of approximately \$1.5 billion, or 5.6 percent, offset by a decrease of \$1.1 billion, or 4.2 percent in expenditures. This change in the Federal Grants and Contracts revenue was mainly attributed to decreases in funding received from the federal government for COVID-19 (\$4.2 billion) to assist the Commonwealth in navigating the economic difficulties caused by the pandemic and Unemployment funding (\$1.4 billion) this was offset by an increase in Medicaid funding (\$1.8 billion). The remaining difference is distributed over many other federal programs. Expenditures decreased primarily due to Unemployment spending, which was offset by increased Medicaid spending. Net other financing sources and uses experienced an increase of \$7.8 million, or 3,251.5 percent, primarily attributable to lower transfers out to other funds.

The Literary Fund ending balance increased by \$192.7 million, or 388.2 percent. The increase is primarily due to an increase of transfers from unclaimed property and lottery for \$142.1 million, or 149.2 percent. Expenditures exceeded net receipts by only \$44.7 million in fiscal year 2022, which is \$141.1 million less than fiscal year 2021. Additionally, loans of \$188.4 million owed to the Virginia Public School Authority (major component unit) increased by \$2.9 million, or 1.6 percent.

## 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, 2022, amounts to \$36.7 billion (net of accumulated depreciation and amortization totaling \$18.2 billion). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements, and software, as well as intangible right-to-use assets. Infrastructure assets are items that are normally immovable such as roads, bridges, drainage systems, and other similar assets. The increase in the primary government's net investment in capital assets was primarily attributable to the addition of right-to-use intangible assets of \$657.0 million resulting from the implementation of GASB Statement No. 87, *Leases*. 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 non right-to-use intangible assets that have a cost or value greater than \$100,000 and an expected useful life of two or more years. In addition, the primary government reports right-to-use intangible assets of equipment, land, and buildings with a present value of \$50,000 or greater and an expected useful life of greater than one year. Additional information on the primary government's capital assets can be found in Note 13, Capital Assets.

**Figure 17**  
**Capital Assets as of June 30, 2022**  
**(Net of Depreciation and Amortization)**  
*(Dollars in Thousands)*

	Governmental Activities	Business-type Activities	Total
Land	\$ 3,736,330	\$ 11,033	\$ 3,747,363
Buildings	2,702,842	60,036	2,762,878
Equipment	536,228	45,187	581,415
Water Rights/Easements	121,743	—	121,743
Infrastructure	23,597,326	—	23,597,326
Intangible Assets	496,639	28,556	525,195
Right-to-Use Intangible Assets	467,464	189,493	656,957
Construction-in-Progress	4,706,054	6,225	4,712,279
Total	<u>\$ 36,364,626</u>	<u>\$ 340,530</u>	<u>\$ 36,705,156</u>

**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 \$53.7 billion, including total tax-supported debt of \$21.2 billion and total debt not supported by taxes of \$32.5 billion. Bonds backed by the full faith and credit of the government and tax-supported total \$1.1 billion. Debt is considered tax-supported if Commonwealth tax revenues are used or pledged for debt service payments. An additional \$929.9 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 2022, the Commonwealth issued \$6.2 billion of new debt for various projects. Of this new debt, \$2.7 billion was for the primary government and \$3.5 billion for the component units. In addition, long-term liability balances for primary government and component units increased due to the implementation of GASB Statement No. 87, *Leases*. Additional information on the Commonwealth's outstanding debt can be found in Note 27, Long-Term Liabilities, as well as in the Debt Schedules beginning on page 306. The Commonwealth maintains a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service, S & P Global Ratings, and Fitch Ratings.

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, are limited to 30.0 percent of 1.15 times the annual tax revenues for fiscal year 2022. 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 2020, 2021, and 2022. 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 2020, 2021, and 2022. The current debt limitation for the Commonwealth is shown below for the 9(a), 9(b), and 9(c) general obligation bond issues. These limits significantly exceed the Commonwealth's outstanding general obligation debt.

**Figure 18**  
**Debt Issuance Margin and Outstanding Debt as of June 30, 2022**  
**General Obligation Bonds**  
*(Dollars in Thousands)*

	Debt Issuance Margin	Outstanding Debt			Component Units
		Primary Government			
		Governmental Activities	Business-type Activities	Total	
General obligation bonds					
9(a)	\$ 9,115,200	\$ —	\$ —	\$ —	\$ —
9(b)	26,738,717	225,600	—	225,600	—
9(c)	26,045,836	5,664	—	5,664	912,817
Total		\$ 231,264	\$ —	\$ 231,264	\$ 912,817

## **Economic Factors and Review**

The Commonwealth's economy showed continued improvement during fiscal year 2022. The Gross Domestic Product grew by 3.7 percent, which was an improvement over the 2.2 percent during the prior year. State personal income growth dropped 2.7 percent, which closely matched the -2.8 percent national rate. Both drops were due in part to a decrease in personal current transfer receipts resulting from the expiration of COVID-19 relief programs that supported payments to individuals such as expanded unemployment benefits and multiple rounds of stimulus checks. The average state unemployment rate for fiscal year 2022 dropped to 3.1 percent, almost reaching the pre-pandemic levels of 2.8 in 2019. Total taxable sales increased by 4.6 percent during fiscal year 2022 from 3.4 percent in the prior year, representing the largest increase in taxable sales in 15 years. The Virginia housing market was mixed, with a decrease in sales of existing single-family homes and issuance of home building permits. Single-family homes, townhomes and condos decreased by 6.6 percent, compared to an increase of 27.1 percent in fiscal year 2021. Virginia's economy is expected to slow or decrease in the next fiscal year as interest rates continue to climb and consumer spending levels off due to inflation. The global climate is also expected to affect Virginia's economy, with the Russian-Ukrainian conflict and China's economic decline because of its housing market crisis and Zero-Covid policy.

## **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](http://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.



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# Government-wide Financial Statements

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## Statement of Net Position

June 30, 2022

(Dollars in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 14,122,499	\$ 2,122,396	\$ 16,244,895	\$ 5,000,877
Investments (Notes 1 and 7)	14,469,121	2,816,615	17,285,736	16,669,009
Assets Held Pending Distribution (Note 1)	5,412	112,829	118,241	—
Receivables, Net (Notes 1 and 8)	8,702,023	369,446	9,071,469	17,262,838
Contributions Receivable, Net (Notes 1 and 9)	—	—	—	586,398
Internal Balances (Note 1)	75,152	(75,152)	—	—
Due from Primary Government (Note 10)	—	—	—	143,978
Due from Component Units (Note 10)	29,708	—	29,708	113,326
Due from External Parties (Fiduciary Funds) (Note 10)	685	—	685	—
Inventory (Note 1)	281,672	108,864	390,536	185,530
Prepaid Items (Note 1)	191,235	5,730	196,965	193,781
Other Assets (Notes 1 and 11)	4,323	471	4,794	215,280
Loans Receivable from Primary Government (Notes 1 and 10)	—	—	—	188,420
Restricted Cash and Cash Equivalents (Notes 7 and 12)	2,796,970	—	2,796,970	4,114,780
Restricted Investments (Notes 7 and 12)	321,369	—	321,369	9,098,311
Other Restricted Assets (Note 12)	205,470	8,615	214,085	500,395
Nondepreciable Capital Assets (Notes 1 and 13)	9,872,347	17,258	9,889,605	4,336,835
Other Capital Assets, Net (Notes 1 and 13)	26,492,279	323,272	26,815,551	24,167,746
<b>Total Assets</b>	<b>77,570,265</b>	<b>5,810,344</b>	<b>83,380,609</b>	<b>82,777,504</b>
<b>Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)</b>	<b>1,317,219</b>	<b>48,745</b>	<b>1,365,964</b>	<b>1,037,245</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 78,887,484</b>	<b>\$ 5,859,089</b>	<b>\$ 84,746,573</b>	<b>\$ 83,814,749</b>
<b>Liabilities and Deferred Inflows of Resources</b>				
Accounts Payable (Notes 1 and 25)	2,711,933	132,390	2,844,323	1,838,397
Amounts Due to Other Governments	2,670,972	79,760	2,750,732	138,177
Due to Primary Government (Note 10)	—	—	—	29,708
Due to Component Units (Note 10)	143,978	—	143,978	113,326
Due to External Parties (Fiduciary Funds) (Note 10)	33,292	1,370	34,662	42,709
Unearned Revenue (Note 1)	3,257,876	6,246	3,264,122	627,078
Obligations Under Securities Lending (Notes 1 and 7)	2,668,990	100,868	2,769,858	131,331
Due to Claimants, Participants, Escrows and Providers (Note 1)	413,757	119,143	532,900	—
Other Liabilities (Notes 1, 15, and 26)	4,316,946	120,162	4,437,108	2,173,279
Loans Payable to Component Units (Notes 1 and 10)	188,420	—	188,420	—
Claims Payable (Notes 1 and 24):				
Due Within One Year	177,935	62,105	240,040	18,541
Due in More Than One Year	391,277	34,785	426,062	34,160
Long-term Liabilities (Notes 1, 22, 23, and 27):				
Due Within One Year	1,174,862	314,640	1,489,502	1,999,418
Due in More Than One Year	14,164,712	1,746,755	15,911,467	34,319,822
<b>Total Liabilities</b>	<b>32,314,950</b>	<b>2,718,224</b>	<b>35,033,174</b>	<b>41,465,946</b>
<b>Deferred Inflows of Resources (Notes 1, 14, 15, 16, 18, and 38)</b>	<b>7,388,896</b>	<b>89,152</b>	<b>7,478,048</b>	<b>2,283,444</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 39,703,846</b>	<b>\$ 2,807,376</b>	<b>\$ 42,511,222</b>	<b>\$ 43,749,390</b>

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



	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Net Position</b>				
Net Investment in Capital Assets	26,643,211	145,999	26,789,210	15,063,244
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	5,585,284
Permanent Funds	45,440	—	45,440	—
Other	—	—	—	182,373
Expendable:				
Agriculture and Forestry	11,127	—	11,127	—
Bond Indenture	—	—	—	3,317,287
Capital Projects/Construction/Capital Acquisition	22,986	—	22,986	2,144,362
Contract and Debt Administration	9,500	—	9,500	—
COVID-19	125,585	—	125,585	—
Debt Service	105,683	—	105,683	172,105
Economic and Technological Development	106	—	106	—
Educational and Training Programs	4,110	—	4,110	—
Employee Benefit Administration	10,204	—	10,204	—
Environmental Quality and Natural Resource Preservation	19,101	—	19,101	—
Gifts and Grants	102,637	—	102,637	153,400
Health and Public Safety	93,422	—	93,422	—
Higher Education	—	—	—	9,572,307
Literary Fund	170,754	—	170,754	—
Lottery Proceeds Fund	17,873	—	17,873	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	156,827	6,189	163,016	100,141
Permanent Funds	2,024	—	2,024	—
Revenue Stabilization Fund	2,673,308	—	2,673,308	—
Transportation Activities	1,271,501	—	1,271,501	—
Unclaimed and Escheats	85,822	—	85,822	—
Unemployment Compensation Trust Fund	—	1,410,150	1,410,150	—
Virginia Pooled Investment Program	—	—	—	7,815
Virginia Water Supply Assistance Grant Fund	1,879	—	1,879	—
Other	2,379	—	2,379	60,960
Unrestricted	7,608,159	1,489,375	9,097,534	3,706,081
<b>Total Net Position</b>	<b>\$ 39,183,638</b>	<b>\$ 3,051,713</b>	<b>\$ 42,235,351</b>	<b>\$ 40,065,359</b>

**Statement of Activities**

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services (Note 1)	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General Government	\$ 3,881,074	\$ 325,597	\$ 760,987	\$ 9,099
Education	14,981,659	721,383	2,718,781	3,273
Transportation	6,580,186	845,549	67,114	1,530,668
Resources and Economic Development	1,633,056	741,584	267,649	15,542
Individual and Family Services	29,511,155	186,044	21,468,310	15,125
Administration of Justice	3,211,735	614,732	104,493	—
Interest and Charges on Long-term Debt	288,246	—	—	—
Total Governmental Activities	60,087,111	3,434,889	25,387,334	1,573,707
Business-type Activities				
Virginia Lottery	2,950,964	3,752,616	113	—
Virginia College Savings Plan	123,259	(71,151)	55	—
Unemployment Compensation	170,269	406,194	1,053,774	—
Alcoholic Beverage Control	927,850	1,173,340	328	3,713
Risk Management	12,472	14,759	3	—
Local Choice Health Care	477,953	464,539	5	—
Line of Duty	17,519	18,881	—	—
Advantage Vanpool Self Insurance Fund	98	422	—	—
Virginia Industries for the Blind	43,221	48,706	11	—
Consolidated Laboratory	13,763	15,663	15	—
eVA Procurement System	21,424	29,518	17	—
Department of Environmental Quality Title V	10,636	11,506	29	—
Wireless E-911	58,021	74,932	5	—
Museum and Library Gift Shops	7,390	7,672	7	—
Behavioral Health Canteen and Work Activity	271	334	—	—
Total Business-type Activities	4,835,110	5,947,931	1,054,362	3,713
Total Primary Government	\$ 64,922,221	\$ 9,382,820	\$ 26,441,696	\$ 1,577,420
<b>Component Units</b>				
Virginia Housing Development Authority	\$ 555,742	\$ 402,031	\$ 246,528	\$ —
Virginia Public School Authority	124,392	121,780	6,949	—
Virginia Resources Authority	148,698	107,995	(6,314)	173,015
Virginia College Building Authority	782,477	47,346	36,467	610
Nonmajor	17,865,133	11,848,505	2,772,393	834,406
Total Component Units	\$ 19,476,442	\$ 12,527,657	\$ 3,056,023	\$ 1,008,031

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

**Net (Expense) Revenue and Changes in Net Position**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (2,785,391)	\$ —	\$ (2,785,391)	\$ —
(11,538,222)	—	(11,538,222)	—
(4,136,855)	—	(4,136,855)	—
(608,281)	—	(608,281)	—
(7,841,676)	—	(7,841,676)	—
(2,492,510)	—	(2,492,510)	—
(288,246)	—	(288,246)	—
(29,691,181)	—	(29,691,181)	—
—	801,765	801,765	—
—	(194,355)	(194,355)	—
—	1,289,699	1,289,699	—
—	249,531	249,531	—
—	2,290	2,290	—
—	(13,409)	(13,409)	—
—	1,362	1,362	—
—	324	324	—
—	5,496	5,496	—
—	1,915	1,915	—
—	8,111	8,111	—
—	899	899	—
—	16,916	16,916	—
—	289	289	—
—	63	63	—
—	2,170,896	2,170,896	—
(29,691,181)	2,170,896	(27,520,285)	—
—	—	—	92,817
—	—	—	4,337
—	—	—	125,998
—	—	—	(698,054)
—	—	—	(2,409,829)
—	—	—	(2,884,731)

*Continued on next page*

**Statement of Activities** (Continued from previous page)

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
General Revenues				
<b>Taxes</b>				
Individual and Fiduciary Income	19,564,418	—	19,564,418	—
Sales and Use	7,447,659	—	7,447,659	—
Corporation Income	1,999,923	—	1,999,923	—
Motor Fuel	1,772,518	—	1,772,518	—
Motor Vehicle Sales and Use	1,214,463	—	1,214,463	—
Communications Sales and Use	301,108	—	301,108	—
Deeds, Contracts, Wills, and Suits	802,583	—	802,583	—
Premiums of Insurance Companies	612,317	—	612,317	—
Alcoholic Beverage Sales	227,552	—	227,552	—
Tobacco Products	276,056	—	276,056	—
Estate	27	—	27	—
Public Service Corporations	119,039	—	119,039	—
Beer and Beverage Excise	41,302	—	41,302	—
Wine and Spirits/ABC Liter	33,121	—	33,121	—
Bank Stock	37,481	—	37,481	—
Other Taxes	1,352,900	9,142	1,362,042	—
Operating Appropriations from Primary Government	—	—	—	3,243,421
Unrestricted Grants and Contributions	63,736	—	63,736	479,393
Investment Earnings (Note 1)	(538,448)	249	(538,199)	(670,572)
Miscellaneous	749,323	16,043	765,366	253,732
Transfers	1,076,426	(1,076,426)	—	—
Contributions to Permanent and Term Endowments	—	—	—	332,213
Total General Revenues, Transfers, and Contributions	37,153,504	(1,050,992)	36,102,512	3,638,187
Change in Net Position	7,462,323	1,119,904	8,582,227	753,456
Net Position, July 1, as restated (Note 2)	31,721,315	1,931,809	33,653,124	39,311,903
Net Position, June 30	\$ 39,183,638	\$ 3,051,713	\$ 42,235,351	\$ 40,065,359

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

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# Governmental Funds

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## 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.*

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## Special Revenue Funds

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

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

**The Federal Trust Fund** accounts for all federal dollars, including the COVID-19 funding, received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the

General Fund, the Grant Anticipation Revenue Notes and Build America Bond Subsidies reported in the Debt Service Fund, and institutions of higher education. The entire fund is restricted pursuant to federal regulations.

**The Literary Fund** accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings. The entire fund is constitutionally restricted for public schools.

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**Nonmajor Governmental Funds** include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 239 in the Combining and Individual Fund Statements and Schedules section of this report.

## Balance Sheet - Governmental Funds

June 30, 2022

(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 2,004,112	\$ 5,402,947	\$ 3,617,541	\$ 320,382
Investments (Notes 1 and 7)	14,182,861	—	25,777	—
Assets Held Pending Distribution (Note 1)	—	228	—	—
Receivables, Net (Notes 1 and 8)	3,036,838	1,765,325	3,118,190	86,284
Due from Other Funds (Note 10)	59,877	117,457	5,556	2,611
Due from Component Units (Note 10)	—	16	—	—
Due from External Parties (Fiduciary Funds) (Note 10)	153	—	—	—
Interfund Receivable (Note 10)	—	—	—	—
Inventory (Note 1)	46,141	107,326	98,023	—
Prepaid Items (Note 1)	141,667	10,994	2,274	—
Other Assets (Notes 1 and 11)	1,497	281	1,874	—
Restricted Cash and Cash Equivalents (Notes 7 and 12)	—	313,298	—	—
<b>Total Assets</b>	<b>19,473,146</b>	<b>7,717,872</b>	<b>6,869,235</b>	<b>409,277</b>
<b>Deferred Outflows of Resources (Notes 1 and 14)</b>	<b>203</b>	<b>—</b>	<b>—</b>	<b>—</b>
Total Assets and Deferred Outflows of Resources	<u>\$ 19,473,349</u>	<u>\$ 7,717,872</u>	<u>\$ 6,869,235</u>	<u>\$ 409,277</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Accounts Payable (Notes 1 and 25)	\$ 1,721,627	\$ 496,584	\$ 174,959	\$ —
Amounts Due to Other Governments	518,769	246,859	1,438,287	1
Due to Other Funds (Note 10)	31,850	76,277	42,870	—
Due to Component Units (Note 10)	7,855	16,481	—	—
Due to External Parties (Fiduciary Funds) (Note 10)	21,259	5,835	3,204	—
Interfund Payable (Note 10)	376	4,900	105,753	—
Unearned Revenue (Note 1)	—	181,386	2,756,547	—
Obligations Under Securities Lending Program (Notes 1 and 7)	2,000,719	433,400	4,308	50,102
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	—	30,245	—
Other Liabilities (Notes 1 and 26)	2,247,331	25,255	1,644,480	—
Loans Payable to Component Units (Notes 1 and 10)	—	—	—	188,420
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	1,304	723	138	—
<b>Total Liabilities</b>	<b>6,551,090</b>	<b>1,487,700</b>	<b>6,200,791</b>	<b>238,523</b>
<b>Deferred Inflows of Resources (Notes 1, 14, and 38)</b>	<b>1,242,625</b>	<b>1,760,913</b>	<b>313,589</b>	<b>27,712</b>
Total Liabilities and Deferred Inflows of Resources	<u>7,793,715</u>	<u>3,248,613</u>	<u>6,514,380</u>	<u>266,235</u>
Fund Balances (Notes 1 and 3):				
Nonspendable	187,808	118,320	100,297	—
Restricted	2,693,060	358,504	254,558	143,042
Committed	5,693,893	3,991,842	—	—
Assigned	3,104,873	593	—	—
<b>Total Fund Balances</b>	<b>11,679,634</b>	<b>4,469,259</b>	<b>354,855</b>	<b>143,042</b>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,473,349</u>	<u>\$ 7,717,872</u>	<u>\$ 6,869,235</u>	<u>\$ 409,277</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,129,763	\$ 15,474,745
581,852	14,790,490
5,184	5,412
612,858	8,619,495
61,534	247,035
—	16
282	435
350,084	350,084
6,543	258,033
14,341	169,276
671	4,323
—	313,298
5,763,112	40,232,642
—	203
\$ 5,763,112	\$ 40,232,845
\$ 68,100	\$ 2,461,270
3,810	2,207,726
119,517	270,514
20,819	45,155
2,500	32,798
6,000	117,029
172,248	3,110,181
93,699	2,582,228
383,380	413,625
283,482	4,200,548
—	188,420
316	2,481
1,153,871	15,631,975
391,080	3,735,919
1,544,951	19,367,894
66,301	472,726
2,897,735	6,346,899
1,205,794	10,891,529
48,331	3,153,797
4,218,161	20,864,951
\$ 5,763,112	\$ 40,232,845

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

June 30, 2022

(Dollars in Thousands)

**Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)** \$ 20,864,951

When the amount employers have paid into an other post-employment benefit (OPEB) plan combined with the plan's assets exceeds the amount that is required to pay the actuarially determined future benefits, the cost of employer contributions are reported as expenditures in the governmental funds. However, the Statement of Net Position includes the Net OPEB asset among the assets of the primary government as a whole. 201,690

When capital assets (land, buildings, equipment, construction-in-progress, intangible assets, right-to-use intangible assets, and/or infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the primary government as a whole.

Nondepreciable Capital Assets 9,774,070  
Other Capital Assets 26,007,542

Assets to be received for Long-term Debt Service requirements are not reported in the fund statements. 53,730

Deferred outflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. 1,262,612

Deferred outflows associated with loss on debt refundings are long-term in nature and, therefore, not reported in the funds. 38,005

Long-term liabilities applicable to the primary government's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Net Pension Liability (2,689,301)  
Net OPEB Liability (775,863)  
Total OPEB Liability (243,700)  
Long-term Leases (60,369)  
Installment Purchases (77,541)  
Compensated Absences (324,557)  
Uninsured Employer's Fund (22,961)  
Bonds (10,617,182)  
Accrued Interest Payable (84,136)  
Other Obligations (5,356)  
Pollution Remediation Liability (8,685)

Internal service funds are used by the primary government to charge costs to individual funds. The assets and deferred outflows, and liabilities and deferred inflows of internal service funds are included in governmental activities in the Statement of Net Position. 292,800

Other long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (790,084)

Deferred inflows are not available to pay for current period expenditures and, therefore, are not reported in the funds. 2,052,733

Deferred inflows associated with Service Concession Arrangements capital assets are long-term in nature and, therefore, not reported in the funds. (3,089,537)

Deferred inflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. (2,575,223)

**Net position of governmental activities (see Government-wide Statement of Net Position)** \$ 39,183,638

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, 2022

(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
<b>Revenues</b>				
Taxes	\$ 28,933,826	\$ 5,603,993	\$ —	\$ —
Rights and Privileges	114,342	743,360	470	602
Institutional Revenue	34,557	—	247	—
Interest, Dividends, Rents, and Other Investment Income (Note 1)	(498,365)	19,938	1,023	6,836
Federal Grants and Contracts	11,725	1,192,559	24,658,493	—
Other (Note 28)	612,624	788,466	477,598	31,918
<b>Total Revenues</b>	<b>29,208,709</b>	<b>8,348,316</b>	<b>25,137,831</b>	<b>39,356</b>
<b>Expenditures</b>				
Current:				
General Government	2,791,480	68,089	712,462	131
Education	11,360,502	1,819	2,517,528	83,881
Transportation	164	7,285,566	22,981	—
Resources and Economic Development	620,787	23,560	526,087	—
Individual and Family Services	7,223,575	—	21,273,058	—
Administration of Justice	3,125,944	11,049	191,450	—
Capital Outlay	66,526	21,805	37,910	—
Debt Service:				
Principal Retirement	20,571	2,671	794	—
Interest and Charges	2,904	697	41	—
<b>Total Expenditures</b>	<b>25,212,453</b>	<b>7,415,256</b>	<b>25,282,311</b>	<b>84,012</b>
Revenues Over (Under) Expenditures	3,996,256	933,060	(144,480)	(44,656)
<b>Other Financing Sources (Uses)</b>				
Transfers In (Note 34)	1,120,289	176,776	13,975	237,329
Transfers Out (Note 34)	(573,765)	(542,949)	(6,524)	—
Notes Issued	212	—	—	—
Insurance Recoveries	62	61	4	—
Long-term Leases Issued	19,222	305	77	—
Bonds Issued	—	289,455	—	—
Premium on Debt Issuance	—	44,853	—	—
Refunding Bonds Issued	—	—	—	—
Sale of Capital Assets	8,344	1,946	—	—
Payment to Refunded Bond Escrow Agents	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>574,364</b>	<b>(29,553)</b>	<b>7,532</b>	<b>237,329</b>
<b>Net Change in Fund Balances</b>	<b>4,570,620</b>	<b>903,507</b>	<b>(136,948)</b>	<b>192,673</b>
Fund Balance (Deficit), July 1, as restated (Note 2)	7,109,014	3,565,752	491,803	(49,631)
<b>Fund Balance, June 30</b>	<b>\$ 11,679,634</b>	<b>\$ 4,469,259</b>	<b>\$ 354,855</b>	<b>\$ 143,042</b>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,149,886	\$ 35,687,705
357,183	1,215,957
112,192	146,996
(3,482)	(474,050)
137,619	26,000,396
1,146,286	3,056,892
<u>2,899,684</u>	<u>65,633,896</u>
190,417	3,762,579
94,154	14,057,884
425,930	7,734,641
497,403	1,667,837
1,388,948	29,885,581
96,049	3,424,492
1,001,803	1,128,044
440,198	464,234
396,500	400,142
4,531,402	62,525,434
(1,631,718)	3,108,462
1,463,127	3,011,496
(796,723)	(1,919,961)
1,474	1,686
5,858	5,985
856	20,460
1,778,946	2,068,401
282,767	327,620
179,665	179,665
4	10,294
(215,333)	(215,333)
<u>2,700,641</u>	<u>3,490,313</u>
1,068,923	6,598,775
3,149,238	14,266,176
<u>\$ 4,218,161</u>	<u>\$ 20,864,951</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, 2022

(Dollars in Thousands)

**Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)** \$ 6,598,775

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation and amortization expense charged for the year.

Nondepreciable Capital Assets Constructed/Acquired	2,060,116
Nondepreciable Capital Assets Disposed	(28,505)
Other Capital Assets Acquired	346,694
Other Capital Assets Disposed	(15,701)
Depreciation and Amortization Expense	(1,453,074)

Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Position.

Debt Issuance	(2,068,401)
Long-term Lease Proceeds	(20,460)
Bond Premiums	(327,620)
Refunding Bonds Issued	(179,665)
Installment Purchase Proceeds	(1,686)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position. 464,234

In-substance debt defeasance 417,562

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. 215,333

Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment. 547,694

Increases/decreases of expenses reported in the Statement of Activities that do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.

Increase (Decrease) in Net OPEB Asset	18,638
(Increase) Decrease in Net Pension Liability	312,198
(Increase) Decrease in Net OPEB Liability	19,547
(Increase) Decrease in Total OPEB Liability	119,476
(Increase) Decrease in Other Long-term Liabilities	(4,649)
(Increase) Decrease in Compensated Absences	13,492
(Increase) Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability	148,808
(Increase) Decrease in Other Liabilities	(86,384)

Net (increase) decrease in Due to Component Units for capital and other projects resulting from appropriation reductions or amounts which are not reported as expenditures in the fund statements. (66,180)

Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities. 374,585

Deferred inflows and outflows associated with pension and OPEB costs are not included in the funds. 6,648

Amortization of deferred inflows and/or outflows associated with Service Concession Arrangements capital assets are not included in the funds. 50,848

**Change in net position of governmental activities (See Government-wide Statement of Activities)** \$ 7,462,323

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

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# Proprietary Funds

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*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.*

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## 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 Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 services contracts 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 using actuarially determined amounts. Prepaid529 is closed to

new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs. The value of a unit is tied to the average tuition inflation rate of Virginia four year institutions. Eide Bailly, LLP, audits the Plan, and a separate report is issued.

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

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**Nonmajor Enterprise Funds** include those operations of state agencies which are listed on page 251 in the Combining and Individual Fund Statements and Schedules section of this report.

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**Internal Service Funds** include those operations of state agencies which are listed on page 267 in the Combining and Individual Fund Statements and Schedules section of this report.

## Statement of Fund Net Position - Proprietary Funds

June 30, 2022

(Dollars in Thousands)

### Business-type Activities Enterprise Funds

	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 130,188	\$ 143,976	\$ 1,499,903	\$ 348,329
Assets Held Pending Distribution (Note 1)	10,757	—	—	—
Receivables, Net (Notes 1 and 8)	56,094	80,735	101,893	62,969
Due from Other Funds (Note 10)	39	—	1,938	722
Due from External Parties (Fiduciary Funds) (Note 10)	—	—	—	—
Due from Component Units (Note 10)	—	—	—	—
Inventory (Note 1)	761	—	—	108,103
Prepaid Items (Note 1)	609	2,356	—	2,765
Other Assets (Notes 1 and 11)	1	—	—	470
<b>Total Current Assets</b>	<b>198,449</b>	<b>227,067</b>	<b>1,603,734</b>	<b>523,358</b>
<b>Noncurrent Assets:</b>				
Investments (Notes 1 and 7)	—	2,816,615	—	—
Assets Held Pending Distribution (Note 1)	102,072	—	—	—
Receivables, Net (Notes 1 and 8)	—	67,755	—	—
Other Assets (Notes 1 and 11)	1,614	814	—	6,187
Nondepreciable Capital Assets (Notes 1 and 13)	—	—	—	17,258
Other Capital Assets, Net (Notes 1 and 13)	17,901	649	—	304,722
<b>Total Noncurrent Assets</b>	<b>121,587</b>	<b>2,885,833</b>	<b>—</b>	<b>328,167</b>
<b>Total Assets</b>	<b>320,036</b>	<b>3,112,900</b>	<b>1,603,734</b>	<b>851,525</b>
<b>Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)</b>				
<b>Total Assets and Deferred Outflows of Resources</b>	<b>329,367</b>	<b>3,117,934</b>	<b>1,603,734</b>	<b>885,905</b>
<b>Liabilities and Deferred Inflows of Resources</b>				
<b>Current Liabilities:</b>				
Accounts Payable (Notes 1 and 25)	25,017	1,509	39	105,825
Amounts Due to Other Governments	—	—	68,918	10,842
Due to Other Funds (Note 10)	6,353	112	5,778	24,462
Due to External Parties (Fiduciary Funds) (Note 10)	234	106	—	1,030
Interfund Payable (Note 10)	—	2,000	—	50,689
Unearned Revenue (Note 1)	2,304	—	—	3,942
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	294	118,849	—
Obligations Under Securities Lending Program (Notes 1 and 7)	69,847	850	—	30,171
Other Liabilities (Notes 1 and 26)	96,375	23,654	—	133
Claims Payable Due Within One Year (Notes 1 and 24)	—	—	—	62,105
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	13,337	270,154	—	31,149
<b>Total Current Liabilities</b>	<b>213,467</b>	<b>298,679</b>	<b>193,584</b>	<b>320,348</b>
<b>Noncurrent Liabilities:</b>				
Interfund Payable (Note 10)	—	—	—	—
Claims Payable Due in More Than One Year (Notes 1 and 24)	—	—	—	34,785
Long-term Liabilities Due in More Than One Year (Notes 1, 22, and 27)	127,295	1,355,370	—	264,090
<b>Total Noncurrent Liabilities</b>	<b>127,295</b>	<b>1,355,370</b>	<b>—</b>	<b>298,875</b>
<b>Total Liabilities</b>	<b>340,762</b>	<b>1,654,049</b>	<b>193,584</b>	<b>619,223</b>
<b>Deferred Inflows of Resources (Notes 1, 14, 15, 16, and 18)</b>				
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>356,964</b>	<b>1,661,956</b>	<b>193,584</b>	<b>684,266</b>
<b>Net Position</b>				
Net Investment in Capital Assets	14,901	649	—	130,449
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	1,157	558	—	4,474
Restricted for Unemployment Compensation	—	—	1,410,150	—
Unrestricted	(43,655)	1,454,771	—	66,716
<b>Total Net Position (Deficit) (Note 4)</b>	<b>\$ (27,597)</b>	<b>\$ 1,455,978</b>	<b>\$ 1,410,150</b>	<b>\$ 201,639</b>

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.

		<b>Governmental Activities</b>	
		<b>Total</b>	<b>Internal Service Funds</b>
\$	2,122,396	\$	1,131,426
	10,757		—
	301,691		28,543
	2,699		63,417
	—		250
	—		27,943
	108,864		23,639
	5,730		21,959
	471		43,354
	<u>2,552,608</u>		<u>1,340,531</u>
	2,816,615		—
	102,072		—
	67,755		255
	8,615		3,667
	17,258		98,277
	323,272		484,737
	<u>3,335,587</u>		<u>586,936</u>
	5,888,195		1,927,467
	48,745		16,399
	5,936,940		1,943,866
	132,390		90,681
	79,760		—
	36,705		5,932
	1,370		494
	52,689		10,113
	6,246		153,344
	119,143		—
	100,868		86,762
	120,162		625
	62,105		177,935
	314,640		50,962
	<u>1,026,078</u>		<u>576,848</u>
	—		170,253
	34,785		391,277
	1,746,755		460,195
	1,781,540		1,021,725
	<u>2,807,618</u>		<u>1,598,573</u>
	89,152		40,950
	<u>2,896,770</u>		<u>1,639,523</u>
	145,999		137,439
	6,189		2,816
	1,410,150		—
	<u>1,477,832</u>		<u>164,088</u>
\$	<u>3,040,170</u>	\$	<u>304,343</u>
	11,543		
\$	<u>3,051,713</u>		

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

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 3,752,416	\$ 89,553	\$ 390,666	\$ 1,828,096
Interest, Dividends, Rents, and Other Investment Income (Note 1)	—	(164,748)	15,528	2
Other (Note 28)	—	4,040	—	31,425
Total Operating Revenues	3,752,416	(71,155)	406,194	1,859,523
<b>Operating Expenses</b>				
Cost of Sales and Services	209,397	—	—	693,813
Prizes and Claims (Note 30)	2,659,596	—	170,269	480,682
Educational Benefits Expense	—	82,275	—	—
Personal Services	31,984	16,512	—	184,075
Contractual Services	42,901	13,290	—	104,255
Supplies and Materials	646	42	—	11,844
Depreciation and Amortization (Note 31)	6,433	215	—	35,731
Rent, Insurance, and Other Related Charges	421	—	—	22,541
Interest Expense	—	—	—	8
Non-recurring Cost Estimate Payments to Providers	—	—	—	52,356
Other (Note 32)	—	11,013	—	9,306
Total Operating Expenses	2,951,378	123,347	170,269	1,594,611
Operating Income (Loss)	801,038	(194,502)	235,925	264,912
<b>Nonoperating Revenues (Expenses)</b>				
Interest, Dividends, Rents, and Other Investment Income	449	4	—	749
Other (Note 33)	521	51	1,053,774	18,913
Total Nonoperating Revenues (Expenses)	970	55	1,053,774	19,662
Income (Loss) Before Capital Contributions and Transfers	802,008	(194,447)	1,289,699	284,574
Capital Contributions	—	—	—	3,713
Transfers In (Note 34)	—	—	—	1,694
Transfers Out (Note 34)	(796,898)	(351)	(12,357)	(268,514)
Change in Net Position	5,110	(194,798)	1,277,342	21,467
Total Net Position (Deficit), July 1, as restated (Note 2)	(32,707)	1,650,776	132,808	180,172
Total Net Position (Deficit), June 30 (Note 4)	\$ (27,597)	\$ 1,455,978	\$ 1,410,150	\$ 201,639

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.



<b>Governmental Activities</b>	
<b>Total</b>	<b>Internal Service Funds</b>
\$ 6,060,731	\$ 2,393,212
(149,218)	—
<u>35,465</u>	<u>339,821</u>
5,946,978	2,733,033
903,210	58,777
<u>3,310,547</u>	<u>1,582,135</u>
82,275	—
<u>232,571</u>	<u>61,149</u>
160,446	406,768
<u>12,532</u>	<u>7,247</u>
42,379	75,440
<u>22,962</u>	<u>88,397</u>
8	—
<u>52,356</u>	<u>—</u>
20,319	21,259
<u>4,839,605</u>	<u>2,301,172</u>
<u>1,107,373</u>	<u>431,861</u>
1,202	2,005
1,073,259	(33,389)
<u>1,074,461</u>	<u>(31,384)</u>
2,181,834	400,477
3,713	—
<u>1,694</u>	<u>388</u>
(1,078,120)	(15,497)
<u>1,109,121</u>	<u>385,368</u>
1,931,049	(81,025)
<u>\$ 3,040,170</u>	<u>\$ 304,343</u>
10,783	
<u>\$ 1,119,904</u>	

## Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Cash Flows from Operating Activities</b>				
Receipts for Sales and Services	\$ 3,787,618	\$ 131,346	\$ 409,453	\$ 1,821,458
Receipts from Investments	—	—	15,477	—
Internal Activity-Receipts from Other Funds	—	—	1,757	22,752
Internal Activity-Payments to Other Funds	—	—	—	(4,335)
Payments to Suppliers for Goods and Services	(207,737)	(2,330)	—	(707,822)
Payments for Contractual Services	(28,336)	(16,916)	—	(106,029)
Payments for Prizes, Claims, and Loss Control (Note 36)	(2,685,976)	—	(183,714)	(476,312)
Payments for Educational Benefits	—	(202,526)	—	—
Payments to Employees	(36,937)	(17,163)	—	(195,620)
Payments to Providers for Non-recurring Cost Estimates	—	—	—	(50,697)
Other Operating Revenue (Note 36)	—	—	52	12,897
Other Operating Expense (Note 36)	—	(10,567)	—	(32,615)
Net Cash Provided by (Used for) Operating Activities	828,632	(118,156)	243,025	283,677
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In from Other Funds	—	—	—	1,694
Transfers Out to Other Funds	(860,729)	(351)	(11,954)	(579,887)
Other Noncapital Financing Receipt Activities (Note 36)	695	2,000	1,082,415	387,999
Other Noncapital Financing Disbursement Activities (Note 36)	—	—	—	(65,751)
Net Cash Provided by (Used for) Noncapital Financing Activities	(860,034)	1,649	1,070,461	(255,945)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(5,769)	(189)	—	(8,866)
Payment of Principal and Interest on Bonds and Notes	(683)	—	—	(25,439)
Proceeds from Sale of Capital Assets	22	—	—	16,159
Other Capital and Related Financing Receipt Activities (Note 36)	—	—	—	144
Net Cash Used for Capital and Related Financing Activities	(6,430)	(189)	—	(18,002)
<b>Cash Flows from Investing Activities</b>				
Purchase of Investments	(2,683)	(1,617,160)	—	—
Proceeds from Sales or Maturities of Investments	11,369	1,618,744	—	—
Investment Income on Cash, Cash Equivalents, and Investments	290	126,117	—	474
Net Cash Provided by Investing Activities	8,976	127,701	—	474
Net Increase (Decrease) in Cash and Cash Equivalents	(28,856)	11,005	1,313,486	10,204
<b>Cash and Cash Equivalents, July 1</b>	<b>89,198</b>	<b>132,121</b>	<b>186,417</b>	<b>308,384</b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 60,342</b>	<b>\$ 143,126</b>	<b>\$ 1,499,903</b>	<b>\$ 318,588</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 130,188	\$ 143,976	\$ 1,499,903	\$ 348,329
Cash and Travel Advances	1	—	—	430
Less:				
Securities Lending Cash Equivalents	(69,847)	(850)	—	(30,171)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 60,342</u>	<u>\$ 143,126</u>	<u>\$ 1,499,903</u>	<u>\$ 318,588</u>

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

		Governmental Activities	
Total		Internal Service Funds	
\$ 6,149,875	\$	898,320	
15,477		—	
24,509		1,508,658	
(4,335)		(8,398)	
(917,889)		(113,649)	
(151,281)		(442,744)	
(3,346,002)		(1,588,508)	
(202,526)		—	
(249,720)		(68,555)	
(50,697)		—	
12,949		58	
(43,182)		(18,750)	
1,237,178		166,432	
1,694		388	
(1,452,921)		(15,497)	
1,473,109		33,648	
(65,751)		(11,030)	
(43,869)		7,509	
(14,824)		(18,098)	
(26,122)		(94,205)	
16,181		1,535	
144		1	
(24,621)		(110,767)	
(1,619,843)		—	
1,630,113		—	
126,881		1,643	
137,151		1,643	
1,305,839		64,817	
716,120		979,847	
\$ 2,021,959	\$	1,044,664	
\$ 2,122,396	\$	1,131,426	
431		—	
(100,868)		(86,762)	
\$ 2,021,959	\$	1,044,664	

Continued on next page

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

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Reconciliation of Operating Income</b>				
<b>To Net Cash Provided by (Used for)</b>				
<b>Operating Activities:</b>				
Operating Income (Loss)	\$ 801,038	\$ (194,502)	\$ 235,925	\$ 264,912
<b>Adjustments to Reconcile Operating</b>				
<b>Income to Net Cash Provided by (Used for) Operating Activities:</b>				
Depreciation and Amortization	6,433	215	—	35,731
Interest, Dividends, Rents, and Other Investment Income	(4,581)	164,748	—	—
Miscellaneous Nonoperating Income	113	55	—	419
Other	—	4	—	—
<b>Change in Assets, Deferred Outflows of Resources, Liabilities, and</b>				
<b>Deferred Inflows of Resources</b>				
(Increase) Decrease in Accounts Receivable	34,435	37,621	16,250	(1,704)
(Increase) Decrease in Due from Other Funds	—	—	3,659	2,030
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	—
(Increase) Decrease in Due from Component Units	—	—	—	—
(Increase) Decrease in Other Assets: Due Within One Year	—	—	—	(12)
(Increase) Decrease in Other Assets: Due in More Than One Year	(591)	(333)	—	(2,377)
(Increase) Decrease in Inventory	1,660	—	—	(18,986)
(Increase) Decrease in Prepaid Items	145	(1,709)	—	(180)
(Increase) Decrease in Deferred Outflows of Resources	395	389	—	2,936
Increase (Decrease) in Accounts Payable	(1,252)	573	(3,623)	16,304
Increase (Decrease) in Amounts Due to Other Governments	—	—	(7,967)	1,980
Increase (Decrease) in Due to Other Funds	(540)	11	5,401	(1,037)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	21	12	—	253
Increase (Decrease) in Unearned Revenue	767	—	—	585
Increase (Decrease) in Due to Claimants, Participants, Escrows and Providers	—	(4,093)	(6,620)	—
Increase (Decrease) in Other Liabilities	(528)	—	—	(15)
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—	(2,110)
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—	(1,319)
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(60)	(18,381)	—	1,370
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(21,605)	(109,216)	—	(63,567)
Increase (Decrease) in Deferred Inflows of Resources	12,782	6,450	—	48,464
Net Cash Provided by (Used for) Operating Activities	<u>\$ 828,632</u>	<u>\$ (118,156)</u>	<u>\$ 243,025</u>	<u>\$ 283,677</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Leases Used to Finance Capital Assets	\$ 2	\$ —	\$ —	\$ 43,644
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Change in Fair Value of Investments	—	(532,730)	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	—	—	—
Donated Buildings	—	—	—	3,713
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 2</u>	<u>\$ (532,730)</u>	<u>\$ —</u>	<u>\$ 47,357</u>

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

	<b>Governmental Activities</b>	
<b>Total</b>	<b>Internal Service Funds</b>	
\$ 1,107,373	\$	431,861
42,379		75,440
160,167		—
587		280
4		9,961
86,602		(6,418)
5,689		3,707
—		(5)
—		(3,748)
(12)		(7,683)
(3,301)		(1,354)
(17,326)		(4,801)
(1,744)		(2,599)
3,720		5,382
12,002		(5,860)
(5,987)		—
3,835		2,174
286		18
1,352		29,822
(10,713)		—
(543)		(982)
(2,110)		(5,828)
(1,319)		(341,274)
(17,071)		11
(194,388)		(42,261)
67,696		30,589
<u>\$ 1,237,178</u>	<u>\$</u>	<u>166,432</u>
\$ 43,646	\$	66,689
—		3,647
(532,730)		—
—		(858)
3,713		—
<u>\$ (485,371)</u>	<u>\$</u>	<u>69,478</u>



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# Fiduciary Funds

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## **Private Purpose Trust Funds**

*Private Purpose Trust Funds reflect funds that benefit individuals, organizations, and other governments; have a trust that meets GASB Statement No. 84, Fiduciary Activities, criteria; and are not required to be reported in another fiduciary fund type.*

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## **Pension and Other Employee Benefit Trust Funds**

*Pension and Other Employee Benefit Trust Funds reflect activities of the pension, other postemployment, and employee benefit plans with trusts that meet GASB Statement No. 84 criteria, and are administered by the Virginia Retirement System.*

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## **Custodial Funds - External Investment Pool**

*Custodial Funds - External Investment Pool reflects the external portion of the Local Government Investment Pool sponsored by the Commonwealth. This fund does not have a trust that meets GASB Statement No. 84 criteria.*

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## **Custodial Funds - Other**

*Custodial Funds - Other reflect funds that are similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria.*

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A listing of all Fiduciary Funds is located on pages 276-277 in the Combining and Individual Fund Statements and Schedules section of this report. Combining financial statements for all Fiduciary Funds begin on page 278.

## Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2022

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Funds	
			External Investment Pool	Other
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 283,655	\$ 437,760	\$ 3,512,508	\$ 237,419
Investments (Notes 1 and 7):				
Bonds and Mortgage Securities	402,864	19,888,516	229,377	13,579
Stocks	727	22,122,766	—	15,104
Fixed Income Commingled Funds	932,325	1,422,253	—	971
Index and Pooled Funds	2,936,385	12,610,152	—	8,610
Real Estate	299,558	13,716,411	—	9,364
Private Equity	—	32,485,075	—	22,179
Mutual and Money Market Funds	503,156	—	—	—
Short-term Investments	—	4,685,923	4,770,028	3,440
Other	1,602,105	—	—	—
Total Investments	6,677,120	106,931,096	4,999,405	73,247
Assets Held Pending Distribution (Note 1)	5,088	—	—	473,937
Receivables, Net (Notes 1 and 8):				
Accounts	14	—	—	87
Contributions	—	280,875	—	—
Interest and Dividends	14,184	229,591	6,438	156
Security Transactions	—	2,215,692	—	1,513
Taxes	—	—	—	185,425
Other Receivables	387	56,858	—	18
Total Receivables	14,585	2,783,016	6,438	187,199
Due from Internal Parties (Governmental Funds and Business-type Activities) (Note 10)	—	34,422	—	240
Due from Component Units (Note 10)	—	42,709	—	—
Other Assets (Notes 1 and 11)	—	—	—	2
Property, Plant, Furniture, Equipment, and Intangibles	—	32,381	—	—
Total Assets	6,980,448	110,261,384	8,518,351	972,044
<b>Deferred Outflows of Resources (Note 1)</b>	—	—	—	—
Total Assets and Deferred Outflows of Resources	6,980,448	110,261,384	8,518,351	972,044
<b>Liabilities and Deferred Inflows of Resources</b>				
Accounts Payable (Notes 1 and 25)	612	50,935	—	3,441
Amounts Due to Other Governments	—	—	—	363,709
Due to Internal Parties (Governmental Funds and Business-type Activities) (Note 10)	—	250	2	433
Obligations Under Securities Lending (Notes 1 and 7)	212	4,634,730	—	4,372
Due to Claimants, Participants, Escrows and Providers (Note 1)	4,292	—	—	107
Other Liabilities (Notes 1 and 26)	—	12,208	—	1,481
Retirement Benefits Payable	—	481,163	—	—
Refunds Payable	—	4,672	—	—
Compensated Absences Payable (Notes 1 and 22)	—	4,328	—	3
Insurance Premiums and Claims Payable	—	103,829	—	69
Payable for Security Transactions	6,879	4,013,708	—	2,740
Lease Liabilities	—	4,336	—	—
Total Liabilities	11,995	9,310,159	2	376,355
<b>Deferred Inflows of Resources (Note 1)</b>	—	—	—	—
Total Liabilities and Deferred Inflows of Resources	11,995	9,310,159	2	376,355
<b>Net Position Restricted for:</b>				
Pensions	—	97,365,827	—	—
Other Employment Benefits	—	3,585,398	—	—
Pool Participants, Individuals, Organizations, and Other Governments	6,968,453	—	8,518,349	595,689
<b>Total Net Position</b>	<b>\$ 6,968,453</b>	<b>\$ 100,951,225</b>	<b>\$ 8,518,349</b>	<b>\$ 595,689</b>

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, 2022

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Funds	
			External Investment Pool	Other
<b>Additions:</b>				
<b>Investment Income:</b>				
Interest, Dividends, and Other Investment Income (Note 1)	\$ (822,424)	\$ 493,407	\$ 13,694	\$ 3,307
<b>Total Investment Income</b>	<b>(822,424)</b>	<b>493,407</b>	<b>13,694</b>	<b>3,307</b>
Less Investment Expenses	11,014	617,782	877	3,113
<b>Net Investment Income</b>	<b>(833,438)</b>	<b>(124,375)</b>	<b>12,817</b>	<b>194</b>
<b>Contributions:</b>				
<b>Participants</b>	<b>1,043,125</b>	<b>—</b>	<b>—</b>	<b>—</b>
Member	—	1,134,192	—	25
Employer	—	3,512,271	—	896
Non-employer	—	475,668	—	—
<b>Total Contributions</b>	<b>1,043,125</b>	<b>5,122,131</b>	<b>—</b>	<b>921</b>
Shares Sold	—	—	10,101,709	—
Reinvested Distributions	—	—	13,052	—
Other Revenue (Note 28)	—	3,523	—	16,129
Sales Tax Collections for Other Governments	—	—	—	1,682,687
Child Support Collections	—	—	—	595,695
Legal Settlement Collections	232	—	—	—
Collections for Inmates and Wards	—	—	—	4,490
Collections for Behavioral Health Patients	—	—	—	1,768
Collateral Received and Related Additions	—	—	—	281,470
Fee Collections for Other Governments	—	—	—	10,500
Collections for Veterans' Care Center Residents	—	—	—	1,436
<b>Other Additions</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,226</b>
<b>Total Additions</b>	<b>209,919</b>	<b>5,001,279</b>	<b>10,127,578</b>	<b>2,601,516</b>
<b>Deductions:</b>				
Educational Expense Benefits	527,057	—	—	—
Retirement Benefits	—	5,729,307	—	—
Refunds to Former Members	—	130,117	—	1,768
Retiree Health Insurance Credits	—	179,043	—	—
Insurance Premiums and Claims	—	273,109	—	—
Beneficiary Payments	1,763	—	—	—
Administrative Expenses	54	64,384	—	673
Other Expenses (Note 32)	—	2,980	—	91
Shares Redeemed	42,077	—	9,348,692	—
Long-term Disability Benefits	—	40,733	—	—
Sales Tax Payments to Other Governments	—	—	—	1,682,603
Child Support Payments to Individuals	—	—	—	601,095
Legal Settlement Payments to Injured Parties	180	—	—	—
Payments for Inmates and Wards	—	—	—	11,343
Payments for Behavioral Health Patients	—	—	—	2,135
Collateral Disbursed and Related Deductions	—	—	—	286,575
Distributions to Shareholders from Net Investment Income	—	—	12,817	—
Fee Payments to Other Governments	—	—	—	10,017
Payments for Veterans' Care Center Residents	—	—	—	1,265
<b>Other Deductions</b>	<b>869</b>	<b>—</b>	<b>—</b>	<b>6,216</b>
<b>Total Deductions</b>	<b>572,000</b>	<b>6,419,673</b>	<b>9,361,509</b>	<b>2,603,781</b>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>(362,081)</b>	<b>(1,418,394)</b>	<b>766,069</b>	<b>(2,265)</b>
Net Position, July 1, as restated (Note 2)	7,330,534	102,369,619	7,752,280	597,954
<b>Net Position, June 30</b>	<b>\$ 6,968,453</b>	<b>\$ 100,951,225</b>	<b>\$ 8,518,349</b>	<b>\$ 595,689</b>

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



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## Component Units

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*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 financing for the acquisition, construction and rehabilitation of affordable housing for home ownership or occupancy by low or moderate income Virginians.

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

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

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

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**Nonmajor Component Units** include those listed on pages 292-293 in the Combining and Individual Fund Statements and Schedules section of this report.

## Statement of Net Position - Component Units

June 30, 2022

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority
<b>Assets and Deferred Outflows of Resources</b>			
Cash and Cash Equivalents (Notes 1 and 7)	\$ 140,829	\$ 33,047	\$ 4,408
Investments (Notes 1 and 7)	1,799	—	30,133
Receivables, Net (Notes 1 and 8)	6,691,546	3,755,410	4,491,067
Contributions Receivable, Net (Notes 1 and 9)	—	—	—
Due from Primary Government (Note 10)	—	—	—
Due from Component Units (Note 10)	—	—	—
Inventory (Note 1)	—	—	—
Prepaid Items (Note 1)	254	—	92
Other Assets (Notes 1 and 11)	59,924	—	530
Loans Receivable from Primary Government (Notes 1 and 10)	—	188,420	—
Restricted Cash and Cash Equivalents (Notes 7 and 12)	1,685,234	276,844	335,278
Restricted Investments (Notes 7 and 12)	1,053,240	81,627	536,937
Other Restricted Assets (Note 12)	9,955	—	—
Nondepreciable Capital Assets (Notes 1 and 13)	4,191	—	—
Other Capital Assets, Net (Notes 1 and 13)	16,861	—	1,390
Total Assets	9,663,833	4,335,348	5,399,835
<b>Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)</b>	<b>8,780</b>	<b>71,094</b>	<b>40,130</b>
Total Assets and Deferred Outflows of Resources	9,672,613	4,406,442	5,439,965
<b>Liabilities and Deferred Inflows of Resources</b>			
Accounts Payable (Notes 1 and 25)	254,713	173	87
Amounts Due to Other Governments	—	135,857	—
Due to Primary Government (Note 10)	—	—	—
Due to Component Units (Note 10)	—	—	—
Due to External Parties (Fiduciary Funds) (Note 10)	—	—	—
Unearned Revenue (Note 1)	—	—	—
Obligations Under Securities Lending Program (Notes 1 and 7)	—	—	—
Other Liabilities (Notes 1, 15, and 26)	771,942	53,126	27,667
Claims Payable (Notes 1 and 24):			
Due Within One Year	—	—	—
Due in More Than One Year	—	—	—
Long-term Liabilities (Notes 1, 22, and 27):			
Due Within One Year	107,164	333,230	200,328
Due in More Than One Year	4,721,410	3,849,050	3,176,401
Total Liabilities	5,855,229	4,371,436	3,404,483
<b>Deferred Inflows of Resources (Notes 1, 14, 15, 16, 18, and 38)</b>	<b>70,482</b>	<b>—</b>	<b>32,135</b>
Total Liabilities and Deferred Inflows of Resources	5,925,711	4,371,436	3,436,618
<b>Net Position</b>			
Net Investment in Capital Assets	12,481	—	38
Restricted For:			
Nonexpendable:			
Higher Education	—	—	—
Other	—	—	—
Expendable:			
Bond Indenture	3,317,287	—	—
Capital Projects/Construction/Capital Acquisition	—	—	1,968,103
Debt Service	—	2,105	—
Gifts and Grants	—	—	—
Higher Education	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	—	—
Virginia Pooled Investment Program	—	—	7,815
Other	—	—	—
Unrestricted	417,134	32,901	27,391
Total Net Position (Deficit) (Note 4)	\$ 3,746,902	\$ 35,006	\$ 2,003,347

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

Virginia College Building Authority	Nonmajor Component Units	Total
\$ 140	\$ 4,822,453	\$ 5,000,877
—	16,637,077	16,669,009
15,924	2,308,891	17,262,838
—	586,398	586,398
—	143,978	143,978
—	113,326	113,326
—	185,530	185,530
—	193,435	193,781
—	154,826	215,280
—	—	188,420
493,178	1,324,246	4,114,780
—	7,426,507	9,098,311
—	490,440	500,395
—	4,332,644	4,336,835
—	24,149,495	24,167,746
509,242	62,869,246	82,777,504
20,645	896,596	1,037,245
529,887	63,765,842	83,814,749
95	1,583,329	1,838,397
—	2,320	138,177
—	29,708	29,708
113,326	—	113,326
—	42,709	42,709
213	626,865	627,078
—	131,331	131,331
90,507	1,230,037	2,173,279
—	18,541	18,541
—	34,160	34,160
372,285	986,411	1,999,418
5,017,713	17,555,248	34,319,822
5,594,139	22,240,659	41,465,946
388	2,180,439	2,283,444
5,594,527	24,421,098	43,749,390
—	15,050,725	15,063,244
—	5,585,284	5,585,284
—	182,373	182,373
—	—	3,317,287
—	176,259	2,144,362
—	170,000	172,105
—	153,400	153,400
377,922	9,194,385	9,572,307
—	100,141	100,141
—	—	7,815
—	60,960	60,960
(5,442,562)	8,671,217	3,706,081
\$ (5,064,640)	\$ 39,344,744	\$ 40,065,359

## Statement of Activities - Component Units

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions (Note 1)	Capital Grants and Contributions	Net (Expenses) Revenue
Virginia Housing Development Authority	\$ 555,742	\$ 402,031	\$ 246,528	\$ —	\$ 92,817
Virginia Public School Authority	124,392	121,780	6,949	—	4,337
Virginia Resources Authority	148,698	107,995	(6,314)	173,015	125,998
Virginia College Building Authority	782,477	47,346	36,467	610	(698,054)
Total Major Component Units	1,611,309	679,152	283,630	173,625	(474,902)
<b>Nonmajor Component Units:</b>					
Higher Education	16,413,611	10,507,980	2,728,100	802,441	(2,375,090)
Other	1,451,522	1,340,525	44,293	31,965	(34,739)
Total Nonmajor Component Units	17,865,133	11,848,505	2,772,393	834,406	(2,409,829)
Total Component Units	\$ 19,476,442	\$ 12,527,657	\$ 3,056,023	\$ 1,008,031	\$ (2,884,731)

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

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)
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings (Note 1)	Miscellaneous				
\$ —	\$ —	\$ (64,347)	\$ —	\$ —	\$ 28,470	\$ 3,718,432	\$ 3,746,902
—	—	(7,116)	403	—	(2,376)	37,382	35,006
—	—	—	—	—	125,998	1,877,349	2,003,347
489,317	—	(1)	—	—	(208,738)	(4,855,902)	(5,064,640)
489,317	—	(71,464)	403	—	(56,646)	777,261	720,615
2,538,581	92,823	(571,831)	244,146	307,906	236,535	34,893,563	35,130,098
215,523	386,570	(27,277)	9,183	24,307	573,567	3,641,079	4,214,646
2,754,104	479,393	(599,108)	253,329	332,213	810,102	38,534,642	39,344,744
<u>\$ 3,243,421</u>	<u>\$ 479,393</u>	<u>\$ (670,572)</u>	<u>\$ 253,732</u>	<u>\$ 332,213</u>	<u>\$ 753,456</u>	<u>\$ 39,311,903</u>	<u>\$ 40,065,359</u>





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# Notes to the Financial Statements

June 30, 2022

## 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 or for which the resources of the component unit primarily benefit the primary government (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** (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.

**Hampton Roads Transportation Accountability Commission** (nonmajor governmental fund) – The Commission is a political subdivision of the Commonwealth of Virginia, created by the Hampton Roads Transportation Accountability Commission Act. The Commission has a 23-member board comprised primarily of representatives from participating localities in Planning District 23. Its primary function is determining how the Hampton Roads Transportation Fund regional sales and use tax and fuel tax monies will be invested in new construction projects to provide the greatest impact on reducing congestion for the greatest number of citizens residing within Planning District 23. Based on the projects that the Commission is presently funding, the majority of capital assets constructed by the Commission are reported as Commonwealth assets by the Virginia Department of Transportation (VDOT) (part of primary government). Accordingly, while the Commonwealth is not obligated to pay the Commission's debt, it would be misleading to exclude the Commission from the Commonwealth's financial statements. The administrative offices of the Commission are located at 723 Woodlake Drive, Chesapeake, Virginia 23320. The Commission is audited by PBMares, LLP.

**Virginia Alcoholic Beverage Control Authority** (nonmajor enterprise fund) – The Authority was created as an independent political subdivision of the Commonwealth, exclusive of the legislative, executive, or judicial branches of

state government. A government instrumentality, the Authority controls the possession, sale, transportation, distribution, and delivery of alcoholic beverages in the Commonwealth. The Governor appoints the 5-member board, and while an independent entity, the Authority works in concert with all branches of the government. Additionally, all net profits of the Authority are transferred to the General Fund of the Commonwealth after required disbursements are made in accordance with the Appropriations Act. The administrative offices of the Authority are located at 7450 Freight Way, Mechanicsville, Virginia 23116. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

- (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** (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 the financing for the acquisition, construction, and rehabilitation of affordable housing for home ownership or occupancy by low or moderate income Virginians. The administrative offices of the Authority are located at 601 South Belvidere Street, Richmond, Virginia 23220. CliftonLarsonAllen, LLP audits the Authority, and a separate report is issued.

**Virginia Public School Authority** (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** (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 other infrastructure projects. 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 Authority, however, the Authority has outstanding bonds that are backed by the moral obligation of the Commonwealth. The administrative offices of the Authority are located at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219. CliftonLarsonAllen, LLP audits the Authority, and a separate report is issued.

The Authority issued bonds through the Virginia Green Communities Program (VGCP), which uses the Commonwealth's allocation of Qualified Energy Conservation Bonds to provide subsidized financing for energy efficiency, renewable energy, alternative fueling, and other qualified conservation purposes. The Authority is a conduit issuer for public borrowers with a third-party funding source providing financing for eligible projects. The terms of the VGCP bonds stipulate that the Authority does not guarantee repayment of principal and interest to the bondholders. The Authority has elected to show these bonds as liabilities, and the associated loans from local borrowers as assets, in their separately issued financial statements.

Accordingly, the associated assets and liabilities are included in the accompanying financial statements.

**Virginia College Building Authority (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 accompanying financial statements. The state-supported colleges and universities reported revenue from the Authority of \$526.2 million as Program Revenue Capital Grants and Contributions for the 21st Century Program and \$78.0 million as Program Revenue Operating Grants and Contributions for equipment. The Authority reported Operating Appropriations from Primary Government of approximately \$489.3 million. In addition, the Authority reported approximately \$31.5 million in payments from the state-supported colleges and universities for 21st Century and Equipment Program debt service costs and approximately \$4.8 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 \$532.0 million, is not included in the accompanying 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 \$2.5 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' separately issued 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.

**Virginia Innovation Partnership Authority (nonmajor)** - The Authority provides a collaborative, consistent, and consolidated approach that assists the Commonwealth in identifying its entrepreneurial strengths, including the identification of talents and resources that make Virginia a unique place to grow and attract technology-based business. The Governor and Joint Rules Committee appoint the 11-member board, and the primary government can impose its will on the Authority. The Authority's combined financial statements include the accounts of the Virginia Innovation Partnership Corporation (VIPC) after elimination of all significant intercompany balances and transactions. VIPC 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 2214 Rock Hill Road, Suite 600, Herndon, Virginia 20170. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

**Virginia Economic Development Partnership** (nonmajor) – The Partnership was created as a body corporate and operates to encourage, stimulate, and support the development and expansion of both domestic and international commerce in the Commonwealth. The Governor and the General Assembly appoints the 17-member board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Cary Street, Suite 900, Richmond, Virginia 23219. 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 Garrett Street, Suite 200, Warrenton, Virginia 20186. Hicok, Brown & Company CPAs audits the Foundation, and a separate report is issued.

**Virginia Port Authority** (nonmajor) – The Authority was established as a political subdivision of the Commonwealth of Virginia and operates to serve the citizens and promote, develop and increase commerce at the ports of Virginia and other port related industries in the Commonwealth. The Governor appoints a majority of the 13-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 Passenger Rail Authority** (nonmajor) - The Authority is responsible for promoting, sustaining, and expanding the availability of passenger and commuter rail service including the administration of the capital expansion, infrastructure, and land acquisitions related to the Commonwealth's Transforming Rail in Virginia initiative. The Governor appoints the majority of the board, and the primary government is able to impose its will on the Authority. The address for the administrative offices of the Authority is 919 East Main Street, Suite 2400 Richmond, Virginia 23219. Cherry

Bekaert, 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 Cary Street, Suite 900, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority.

**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.

**Tobacco Region 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 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.

**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 wastewater treatment system for 20 localities in

the Chesapeake Bay area. The address for the administrative offices of the Commission is 1434 Air Rail Avenue, Virginia Beach, Virginia 23455. Cherry Bekaert, 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 Series 2002 revenue bonds for specific customers. The Series 2002 revenue bonds were for a facility built specifically for the United Network for Organ Sharing. This bond is secured by a letter of credit and is payable solely from the payments made by the borrower under the loan agreement. None 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** (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 provides financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby assisting small businesses in the Commonwealth with access to financing. The Authority provides direct loans to small businesses as defined by the *Code of Virginia* and to local governments for economic development purposes. The Authority also guarantees loans and provides credit support for loans made to small businesses by banks. The administrative offices of the Authority are located at 101 North 14th Street, 11th Floor, Richmond, Virginia 23218-0446. The Auditor of Public Accounts audits the Authority.

The Authority issues tax-exempt and taxable private activity bonds to provide financial assistance to private sector entities for the acquisition, construction, and expansion of capital projects 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. 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 to the primary government, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 2500 West Broad Street, Richmond, Virginia, 23220. Keiter, CPAs, audits the Foundation, and a separate report is issued.

**Virginia Commercial Space Flight Authority** (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 plans to transfer 1.0 percent of the Transportation Trust Fund revenue to the Authority annually. The administrative offices of the Authority are located at 4111 Monarch Way, Suite 303, Norfolk, Virginia 23508. Brown Edwards & Company, LLP, audits the Authority, and a separate report is issued.

**Danville Science Center, Inc.** (nonmajor) – The Center is a nonprofit corporation formed in 1994, 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, and the economic resources of the Center are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Center are located at 677 Craghead Street, Danville, Virginia 24541. Harris, Harvey, Neal & Company,

LLP, audits the Organization, 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, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 200 N. Arthur Ashe Boulevard, Richmond, Virginia 23220. FORVIS audits the Foundation, and a separate report is issued.

**A. L. Philpott Manufacturing Extension Partnership** (nonmajor) – The Partnership (operating as GENEDGE Alliance) has the mission to foster economic growth by enhancing the competitiveness of Virginia's manufacturers. GENEDGE provides manufacturing firms with fee-based technology consulting services, access to business modernization resources, and support for interfirm collaboration. Further, GENEDGE provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. GENEDGE has a 24-member board of trustees, of which 21 are currently serving. 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 Innovation Partnership Corporation; two members of the Governor's cabinet; 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 South, Suite 200B, Martinsville, Virginia 24112-6216. The Joachim Group CPAs & Consultants, LLC audits GENEDGE and a separate report is issued.

**Fort Monroe Authority** (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in implementing a reuse plan for Fort Monroe. The Governor appoints a majority of the 14-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, 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 Virginians with disabilities to acquire assistive technology, other equipment, or other authorized purposes designed to help these individuals become more independent. The administrative offices are located at 1602 Rolling Hills Drive, Suite 107, Richmond, Virginia 23229. The Auditor of Public Accounts audits the Authority.

**Virginia Land Conservation Foundation** (nonmajor) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (DCR) (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 19-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, Virginia 23219. The Auditor of Public Accounts audits the Foundation as part of DCR.

**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 600 East Main Street, Suite 330, Richmond, Virginia 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 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. Frank Barcalow CPA, PLLC, 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 7818 E. Parham Road, Richmond, Virginia 23294. The Auditor of Public Accounts audits the Authority.

- (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 Region 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 North 14th Street, 3rd Floor, Post Office Box 1879, Richmond, Virginia 23218-1879. CliftonLarsonAllen, LLP, 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 no more than six members selected by 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 American Revolution Museum at Yorktown gift shops and café. The address for the administrative offices of the Trust is Post Office Box 3605, Williamsburg, Virginia 23187. Keiter, CPAs 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. Yount, Hyde &

Barbour, PC, 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. Cherry Bekaert, 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 component units 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, including COVID-19 funding, received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the General Fund, the Grant Anticipation Revenue Notes and Build America Bond Subsidies reported in the Debt Service Fund, and 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.

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 an August 31st, 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 August 31, 2021, December 31, 2021, or March 31, 2022. 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 revenue of \$24.7 million
  - foundation assets of \$1.7 million
  - foundation liabilities of \$1.4 million
  - foundation expenses of \$17.6 million
- Old Dominion University (nonmajor component unit):
  - institution liabilities of \$42.9 million
  - foundation assets of \$36.0 million
- Longwood University (nonmajor component unit):
  - foundation assets of \$22.1 million
  - institution liabilities of \$21.8 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 Defined Benefit 529 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 bonds. Additionally, this fund includes the activity of the Hampton Roads Transportation Accountability Commission (blended component unit).

**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 with the exception of certain Virginia Public Building Authority (blended component unit) disbursements. 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. Additionally, this fund includes the activity of the Hampton Roads Transportation Accountability Commission (blended component unit) for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

**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 that benefit individuals, organizations, and other governments; have a trust that meets GASB Statement No. 84 criteria; and are not required to be reported in another fiduciary fund type. These trusts include those for the Commonwealth-sponsored educational savings plan and other purposes.

**Pension and Other Employee Benefit Trust Funds** – Account for transactions of the Virginia Retirement System administered pension plans, other postemployment and employee benefit plans with trusts that meet GASB Statement No. 84 criteria.

**Custodial Funds - External Investment Pool** – Accounts for the external portion of the Local Government Investment Pool (LGIP) that is sponsored by the Commonwealth and does not have a trust that meets GASB Statement No. 84 criteria.

**Custodial Funds - Other** - Accounts for transactions similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria. These funds include collection of sales tax and fees imposed by and distributed to localities, 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 (major special revenue) and Unclaimed Property (nonmajor special revenue) Funds. Formal budgetary integration is not employed for the Capital Projects (nonmajor governmental), Debt Service (nonmajor governmental), Permanent (nonmajor governmental), Literary (major special revenue) and Unclaimed Property (nonmajor 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 lowest level of budgetary control is 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 without further General Assembly action. Additionally, the Governor may reduce appropriations up to 15.0 percent without further General Assembly action. 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, 2022, the General Fund had a negative cash balance of \$13.5 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 7).

### 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, the Virginia Retirement System (the System), and monies held by the State Treasurer in both the general account and other fiduciary accounts. The System aggregates all funds that the Board of Trustees is responsible for investing and commingles these amounts for investing purposes. The System's pooled investments represent all cash and investment amounts reported in the Pension and Other Employee Benefit Trust Funds, the VRS Investment Portfolio and Volunteer Firefighters Rescue Squad Workers (custodial funds - other), the Commonwealth Health Research Board (permanent), and Federal Special Revenue (major).

The primary government's policy for managing interest rate risk, with the exception of the Virginia College Savings Plan (Virginia529) and the System, uses the segmented time distribution method.

Virginia529, for its investment portfolio reported as Defined Benefit 529 Program (major enterprise fund) and Defined Contribution 529 Program (private purpose trust fund), and the System, for the System's pooled investments, manage the interest rate risk using the effective duration methodology. To be consistent with management practices for each portfolio, the Commonwealth has elected to disclose the interest rate risk exposures, using the segmented time distribution for the primary government (excluding Defined Benefit 529, Defined Contribution 529, and the System's pooled investments) and the effective duration method for Defined Benefit 529, Defined Contribution 529, and the System's pooled investments. The Commonwealth discloses the

component unit's interest rate risk using the segmented time distribution method (see Note 7).

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, including investments in the Commonwealth sponsored Extended Maturity portfolio, are reported at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques (see Note 7).

Investments administered by the System are reported at fair value, except for certain cash equivalents and other short-term, highly liquid investments are reported at amortized cost. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. For investments in limited partnerships, the System's share of the partnership's earnings or losses for the period are included in investment income.

#### **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 15).

#### **G. Assets Held Pending Distribution**

Assets held pending distribution include various assets that have been placed in safekeeping until final disposition has been determined.

#### **H. Receivables**

Receivables in the governmental funds consist primarily of the accrual of taxes and amounts relating to the Opioid Settlement, as well as receivables of the primary government's Medicaid program and up-front amounts to be received for a Service Concession Arrangement. Additionally, receivables include amounts to be received for debt service payments related to certain bonds. Receivables in the proprietary funds consist primarily of educational 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, loans receivable, local school bonds receivable, patient receivables, student receivables, and lease receivables, for further details see the individually published financial statements. Receivables are recorded net of allowances for doubtful accounts (see Note 8).

#### **I. Contributions Receivable, Net**

Contributions Receivable reported by the foundations (component units) represents pledges or unconditional promises to give that have been discounted (see Note 9).

#### **J. 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 10).

#### **K. 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 Emergency Management (VDEM)
- Department of Health (VDH)
- Department of State Police (VSP)
- Virginia Department of Transportation (VDOT)

VDEM supply inventories are recorded in the Federal Trust Fund (major special revenue) using the average cost methodology and maintained at average cost. VDH supply inventories are recorded in the General (major), Federal Trust (major special revenue), and Health and Social Services (nonmajor special revenue) Funds using the FIFO methodology and are maintained at either cost or current market cost. VSP inventories are recorded in the General (major) and Other (nonmajor special revenue) 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 as of June 30, 2022:

- Department of Behavioral Health and Developmental Services (DBHDS)
- Department of Health (VDH)
- Department of Juvenile Justice (DJJ)
- Virginia Department of Transportation (VDOT)

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 the Virginia Museum of Fine Arts and the Consolidated Laboratory (nonmajor enterprise funds) are stated at cost using FIFO.

Inventories maintained by the Science Museum of Virginia (nonmajor enterprise fund) are stated at cost using LIFO.

Inventories maintained by the Alcoholic Beverage Control (nonmajor enterprise fund) are stated at average cost using the weighted average method.

Inventories maintained by Virginia 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 Virginia 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 and the Danville Science Center (nonmajor component units) are reported using the moving average unit cost methodology. Inventories at the gift shop run by the Library of Virginia Foundation and at the Hampton Roads Sanitation District Commission (nonmajor component units) are stated at lower of cost or market using the average cost methodology.

#### **L. Prepaid Items**

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

#### **M. Loans Receivable/Payable**

Loans Receivable/Payable represents working capital advances between the primary government and component units (see Note 10).

#### **N. Other Assets**

Other Assets include those balances of a miscellaneous nature that are not specifically classified elsewhere. Additionally, it includes the Virginia Sickness and Disability Program Net Other Postemployment Benefit Plan Asset applicable to the proprietary funds (see Note 11).

#### **O. 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 other capital assets are depreciated/amortized on the straight-line basis over their useful lives (see Note 13).

Capital assets are stated at historical cost or, in some instances, estimated historical cost. Assets received pursuant to service concession arrangements and donated capital assets from entities external to the reporting entity are stated at acquisition value when

they are placed in service or at the time of donation, respectively. 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. In addition, the primary government reports right-to-use intangible assets of equipment, land, and buildings with a present value of \$50,000 or greater and an expected useful life of more than one year. 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 amortization of long-term lease contracts related to right-to-use intangible assets are reported separately from other capital assets as required by GASB Statement No. 87, *Leases*.

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.

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.

**P. Deferred Outflows of Resources**

Deferred outflows of resources are a consumption of net 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 14, 15, 16, and 18).

**Q. 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 25).

**R. Unearned Revenue**

Unearned revenue represents monies received or revenues accrued but not earned as of June 30, 2022.

In the special revenue funds, unearned revenue is composed primarily of prepaid toll revenue, contributions from localities and private sectors for highway construction projects, multi-year vehicle registrations recorded in the Commonwealth Transportation Fund (major), federal grants (including COVID-19 funding) in the Federal Trust Fund (major), and multi-year motor vehicle safety inspections, emission inspections, mining permits, and hunting, fishing, and trapping licenses recorded in the Other and Health and Social Services Funds (nonmajor).

In the enterprise funds, a majority of unearned revenue represents online ticket monies received by the Virginia Lottery (major) for which corresponding drawings have not been held, test kits and certifications from Consolidated Labs (nonmajor) which are paid for prior to shipping and certification being performed, and online sales of product where customers prepay before picking up and gift cards in the Alcoholic Beverage Control (nonmajor).

Unearned revenue in the internal service funds primarily represents unearned premiums in the Risk Management Fund; advanced customer receipts in the Technology and Data Services Fund; and prepaid rent and work orders in the Property Management Fund.

Unearned revenue reported by higher education institutions (nonmajor component units) is primarily composed of revenue for student tuition accrued in advance of the semester and advance payments on grants and contracts. Unearned revenues in the other component units consist primarily of prepaid fees related to various future activities.

**S. Unearned Taxes**

Unearned taxes represent income taxes related to the period January through June 2022. 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 \$994.1 million and estimated underpayments total \$1.8 billion. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the individual income taxes, the unearned tax amount is zero for the fiscal year.

Corporate income tax estimated overpayments total \$63.5 million and estimated underpayments total \$125.9 million. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the corporate income taxes, the unearned tax amount is zero for the fiscal year.

**T. 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.

**U. Due to Claimants, Participants, Escrows and Providers**

Due to claimants, participants, escrows and providers represent monies that the Commonwealth is holding on behalf of third parties as of June 30, 2022. In governmental funds, the majority of the amount

represents unemployment benefit claims and estimated unclaimed and escheat property that the Commonwealth is holding until claimed by the rightful owner.

In the enterprise funds, the amounts represent payments due to benefit claimants and employers for tax overpayments in the Unemployment Compensation Fund (major) and to participants of the Defined Benefit 529 Program in the Virginia College Savings Plan (major).

In the private purpose trust funds, the amounts represent payments due to participants in the Defined Contribution 529 Program offered by the Virginia College Savings Plan.

In the Custodial Funds - Other, the amounts represent accounts of inmates, residents, and patients of the Commonwealth's correctional, and juvenile facilities.

## **V. 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 26).

## **W. Claims Payable**

Claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable as of June 30, 2022. 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, the Local Choice Health Care – nonmajor enterprise fund and Line of Duty – internal service fund and nonmajor enterprise fund (see Notes 24.A. and 24.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 other insurance coverages claims payable amounts.

## **X. 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, 2022. 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 27).

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 the General Fund (major) and special revenue funds, expenditures for principal and interest payments are recognized for long-term leases and installment purchases. In the 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 27).

## **Y. Deferred Inflows of Resources**

Deferred inflows of resources are an acquisition of net 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 14, 15, 16, 18, and 38).

## **Z. 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.

## **AA. 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.

## **BB. Committed Fund Balances**

Committed fund balance includes amounts that must be spent for specific purposes that have been legislatively mandated by the Governor and General Assembly. Further action by the Governor and the General Assembly would be required to modify these commitments.

## **CC. 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.

#### **DD. 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 within the General Fund (major). The General Fund is the only fund that could potentially report a positive unassigned fund balance amount. For fiscal year 2022, there are no unassigned balances in the governmental funds.

#### **EE. 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.

#### **FF. 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.

#### **GG. 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.

#### **HH. Interfund Activity**

Generally, the effect of interfund activity has been eliminated from the government-wide statements, with the exception of interfund services provided and used between functions. 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 or the accrual to move 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 beginning balance restatements resulted from the following:

### **Government-wide Activities**

#### **Governmental Activities**

- The Commonwealth implemented GASB Statement No. 87, *Leases*, for the fiscal year ended June 30, 2022. This implementation resulted in the restatement of Governmental Activities by \$437,000.
- Capital Asset balances were restated by a total of \$25.7 million. The net asset overstatement is primarily attributable to errors by the Virginia Department of Transportation, Department of State Police, and Department of General Services.
- The Health and Social Services Fund (nonmajor special revenue) has been restated by \$11.3 million due to amounts that were previously reported in the Private Purpose Trust Fund relating to the Opioid Settlement.

### **Fund Statements**

- The Health and Social Services Fund (nonmajor special revenue) has been restated by \$11.3 million as previously discussed.
- The Private Purpose Trust Fund has been restated by \$11.3 million due to amounts relating to the Opioid Settlement being reclassified to a Special Revenue Fund.
- The Property Management Fund (internal service) has been restated due to GASB Statement No. 87, by \$2,438, as previously discussed.

### **Component Units**

The government-wide and fund statements were restated for GASB Statement No. 87 as mentioned previously.

- Virginia Housing Development Authority (major) has been restated by \$186,980.
- Various nonmajor component units have been restated by \$221.9 million.



## Beginning Net Position/Fund Balance Restatement

(Dollars in Thousands)

	Balance as of June 30, 2021	GASBS No. 87, Leases	Correction of Prior Year Errors	Balance as of June 30, 2021, as restated
<b>Government-wide Activities:</b>				
Primary Government:				
Governmental Activities	\$ 31,735,263	\$ 437	\$ (14,385)	\$ 31,721,315
Business-Type Activities	1,931,809	—	—	1,931,809
Total Primary Government	<u>\$ 33,667,072</u>	<u>\$ 437</u>	<u>\$ (14,385)</u>	<u>\$ 33,653,124</u>
Component Units	<u>\$ 39,090,230</u>	<u>\$ 221,673</u>	<u>\$ —</u>	<u>\$ 39,311,903</u>
<b>Fund Statements:</b>				
<b>Governmental Funds</b>				
Major Governmental Funds:				
General	\$ 7,109,014	\$ —	\$ —	\$ 7,109,014
Special Revenue Funds:				
Commonwealth Transportation	3,565,752	—	—	3,565,752
Federal Trust	491,803	—	—	491,803
Literary	(49,631)	—	—	(49,631)
Nonmajor Governmental Funds	3,137,898	—	11,340	3,149,238
Total Governmental Funds	<u>\$ 14,254,836</u>	<u>\$ —</u>	<u>\$ 11,340</u>	<u>\$ 14,266,176</u>
<b>Proprietary Funds</b>				
Major Enterprise Funds:				
Virginia Lottery	\$ (32,707)	\$ —	\$ —	\$ (32,707)
Virginia College Savings Plan	1,650,776	—	—	1,650,776
Unemployment Compensation	132,808	—	—	132,808
Nonmajor Enterprise Funds	180,172	—	—	180,172
Total Enterprise Funds	<u>\$ 1,931,049</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,931,049</u>
Internal Service	<u>\$ (81,027)</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ (81,025)</u>
<b>Fiduciary Funds</b>				
Private Purpose Trust Funds	<u>\$ 7,341,874</u>	<u>\$ —</u>	<u>\$ (11,340)</u>	<u>\$ 7,330,534</u>
Pension and Other Employee Benefit Trust Funds	<u>\$ 102,369,619</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 102,369,619</u>
Custodial Funds - External Investment Pools	<u>\$ 7,752,280</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,752,280</u>
Custodial Funds - Other	<u>\$ 597,954</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 597,954</u>
<b>Component Units:</b>				
Virginia Housing Development Authority	\$ 3,718,619	\$ (187)	\$ —	\$ 3,718,432
Virginia Public School Authority	37,382	—	—	37,382
Virginia Resources Authority	1,877,349	—	—	1,877,349
Virginia College Building Authority	(4,855,902)	—	—	(4,855,902)
Nonmajor Component Units	38,312,782	221,860	—	38,534,642
Total Component Units	<u>\$ 39,090,230</u>	<u>\$ 221,673</u>	<u>\$ —</u>	<u>\$ 39,311,903</u>

### 3. NET POSITION/FUND BALANCE CLASSIFICATIONS

#### Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, improved 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 balance includes amounts that have constraints placed on the use of resources by the Constitution of Virginia or a party external to the Commonwealth.

Committed fund balance includes amounts that must be spent for specific purposes that have been legislatively mandated by the Governor and General Assembly.

Assigned fund balance represents amounts that the Commonwealth has identified for planned purposes but for which the intended 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 represents the residual classification. As of June 30, no unassigned fund balance is reported for the General Fund (major). Additionally, a negative amount indicates that restricted and committed amounts exceed the available modified accrual basis fund balance. For fiscal year 2022, there are no unassigned balances in the governmental funds.

The governmental fund balance classifications and amounts as of June 30, 2022, are shown in the following table.

**Governmental Fund Balance Classifications**

(Dollars in Thousands)

	General Fund	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental	Total
<b>Nonspendable</b>						
Inventory	\$ 46,141	\$ 107,326	\$ 98,023	\$ —	\$ 6,520	\$ 258,010
Prepaid Items	141,667	10,994	2,274	—	14,341	169,276
Permanent Funds	—	—	—	—	45,440	45,440
<b>Total Nonspendable</b>	<b>187,808</b>	<b>118,320</b>	<b>100,297</b>	<b>—</b>	<b>66,301</b>	<b>472,726</b>
<b>Restricted</b>						
Agriculture and Forestry	—	—	—	—	11,356	11,356
Capital Projects/Construction/Capital Acquisition	—	—	—	—	2,613,058	2,613,058
Contract and Debt Administration	—	9,500	—	—	—	9,500
COVID-19	—	967	125,966	—	—	126,933
Debt Service	—	—	—	—	45,549	45,549
Economic and Technological Development	—	—	—	—	106	106
Educational and Training Programs	—	—	—	—	5,105	5,105
Employee Benefit Administration	—	—	—	—	10,204	10,204
Environmental Quality and Natural Resource Preservation	—	—	—	—	19,101	19,101
Gifts and Grants	—	23	128,592	—	2,974	131,589
Government Operations:						
Administrative Services	—	—	—	—	2,354	2,354
Legislative Services	—	—	—	—	25	25
Health and Public Safety	—	—	—	—	101,773	101,773
Literary Fund	—	—	—	143,042	—	143,042
Lottery Proceeds Fund	17,873	—	—	—	—	17,873
Revenue Stabilization Fund	2,673,308	—	—	—	—	2,673,308
Transportation Activities	—	348,014	—	—	—	348,014
Unclaimed and Escheats	—	—	—	—	86,130	86,130
Virginia Water Supply Assistance Grant Fund	1,879	—	—	—	—	1,879
<b>Total Restricted</b>	<b>2,693,060</b>	<b>358,504</b>	<b>254,558</b>	<b>143,042</b>	<b>2,897,735</b>	<b>6,346,899</b>
<b>Committed</b>						
2022 Capital Supplement Pool	100,000	—	—	—	—	100,000
Agriculture and Forestry	473	—	—	—	43,081	43,554
Amount Required for Mandatory Reappropriation	807,724	—	—	—	—	807,724
Amount Required for Reappropriation of 2022 Unexpended Balances for Capital Outlay and Restoration Projects	554,788	—	—	—	—	554,788
Capital Projects/Construction/Capital Acquisition	3,724	—	—	—	678	4,402
Central Capital Planning Fund	18,717	—	—	—	—	18,717
Commonwealth's Development Opportunity Fund	77,814	—	—	—	—	77,814
Contract and Debt Administration	221	—	—	—	2,419	2,640
COVID-19	—	—	—	—	5,314	5,314
Economic and Technological Development	244,046	—	—	—	266,989	511,035
Educational and Training Programs	1,216	3,383	—	—	15,008	19,607
Environmental Quality and Natural Resource Preservation	55,364	—	—	—	236,427	291,791
Gifts and Grants	—	—	—	—	4,445	4,445
Government Operations:						
Administrative Services	298	—	—	—	96,811	97,109
Legislative Services	—	—	—	—	328	328
Health and Public Safety	39,529	2,661	—	—	341,403	383,593
Individual Income Tax Rebate	1,048,612	—	—	—	—	1,048,612
Interstate 64	150,000	—	—	—	—	150,000
Local Government Fiscal Distress	750	—	—	—	—	750
Major Headquarters Workforce Grant	35,500	—	—	—	—	35,500
Natural Disaster Sum Sufficient	9,053	—	—	—	—	9,053
Regulatory Oversight	—	—	—	—	191,498	191,498
Revenue Reserve Fund	1,507,570	—	—	—	—	1,507,570
Taxpayer Relief Fund	63	—	—	—	—	63
Transportation Activities	—	3,985,798	—	—	1,393	3,987,191
Virginia Business Ready Sites	50,000	—	—	—	—	50,000
Virginia Communication Sales and Use Tax	6,999	—	—	—	—	6,999
Virginia Health Care Fund	174,326	—	—	—	—	174,326
Virginia Retirement System	250,000	—	—	—	—	250,000
Virginia Water Quality Improvement Fund	113,064	—	—	—	—	113,064
Virginia Water Quality Improvement Fund - Part A	344,561	—	—	—	—	344,561
Virginia Water Quality Improvement Fund - Part B	99,481	—	—	—	—	99,481
<b>Total Committed</b>	<b>5,693,893</b>	<b>3,991,842</b>	<b>—</b>	<b>—</b>	<b>1,205,794</b>	<b>10,891,529</b>
<b>Assigned</b>						
Agriculture and Forestry	3	—	—	—	386	389
Amount Required by Chapter 2	3,023,463	—	—	—	—	3,023,463
Economic and Technological Development	5,541	—	—	—	2,894	8,435
Educational and Training Programs	8,239	—	—	—	10,071	18,310
Employee Benefit Administration	2,562	—	—	—	—	2,562
Environmental Quality and Natural Resource Preservation	14,384	—	—	—	11,642	26,026
Capital Projects/Construction/Capital Acquisition	1,199	—	—	—	—	1,199
COVID-19	255	—	—	—	—	255
Government Operations:						
Administrative Services	10,790	—	—	—	—	10,790
Legislative Services	5,628	—	—	—	—	5,628
Health and Public Safety	32,797	—	—	—	23,335	56,132
Regulatory Oversight	—	—	—	—	3	3
Transportation Activities	12	593	—	—	—	605
<b>Total Assigned</b>	<b>3,104,873</b>	<b>593</b>	<b>—</b>	<b>—</b>	<b>48,331</b>	<b>3,153,797</b>
<b>Total Fund Balance</b>	<b>\$ 11,679,634</b>	<b>\$ 4,469,259</b>	<b>\$ 354,855</b>	<b>\$ 143,042</b>	<b>\$ 4,218,161</b>	<b>\$ 20,864,951</b>

#### 4. DEFICIT FUND BALANCES/NET POSITION

The Virginia Lottery (major enterprise fund), the Department of General Services' Consolidated Laboratory Services Fund, the Department of Environmental Quality's Title V Air Pollution Permit Fund, the Virginia Museum of Fine Arts Gift Shop (nonmajor enterprise funds), the Personnel Management Information System Fund, and the Payroll Service Bureau (internal service funds) ended the year with deficit net positions of \$27.6 million, \$3.2 million, \$8.1 million, \$1.8 million, \$801,939, and \$2.5 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 the other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The Risk Management Fund (nonmajor enterprise fund) ended the year with a deficit net position balance of \$11.9 million. The deficit was a result of previous increases in claims liability for constitutional officers' programs exceeding premiums collected. Further, there are 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 \$34.7 million. The deficit was a result of working capital advances for the Human Capital Management System and 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 \$24.3 million. The deficit was a result of the implementation of GASB Statement No. 87, *Leases*, where the lease liabilities exceeded the amortized lease assets. 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 \$215.3 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. Further, there are noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Virginia College Building Authority (major component unit) ended the year with a deficit net position balance of \$5.1 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 General Assembly has never failed to appropriate funds to the Authority for payment of debt service on the Authority's bonds.

The Southern Virginia Higher Education Center (nonmajor component unit) ended the year with a deficit net position balance of \$2.3 million. This deficit is solely attributable to net pension liability and other postemployment benefit obligations.

#### 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.

Under the provisions of Article X, Section 8 of the Constitution of Virginia, a deposit of \$1.1 billion is required during fiscal year 2023 based on fiscal year 2021 revenue collections. Further, a deposit of \$904.7 million is required during fiscal year 2024 based on fiscal year 2022 revenue collections reduced by the estimated rebate amount that will be provided to taxpayers as required by Chapter 1, 2022 Acts of Assembly Special Session I, Item 3-5.24. The fiscal year 2022 revenue collections and mandatory deposit was certified by the Auditor of Public Accounts on October 31, 2022. The mandatory deposit of \$1.1 billion and deposit of \$904.7 million are reported as restricted components of fund balance.

In addition, Chapter 1, Item 274. C1, appropriated an advance reservation of \$498.7 million, which is included in the mandatory deposit of \$904.7 million, for any required deposit attributable to actual tax collections for fiscal year 2022 for deposit to the Revenue Stabilization Fund during the 2022-2024 biennium (see Note 6). This amount is included as part of the restricted component of fund balance.

Section 2.2-1829(b) of the *Code of Virginia* requires an additional deposit into the Fund when specific criteria have been met. The specified criteria were not met for fiscal year 2022 when using the original fiscal year 2023 revenue estimate established in Chapter 2. However, in anticipation of a revised fiscal year 2023 revenue estimate that may require an additional deposit, \$452.3 million was intended to be an assigned component of fund balance. However, since the negative unassigned fund balance resulting from modified accrual activity was offset against assignments pursuant to GASB reporting requirements, this amount is not part of assigned fund balance.

The Revenue Stabilization Fund has principal and interest on deposit of \$640.9 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 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. As of June 30, 2022, the constitutional maximum is \$3.5 billion.

#### 6. REVENUE RESERVE FUND

As of June 30, 2022, the fund has principal and interest on deposit of \$2.0 billion recorded in the Commonwealth's general ledger and reported as cash on the Balance

Sheet. Pursuant to Chapter 1, Item 274. C2, the general ledger balance includes the advance reservation of \$498.7 million for the fiscal year 2024 deposit to the Revenue Stabilization Fund (see Note 5). Accordingly, only \$1.5 billion of the general ledger cash balance is included as a committed component of fund balance. This amount is set aside to mitigate certain anticipated revenue shortfalls when appropriations based on previous revenue forecasts exceed expected revenues in subsequent forecasts.

Section 2.2-1831.2 and 2.2-1831.3 of the *Code of Virginia* established the Revenue Reserve Fund and specified required deposits to the Fund. Whenever there is a fiscal year in which there is not a mandatory deposit to the Revenue Stabilization Fund, a deposit is required if the general fund revenue exceeds the official estimate. No deposit is required in the Revenue Reserve Fund since there is a mandatory deposit for the Revenue Stabilization Fund based on fiscal year 2022 revenues.

Additionally, any required annual deposit cannot exceed 1.0 percent of the total general fund revenues for the prior fiscal year. The combined balance of the Revenue Reserve Fund and the Revenue Stabilization Fund cannot exceed 20.0 percent of the total Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. As of June 30, 2022, the calculated maximum balance for the Revenue Reserve Fund is \$4.0 billion.

## 7. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of June 30, 2022, the carrying amount of cash for the primary government (including the Virginia Retirement System Pooled Investments) was \$12.6 billion and the bank balance was \$966.0 million. The carrying amount of cash for component units was \$3.5 billion and the bank balance was \$1.9 billion. Cash equivalents are investments with an original maturity of 90 days or less. Cash and cash equivalents for foundations (component units) totaled \$843.4 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. Note 7 includes investment derivatives for the primary government and excludes derivatives for the component units. For additional information concerning derivative instruments, see Note 15.

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 et seq. 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.FF, unrealized gains or losses for the State Treasurer's Portfolio are recorded in the General Fund. Public Depositors are required to secure their deposits pursuant to several applicable provisions of the law.

The Local Government Investment Pool Act, Section 2.2-4600 of the *Code of Virginia*, created the Local Government Investment Pool (Pool) program for the benefit of public entities of the Commonwealth. The Treasury Board of Virginia is granted administration of the Local Government Investment Pool (LGIP) and Local Government Investment Pool – Extended Maturity (LGIP EM) on behalf of the participating public entities of the Commonwealth. Participation in this pool is voluntary. Both LGIP and LGIP EM offer two professionally managed investment portfolios in accordance with the Investment of Public Funds Act. The LGIP portfolio is a diversified portfolio structured to provide public entities an investment alternative that seeks to minimize the risk of principal loss while offering daily liquidity, a stable Net Asset Value (NAV), and a competitive rate of return. The LGIP is not registered with the Securities Exchange Commission (SEC) as an investment company. The LGIP EM portfolio is a diversified portfolio with fluctuating NAV structured to provide an investment alternative to public entities who wish to invest monies not needed for daily liquidity. The fair value of the Commonwealth's position in the Pool is the same as the value of the Pool shares for all except for the LGIP EM whose shares fluctuate with changes in the market value of the portfolio.

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.

As of June 30, 2022, the State Treasurer held no security that was in default as to principal or interest. The State Treasurer, with the exception of one security in one component unit portfolio with a maturity of April 1, 2027, 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 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 component units are established by the entity's governing boards.

The information presented for the external investment pool was obtained from audited financial statements. Copies of the LGIP report may be obtained from the Department of the Treasury website at [www.trsvirginia.gov](http://www.trsvirginia.gov).

The Board of Trustees (the Board) 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 interests of members, retirees, and beneficiaries. It also requires the Board 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 Board 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's investment portfolio is intended to be managed through diversification and prudent judgment, rather than through specific policy restrictions.

## **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a depository bank failure, the Commonwealth may not be able to recover deposits or collateral securities that are in the possession of an outside party. Custodial credit risk for investments 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, 2022, the primary government (excluding the System's pooled investments) had \$16.5 million in bank balances that were uninsured and uncollateralized. There is no deposit policy that addresses custodial credit risk.

As of June 30, 2022, investment securities for the System (excluding cash equivalents and repurchase agreements held as securities lending collateral) were registered and held in the name of the System for the benefit of the System's trust and custodial funds and were not exposed to custodial credit risk. It is the standard practice and policy of the System, through the relevant provisions in its contracts and agreements with third parties, to minimize all known and reasonably foreseeable custodial credit risks.

As of June 30, 2022, component units had \$30.8 million in bank balances that were uninsured and uncollateralized, and \$17.9 million in bank balances that were uninsured and collateralized with securities held by the pledging financial institution. In addition, the Virginia Housing Development Authority (major) and Virginia Port Authority (nonmajor) held \$326.7 million and \$424.2 million, respectively, of investments, primarily commercial paper, that were uninsured and held by the counterparty as of June 30, 2022.

## **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. As discussed in Note 1.F., the Commonwealth discloses the risk for its debt investments using the segmented time distribution method for the primary government (excluding the Virginia College Savings Plan's Defined Benefit 529 and Defined Contribution 529 programs and the Virginia Retirement System Pooled Investments) and component units and the effective duration method for Virginia College Savings Plan (Defined Benefit 529 and Defined Contribution 529 programs) and the System (Virginia Retirement System Pooled Investments).

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

<b>Security Type</b>	<b>Maximum Duration</b>
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 Virginia College Savings Plan (Virginia529) manages the risk for fixed income investment securities held in its Defined Benefit 529 and Defined Contribution 529 programs using the effective duration methodology. Virginia529's Statements of Investment Policy and Guidelines do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Although not an explicit requirement, duration of fixed income portfolios, if applicable, is expected to be within 20.0 percent of each portfolio's designated benchmark.

The System also manages the risk within its portfolio using the effective duration 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 on 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.

As of June 30, 2022, the System's investments included \$2.1 billion, primarily in corporate bonds and notes, U.S. Treasury and agency securities, and supranational and non-U.S. Government bonds and notes, which are highly sensitive to interest rate fluctuations in that they have an option adjusted duration of greater than ten years. The resulting reduction in expected total cash flows affects the fair value of these securities.

As of June 30, 2022, the Commonwealth's investments subject to interest rate risk had the following maturities and weighted average effective durations.

### Primary Government Investments

(Excluding Virginia College Savings Plan and Virginia Retirement System Pooled Investments)

(Dollars in Thousands)

Investment Type	June 30, 2022	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
<b>Debt Securities</b>					
U. S. Treasury and Agency Securities	\$ 4,383,802	\$ 1,085,325	\$ 2,541,897	\$ 466,351	\$ 290,229
Corporate Bonds and Notes	1,967,839	283,456	932,300	569,794	182,289
Supranational and Non-U.S. Government Bonds and Notes	619,281	611,957	7,324	—	—
Commercial Paper	8,889,273	8,889,273	—	—	—
Negotiable Certificates of Deposit	11,261,476	11,261,476	—	—	—
Repurchase Agreements	3,839,075	3,839,075	—	—	—
Municipal Securities	48,037	211	6,673	19,847	21,306
Asset-Backed Securities	455,978	927	188,216	41,533	225,302
Agency Mortgage-Backed Securities	825,380	5,944	11,318	45,774	762,344
Agency Unsecured Bonds and Notes	6,997,098	3,184,067	3,802,706	6,678	3,647
Mutual and Money Market Funds (Includes SNAP)	4,525,428	4,525,428	—	—	—
Fixed Income and Commingled Funds	5,722	2,236	3,486	—	—
Other Debt Securities	205	205	—	—	—
<b>Total</b>	<b>\$ 43,818,594</b>	<b>\$ 33,689,580</b>	<b>\$ 7,493,920</b>	<b>\$ 1,149,977</b>	<b>\$ 1,485,117</b>

### Primary Government - Virginia College Savings Plan Investments

(Dollars in Thousands)

Investment Type	Defined Benefit 529 (Major Enterprise Fund)		Defined Contribution 529 (Private Purpose Trust Fund)	
	June 30, 2022	Weighted Avg. Effective Duration (in years)	June 30, 2022	Weighted Avg. Effective Duration (in years)
<b>Debt Securities</b>				
U. S. Treasury and Agency Securities	\$ 19,451	4.7	\$ 7,876	4.5
Corporate Bonds and Notes	524,836	2.4	386,741	6.4
Convertible Bonds and Notes*	86,236	2.0	—	—
Supranational and Non-U.S. Government Bonds and Notes	4,629	6.7	—	—
Asset Backed Securities	88,014	1.2	8,247	<0.1
Agency Mortgage Backed Securities	43,067	5.1	—	—
Mutual and Money Market Funds	127,647	<0.1	84,352	<0.1
Guaranteed Investment Contracts	—	—	1,577,653	3.8
Fixed Income and Commingled Funds*	728,098	5.7	932,325	6.8
<b>Total</b>	<b>\$ 1,621,978</b>	<b>3.7</b>	<b>\$ 2,997,194</b>	<b>4.9</b>

\*Effective duration is calculated using a methodology that takes into account the duration impact of equity warrants and rate-sensitive instruments.



**Primary Government - Virginia Retirement System Pooled Investments**  
(Dollars in Thousands)

<b>Investment Type</b>	<b>June 30, 2022</b>	<b>Weighted Avg. Effective Duration (in years)</b>
<u>Debt Securities</u>		
U. S. Treasury and Agency Securities	\$ 5,043,060	5.8
Corporate Bonds and Notes	8,269,463	3.9
Collateralized Mortgage Obligations	304,985	4.8
Commercial Mortgages	207,893	1.3
Supranational and Non-U.S. Government Bonds and Notes	852,630	7.2
Mutual and Money Market Funds	98,060	6.6
Commercial Paper	3,219,875	0.1
Negotiable Certificates of Deposit	1,280,344	0.2
Repurchase Agreements	889,293	< 0.1
Municipal Securities	76,558	8.4
Asset Backed Securities	282,753	2.6
Agencies	2,864,886	4.6
Fixed Income and Commingled Funds	1,473,505	6.1
Fixed Income Derivatives	(10,011)	9.7
Time Deposits	926,646	< 0.1
Term Loans	46,160	0.2
<u>Debt Securities - No Effective Duration</u>		
U.S. Treasury and Agency Securities	61,528	N/A
Corporate Bonds and Notes	22,631	N/A
Collateralized Mortgage Obligations	18,207	N/A
Commercial Mortgages	9,415	N/A
Supranational and Non-U.S. Government Bonds and Notes	512	N/A
Mutual and Money Market Funds	15,193	N/A
Asset Backed Securities	11,983	N/A
Agencies	10,324	N/A
Term Loans	2,956	N/A
Fixed Income Derivatives	1,506	N/A
Total	<u>\$ 25,980,355</u>	<u>3.6</u>

**Component Unit Investments**

*(Dollars in Thousands)*

<b>Investment Type</b>	<b>Investment Maturities (in years)</b>				
	<b>June 30, 2022</b>	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
<b>Debt Securities</b>					
U. S. Treasury and Agency Securities	\$ 1,524,550	\$ 861,527	\$ 482,811	\$ 110,014	\$ 70,198
Corporate Bonds and Notes	559,680	174,287	358,023	22,386	4,984
Commercial Paper	393,458	393,458	—	—	—
Negotiable Certificates of Deposit	66,433	63,315	3,118	—	—
Repurchase Agreements	654,457	654,457	—	—	—
Municipal Securities	172,253	8,858	72,424	59,220	31,751
Asset-Backed Securities	340,380	36,959	242,065	6,472	54,884
Agency Unsecured Bonds and Notes	252,649	203,617	49,032	—	—
Agency Mortgage-Backed Securities	1,114,632	9,192	22,552	10,642	1,072,246
Mutual and Money Market Funds (Includes SNAP)	1,402,974	1,329,569	64,374	7,830	1,201
Guaranteed Investment Contracts	27,275	8,308	11,443	7,524	—
International and Emerging Markets Funds	4,815	1,712	1,130	—	1,973
Fixed Income and Commingled Funds	100,474	16,081	41,609	39,418	3,366
Other Debt Securities	71,437	46,413	244	—	24,780
<b>Total</b>	<b>\$ 6,685,467</b>	<b>\$ 3,807,753</b>	<b>\$ 1,348,825</b>	<b>\$ 263,506</b>	<b>\$ 1,265,383</b>

**Foundation Investments**

*(Dollars in Thousands)*

<b>Investment Type</b>	<b>Amount</b>
U.S. Treasury and Agency Securities	\$ 706,420
Common and Preferred Stocks	876,776
Corporate Bonds and Notes	386,779
Negotiable Certificates of Deposit	9,634
Municipal Securities	79,335
Repurchase Agreements	395,453
Asset Backed Securities	22,003
Agency Mortgage Backed Securities	11,035
Mutual and Money Market Funds	783,121
Bankers' Acceptance	94,435
Real Estate	685,259
Index Funds	366,391
Hedge Funds	2,585,525
Partnerships	3,984,094
Venture Capital	1,560,380
Other	7,903,661
<b>Total</b>	<b>\$ 20,450,301</b>

Note: Foundations represent FASB reporting entities defined in Note 1.B. A portion of these amounts is 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: At least two ratings of P-1/A-1/F1 by Moody's Investors Service (Moody's), Standard & Poor's (S&P), or Fitch
- Negotiable CDs and bank notes:
  - maturities of one year or less: At least two ratings of P-1/A-1/F1 by Moody's, S&P, or Fitch
  - maturities over one year: At least two ratings of Aa/AA/AA by Moody's, S&P, or Fitch
- Commercial paper: At least two ratings of P-1/A-1/F1 by Moody's, S&P, or Fitch
- Corporate Notes and Bonds: At least two ratings of A-3/A-/A- by Moody's, S&P, or Fitch. However, each external investment manager may invest up to 10.0 percent of their portfolio in Baa2/BBB rated bonds which, must be rated by two rating agencies and one of the two qualifying ratings shall be at least Baa2/BBB/BBB by Moody's, S&P, or Fitch.
- Municipal Bonds: A-3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P
- Asset-backed securities: One of the two qualifying ratings shall be at least Aaa/AAA/AAA by Moody's, S&P, or Fitch
- Dollar denominated obligations of sovereign governments: Must be rated by two rating agencies with two qualifying ratings of at least Aaa/AAA/AAA by Moody's, S&P, or Fitch
- Commercial Mortgage-Backed Securities (CMBS) and Collateralized Mortgage Obligations (CMOs): Must be rated at least Aaa or AAA by two rating agencies. One of the two qualifying ratings shall be at least Aaa/AAA/AAA by Moody's, S&P, or Fitch.

The System's policy for credit risk is based on the concept of a risk budget rather than specific limitations related to the rating of an individual security. The System's risk budget is allocated among the different investment strategies.

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 15.

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

The following tables present the credit ratings for the investments of the primary government (excluding the Virginia Retirement System Pooled Investments), the System (Virginia Retirement System Pooled Investments), and component units as of June 30, 2022. The ratings presented are using Moody's, S&P, and Fitch rating scales. They are displayed from short-term to long-term.

## Primary Government (Excluding Virginia Retirement System Pooled Investments)

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Agency Mortgage Backed Securities	\$ —	0.0 %	\$ —	0.0 %	\$ —	0.0%	\$ 801
Agency Unsecured Bonds and Notes	2,578,697	5.9 %	—	0.0 %	—	0.0%	9,174
Asset Backed Securities	1,925	0.0 %	2,224	0.0 %	249	0.0%	461,603
Commercial Paper	8,889,273	20.2 %	—	0.0 %	—	0.0%	—
Convertible Bonds and Notes	—	0.0 %	5,526	0.0 %	—	0.0%	—
Corporate Bonds and Notes	28,278	0.1 %	180	0.0 %	351	0.0%	65,335
Fixed Income and Commingled Funds	—	0.0 %	—	0.0 %	—	0.0%	—
Guaranteed Investment Contracts	—	0.0 %	—	0.0 %	—	0.0%	—
Municipal Securities	—	0.0 %	—	0.0 %	—	0.0%	6,243
Mutual and Money Market Funds (Includes SNAP)	—	0.0 %	—	0.0 %	—	0.0%	4,665,174
Negotiable Certificates of Deposit	11,211,656	25.5 %	49,820	0.1 %	—	0.0%	—
Other Debt Securities	—	0.0 %	—	0.0 %	—	0.0%	—
Repurchase Agreements	2,665,000	6.1 %	765,000	1.8 %	—	0.0%	—
Supranational and Non-U.S. Government Bonds and Notes	8,216	0.0 %	—	0.0 %	—	0.0%	611,065
<b>Total</b>	<b>\$ 25,383,045</b>	<b>57.8 %</b>	<b>\$ 822,750</b>	<b>1.9 %</b>	<b>\$ 600</b>	<b>0.0%</b>	<b>\$ 5,819,395</b>

## Primary Government – Virginia Retirement System Pooled Investments

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Corporate Bonds and Notes	\$ 178,163	0.9%	\$ —	0.0%	\$ —	0.0%	\$ 20,508
Collateralized Mortgage Obligations	—	0.0%	—	0.0%	—	0.0%	185,723
Commercial Mortgages	—	0.0%	—	0.0%	—	0.0%	143,259
Supranational and Non-U.S. Government Bonds and Notes	45,064	0.2%	—	0.0%	—	0.0%	21,240
Mutual and Money Market Funds	124	0.0%	—	0.0%	—	0.0%	1,819
Commercial Paper	2,059,763	10.2%	872,496	4.3%	—	0.0%	—
Negotiable Certificates of Deposit	905,269	4.5%	—	0.0%	—	0.0%	—
Repurchase Agreements	—	0.0%	—	0.0%	—	0.0%	—
Municipal Securities	—	0.0%	—	0.0%	—	0.0%	324
Asset Backed Securities	—	0.0%	—	0.0%	—	0.0%	100,492
Agencies	—	0.0%	—	0.0%	—	0.0%	—
Fixed Income and Commingled Funds	—	0.0%	—	0.0%	—	0.0%	—
Fixed Income Derivatives	—	0.0%	—	0.0%	—	0.0%	—
Term Loans	—	0.0%	—	0.0%	—	0.0%	—
Time Deposits	731,646	3.6%	—	0.0%	—	0.0%	—
<b>Total</b>	<b>\$ 3,920,029</b>	<b>19.4%</b>	<b>\$ 872,496</b>	<b>4.3%</b>	<b>\$ —</b>	<b>0.0%</b>	<b>\$ 473,365</b>

## Component Units

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Agency Mortgage Backed Securities	\$ —	0.0%	\$ —	0.0%	\$ —	0.0%	\$ 1,069,511
Agency Unsecured Bonds and Notes	42,777	0.8%	—	0.0%	—	0.0%	198,902
Asset Backed Securities	—	0.0%	—	0.0%	—	0.0%	290,889
Commercial Paper	384,941	7.5%	1,245	0.0%	—	0.0%	—
Corporate Bonds and Notes	—	0.0%	—	0.0%	—	0.0%	17,672
Fixed Income and Commingled Funds	—	0.0%	—	0.0%	—	0.0%	6,925
Guaranteed Investment Contracts	—	0.0%	—	0.0%	—	0.0%	—
International and Emerging Markets Funds	—	0.0%	—	0.0%	—	0.0%	—
Municipal Securities	—	0.0%	—	0.0%	—	0.0%	21,906
Mutual and Money Market Funds (Includes SNAP)	10,156	0.2%	—	0.0%	—	0.0%	1,302,895
Negotiable Certificates of Deposit	60,700	1.2%	—	0.0%	—	0.0%	—
Other Debt Securities	—	0.0%	—	0.0%	—	0.0%	24,780
Repurchase Agreements	104	0.0%	—	0.0%	—	0.0%	—
<b>Total</b>	<b>\$ 498,678</b>	<b>9.7%</b>	<b>\$ 1,245</b>	<b>0.0%</b>	<b>\$ —</b>	<b>0.0%</b>	<b>\$ 2,933,480</b>

- (1) Excludes investments of \$4.5 billion for primary government (excluding Virginia Retirement System Pooled Investments), \$5.8 billion for the System (Virginia Retirement System Pooled Investments), and \$1.6 billion for component units because obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government, Guaranteed Investment Contracts, United States Treasury Notes, or Repurchase Agreements which are collateralized by equity securities but not considered obligations of the U.S. Government and money market funds invested in Federated Hermes Government Obligations are not considered to have credit risk.

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
0.0 %	\$ 864,357	2.0 %	\$ 3,289	0.0 %	\$ —	0.0 %	\$ —	0.0 %	\$ —	0.0 %	\$ 868,447
0.0 %	4,409,111	10.0 %	22	0.0 %	3	0.0 %	23	0.0 %	68	0.0 %	6,997,098
1.1 %	16,932	0.0 %	17,379	0.0 %	21,789	0.1 %	3,792	0.0 %	26,346	0.1 %	552,239
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	8,889,273
0.0 %	—	0.0 %	7,190	0.0 %	19,665	0.0 %	3,119	0.0 %	50,736	0.1 %	86,236
0.2 %	289,916	0.7 %	1,003,135	2.3 %	717,391	1.7 %	757,676	1.7 %	17,154	0.0 %	2,879,416
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	1,666,145	3.8 %	1,666,145
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	1,577,653	3.6 %	1,577,653
0.0 %	26,101	0.1 %	13,773	0.0 %	—	0.0 %	—	0.0 %	1,920	0.0 %	48,037
10.6 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	72,253	0.2 %	4,737,427
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	11,261,476
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	205	0.0 %	205
0.0 %	—	0.0 %	—	0.0 %	1	0.0 %	—	0.0 %	309,072	0.7 %	3,739,073
1.3 %	202	0.0 %	—	0.0 %	1,119	0.0 %	2,163	0.0 %	1,145	0.0 %	623,910
13.2 %	\$ 5,606,619	12.8 %	\$ 1,044,788	2.3 %	\$ 759,968	1.8 %	\$ 766,773	1.7 %	\$ 3,722,697	8.5 %	\$ 43,926,635

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
0.1 %	\$ 598,257	2.9 %	\$ 2,991,782	14.8 %	\$ 1,777,355	8.8 %	\$ 2,494,887	12.4 %	\$ 231,142	1.1 %	\$ 8,292,094
0.9 %	10,316	0.1 %	10,544	0.1 %	10,472	0.1 %	22,262	0.1 %	83,875	0.4 %	323,192
0.7 %	31,439	0.2 %	6,055	0.0 %	—	0.0 %	5,927	0.0 %	30,628	0.2 %	217,308
0.1 %	40,044	0.2 %	105,341	0.5 %	195,138	1.0 %	399,296	2.0 %	47,019	0.2 %	853,142
0.0 %	—	0.0 %	1,477	0.0 %	—	0.0 %	66,671	0.3 %	43,162	0.2 %	113,253
0.0 %	—	0.0 %	237,616	1.2 %	—	0.0 %	—	0.0 %	50,000	0.2 %	3,219,875
0.0 %	—	0.0 %	195,100	1.0 %	—	0.0 %	—	0.0 %	179,975	0.9 %	1,280,344
0.0 %	115,533	0.5 %	79,639	0.4 %	—	0.0 %	—	0.0 %	—	0.0 %	195,172
0.0 %	58,390	0.3 %	14,061	0.1 %	—	0.0 %	—	0.0 %	3,783	0.0 %	76,558
0.5 %	31,996	0.2 %	105,949	0.5 %	21,264	0.1 %	12,306	0.1 %	22,729	0.1 %	294,736
0.0 %	61,804	0.4 %	—	0.0 %	—	0.0 %	—	0.0 %	2,813,406	13.9 %	2,875,210
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	1,473,505	7.3 %	1,473,505
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	(8,505)	0.0 %	(8,505)
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	49,116	0.2 %	—	0.0 %	49,116
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	195,000	1.0 %	926,646
2.3 %	\$ 947,779	4.8 %	\$ 3,747,564	18.6 %	\$ 2,004,229	10.0 %	\$ 3,050,465	15.1 %	\$ 5,165,719	25.5 %	\$ 20,181,646

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
20.8 %	\$ 40,552	0.8 %	\$ 11	0.0 %	\$ —	0.0 %	\$ —	0.0 %	\$ 4,558	0.1 %	\$ 1,114,632
3.9 %	10,072	0.2 %	—	0.0 %	—	0.0 %	—	0.0 %	898	0.0 %	252,649
5.7 %	13,229	0.3 %	9,204	0.2 %	14,691	0.3 %	2,357	0.1 %	10,010	0.2 %	340,380
0.0 %	—	0.0 %	—	0.0 %	1,993	0.0 %	—	0.0 %	5,279	0.1 %	393,458
0.3 %	74,557	1.5 %	425,299	8.2 %	40,472	0.8 %	—	0.0 %	1,680	0.0 %	559,680
0.1 %	5,931	0.1 %	11,697	0.2 %	—	0.0 %	—	0.0 %	73,045	1.4 %	97,598
0.0 %	5,654	0.1 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	5,654
0.0 %	423	0.0 %	2,419	0.1 %	—	0.0 %	—	0.0 %	1,973	0.0 %	4,815
0.4 %	104,614	2.0 %	39,226	0.8 %	2,513	0.1 %	1,949	0.0 %	2,045	0.0 %	172,253
25.5 %	62,932	1.2 %	—	0.0 %	—	0.0 %	—	0.0 %	25,203	0.5 %	1,401,186
0.0 %	—	0.0 %	180	0.0 %	1,157	0.0 %	—	0.0 %	4,396	0.1 %	66,433
0.5 %	46	0.0 %	198	0.0 %	—	0.0 %	—	0.0 %	46,413	0.9 %	71,437
0.0 %	—	0.0 %	—	0.0 %	625,000	12.2 %	—	0.0 %	29,353	0.6 %	654,457
57.2 %	\$ 318,010	6.2 %	\$ 488,234	9.5 %	\$ 685,826	13.4 %	\$ 4,306	0.1 %	\$ 204,853	3.9 %	\$ 5,134,632

## **Concentration of Credit Risk**

### **Primary Government**

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 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. As of June 30, 2022, more than 5.0 percent of the Commonwealth's investments were in the Federal Farm Credit Bank, which totaled \$2.8 billion. Since these securities are exempted from the State Treasury investment policies, all investments are compliant with investment policies.

The System's 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. The System has no investments in any commercial or industrial organization whose fair value equals 5.0 percent or more of the System's fiduciary net position.

## **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's (Virginia529) Defined Benefit 529 Program (major enterprise fund) and Defined Contribution 529 Program (fiduciary fund), and the Unclaimed Property (nonmajor special revenue fund) portfolios as of June 30, 2022. There is no investment policy related to foreign currency risk for the Unclaimed Property portfolio. Virginia529 has direct exposure to foreign currency risk through several investment mandates. Investment managers use currency forward contracts to hedge risks associated with currency fluctuations.

The System's foreign currency risk exposures, or exchange rate risk, primarily exist in the international and global equity investment holdings. The net realized gains and losses resulting from the settlement of foreign currency transactions and unrealized gains and losses associated with unsettled transactions are recorded in Investment Income in the Statement of Changes in Fiduciary Net Position. The Commonwealth's exposure to foreign currency risk as of June 30, 2022 is highlighted in the following tables.

### **Component Units**

All nonmajor component unit investments exposed to foreign currency risk were part of James Madison University, the Virginia Economic Development Partnership, and the Virginia School for the Deaf and Blind Foundation as of June 30, 2022. None of these entities have investment policies related to foreign currency risk.

**Foreign Currency Exposures by Asset Class - Primary Government**  
(Excluding Virginia Retirement System Pooled Investments)  
*(Dollars in Thousands)*

<b>Currency</b>	<b>Deposits</b>	<b>Common and Preferred Stocks</b>	<b>Fixed Income and Commingled Funds</b>	<b>Equity Index and Pooled Funds</b>	<b>International and Emerging Market Funds</b>	<b>Total</b>
Euro Currency Unit	\$ 4,772	\$ 960	\$ 43,003	\$ 33,633	\$ 31,812	\$ 114,180
Japanese Yen	84	—	—	22,075	—	22,159
Swiss Franc	232	8	—	18,203	—	18,443
Australian Dollar	25	1	—	14,080	—	14,106
British Pound Sterling	29	40	5,638	9,577	—	15,284
Colombian Peso	253	—	—	—	—	253
Swedish Krona	63	—	—	2,429	—	2,492
Danish Krone	170	—	—	8,638	—	8,808
Hong Kong Dollar	6	32	—	1,131	—	1,169
Israeli Shekel	—	—	—	4,206	—	4,206
US Dollar	—	—	—	346	—	346
Russian Ruble	—	—	602	—	—	602
Singapore Dollar	—	—	—	2,162	—	2,162
Norwegian Krone	4	2	—	3,671	—	3,677
Canadian Dollar	—	523	—	—	—	523
New Zealand Dollar	2	—	—	62	—	64
South African Rand	56	—	276	—	—	332
Mexican Peso	47	—	276	—	—	323
Brazil Real	74	—	277	—	—	351
Indonesian Rupiah	—	—	292	—	—	292
Chilean Peso	273	—	—	—	—	273
<b>Total</b>	<u>\$ 6,090</u>	<u>\$ 1,566</u>	<u>\$ 50,364</u>	<u>\$ 120,213</u>	<u>\$ 31,812</u>	<u>\$ 210,045</u>

**Foreign Currency Exposures by Asset Class**  
**Primary Government - Virginia Retirement System Pooled Investments**  
*(Dollars in Thousands)*

<b>Currency</b>	<b>Cash and Short-term Investments</b>	<b>Equity</b>	<b>Fixed Income</b>	<b>Private Equity</b>	<b>Real Assets</b>	<b>International Funds</b>	<b>Forward Contracts</b>	<b>Total</b>
U.S. Dollar	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,462,062	\$ —	\$ 2,462,062
Euro Currency Unit	1,385,910	1,641,483	82,625	1,191,918	452,111	—	185,819	4,939,866
Japanese Yen	17,244	1,207,154	14,244	—	132,537	294,535	(290,172)	1,375,542
Hong Kong Dollar	7,349	808,452	16,435	—	61,257	—	(51,205)	842,288
British Pound Sterling	5,232	975,823	2,851	—	82,111	—	21,660	1,087,677
South Korean Won	1,170	332,336	—	—	1,234	—	(40)	334,700
Swiss Franc	7,205	459,350	1,587	—	13,179	—	(344,626)	136,695
New Zealand Dollar	96	6,509	—	—	4,176	—	(68,129)	(57,348)
Canadian Dollar	4,230	612,614	—	—	62,487	—	112,053	791,384
Brazil Real	2,274	166,273	3,226	—	25,680	—	4,152	201,605
Australian Dollar	1,366	351,755	—	—	69,096	—	(10,155)	412,062
Indian Rupee	1,051	208,369	—	—	—	—	(4,533)	204,887
South African Rand	375	58,505	4,126	—	11,268	—	(2,529)	71,745
New Taiwan Dollar	2,782	317,192	—	—	—	—	(11,321)	308,653
Thailand Baht	46	43,084	—	—	—	—	4,429	47,559
Swedish Krona	2,936	151,136	—	—	19,531	—	103,112	276,715
Indonesian Rupiah	1,874	62,298	—	—	—	—	(2,061)	62,111
Mexican Peso	(2,982)	31,406	361	—	12,070	—	728	41,583
Turkish Lira	9	22,901	—	—	1,480	—	(1,510)	22,880
Polish Zloty	(573)	24,764	—	—	—	—	3,780	27,971
Russian Ruble	41	45	708	—	—	—	—	794
Malaysian Ringgit	614	11,758	—	—	—	—	1,298	13,670
Danish Krone	3,371	122,156	—	—	—	—	(17,477)	108,050
Colombian Peso	229	270	3,360	—	—	—	(1,380)	2,479
Peruvian Sol	2	—	5,184	—	—	—	(4,610)	576
Czech Koruna	1,010	572	—	—	—	—	(4,048)	(2,466)
Hungarian Forint	279	12,916	—	—	—	—	1,945	15,140
Chinese Yuan Renminbi	1,524	123,967	29,815	—	—	—	(61,066)	94,240
Israeli Shekel	290	57,493	—	—	2,737	—	(25,075)	35,445
Chilean Peso	242	12,234	2,304	—	530	—	1,528	16,838
Egyptian Pound	10	456	—	—	—	—	—	466
Philippines Peso	22	4,173	—	—	—	—	(609)	3,586
UAE Dirham	5	8,704	—	—	—	—	—	8,709
Argentine Peso	1,556	—	—	—	—	—	—	1,556
Qatari Riyal	214	16,921	—	—	—	—	—	17,135
Uruguay Peso	—	—	4,311	—	—	—	—	4,311
Ukraine Hryvnia	—	—	1,789	—	—	—	—	1,789
Romanian Leu	—	—	—	—	—	—	(1,161)	(1,161)
Moroccan Dirham	1	—	—	—	—	—	—	1
Saudi Arabian Riyal	399	39,214	—	—	—	—	—	39,613
Singapore Dollar	728	108,468	744	—	44,407	—	(78,414)	75,933
Norwegian Krone	1,098	86,860	—	—	529	—	(19,479)	69,008
Kenyan Shilling	—	1,417	—	—	—	—	—	1,417
Kazakhstan Tenge	—	—	1,118	—	—	—	—	1,118
<b>Total</b>	<b>\$ 1,449,229</b>	<b>\$ 8,089,028</b>	<b>\$ 174,788</b>	<b>\$ 1,191,918</b>	<b>\$ 996,420</b>	<b>\$ 2,756,597</b>	<b>\$ (559,096)</b>	<b>\$ 14,098,884</b>



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

Currency	Common and Preferred Stock	Deposits	Total
British Pound Sterling	156	760	916
Euro Currency Unit	451	1,547	1,998
Swiss Franc	170	—	170
Japanese Yen	225	—	225
South Korean Won	9	—	9
Canadian Dollar	15	—	15
Brazil Real	8	—	8
Swedish Krona	18	—	18
New Taiwan Dollar	80	—	80
Indian Rupee	44	—	44
South African Comm Rand	2	—	2
Norwegian Krone	12	—	12
Mexican New Peso	15	—	15
Australian Dollar	7	—	7
Thailand Baht	8	—	8
Singapore Dollar	15	—	15
Indonesian Rupian	3	—	3
Russian Ruble	17	—	17
Danish Krone	104	—	104
Israeli Shekel	6	—	6
Peruvian Nuevo Sol	3	—	3
Argentina Peso	13	—	13
Chilean Peso	3	—	3
Chinese RMB	106	—	106
Hong Kong Dollar	55	—	55
<b>Total</b>	<b>\$ 1,545</b>	<b>\$ 2,307</b>	<b>\$ 3,852</b>

## Fair Value Measurements

### Primary Government

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy is based on the valuation inputs used to measure the fair value of assets.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-driven valuations;
- Level 3 inputs are derived using valuation techniques that have significant unobservable inputs.

Investments that do not have a readily determinable fair value are excluded from the fair value hierarchy and instead are valued by using the net asset value (NAV) per share (or its equivalent). In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant in the valuation.

The following tables summarize recurring fair value measurements for the cash equivalents and investments reported by the primary government (excluding Virginia Retirement System Pooled Investments) and the System (Virginia Retirement System Pooled Investments) as of June 30, 2022.

### Fair Value Measurements - Primary Government (Excluding Virginia Retirement System Pooled Investments) (Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Fair Value Measured Using Fair Value Hierarchy</b>				
<b>Debt Securities (1)</b>				
U. S. Treasury and Agency Securities	\$ 4,351,124	\$ 3,875,421	\$ 475,703	\$ —
Corporate Bonds and Notes	2,852,216	1,927	2,850,289	—
Supranational and Non-U.S. Government Bonds and Notes	453,802	—	453,802	—
Commercial Paper	5,403,518	—	5,403,518	—
Convertible Bonds and Notes	86,236	—	86,236	—
Negotiable Certificates of Deposit	7,943,329	—	7,943,329	—
Municipal Securities	48,039	1,915	46,118	6
Asset Backed Securities	552,240	1	552,239	—
Agency Mortgage Backed Securities	868,447	—	868,447	—
Agency Unsecured Bonds and Notes	4,838,755	9,174	4,829,581	—
Mutual and Money Market Funds (Includes SNAP)	2,521	2,007	514	—
Fixed Income and Commingled Funds	938,046	938,046	—	—
Other Debt Securities	205	205	—	—
Total Debt Securities	<u>28,338,478</u>	<u>4,828,696</u>	<u>23,509,776</u>	<u>6</u>
<b>Equity Securities (2)</b>				
Common and Preferred Stocks	281,290	276,929	4,356	5
Foreign Currencies	715	715	—	—
Equity Index and Pooled Funds	2,778,275	2,778,265	—	10
Equity Mutual Funds	228,641	228,641	—	—
Real Estate	210,824	202,674	—	8,150
International and Emerging Markets Funds	370,798	370,798	—	—
Other Equity Securities	4,130	4,130	—	—
Total Equity Securities	<u>3,874,673</u>	<u>3,862,152</u>	<u>4,356</u>	<u>8,165</u>
Total by Fair Value Level	<u>\$ 32,213,151</u>	<u>\$ 8,690,848</u>	<u>\$ 23,514,132</u>	<u>\$ 8,171</u>
<b>Fair value established using the net asset value (NAV) (3)</b>				
Fixed Income and Commingled Funds	728,098			
Equity Index and Pooled Funds	574,652			
Real Estate	152,636			
Other Equity Securities	651,556			
Total Fair Value Established Using the Net Asset Value (NAV) (3)	<u>2,106,942</u>			
Total Fair Value	<u>\$ 34,320,093</u>			

- (1) Debt securities are classified as follows:
- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
  - Level 2 - valued using a matrix pricing model and observable prices using dealer quotes for similar securities traded in active markets.
- (2) Equity securities are classified as follows:
- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
  - Level 2 - valued using dealer quotes for similar securities traded in active markets.
  - Level 3 - valued using independent appraisals.
- (3) Investments reported at fair value established using the NAV were all part of the Virginia College Savings Plan's (Virginia529) Defined Benefit 529 and Defined Contribution 529 programs. The following tables (dollars in thousands) summarizes Defined Benefit 529 and Defined Contribution 529's investments measured at the NAV and related disclosures as of June 30, 2022. In some cases, the actual NAV has not been determined by the external fund or investment managers as of the fiscal year end and must be projected using a roll-forward process. The projected NAV is the value at the end of the prior quarter, adjusted for any contributions or distributions and an estimate of income and management fees. There is no adjustment for realized and unrealized gains and losses. Additional information is available in the Virginia529 individually published financial statements, which may be obtained at [www.virginia529.com](http://www.virginia529.com).

**Description of Defined Benefit 529 Investments Measured at the NAV:**

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity Real Estate				
Related Real Estate	\$ 11,057	\$ 25,705		
UBS Realty Investors	54,934	—	Quarterly	60 Days
Private Debt & Private Equity Funds of Funds				
Golub Capital	62,125	7,875		
Schroder FOC II L	118,918	10,249		
Private Advisors	34,914	8,332		
Adams Street Partners	285,496	52,941		
LGT Capital Partners	7,657	2,410		
Neuberger Berman	34,519	7,200		
Aether Investment Partners	45,251	9,730		
Common fund	15,008	1,090		
Horseley Bridge Partners	14,078	9,714		
Hamilton Lane	47,534	21,158		
Ares Management	18,617	19,053		
Asia Alternatives	4,636	19,957		
Bain Capital	11,137	21,193		
Carlyle Global Credit	9,464	10,964		
Eagle Point Credit	10,610	9,456		
Morgan Stanley	82,097	—		
Starwood Capital	6,593	24,000		
Common Trust Funds & Other				
Wellington Management	190,887	—	Monthly	10 Days
Blackrock MSCI	372,685	—	Daily	5 Days
Black Rock	337,551	—	Daily	3 Days
Sands Capital	31,504	—	Monthly	10 Days
Total Investments Measured at the NAV	\$ 1,807,272			

- **Equity Real Estate** – This investment type includes two limited partnerships. The UBS Trumbull Property Fund and The Related Real Estate Fund III's investment strategy is to invest primarily through direct equity-owned real estate assets. The funds also have flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however, debt may be used where these managers determine leverage is prudent and is expected to enhance total return without undue risk. The fair values of investments in this type have been determined using the NAV per share of Virginia529's ownership of the partnerships.
- **Private Debt and Private Equity Funds of Funds** – This investment type includes private equity funds of funds managed by 13 managers and four private debt funds. These investments cannot be redeemed from the fund. Capital is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. Secondary funds of funds may have an accelerated capital call and return of capital profile. Virginia529 invests in multiple funds with three of its private equity investment managers and is also diversified by vintage year with respect to these investments. The fair values of investments in this type have been determined using the March 31, 2022 NAV of Virginia529's ownership of the partnership, adjusted for cash flows (capital calls and distributions) through June 30, 2022.
- **Common Trust Funds & Other** – This investment type includes three common trust funds and one limited partnership. The fair value of investments in this type have been determined using the NAV per share of the investments.

## Description of Defined Contribution 529 Investments Measured at the NAV:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Common Trust Funds & Other				
Wellington Management Co. LLP	\$ 201,967	\$ —	Daily	N/A
Equity Real Estate				
UBS Realty Investors	32,695	—	Quarterly	60 Days
Blackstone Property Partners	65,008	—	Quarterly	90 Days
Total Investments Measured at the NAV	<u>\$ 299,670</u>			

- **Common Trust Funds & Other:** This investment type includes one common trust fund. The fair value of investments in this type have been determined using the NAV per share of the investments.
- **Equity Real Estate** – This investment type includes two limited partnerships. The UBS Trumbull Property Fund's investment strategy is to invest primarily through direct equity-owned real estate assets. The fund also has flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however, debt may be used where UBS determines leverage is prudent and is expected to enhance total return without undue risk. Blackstone Property Partners is an open ended commingled fund seeking core plus real estate investments in the U.S. and Canada. The fair values of investments in this type have been determined using the NAV per share of Virginia529's ownership of the partnership.

### Fair Value Measurements Primary Government - Virginia Retirement System Pooled Investments (Dollars in Thousands)

Fair Value Measured Using Fair Value Hierarchy	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt Securities (1)</b>				
U. S. Treasury and Agency Securities	\$ 4,689,920	\$ 4,284,650	\$ 405,270	\$ —
Corporate Bonds and Notes	8,227,964	—	8,227,964	—
Collateralized Mortgage Obligations	323,192	—	323,192	—
Commercial Mortgages	217,308	—	217,308	—
Supranational and Non-U.S. Government Bonds and Notes	808,078	—	808,078	—
Mutual and Money Market Funds	93,172	93,172	—	—
Negotiable Certificates of Deposit	29,975	—	29,975	—
Municipal Securities	76,558	—	76,558	—
Asset Backed Securities	294,736	—	294,736	—
Agencies	2,462,947	—	2,462,947	—
Term Loans	49,116	—	—	49,116
Fixed Income Derivatives	(8,505)	(9,019)	514	—
Total Debt Securities	<u>17,264,461</u>	<u>4,368,803</u>	<u>12,846,542</u>	<u>49,116</u>
<b>Equity Securities (2)</b>				
Common and Preferred Stocks	22,157,130	22,154,785	389	1,956
Equity Index and Pooled Funds	77,565	—	—	77,565
Real Assets	1,051,106	—	—	1,051,106
Equity Futures and Swaps	(3,434)	(3,333)	(101)	—
Private Equity	1,781	—	—	1,781
Total Equity Securities	<u>23,284,148</u>	<u>22,151,452</u>	<u>288</u>	<u>1,132,408</u>
Total by Fair Value Level	<u>\$ 40,548,609</u>	<u>\$ 26,520,255</u>	<u>\$ 12,846,830</u>	<u>\$ 1,181,524</u>
Total Fair Value Established Using the Net Asset Value (NAV) (3)	59,236,915			
Total Fair Value	<u>\$ 99,785,524</u>			

- (1) Debt securities are classified as follows:
- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
  - Level 2 - valued using bid evaluations or matrix pricing techniques. Inputs to the valuation techniques may include market participants' assumptions, quoted prices for similar assets, benchmark yield curves, market corroborated inputs, and other data inputs.
  - Level 3 - valued using proprietary information.
- (2) Equity securities are classified as follows:
- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
  - Level 2 - valued using quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or model-driven valuations in which all significant inputs are observable.
  - Level 3 - valued using proprietary information or single source pricing. When observable inputs are not available, this results in using one or more valuation techniques, such as the market approach, the income approach, and/or the cost approach, for which sufficient and reliable data is available. Within this level, the use of the market approach generally consists of using comparable market transactions or other data, while the use of the income approach generally consists of the net present value of estimated future cash flows. The cost approach is often based on the amount that would currently be required to replace an asset with one of comparable utility.
- (3) The following table (dollars in thousands) summarizes the System's investments measured at the NAV per share (or its equivalent) and as a practical expedient are not classified in the fair value hierarchy. Cash equivalents and certain other short-term, highly liquid investments that are measured at amortized cost are also not classified in the fair value hierarchy. In some cases, the actual NAV has not been determined by the external fund or investment managers as of the System's fiscal year end and must be projected using a roll-forward process. The projected NAV is the value at the end of the prior quarter, adjusted for any contributions or distributions and an estimate of income and management fees. There is no adjustment for realized and unrealized gains and losses.

**Description of Investments Measured at the NAV:**

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds				
Equity long/short funds	\$ 4,787,051	\$ 216,667	Monthly, quarterly, semi-annually, annually	30-90 days
Equity long only funds	1,919,068	—	Daily, quarterly, annually	14-90 days
Credit funds	136,014	—	Quarterly, semi-annually	90 days
Multi-strategy funds	2,712,704	—	Monthly, quarterly, semi-annually	5-90 days
Total hedge funds	<u>9,554,837</u>	<u>216,667</u>		
Credit strategies funds				
Bank loan and direct lending funds	4,337,498	1,996,105		
Distressed debt funds	1,505,230	1,104,801		
Mezzanine debt funds	1,089,873	1,530,948		
Multi-strategy funds	2,536,687	1,027,032		
Opportunistic funds	2,591,325	946,517		
Other Funds	1,683,466	2,351,942		
Total credit strategies funds	<u>13,744,079</u>	<u>8,957,345</u>		
Private equity funds				
Buyout funds	10,309,081	2,938,122		
Energy funds	611,650	98,317		
Growth funds	2,992,234	704,517		
International buyout funds	2,190,563	800,801		
Special situations funds	1,763,513	1,150,943		
Subordinated debt funds	229,285	374,749		
Turnaround funds	562,936	287,670		
Venture capital funds	125,370	5,716		
Total private equity funds	<u>18,784,632</u>	<u>6,360,835</u>		
Equity international commingled funds	2,813,735	—	Daily, semi-monthly	None, 6 days
Fixed-income commingled funds	1,473,505	—	Daily	None
Real estate and real asset funds				
Infrastructure funds	2,226,760	723,009		
Natural resources funds	1,901,699	619,993		
Private investment real estate funds	8,435,833	1,321,649		
Private real estate investment trusts	120,189	—		
Total real estate and real asset funds	<u>12,684,481</u>	<u>2,664,651</u>		
U. S. Equity commingled funds	181,646	—	Daily	None
Total investments measured at the NAV	<u>\$ 59,236,915</u>	<u>\$ 18,199,498</u>		

- **Equity Long/Short Hedge Funds** – This type included investments in ten hedge funds at June 30, 2022, which invest in global long and short equity positions. Management of each hedge fund has the ability to invest from value to growth strategies, from small to large capitalization stocks and may vary net exposure considerably. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 25.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 to 60 months after acquisition. The remaining restriction period for these investments was within 12 months at June 30, 2022.
- **Equity Long-Only Hedge Funds** – This type included an investment in four hedge funds at June 30, 2022, which invest in global long-only equity positions. These hedge funds are generally fully invested and only very occasionally may take short positions for hedging purposes. The fair value of the investment in this type has been determined using the NAV per share of the investments. Investments representing approximately 61.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 to 60 months after acquisition. The remaining restriction period for these investments was less than 12 months at June 30, 2022.
- **Credit Hedge Funds** – This type included investments in one hedge fund at June 30, 2022, which invests in event-driven, distressed and special situation credit opportunities. The fair values of the investments in this type have been determined using the NAV per share of the investments. At June 30, 2022, there were no restrictions preventing the redemption of any of the investments in this category during the next 12 months.
- **Multi-Strategy Hedge Funds** – This type included investments in eight hedge funds at June 30, 2022, which invest in multiple asset classes, combining exposure to balance risks. Such exposure can include traditional and alternative investments. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 9.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 to 48 months after acquisition. The remaining restriction period for these investments was 1 to 12 months at June 30, 2022.
- **Credit Strategies Funds** – This type consists of many fund categories, including bank loan and direct lending funds, distressed debt funds, mezzanine debt funds, multi-strategy funds and opportunistic funds. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets in the fund. It is expected that hold periods for the underlying fund assets will range from 3 to 8 years.
- **Private Equity Funds** – This type consists of many fund categories including Venture Capital, Buyout, Subordinated Debt, Growth Capital, Turnaround, Energy and Special Situations. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments involves receiving distributions through liquidation of the underlying fund assets. It is expected that hold periods for the underlying fund assets will range from 3 to 8 years.
- **Equity International Commingled Funds** – This type includes investments in eight institutional investment funds at June 30, 2022, which invest in international equities. These funds employ a variety of investment strategies in global developed and emerging markets. The fair values of the investments in these funds have been determined using the NAV per share of the investments. Redemptions can be made from these funds, given the appropriate notice, any regular trading day on the NYSE.
- **Fixed Income Commingled Funds** – This type consists of nine institutional investment funds that invest in U.S. and multi-national fixed income markets. The fair values of the investments in these funds have been determined using the NAV per share of the investments.
- **U.S. Equity Commingled Funds** - This type includes an investment in two institutional investment funds at June 30, 2022, which invest in domestic equities. The fair values of the investments in these funds have been determined using the NAV per share of the investment. Redemptions can be made from these funds, given the appropriate notice, any regular trading day on the NYSE.
- **Real Assets** – This type includes investments in many fund categories including Private Investment Real Estate, Private Real Estate Investment Trusts, Infrastructure and Natural Resources. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments in this type is that distributions are received through income as well as the liquidation of the underlying assets in the fund. If these investments were held, it is expected that the underlying assets of the funds would be liquidated over 1 to 14 years.

## Component Units

The following table summarizes fair value measurements for the cash equivalents and investments reported by the component units as of June 30, 2022. The table excludes cash equivalents and investments measured at fair value by the foundations that follow FASB standards.

### Fair Value Measurements - Component Units (Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Fair Value Measured Using Fair Value Hierarchy</b>				
<b>Debt Securities (1)</b>				
U. S. Treasury and Agency Securities	\$ 785,490	\$ 537,283	\$ 248,207	\$ —
Corporate Bonds and Notes	559,680	127,082	432,598	—
International and Emerging Markets Funds	4,816	1,698	3,118	—
Commercial Paper	72,887	30,733	42,154	—
Negotiable Certificates of Deposit	66,432	53,987	12,445	—
Repurchase Agreements	29,457	—	29,457	—
Municipal Securities	172,253	3,312	168,941	—
Asset-Backed Securities	340,380	32,140	308,240	—
Agency Mortgage-Backed Securities	1,114,632	8,124	1,106,508	—
Agency Unsecured Bonds and Notes	252,649	8,077	244,572	—
Mutual and Money Market Funds	59,421	46,011	13,410	—
Fixed Income and Commingled Funds	63,289	63,289	—	—
Other Debt Securities	43,312	18,288	25,024	—
Total Debt Securities	<u>3,564,698</u>	<u>930,024</u>	<u>2,634,674</u>	<u>—</u>
<b>Equity Securities (2)</b>				
Common and Preferred Stocks	51,117	51,117	—	—
Equity Index and Pooled Funds	104,953	104,953	—	—
Real Estate	3,801	3,767	—	34
International and Emerging Markets Fund	18,935	18,935	—	—
Other Equity Securities	3,486	211	3,268	7
Total Equity Securities	<u>182,292</u>	<u>178,983</u>	<u>3,268</u>	<u>41</u>
Total by Fair Value Level	<u>\$ 3,746,990</u>	<u>\$ 1,109,007</u>	<u>\$ 2,637,942</u>	<u>\$ 41</u>
<b>Fair Value Established Using the Net Asset Value (NAV) (3)</b>				
Common and Preferred Stocks	15,393			
Fixed Income and Commingled Funds	37,185			
Other Debt Securities	27,100			
Equity Index and Pooled Funds	3,641			
Real Estate	311			
Other Equity Securities	1,491,083			
Total Fair Value Established Using the NAV	<u>1,574,713</u>			
Total Fair Value	<u>\$ 5,321,703</u>			

(1) Debt securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued based on quoted prices for similar securities in active markets or quoted prices for identical or similar securities in markets that are not active.

(2) Equity securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using significant other observable inputs.
- Level 3 - valued using unobservable inputs and may include assumptions of management.

(3) The following nonmajor component units reported investments at fair value established using the NAV: Old Dominion University, Virginia Commonwealth University (VCU), Virginia Commonwealth University Health System Authority (blended component unit of VCU), College of William and Mary, Virginia Military Institute, Virginia State University, Virginia Biotechnology Research Partnership Authority, Virginia Outdoors Foundation, and Virginia Polytechnic Institute and State University. Additional information is available in the separately issued financial statements.

## 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, amended February 22, 2022. The enabling legislation for the securities lending program is Section 2.2-4506 of the *Code of Virginia*. No violations of legal or contractual provisions were noted during the year. The general account participated in a securities lending program for the entire fiscal 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 last fiscal year, approximately 11.0 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. As of June 30, 2022, all collateral received was in the form of cash.

Securities loaned for the State Treasurer's cash collateral reinvestment pool, which consisted of 97.8 percent general account funds and 2.2 percent Virginia Lottery funds as of June 30, 2022, had a carrying value of \$2.96 billion and a fair value of \$2.86 billion. The fair value of the collateral received was \$2.90 billion providing for coverage of 101.5 percent. At year-end, the State Treasury's securities lending program had no credit risk exposure to borrowers because the amounts it owed the borrowers exceeded the amounts the borrowers owed Treasury's securities lending program. All securities are marked to market daily. The carrying value of the cash collateral reinvestment pool received was \$2.90 billion and the cost of the investments purchased with the cash collateral was \$2.90 billion. As of June 30, 2022, the State Treasurer's cash collateral reinvestment pool had an unrealized gain of \$1.5 million, and is recorded in the General Fund as stated in Note 1.FF. 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. As of June 30, 2022, 94.3 percent of cash collateral reinvestments were in indemnified repurchase agreements and 5.7 percent were in BlackRock FedFunds Constant NAV Money Market fund.



As of June 30, 2022, the cash collateral reinvestment portfolio had a weighted average maturity to reset date of one day. Using the expected maturity date, the weighted average maturity was 34 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 34 days.

As of June 30, 2022, the cash collateral reinvestment portfolio was in compliance with the State Treasury's current cash collateral reinvestment guidelines.

Under authorization of the Board, 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 fair value equal to at least 102.0 percent of the fair 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 6.6 days. At year-end, the System had 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 fair value. The fair value of securities on loan as of June 30, 2022, was \$8.0 billion. The June 30, 2022, balance was composed of U.S. Government and agency securities of \$3.1 billion, corporate and other bonds of \$1.2 billion, common and preferred stocks of \$3.7 billion and supranational and non-U.S. Government bonds of \$49.2 million. The value of collateral (cash and non-cash) as of June 30, 2022, was \$8.6 billion.

As of June 30, 2022, the invested cash collateral had a fair value of \$4.6 billion and was composed of negotiable certificates of deposit of \$380.6 million, floating rate notes of \$2.1 billion, commercial paper of \$520.3 million, time deposits of \$731.6 million, supranational and non-U.S. government bonds of \$45.1 million, fixed-rate corporate and other bonds of \$3.1 million and repurchase agreements of \$889.3 million.

## 8. RECEIVABLES

The following schedule (dollars in thousands) details the accounts, loans, local school bonds, interest, taxes, educational contributions, security transactions, service concession arrangement upfront payments, 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, 2022.

	Accounts Receivable	Loans / Mortgage Receivable	Local School Bonds Receivable	Interest Receivable	Taxes Receivable
<b>Primary Government:</b>					
General (1)	\$ 1,364,478	\$ 239	\$ —	\$ 570,281	\$ 3,118,712
Major Special Revenue Funds:					
Commonwealth Transportation (2)	172,183	223,244	—	747	426,128
Federal Trust	3,776,224	—	—	—	—
Literary	306,575	50,070	—	47,022	—
Nonmajor Governmental Funds (2) (3)	659,796	7,221	—	25,819	11,510
Major Enterprise Funds:					
Virginia Lottery	56,094	—	—	—	—
Virginia College Savings Plan	12,343	—	—	6,659	—
Unemployment Compensation	407,254	—	—	—	—
Nonmajor Enterprise Funds	61,767	—	—	—	—
Internal Service Funds	28,890	—	—	—	—
Private Purpose Trust Funds	14	—	—	14,184	—
Pension and Other Employee Benefit Trust Funds (4)	280,875	—	—	229,591	—
Custodial Funds - External Investment Pool	—	—	—	6,438	—
Custodial Funds - Other (4)	4	83	—	156	243,882
<b>Total Primary Government (5)</b>	<u>\$ 7,126,497</u>	<u>\$ 280,857</u>	<u>\$ —</u>	<u>\$ 900,897</u>	<u>\$ 3,800,232</u>
<b>Discrete Component Units:</b>					
Virginia Housing Development Authority (6)	\$ —	\$ 6,777,286	\$ —	\$ 28,500	\$ —
Virginia Public School Authority (7)	—	—	3,698,556	56,854	—
Virginia Resources Authority	—	4,451,038	—	34,010	—
Virginia College Building Authority	—	—	—	15,924	—
Nonmajor Component Units (8)	2,822,083	127,508	—	6,265	7,642
<b>Total Component Units</b>	<u>\$ 2,822,083</u>	<u>\$ 11,355,832</u>	<u>\$ 3,698,556</u>	<u>\$ 141,553</u>	<u>\$ 7,642</u>

Note (1): The General Fund (major) reports pending investment transactions of \$121,256 (dollars in thousands) as Other Receivables.

Note (2): The loans receivable in the Commonwealth Transportation Fund (major) includes \$184.6 million from the Virginia Transportation Infrastructure Bank as discussed in Note 21.D. In the nonmajor governmental funds, it represents the amounts to be received for current debt service requirements. The amount to be received for long-term debt service requirements of \$53.7 million is included in the government-wide statements but excluded from the above amounts.

Note (3): Nonmajor governmental funds includes \$378.5 million in account receivables, which includes \$275.5 million that will be received greater than one year. This receivable represents the Commonwealth's share of the National Opioid Settlement that will assist with the abatement of the opioid epidemic.

Note (4): In the Pension and Other Employee Benefit Trust Funds and Custodial Funds - Other, Interest Receivable of \$229,747 (dollars in thousands) also includes dividends receivable. Additionally, of the total reported as Other Receivables, \$56,876 (dollars in thousands) are made up of \$25,744 (dollars in thousands) in pending investment transactions, which includes \$1,903 (dollars in thousands) in external investment manager receivable, \$8,751 (dollars in thousands) in foreign exchange receivable, \$13,163 (dollars in thousands) in real assets, and \$1,927 (dollars in thousands) in securities lending; and \$31,132 (dollars in thousands) in other receivables related to benefit plans.

Note (5): Fiduciary net receivables in the amount of \$2,991,238 (dollars in thousands) are not included in the Government-wide Statement of Net Position.

Note (6): The Virginia Housing Development Authority (major component unit) reports \$6,404,851 (dollars in thousands) as Restricted Loans/Mortgage Receivable, \$25,507 (dollars in thousands) as Restricted Interest Receivable, and \$470,995 as Restricted Other Receivables.

Note (7): The Virginia Public School Authority (major component unit) reports \$3,698,556 (dollars in thousands) as Restricted Local School Bonds Receivable and \$56,827 (dollars in thousands) as Restricted Interest Receivable. This amount will be used to repay the Authority's bonds.

Note (8): Other Receivables of the nonmajor component units are primarily comprised of the following (dollars in thousands): pledges receivable of \$199,805 reported by the University of Virginia; third-party settlements and non-patient receivables of \$91,307 reported by Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University-VCUHSA); \$51,991 reported by foundations of the higher education institutions representing FASB reporting entities defined in Note 1.B.; and \$146,549 reported by the Virginia Port Authority (VPA), \$14,862 reported by Fort Monroe Authority (FMA), and \$4,204 reported by the Virginia Museum of Fine Arts Foundation. \$61.6 million and \$14.4 million of the amounts reported by VPA and FMA, respectively, were for lease receivables. Other receivables also include lease receivables of \$48.3 million reported by various higher education institutions, excluding foundations.

<u>Educational Benefits Receivable</u>	<u>Security Transactions</u>	<u>Service Concession Arrangement Upfront Payments</u>	<u>Other Receivables</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Amounts to be Collected Greater than One Year</u>
\$ —	\$ —	\$ —	\$ 121,256	\$ (2,138,128)	\$ 3,036,838	\$ 498,572
—	—	990,000	—	(46,977)	1,765,325	1,191,157
—	—	—	—	(658,034)	3,118,190	47,125
—	—	—	—	(317,383)	86,284	47,580
—	—	—	223	(91,711)	612,858	279,434
—	—	—	—	—	56,094	—
89,946	—	—	39,542	—	148,490	67,755
—	—	—	—	(305,361)	101,893	—
—	—	—	1,202	—	62,969	—
—	—	—	—	(92)	28,798	255
—	—	—	387	—	14,585	—
—	2,215,692	—	56,858	—	2,783,016	—
—	—	—	—	—	6,438	—
—	1,513	—	18	(58,457)	187,199	14,214
<u>\$ 89,946</u>	<u>\$ 2,217,205</u>	<u>\$ 990,000</u>	<u>\$ 219,486</u>	<u>\$ (3,616,143)</u>	<u>\$ 12,008,977</u>	<u>\$ 2,146,092</u>
\$ —	\$ —	\$ —	\$ 29,215	\$ (143,455)	\$ 6,691,546	\$ 6,134,778
—	—	—	—	—	3,755,410	3,402,864
—	—	—	6,431	(412)	4,491,067	4,137,303
—	—	—	—	—	15,924	—
—	—	—	588,974	(1,243,581)	2,308,891	486,702
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 624,620</u>	<u>\$ (1,387,448)</u>	<u>\$ 17,262,838</u>	<u>\$ 14,161,647</u>

**9. CONTRIBUTIONS RECEIVABLE, NET**

The following schedule details the contributions receivable for foundations<sup>(1)</sup> included with the nonmajor component units, as of June 30, 2022. The major component units reported no contributions receivable for fiscal year 2022.

*(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
<b>Discrete Component Units:</b>							
Nonmajor Component Units	\$ 240,100	\$ 300,890	\$ 130,475	\$ 671,465	\$ (53,117)	\$ (31,950)	\$ 586,398
<b>Total Component Units</b>	<u>\$ 240,100</u>	<u>\$ 300,890</u>	<u>\$ 130,475</u>	<u>\$ 671,465</u>	<u>\$ (53,117)</u>	<u>\$ (31,950)</u>	<u>\$ 586,398</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 6.0 percent.

**10. 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, 2022.

**Schedule of Due from/to Other Funds**

June 30, 2022

(Dollars in Thousands)

Due From	Amount	Due To	Amount
<b>Primary Government</b>		<b>Primary Government</b>	
General Fund	\$ 59,877	Major Special Revenue Funds:	
		Commonwealth Transportation	\$ 2,792
		Federal Trust	26,101
		Nonmajor Governmental Funds	285
		Major Enterprise Funds:	
		Virginia Lottery	3,491
		Nonmajor Enterprise Funds	22,199
		Internal Service Funds	5,009
Major Special Revenue Funds:		Major Special Revenue Funds:	
Commonwealth Transportation	117,457	Federal Trust	2,441
		Nonmajor Governmental Funds	115,016
Federal Trust	5,556	General Fund	37
		Major Enterprise Funds:	
		Unemployment Compensation	5,519
Literary	2,611	Major Enterprise Funds:	
		Virginia Lottery	2,611
Nonmajor Governmental Funds	61,534	Major Special Revenue Funds:	
		Commonwealth Transportation	57,766
		Federal Trust	2,694
		Major Enterprise Funds:	
		Unemployment Compensation	259
		Nonmajor Enterprise Funds	812
		Internal Service Funds	3
Major Enterprise Funds:		Nonmajor Governmental Funds	39
Virginia Lottery	39		
Unemployment Compensation	1,938	General Fund	735
		Major Special Revenue Funds:	
		Commonwealth Transportation	275
		Federal Trust	816
		Nonmajor Governmental Funds	86
		Major Enterprise Funds:	
		Virginia Lottery	12
		Nonmajor Enterprise Funds	14
Nonmajor Enterprise Funds	722	General Fund	256
		Major Special Revenue Funds:	
		Commonwealth Transportation	286
		Federal Trust	136
		Nonmajor Governmental Funds	21
		Nonmajor Enterprise Funds	14
		Internal Service Funds	9
Internal Service Funds	63,417	General Fund	30,822
		Major Special Revenue Funds:	
		Commonwealth Transportation	15,158
		Federal Trust	10,682
		Nonmajor Governmental Funds	4,070
		Major Enterprise Funds:	
		Virginia Lottery	239
		Virginia College Savings Plan	112
		Nonmajor Enterprise Funds	1,423
		Internal Service Funds	911
Total Primary Government	<u>\$ 313,151</u>	Total Primary Government	<u>\$ 313,151</u>

**Schedule of Due from/to Internal/External Parties**

June 30, 2022

*(Dollars in Thousands)*

Due From	Amount	Due To	Amount
<b>Primary Government</b>		<b>Primary Government</b>	
General Fund	\$ 153	Custodial Funds - External Investment Pool	\$ 2
		Custodial Funds - Other	151
Nonmajor Governmental Funds	282	Custodial Funds - Other	282
Internal Service Funds	250	Pension and Other Employee Benefit Trust Funds	250
Pension and Other Employee Benefit Trust Funds	34,422	General Fund	21,027
		Major Special Revenue Funds:	
		Commonwealth Transportation	5,829
		Federal Trust	3,204
		Nonmajor Governmental Funds	2,498
		Major Enterprise Funds:	
		Virginia Lottery	234
		Virginia College Savings Plan	106
		Nonmajor Enterprise Funds	1,030
		Internal Service Funds	494
Custodial Funds - Other	240	General Fund	232
		Major Special Revenue Funds:	
		Commonwealth Transportation	6
		Nonmajor Governmental Funds	2
Total Primary Government	<u>\$ 35,347</u>	Total Primary Government	<u>\$ 35,347</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, 2022. There were no Interfund Receivables/Payables for the component units as of June 30, 2022.

**Interfund Receivables/Payables**

June 30, 2022

*(Dollars in Thousands)*

Receivable From	Amount	Payable To	Amount
<b>Primary Government</b>		<b>Primary Government</b>	
Nonmajor Governmental Funds	\$ 350,084	General Fund	\$ 376
		Major Special Revenue Funds:	
		Commonwealth Transportation	4,900
		Federal Trust	105,753
		Nonmajor Governmental Funds	6,000
		Major Enterprise Funds:	
		Virginia College Savings Plan	2,000
		Nonmajor Enterprise Funds	50,689
		Internal Service Funds	180,366
Total Primary Government	<u>\$ 350,084</u>	Total Primary Government	<u>\$ 350,084</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 Commonwealth Transportation Fund (major special revenue) to the Virginia Passenger Rail Authority (nonmajor component unit) of \$16.5 million is for Commonwealth Rail Funds.

A \$106.7 million due from primary government amount that is due from the General Fund (major governmental) to the higher education institutions (nonmajor component units) is for payments awaiting disbursements and appropriations available for capital projects and other programs. The General Fund reports \$7.9 million in the fund financial statements and an additional \$98.8 million in the government-wide financial statements.

A due from primary government amount that is due from the Virginia Public Building Authority (capital projects fund - nonmajor governmental fund) to the Virginia Port Authority (nonmajor component unit) of \$20.8 million represents bond revenue to be used for capital projects.

A \$15,521 due to primary government amount from the Virginia Passenger Rail Authority (nonmajor component unit) to the Commonwealth Transportation Fund (major special revenue) is for reimbursement of administrative support and grant expenditures.

A \$27.9 million due from component units in the Health Care Fund (internal service fund) represents amounts due from the nonmajor component units.

A \$1.7 million 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 \$113.3 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).

### **Due from/to Component Units and Fiduciary Funds**

A \$42.7 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 \$188.4 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 and security 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).

## 11. OTHER ASSETS

The following table summarizes Other Assets as of June 30, 2022.

(Dollars in Thousands)

	Cash and Travel Advances	Net OPEB Asset (1)	Other Assets	Total Other Assets
<b>Primary Government:</b>				
General	\$ 1,497	\$ —	\$ —	\$ 1,497
Major Special Revenue Funds:				
Commonwealth Transportation	281	—	—	281
Federal Trust	1,874	—	—	1,874
Nonmajor Governmental Funds	671	—	—	671
Major Enterprise Funds:				
Virginia Lottery	1	1,614	—	1,615
Virginia College Savings Plan	—	814	—	814
Nonmajor Enterprise Funds	430	6,187	40	6,657
Internal Service Funds (2)	—	3,667	43,354	47,021
Custodial Funds - Other (3)	—	—	2	2
Total Primary Government	<u>\$ 4,754</u>	<u>\$ 12,282</u>	<u>\$ 43,396</u>	<u>\$ 60,432</u>
<b>Discrete Component Units:</b>				
Virginia Housing Development Authority (4)	\$ —	\$ —	\$ 59,924	\$ 59,924
Virginia Resources Authority	—	—	530	530
Nonmajor Component Units (5)	3,945	—	150,881	154,826
Total Component Units	<u>\$ 3,945</u>	<u>\$ —</u>	<u>\$ 211,335</u>	<u>\$ 215,280</u>

Note (1): Other noncurrent assets in the proprietary funds represent the Virginia Sickness and Disability Program Net OPEB Asset applicable to the respective fund. The proprietary fund amounts are reclassified to Other Restricted Assets in the Government-wide Statement of Net Position.

Note (2): Of the \$43,354 (dollars in thousands) shown above, \$41,818 (dollars in thousands) and \$1,536 (dollars in thousands) represent Technology and Data Services 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): Custodial Funds - Other amount of \$2,000 shown above is not included in the Government-wide Statement of Net Position.

Note (4): Other Assets of the Virginia Housing Development Authority are comprised primarily of mortgage servicing rights and other real estate owned.

Note (5): Other Assets of the nonmajor component units are primarily comprised of miscellaneous items spread among the higher education institutions and related foundations as well as the nonmajor component units as follows:

- Virginia Commonwealth University Health System Authority (blended component unit of the Virginia Commonwealth University) includes investments in Virginia Premier Health Plan of \$55.9 million;
- University of Virginia includes primarily \$12.1 million of Licensing & Ventures Group (LVG) seed funds at cost; and
- Related foundations of Longwood University, Virginia Polytechnic Institute and State University, and the University of Virginia include \$22.6 million, \$15.9 million, and \$10.9 million, respectively, primarily for cash insurance value of life insurance policies, deferred tax assets, net investment in direct financing leases, intangibles, and right-of-use asset.



## 12. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The governmental funds reported \$3.1 billion in restricted cash, cash equivalents, and investments primarily related to bond agreements. Of this amount, \$2.5 billion relates to transportation projects, \$569.6 million pertains to capital projects, and \$44.2 million pertains to debt service requirements. The governmental and business-type activities funds reported other restricted assets of \$205.5 million and \$8.6 million, respectively, for the Virginia Sickness and Disability Program Net OPEB Asset. See Note 11, Other Assets, for more information related to the Enterprise and Internal Service Funds.

The Virginia Housing Development Authority, the Virginia Public School Authority, and the Virginia College Building Authority (all major component units) reported restricted assets totaling \$2.7 billion, \$358.5 million, and \$493.2 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 \$872.2 million. Of this amount, \$864.4 million is restricted for loans to local governments, bond indentures, or federal and state regulations for various revolving funds, and \$7.8 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 \$159.0 million primarily for debt service under bond agreements, construction and other project funds.

The Tobacco Region Revitalization Commission (nonmajor component unit) reported restricted assets of \$169.6 million to be used for financial aid to tobacco growers and to foster community economic growth. This includes Other Restricted Assets of \$60,567 for the Virginia Sickness and Disability Program Net OPEB asset.

The Hampton Roads Sanitation District Commission (nonmajor component unit) reported restricted assets of \$33.1 million to be used for debt service.

The Virginia Small Business Financing Authority (nonmajor component unit) reported restricted assets of \$37.0 million for gifts and grants. This includes Other Restricted Assets of \$41,647 for the Virginia Sickness and Disability Program Net OPEB asset.

The higher education institutions (nonmajor component units) reported restricted assets totaling approximately \$8.6 billion primarily for endowment and other contractual obligations. Included in this amount is approximately \$7.2 billion of foundations' restricted assets. This includes Other Restricted Assets of \$129.0 million for the Virginia Sickness and Disability Program Net OPEB asset. The Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University—nonmajor component unit) includes \$19.2 million for a beneficial trust and \$5.8 million for an equity interest in a foundation as Other Restricted Assets. These Authority assets are classified as Level 3 on the fair value hierarchy. For additional information, see the Authority's separately issued financial statements.

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 \$248.1 million and \$26.9 million, respectively, primarily for donor-imposed restricted endowments.

The remaining \$9.9 million is spread among the following nonmajor component units: the Virginia Outdoors Foundation, the Virginia Passenger Rail Authority, the Danville Science Center, the Fort Monroe Authority, the Virginia Arts Foundation, the Virginia Biotechnology Research Partnership Authority, the Virginia Economic Development Partnership, the Virginia Tourism Authority, the Virginia Foundation for Healthy Youth, and the Library of Virginia Foundation. Included in this amount is approximately \$1.6 million for the Virginia Sickness and Disability Program Net OPEB asset.

### 13. CAPITAL ASSETS

The following schedule presents the changes in the Capital Assets as of June 30, 2022 (dollars in thousands).

#### Schedule of Changes in Capital Assets Governmental Activities

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Balance June 30
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 3,641,910	\$ 95,095	\$ (675)	\$ 3,736,330
Construction-in-Progress	4,125,364	1,978,696	(1,398,006)	4,706,054
Intangible Assets with Indefinite Useful Life				
Water Rights and/or Easements	120,704	1,039	—	121,743
Infrastructure	1,308,220	—	—	1,308,220
Total Nondepreciable Capital Assets	<u>9,196,198</u>	<u>2,074,830</u>	<u>(1,398,681)</u>	<u>9,872,347</u>
<b>Other Capital Assets:</b>				
Buildings (2)	4,609,212	117,146	(13,610)	4,712,748
Equipment	1,448,563	55,860	(45,557)	1,458,866
Infrastructure	35,580,892	1,391,616	(237,889)	36,734,619
Intangible Assets				
Computer Software (Including websites)	1,044,362	135,324	(31,351)	1,148,335
Patents/Trademarks/Copyrights	35,968	2,066	—	38,034
Right-to-Use Intangible Assets				
Land	3,002	180	—	3,182
Buildings	331,219	57,832	(15,755)	373,296
Equipment	125,265	29,088	—	154,353
Total Other Capital Assets at Historical Cost	<u>43,178,483</u>	<u>1,789,112</u>	<u>(344,162)</u>	<u>44,623,433</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	1,913,763	107,602	(11,459)	2,009,906
Equipment	877,820	77,245	(32,427)	922,638
Infrastructure	13,494,383	1,199,890	(248,760)	14,445,513
Intangible Assets				
Computer Software (Including websites)	606,497	76,961	(19,365)	664,093
Patents/Trademarks/Copyrights	22,188	3,449	—	25,637
Total Accumulated Depreciation	<u>16,914,651</u>	<u>1,465,147</u>	<u>(312,011)</u>	<u>18,067,787</u>
<b>Less Accumulated Amortization for:</b>				
Right-to-Use Intangible Assets				
Land	—	287	—	287
Buildings	—	31,583	—	31,583
Equipment	—	31,497	—	31,497
Total Accumulated Amortization	<u>—</u>	<u>63,367</u>	<u>—</u>	<u>63,367</u>
Total Accumulated Depreciation and Amortization	<u>16,914,651</u>	<u>1,528,514</u>	<u>(312,011)</u>	<u>18,131,154</u>
Total Other Capital Assets, Net	<u>26,263,832</u>	<u>260,598</u>	<u>(32,151)</u>	<u>26,492,279</u>
Total Capital Assets, Net	<u>\$ 35,460,030</u>	<u>\$ 2,335,428</u>	<u>\$ (1,430,832)</u>	<u>\$ 36,364,626</u>

Note (1): Beginning balances have been restated by \$415.2 million predominately as a result of errors of \$25.7 million offset by \$440.9 million relating to the implementation of GASB Statement No. 87, *Leases*.

Note (2): Includes temporary impaired assets with a carrying value of \$35.6 million.

**Depreciation/Amortization Expense Charged to Functions of the Primary Government**  
June 30, 2022

*(Dollars in Thousands)*

<b>Governmental Activities:</b>	
General Government	\$ 55,728
Education	6,714
Transportation	1,242,929
Resources and Economic Development	26,766
Individual and Family Services	67,133
Administration of Justice	53,804
Capital Assets held by the Internal Service	
Funds are charged to various functions	75,440
Total	<u>\$ 1,528,514</u>

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

*(Dollars in Thousands)*

	<b>Balance July 1 as restated (1)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30</b>
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 11,758	\$ —	\$ (725)	\$ 11,033
Construction-in-Progress	12,161	7,617	(13,553)	6,225
Total Nondepreciable Capital Assets	<u>23,919</u>	<u>7,617</u>	<u>(14,278)</u>	<u>17,258</u>
<b>Other Capital Assets:</b>				
Buildings	75,135	1,100	(6,240)	69,995
Equipment	93,707	6,289	(15,072)	84,924
Intangible Assets				
Software	40,843	19,257	(15,046)	45,054
Right-to-Use Intangible Assets				
Buildings	170,115	43,643	—	213,758
Equipment	138	2	(1)	139
Total Other Capital Assets at Historical Cost	<u>379,938</u>	<u>70,291</u>	<u>(36,359)</u>	<u>413,870</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	14,051	2,148	(6,240)	9,959
Equipment	49,494	8,753	(18,510)	39,737
Intangible Assets				
Software	18,530	7,073	(9,105)	16,498
Total Accumulated Depreciation	<u>82,075</u>	<u>17,974</u>	<u>(33,855)</u>	<u>66,194</u>
<b>Less Accumulated Amortization for:</b>				
Right-to-Use Intangible Assets				
Buildings	—	24,353	—	24,353
Equipment	—	52	(1)	51
Total Accumulated Amortization	<u>—</u>	<u>24,405</u>	<u>(1)</u>	<u>24,404</u>
Total Accumulated Depreciation and Amortization	<u>82,075</u>	<u>42,379</u>	<u>(33,856)</u>	<u>90,598</u>
Total Other Capital Assets, Net	<u>297,863</u>	<u>27,912</u>	<u>(2,503)</u>	<u>323,272</u>
Total Capital Assets, Net	<u>\$ 321,782</u>	<u>\$ 35,529</u>	<u>\$ (16,781)</u>	<u>\$ 340,530</u>

Note (1): Beginning balances have been restated by \$170.3 million as a result of the implementation of GASB Statement No. 87, *Leases*.

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

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Subtotal June 30	Foundations (2)	Total June 30
<b>Nondepreciable Capital Assets:</b>						
Land	\$ 740,628	\$ 296,705	\$ (3,045)	\$ 1,034,288	\$ 401,759	\$ 1,436,047
Construction-in-Progress	2,471,489	1,559,173	(1,778,179)	2,252,483	238,538	2,491,021
Inexhaustible Works of Art/ Historical Treasures	86,607	657	(20)	87,244	21,785	109,029
Inexhaustible Easements	535,920	1,425	(237,672)	299,673	—	299,673
Livestock	230	97	—	327	738	1,065
Total Nondepreciable Capital Assets	<u>3,834,874</u>	<u>1,858,057</u>	<u>(2,018,916)</u>	<u>3,674,015</u>	<u>662,820</u>	<u>4,336,835</u>
<b>Other Capital Assets:</b>						
Buildings	20,317,481	1,503,813	(23,817)	21,797,477	1,371,831	23,169,308
Infrastructure	4,631,878	201,364	(908)	4,832,334	7,563	4,839,897
Equipment	4,722,885	380,169	(155,335)	4,947,719	192,223	5,139,942
Improvements Other Than Buildings	687,386	26,718	(214)	713,890	125,988	839,878
Library Books	752,376	12,386	(10,994)	753,768	—	753,768
Software	614,802	177,473	(19,282)	772,993	—	772,993
Other Intangible Assets	2,515	101	—	2,616	—	2,616
<b>Right-to-Use Intangible Assets:</b>						
Land	13,993	5,001	—	18,994	—	18,994
Buildings	665,090	87,573	(5,437)	747,226	—	747,226
Equipment	89,368	44,054	—	133,422	—	133,422
Infrastructure	181	—	—	181	—	181
Other Intangibles	4,059,532	—	—	4,059,532	—	4,059,532
Total Other Capital Assets	<u>36,557,487</u>	<u>2,438,652</u>	<u>(215,987)</u>	<u>38,780,152</u>	<u>1,697,605</u>	<u>40,477,757</u>
<b>Less Accumulated Depreciation for:</b>						
Buildings	7,415,047	576,000	(32,400)	7,958,647	490,718	8,449,365
Infrastructure	2,135,918	130,304	(763)	2,265,459	3,232	2,268,691
Equipment	3,261,232	305,598	(141,682)	3,425,148	140,146	3,565,294
Improvements Other Than Buildings	427,957	24,669	(217)	452,409	64,425	516,834
Library Books	692,381	16,423	(10,993)	697,811	—	697,811
Software	519,950	49,419	(2,863)	566,506	—	566,506
Other Intangible Assets	2,174	75	(18)	2,231	—	2,231
Total Accumulated Depreciation	<u>14,454,659</u>	<u>1,102,488</u>	<u>(188,936)</u>	<u>15,368,211</u>	<u>698,521</u>	<u>16,066,732</u>
<b>Less Accumulated Amortization for:</b>						
<b>Right-to-Use Intangible Assets:</b>						
Land	8,730	10,064	—	18,794	—	18,794
Buildings	22,533	90,191	(1,528)	111,196	—	111,196
Equipment	998	21,755	(1,649)	21,104	—	21,104
Infrastructure	31	31	—	62	—	62
Other Intangibles	—	92,123	—	92,123	—	92,123
Total Accumulated Amortization	<u>32,292</u>	<u>214,164</u>	<u>(3,177)</u>	<u>243,279</u>	<u>—</u>	<u>243,279</u>
Total Accumulated Depreciation and Amortization	<u>14,486,951</u>	<u>1,316,652</u>	<u>(192,113)</u>	<u>15,611,490</u>	<u>698,521</u>	<u>16,310,011</u>
Total Other Capital Assets, Net	<u>22,070,536</u>	<u>1,122,000</u>	<u>(23,874)</u>	<u>23,168,662</u>	<u>999,084</u>	<u>24,167,746</u>
Total Capital Assets, Net	<u>\$ 25,905,410</u>	<u>\$ 2,980,057</u>	<u>\$ (2,042,790)</u>	<u>\$ 26,842,677</u>	<u>\$ 1,661,904</u>	<u>\$ 28,504,581</u>

Note (1): Beginning balances have been restated by \$2.8 billion predominately for the implementation of GASB Statement No. 87, *Leases*. Various component units had an implementation date of July 1, 2020, because the separately issued financial statements include comparative statements. In addition, beginning balances have been restated for reclassifications of \$535.9 million among Nondepreciable Capital Asset line items.

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.

#### 14. 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 15, 16, 18, and 38 for additional information regarding these items.

#### Deferred Outflows

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

#### Deferred Inflows

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

The following tables summarize deferred outflows and deferred inflows of resources as of June 30, 2022.

#### Government-wide Statements

(Dollars in Thousands)

	Primary Government			Total Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Deferred Outflows of Resources</b>				
Loss on Refunding of Debt	\$ 38,005	\$ —	\$ 38,005	\$ 249,414
Nonexchange Transactions Not Meeting Time Requirements	203	—	203	—
Government Acquisition-Goodwill	—	—	—	8,517
Pension Related	973,218	37,929	1,011,147	545,338
Other Postemployment Benefit Related	305,793	10,816	316,609	233,976
Total Deferred Outflows of Resources	<u>\$ 1,317,219</u>	<u>\$ 48,745</u>	<u>\$ 1,365,964</u>	<u>\$ 1,037,245</u>
<b>Deferred Inflows of Resources</b>				
Effective Hedges in a Gain Position	\$ —	\$ —	\$ —	\$ 9,876
Service Concession Arrangements	4,772,723	—	4,772,723	168,414
Gain on Refunding of Debt	—	—	—	48,428
Pension Related	1,945,712	67,063	2,012,775	1,319,220
Other Postemployment Benefit Related	670,175	22,089	692,264	530,633
Irrevocable Split-Interest Agreements Related	—	—	—	17,445
Mortgage Banking Activities	—	—	—	63,934
Leases	286	—	286	125,494
Total Deferred Inflows of Resources	<u>\$ 7,388,896</u>	<u>\$ 89,152</u>	<u>\$ 7,478,048</u>	<u>\$ 2,283,444</u>

#### Fund Statements

(Dollars in Thousands)

	Primary Government - Governmental Funds					
	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds	Total Governmental Funds
<b>Deferred Outflows of Resources</b>						
Nonexchange Transactions Not Meeting Time Requirements	\$ 203	\$ —	\$ —	\$ —	\$ —	\$ 203
Total Deferred Outflows of Resources	<u>\$ 203</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 203</u>
<b>Deferred Inflows of Resources</b>						
Service Concession Arrangements	\$ —	\$ 1,683,186	\$ —	\$ —	\$ —	\$ 1,683,186
Revenues Considered Unavailable	1,242,625	77,727	313,589	27,712	391,080	2,052,733
Total Deferred Inflows of Resources	<u>\$ 1,242,625</u>	<u>\$ 1,760,913</u>	<u>\$ 313,589</u>	<u>\$ 27,712</u>	<u>\$ 391,080</u>	<u>\$ 3,735,919</u>

## Fund Statements

<i>(Dollars in Thousands)</i>	Business-type Activities				Governmental Activities
	Enterprise Funds				
	Virginia Lottery	Virginia College Savings Plan	Nonmajor	Total Business-type Activities	Internal Service Funds
<b>Deferred Outflows of Resources</b>					
Pension Related	\$ 7,542	\$ 3,854	\$ 26,533	\$ 37,929	\$ 13,257
Other Postemployment Benefit Related	1,789	1,180	7,847	10,816	3,142
Total Deferred Outflows of Resources	\$ 9,331	\$ 5,034	\$ 34,380	\$ 48,745	\$ 16,399
<b>Deferred Inflows of Resources</b>					
Pension Related	\$ 12,758	\$ 6,213	\$ 48,092	\$ 67,063	\$ 31,707
Other Postemployment Benefit Related	3,444	1,694	16,951	22,089	8,957
Leases	—	—	—	—	286
Total Deferred Inflows of Resources	\$ 16,202	\$ 7,907	\$ 65,043	\$ 89,152	\$ 40,950

<i>(Dollars in Thousands)</i>	Component Units					
	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units	Total Component Units
<b>Deferred Outflows of Resources</b>						
Loss on Refunding of Debt	\$ —	\$ 71,094	\$ 39,879	\$ 20,645	\$ 117,796	\$ 249,414
Government Acquisition-Goodwill	—	—	—	—	8,517	8,517
Pension Related	—	—	222	—	545,116	545,338
Other Postemployment Benefit Related	8,780	—	29	—	225,167	233,976
Total Deferred Outflows of Resources	\$ 8,780	\$ 71,094	\$ 40,130	\$ 20,645	\$ 896,596	\$ 1,037,245
<b>Deferred Inflows of Resources</b>						
Effective Hedges in a Gain Position	\$ —	\$ —	\$ —	\$ —	\$ 9,876	\$ 9,876
Service Concession Arrangements	—	—	—	—	168,414	168,414
Gain on Refunding of Debt	—	—	31,696	388	16,344	48,428
Pension Related	—	—	401	—	1,318,819	1,319,220
Other Postemployment Benefit Related	6,548	—	38	—	524,047	530,633
Irrevocable Split-Interest Agreements Related	—	—	—	—	17,445	17,445
Mortgage Banking Activities	63,934	—	—	—	—	63,934
Leases	—	—	—	—	125,494	125,494
Total Deferred Inflows of Resources	\$ 70,482	\$ —	\$ 32,135	\$ 388	\$ 2,180,439	\$ 2,283,444

## 15. DERIVATIVE INSTRUMENTS

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 prepayments. 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 the Defined Contribution 529 and Access and Affordability Programs (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. As of June 30, 2022, 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	Effective	Maturity Date	Credit	June 30, 2022	June 30, 2021
		Amount	Date		Rate	Fair Value	Fair Value
Private Purpose	American General Life	\$ 262,438	1/16/2014	Open ended	1.6 %	\$ 1,577,653	\$ 1,658,901
	Nationwide Life Insurance	264,475	1/29/2018	Open ended	2.1 %		
	Prudential Retirement Insurance & Annuity	262,618	1/30/2014	Open ended	1.6 %		
	RGA	262,827	8/28/2015	Open ended	1.6 %		
	State Street Bank	262,439	5/1/2002	Open ended	1.6 %		
	Voya Retirement And Annuity	262,856	10/5/2012	Open ended	1.7 %		

Pursuant to its investment management agreement, Schroders Investment Management may invest in derivative instruments for hedging and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10.0 percent of the market value of the account. U.S. Treasury futures used to hedge duration are excluded from the 10.0 percent limit. At June 30, 2022, the only derivative instruments held in the account were U.S. Treasury futures. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded. 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 Derivative Instruments - U.S. Treasury Futures Contracts**

Changes in Fair Value		Fair Value at June 30, 2022			
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	\$ 12	Investment	\$ 12	\$ 58,385

Pursuant to its investment management agreement, Advent Capital Management, LLC (Advent) may invest in derivatives for hedging purposes or for 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. Similarly, the Schroders, Loomis, Sayles & Company and Acadian Asset Management accounts are permitted to use these instruments. 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.

**Enterprise Fund Currency Forwards**

Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Market Value
Danish Krone	\$ 5	\$ 5	\$ —	\$ 5
Euro	(86,471)	7,376	(90,778)	(83,402)
Hong Kong Dollar	—	2,623	(2,623)	—
Israeli Shekel	(10)	—	(10)	(10)
Japanese Yen	(136)	5,139	(5,233)	(94)
Pound Sterling	(5,734)	1,914	(7,594)	(5,680)
Swiss Franc	37	1,025	(1,025)	—
U.S. Dollar	92,309	110,464	(18,155)	92,309
Total	\$ —	\$ 128,546	\$ (125,418)	\$ 3,128

Pursuant to its investment agreement, PGIM Fixed Income may invest in derivative instruments for hedging, duration and cash management. The portfolio's exposure to derivative instruments, as measured on a net market value basis, is limited to 10.0 percent of the market value of the high-yield account. Both the Defined Benefit and Defined Contribution 529 Programs' PGIM Fixed Income accounts held credit default swaps at June 30, 2022. The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value for credit default swaps. Credit risk is mitigated with these instruments as they are centrally cleared derivatives.

**Investment Derivative Instruments - Credit Default Swaps**

Changes in Fair Value		Fair Value at June 30, 2022			
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	\$ 56	Investment	\$ 108	\$ (5,140)
Private Purpose	Revenue	(37)	Investment	(1)	(355)

At June 30, 2022, PGIM Fixed Income also held U.S. Treasury futures, which are permissible to hedge duration and excluded from the 10.0 percent limit. The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

**Investment Derivative Instruments - U.S. Treasury Futures Contracts**

Changes in Fair Value		Fair Value at June 30, 2022			
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	\$ (62)	Investment	\$ (62)	\$ 34,658
Private Purpose	Revenue	(58)	Investment	(58)	21,093

At June 30, 2022, PGIM Fixed Income also held total return swaps, which are permissible to gain exposure to assets with minimal cash outlay. The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

**Investment Derivative Instruments - Total Return Swaps**

Changes in Fair Value		Fair Value at June 30, 2022			
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	\$ 38	Investment	\$ 38	\$ (740)
Private Purpose	Revenue	—	Investment	—	(230)



Pursuant to its investment management agreement, Loomis, Sayles & Company may invest in derivative instruments for hedging and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10.0 percent of the market value of the account. The Defined Benefit 529 Program's Loomis, Sayles & Company Multi-Asset Credit Accounts held U.S. Treasury futures, which are permissible to hedge duration at June 30, 2022. The following table (dollars in thousands) contains information relating to fair value, changes in fair value and notional value of these derivative instruments. U.S. Treasury Futures used to hedge duration are excluded from the 10.0 percent limit. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivative Instruments - U.S. Treasury Futures Contracts

Fund	Changes in Fair Value		Fair Value at June 30, 2022		Notional Amount
	Classification	Amount	Classification	Amount	
Enterprise	Revenue	\$ (5)	Investment	\$ (5)	\$ 1,235

Pursuant to its investment management agreement, Neuberger Berman may invest in derivative instruments for hedging and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10.0 percent of the market value of the account. The Defined Contributions 529 Programs' Neuberger Berman Emerging Markets Debt account held U.S. Treasury futures, which are permissible to hedge duration. The following table (dollars in thousands) contains information relating to fair value, changes in fair value and notional value of these derivative instruments. U.S. Treasury futures used to hedge duration are excluded from the 10.0 percent limit. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivative Instruments - U.S. Treasury Futures Contracts

Fund	Changes in Fair Value		Fair Value at June 30, 2022		Notional Amount
	Classification	Amount	Classification	Amount	
Private Purpose	Revenue	\$ 100	Investment	\$ 100	\$ 17,215

Additional information is available in the Virginia529 separately issued financial statements, which may be obtained at [www.virginia529.com](http://www.virginia529.com).

### Virginia Retirement System

All derivatives held by the Virginia Retirement System (the System) are considered investments. The fair value of all derivative financial instruments is reported on a net basis on the Statement of Fiduciary Net Position. The derivative instruments are either subject to an enforceable master netting arrangement or similar agreement. The master netting arrangements allow the System to net applicable liabilities or payment obligations to counterparties to the derivative contracts against amounts owed to the System by the counterparties.

The System holds investments in swaps and futures and enters into forward foreign currency exchange contracts. Swaps, futures and currency forwards 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. Derivatives that are exchange-traded are not subject to credit risk, but all over-the-counter derivatives, such as swaps and currency forwards, do expose the System to counterparty credit risk. Counterparty credit risk for the System's investments in derivative instruments (inclusive of foreign currency forwards) is summarized in the table on page 132. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates. The System's level of exposure to interest rate risk through derivative instruments and the System's investments in derivative instruments as of June 30, 2022, are summarized in the tables below (dollars in thousands).

Derivative Instrument Investments Summary

Investment	Net Appreciation/ (Depreciation) in Fair Value for the Fiscal Year Ended June 30, 2022		Fair Value June 30, 2022	
	Amount	Classification	Amount	Notional (Dollars)
Derivatives (by Type)				
Commodity Futures Long	\$ 965	Equity Securities	\$ 172	\$ 3,748
Commodity Futures Short	(142)	Debt Securities	—	—
Credit Default Swaps Bought	98	Debt Securities	67	400
Credit Default Swaps Written	(1,676)	Debt Securities	—	—
Currency Futures Short	144	Debt Securities	144	(1,407)
Fixed-Income Futures Long	(55,544)	Debt Securities	(17,751)	2,611,818
Fixed-Income Futures Short	21,401	Debt Securities	8,416	(1,401,158)
FX Forwards	14,891	Investment Sales/Purchases	6,007	566,991
Index Futures Long	(2,821)	Equity Securities	(4,248)	1,430,485
Index Futures Short	4,159	Equity Securities	915	(62,907)
Pay Fixed-Inflation Swaps	(2,197)	Debt Securities	—	—
Receive Fixed-Inflation Swaps	(14)	Debt Securities	—	—
Receive Fixed-Interest Rate Swaps	109	Debt Securities	—	—
Total Return Bond Index Swaps	(1,798)	Equity Securities	—	—
Total Return Equity Index Swaps	(32,071)	Equity Securities	346	50,839
<b>Total</b>	<b>\$ (54,496)</b>		<b>\$ (5,932)</b>	

Derivative Instruments Subject to Interest Rate Risk

Investment Type	Investment Maturities (in years)				
	Fair Value June 30, 2022	Under 1	1-5	6-10	Greater than 10
Credit Default Swaps Bought	\$ 67	\$ —	\$ 67	\$ —	\$ —
Total Return Equity Index Swaps	446	446	—	—	—
<b>Total</b>	<b>\$ 513</b>	<b>\$ 446</b>	<b>\$ 67</b>	<b>\$ —</b>	<b>\$ —</b>

## **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 Statement of Changes in Fiduciary Net Position. 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. Information on the System's investments in fixed income, commodities, and equity index futures as of June 30, 2022, is shown in the Summary table on the previous page.

## **Currency Forwards**

Currency forwards represent foreign exchange contracts and are used by the System to effect settlements and to protect the base currency (\$U.S.) 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. The net realized gains or losses arising from the differences between the original values of the foreign currency contracts and the closing values of such contracts are included in the net appreciation/depreciation in fair value of investments in the Statement of Changes in Fiduciary Net Position. Information on the currency forward contracts as of June 30, 2022, is shown in the following table and in the Summary table on the previous page.

### Currency Forwards

as of June 30

(Dollars in Thousands)

Currency	Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value 2022	Fair Value 2021
Australian Dollar	(8,161)	87,984	(95,953)	(7,969)	(155,793)
Brazilian Real	4,439	4,734	(378)	4,356	(11,793)
British Pound Sterling	16,703	201,963	(185,622)	16,341	(111,688)
Canadian Dollar	116,117	213,796	(102,005)	111,791	424,312
Chilean Peso	1,649	3,917	(2,389)	1,528	(3,027)
Chinese Yuan Renminbi	(61,059)	3,660	(64,621)	(60,961)	(41,882)
Chinese Yuan Renminbi HK	—	—	—	—	1,530
Colombian Peso	(1,494)	1,052	(2,432)	(1,380)	(3,795)
Czech Koruna	(4,030)	1,302	(5,350)	(4,048)	1,020
Danish Krone	(17,875)	—	(17,753)	(17,753)	(11,629)
Egyptian Pound	—	—	—	—	2,662
Euro Currency Unit	181,386	688,497	(508,646)	179,851	357,089
Hong Kong Dollar	(55,328)	—	(55,356)	(55,356)	(68,242)
Hungarian Forint	1,958	1,945	—	1,945	451
Indian Rupee	(4,592)	717	(5,250)	(4,533)	6,109
Indonesian Rupiah	(1,723)	592	(2,287)	(1,695)	(850)
Israeli Shekel	(26,327)	31	(26,100)	(26,069)	(2,808)
Japanese Yen	(300,574)	109,800	(395,960)	(286,160)	(17,821)
Malaysian Ringgit	1,300	1,298	—	1,298	—
Mexican Peso	1,080	13,785	(12,723)	1,062	3,789
New Taiwan Dollar	(11,321)	10,387	(21,585)	(11,198)	(110)
New Zealand Dollar	(71,365)	52,232	(120,628)	(68,396)	(222,072)
Norwegian Krone	(22,268)	52,537	(73,992)	(21,455)	75,398
Peruvian Sol	(4,682)	1,779	(6,390)	(4,611)	(944)
Philippines Peso	(632)	2,777	(3,384)	(607)	(5,071)
Polish Zloty	3,803	5,857	(2,078)	3,779	431
Romanian Leu	(1,157)	—	(1,161)	(1,161)	—
Russian Ruble (New)	—	—	—	—	191
Singapore Dollar	(76,501)	46,134	(122,085)	(75,951)	(25,574)
South African Rand	(2,638)	2,838	(5,246)	(2,408)	(5,129)
South Korean Won	34	597	(579)	18	670
Swedish Krona	100,541	123,807	(26,391)	97,416	398,542
Swiss Franc	(339,186)	77,342	(420,850)	(343,508)	131,888
Thai Baht	5,037	19,942	(14,997)	4,945	491
Turkish Lira	(1,491)	299	(1,760)	(1,461)	1,391
Ukrainian Hryvnia	—	—	—	—	963
U.S. Dollar	578,357	2,278,569	(1,700,212)	578,357	(727,583)
<b>Total Forwards Subject to Foreign Currency Risk</b>				<u>\$ 6,007</u>	<u>\$ (8,884)</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 2022, the System had

activity in credit default, total return, inflation, and interest swaps. Gains and losses on swaps are determined based on fair values and are recorded in the Statement of Changes in Fiduciary Net Position. Information on the System's swap balances as of June 30, 2022, is shown in the Summary table on page 129, and the terms, fair values and notional values of the System's investments in swap agreements that are highly sensitive to interest rate changes are disclosed in the following tables (dollars in thousands).

**Derivatives Instruments Highly Sensitive to Interest Rate Changes**

Investment Type	Reference Rate	Fair Value	
		June 30, 2022	Notional Amount
Total Return Equity Index Swaps	Receive Variable BNPUSBNK Index, Pay Variable 3-month LIBOR + 40 bps	\$ —	\$ 850
Total Return Equity Index Swaps	Receive Variable BNPUSBNK Index, Pay Variable 3-month LIBOR + 40 bps	—	1
Total Return Equity Index Swaps	Receive Variable MXBR0BK Index, Pay Variable 1-day SOFR Cmpd + 10 bps	(122)	937
Total Return Equity Index Swaps	Receive Variable BNPUSBNK Index, Pay Variable 1-day SOFR Cmpd + 40 bps	—	1,932
Total Return Equity Index Swaps	Receive Variable BNPUSBNK Index, Pay Variable 1-day SOFR Cmpd + 40 bps	1	2,659
Total Return Equity Index Swaps	Receive Variable MXBR0BK Index, Pay Variable 1-day SOFR Cmpd + 10 bps	(253)	1,470
Total Return Equity Index Swaps	Receive Variable MIMUUSAG Index, Pay Variable 1-day SOFR Cmpd + 36 bps	273	39,783
Total Return Equity Index Swaps	Receive Variable 1-day SOFR Cmpd + 43 bps, Pay Variable BNPUSCLD Index	446	3,207
<b>TOTAL</b>		<b>\$ 345</b>	<b>\$ 50,839</b>

**Derivative Instruments Subject to Counterparty Credit Risk**

Counterparty	Percentage of Net Exposure	Moody's Ratings	S&P Ratings	Fitch Ratings
BNP Paribas Securities Corp.	36.1%	—	A+	—
UBS AG/Stamford CT	29.1%	Aa3	A+	AA-
Credit Suisse AG	19.5%	A1	A+	A-
Bank of New York Mellon Corp-London	5.8%	—	—	—
JPMorgan Chase Bank NA	5.4%	Aa2	A+	AA
Morgan Stanley & Co International PLC	2.5%	Aa3	A+	—
Morgan Stanley Capital Services LLC	1.2%	Aa3	A+	—
Goldman Sachs Bank USA-New York	0.4%	A1	A+	A+
<b>Total</b>	<b>100.0%</b>			

Derivative instruments are classified as Level 1 and Level 2 in the fair value hierarchy. Derivative instruments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The derivative instruments in Level 1 consist of futures contracts on commodities, currencies, U.S. Treasury bonds and notes, non-U.S. government bonds, and U.S. and non-U.S. equity indexes. Derivative instruments classified as Level 2 are valued using a number of modeling approaches that take into account observable market levels, benchmark rates, and foreign exchange rates.

Additional information is available in the System's separately issued financial statements, which may be obtained from [www.varetire.org](http://www.varetire.org).

## Component Units

### Investment Derivative Instruments

The Virginia Housing Development Authority (major component unit) enters into forward sales contracts for the delivery of GNMA and FNMA securities in order to lock in the sales price for the securitization of certain homeownership mortgage loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into GNMA and FNMA securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative gains or losses in the accompanying financial statements. Fair values of the forwards are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. The Authority's portfolio of investment derivatives is classified as Level 2 in the fair value hierarchy. The outstanding forward contracts, summarized by counterparty rating as of June 30, 2022, were as follows:

Counterparty Rating	Par	Concentration	Notional Amount	Market Value	Fair Value Asset (Liability)
A-1+/AA+	\$ 29,000,000	6.0 %	\$ 28,941,250	\$ 28,631,094	\$ 310,156
A-1/A+	209,578,692	43.1 %	206,882,467	204,911,814	1,970,653
A-1/A+	122,900,000	25.3 %	121,596,043	120,191,625	1,404,418
A-2/BBB+	96,000,000	19.8 %	92,780,840	91,356,641	1,424,199
A-2/BBB+	28,257,973	5.8 %	28,115,205	27,888,129	227,076
	<u>\$ 485,736,665</u>	<u>100.0 %</u>	<u>\$ 478,315,805</u>	<u>\$ 472,979,303</u>	<u>\$ 5,336,502</u>

### Investment Derivative Instruments – Ineffective Hedges

During fiscal year 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 were no longer effective hedges. As of June 30, 2022, the negative fair value of the swaps of \$17.0 million is included in other liabilities and the change in fair value of positive \$22.1 million was reported as investment earnings in the accompanying financial statements. The derivative instruments are classified as Level 2 of the fair value hierarchy. Additional information regarding the institution's derivative instruments is available at [www.virginia.edu](http://www.virginia.edu).

## Hedging Derivative Instruments

As of June 30, 2022, Virginia Commonwealth University Medical Center (VCUMC), 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 \$112.2 million. The swaps are used as cash flow hedges by VCUMC in order to provide a hedge against changes in interest rates on variable rate Series 2013B bonds. As of June 30, 2022, the negative fair value of VCUMC's two swaps of \$20.5 million is included in other liabilities and the cumulative change in fair value of these swaps of \$9.9 million is included in deferred inflows of resources in the accompanying financial statements. The derivative instruments are classified as Level 2 in the fair value hierarchy. Additional information is available in the separately issued financial statements of the higher education institution.

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 separately issued financial statements of the foundations.

## 16. RETIREMENT AND PENSION SYSTEMS

A separately issued financial report that includes financial statements and required supplementary information for each of the individual plans discussed below is publicly available. Copies may be obtained from the Virginia Retirement System website at [www.varetire.org](http://www.varetire.org).

### 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**

The Virginia Retirement System (VRS) 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 2022 were \$4.3 billion with a reserve balance available for benefits of \$93.8 billion. The contributions include one-time payments from the Commonwealth in June 2022 of \$219.2 million to the State Employee Plan and \$442.4 million to the Teacher Employee Plan. These special payments were authorized by Chapter 1, 2022 Acts of Assembly Special Session I, Item 277. As of June 30, 2022, VRS had 832 contributing employers.

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*.

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*, members contribute 5.0 percent of their annual compensation to the retirement plans. 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 2022 were \$54.6 million, \$32.3 million, and \$111.1 million, and reserved balances available for benefits were \$1.0 billion, \$657.0 million, and \$1.8 billion, for SPORS, JRS, and VaLORS, respectively. Contributions include special one-time payments from the Commonwealth in June 2022 of approximately \$11.0 million, \$6.3 million and \$19.9 million to

SPORS, JRS, and VaLORS, respectively. These special payments were authorized by Chapter 1, 2022 Acts of Assembly Special Session I, Item 277. 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.

The Hybrid Plan is the default benefit structure for new employees in the VRS and JRS plans. The Hybrid Plan benefit structure includes a defined benefit component and a defined contribution component. For Hybrid Plan members, 4.0 percent of the statutory member contribution of 5.0 percent is directed to the defined benefit component of the plan and 1.0 percent is directed to the mandatory defined contribution component of the plan. In addition, 1.0 percent of the total actuarially determined employer contribution is directed to the mandatory defined contribution component of the plan. The Hybrid Plan members may also elect to contribute an additional amount up to 4.0 percent to a voluntary defined contribution plan. The voluntary component also has a mandatory employer match of 0.5 to 2.5 percent that is deducted from the total actuarially determined employer contribution. For the fiscal year 2022, the mandatory and voluntary member contributions for the defined contribution component of the Hybrid Plan totaled \$176.3 million and related mandatory employer contributions totaled \$138.0 million. The statutory authority for the Hybrid plan is set out in the *Code of Virginia*, Section 51.1-169. This section also highlights the various plan provisions, including vesting and forfeiture. The total amount contributed by the employer shall vest to the employee's benefit according to the following schedule:

- a. Upon completion of two years of active participation, 50.0 percent.
- b. Upon completion of three years of active participation, 75.0 percent.
- c. Upon completion of four years of active participation, 100.0 percent.

If an employee ceases to be a member prior to achieving 100.0 percent vesting, contributions made by an employer on behalf of the employee under subdivision 2 that are not vested shall be forfeited. The Defined Contribution plan component of the Hybrid plan has a fixed employer contribution that is a percentage of covered payroll. There is no additional employer liability for this component at year end.

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

The following table provides participant information.

	VRS	SPORS	VaLORS	JRS	2022 Total
Retirees and Beneficiaries Receiving Benefits	61,655	1,511	5,673	546	69,385
Terminated Employees Entitled to Benefits but not Receiving Them	13,599	162	887	3	14,651
Total	<u>75,254</u>	<u>1,673</u>	<u>6,560</u>	<u>549</u>	<u>84,036</u>
Active Members:					
Vested	50,790	1,521	4,089	372	56,772
Non-Vested	25,366	354	3,253	87	29,060
Total	<u>76,156</u>	<u>1,875</u>	<u>7,342</u>	<u>459</u>	<u>85,832</u>

#### 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 2022 were based on the actuary's valuation as of June 30, 2019. Employer contributions by the Commonwealth to VRS, SPORS, VaLORS, and JRS were 14.5 percent, 26.3 percent, 21.9 percent, and 29.8 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 total pension liability was determined based on the actuarial valuation as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The following tables (dollars in thousands) show the Commonwealth's total pension liability, plan fiduciary net position, and net pension liability in total and individually for the VRS, SPORS, JRS, and VaLORS for the current and prior year.



**Primary Government**

	Totals (1)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 18,429,512	\$ 13,194,533	\$ 5,234,979
Changes for the year			
Service cost	311,531	—	311,531
Interest	1,215,864	—	1,215,864
Differences between actual and expected experience	(200,473)	—	(200,473)
Assumption changes	402,878	—	402,878
Contributions - employer	—	467,978	(467,978)
Contributions - member	—	140,403	(140,403)
Net investment income	—	3,577,610	(3,577,610)
Benefit payments, including refunds	(961,225)	(996,633)	35,408
Administrative expense	—	(8,962)	8,962
Other changes	—	(413)	413
Net changes	768,575	3,179,983	(2,411,408)
Balances at June 30, 2022	<u>\$ 19,198,087</u>	<u>\$ 16,374,516</u>	<u>\$ 2,823,571</u>

	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, 2021	\$ 14,436,736	\$ 10,416,272	\$ 4,020,464	\$ 1,215,258	\$ 854,762	\$ 360,496
Changes for the year						
Service cost	226,619	—	226,619	22,042	—	22,042
Interest	954,649	—	954,649	79,549	—	79,549
Differences between actual and expected experience	(157,564)	—	(157,564)	(9,431)	—	(9,431)
Assumption changes	231,027	—	231,027	58,257	—	58,257
Contributions - employer	—	341,453	(341,453)	—	33,788	(33,788)
Contributions - member	—	115,949	(115,949)	—	6,489	(6,489)
Net investment income	—	2,830,706	(2,830,706)	—	229,138	(229,138)
Benefit payments, including refunds	(718,242)	(754,633)	36,391	(73,498)	(73,498)	—
Administrative expense	—	(7,226)	7,226	—	(531)	531
Other changes	—	(413)	413	—	—	—
Net changes	536,489	2,525,836	(1,989,347)	76,919	195,386	(118,467)
Balances at June 30, 2022	<u>\$ 14,973,225</u>	<u>\$ 12,942,108</u>	<u>\$ 2,031,117</u>	<u>\$ 1,292,177</u>	<u>\$ 1,050,148</u>	<u>\$ 242,029</u>

	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, 2021	\$ 687,469	\$ 549,455	\$ 138,014	\$ 2,090,049	\$ 1,374,044	\$ 716,005
Changes for the year						
Service cost	19,335	—	19,335	43,535	—	43,535
Interest	44,788	—	44,788	136,878	—	136,878
Differences between actual and expected experience	(10,245)	—	(10,245)	(23,233)	—	(23,233)
Assumption changes	53,040	—	53,040	60,554	—	60,554
Contributions - employer	—	22,856	(22,856)	—	69,881	(69,881)
Contributions - member	—	1,868	(1,868)	—	16,097	(16,097)
Net investment income	—	147,200	(147,200)	—	370,566	(370,566)
Benefit payments, including refunds	(47,885)	(47,885)	—	(121,600)	(120,617)	(983)
Administrative expense	—	(343)	343	—	(862)	862
Other changes	—	—	—	—	—	—
Net changes	59,033	123,696	(64,663)	96,134	335,065	(238,931)
Balances at June 30, 2022	<u>\$ 746,502</u>	<u>\$ 673,151</u>	<u>\$ 73,351</u>	<u>\$ 2,186,183</u>	<u>\$ 1,709,109</u>	<u>\$ 477,074</u>

## Component Units

	Totals		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 11,770,491	\$ 8,480,221	\$ 3,290,270
Changes for the year			
Service cost	182,155	—	182,155
Interest	762,992	—	762,992
Differences between actual and expected experience	(125,990)	—	(125,990)
Assumption changes	187,210	—	187,210
Contributions - employer	—	274,859	(274,859)
Contributions - member	—	92,621	(92,621)
Net investment income	—	2,259,108	(2,259,108)
Benefit payments, including refunds	(806,010)	(770,602)	(35,408)
Administrative expense	—	(5,759)	5,759
Other changes	—	(324)	324
Net changes	200,357	1,849,903	(1,649,546)
Balances at June 30, 2022	<u>\$ 11,970,848</u>	<u>\$ 10,330,124</u>	<u>\$ 1,640,724</u>

	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, 2021	\$ 11,578,189	\$ 8,353,796	\$ 3,224,393	\$ 192,302	\$ 126,425	\$ 65,877
Changes for the year						
Service cost	178,084	—	178,084	4,071	—	4,071
Interest	750,193	—	750,193	12,799	—	12,799
Differences between actual and expected experience	(123,818)	—	(123,818)	(2,172)	—	(2,172)
Assumption changes	181,548	—	181,548	5,662	—	5,662
Contributions - employer	—	268,325	(268,325)	—	6,534	(6,534)
Contributions - member	—	91,116	(91,116)	—	1,505	(1,505)
Net investment income	—	2,224,457	(2,224,457)	—	34,651	(34,651)
Benefit payments, including refunds	(797,774)	(761,383)	(36,391)	(8,236)	(9,219)	983
Administrative expense	—	(5,678)	5,678	—	(81)	81
Other changes	—	(324)	324	—	—	—
Net changes	188,233	1,816,513	(1,628,280)	12,124	33,390	(21,266)
Balances at June 30, 2022	<u>\$ 11,766,422</u>	<u>\$ 10,170,309</u>	<u>\$ 1,596,113</u>	<u>\$ 204,426</u>	<u>\$ 159,815</u>	<u>\$ 44,611</u>

The amounts in the previous tables include governmental, business-type, and component unit activity for the Commonwealth's VRS State Plan. All component unit tables exclude the non-VRS State Plan net pension liability of \$6.1 million for all component units.

The 2020 actuarial valuations were prepared using the entry age normal cost method. The actuarial assumptions included (a) 6.8 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 and Hybrid. The actuarial assumption for mortality rates was based on the Pub-2010 with modified MP-2020 Improvement Scale. 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 6.8 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*. Beginning on July 1, 2018, all agencies are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on 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 6.8 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 (5.8 percent) or 1.0 percent higher (7.8 percent) than the current rate. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate.

**Primary Government**

<b>VRS</b>			<b>SPORS</b>		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 3,804,542	\$ 2,031,117	\$ 545,075	\$ 404,844	\$ 242,029	\$ 106,212

<b>JRS</b>			<b>VaLORS</b>		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 147,357	\$ 73,351	\$ 9,701	\$ 768,155	\$ 477,074	\$ 238,592

**Component Units**

<b>VRS</b>			<b>VaLORS</b>		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 2,989,727	\$ 1,596,113	\$ 428,336	\$ 71,829	\$ 44,611	\$ 22,310

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 long-term 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 October 10, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the System's long-term target asset allocation are summarized in the following table.

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0 %	5.0%	1.7 %
Fixed Income	15.0 %	0.6%	0.1 %
Credit Strategies	14.0 %	4.5%	0.6 %
Real Assets	14.0 %	4.8%	0.7 %
Private Equity	14.0 %	9.9%	1.4 %
MAPS - Multi-Asset			
Public Strategies	6.0 %	3.3%	0.2 %
PIP-Private Investment			
Partnerships	3.0 %	6.8%	0.2 %
Total	<u>100.0 %</u>		<u>4.9 %</u>
	Inflation		<u>2.5 %</u>
	Expected arithmetic nominal return		<u>7.4 %</u>

The allocation in the previous table provides a one-year expected return of 7.4 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 6.9 percent, including expected inflation of 2.5 percent. On October 10, 2019, the VRS Board of Trustees elected a long-term rate of return of 6.8 percent which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a mean of 7.1 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*, requires certain pension related items to be reported as either deferred outflows or deferred inflows of resources. The following tables (dollars in thousands) summarize these amounts as of June 30, 2022, in total and by individual plan.

**Primary Government (1)**

	<b>Totals (2)</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 50,231	\$ 155,729
Changes of assumptions	376,907	17,514
Net difference between projected and actual earnings on plan investments	—	1,766,831
Changes in proportion and difference between employer contributions and proportionate share of contributions	98,156	72,701
Employer contributions subsequent to the Measurement Date	485,853	—
<b>Total</b>	<b>\$ 1,011,147</b>	<b>\$ 2,012,775</b>

	<b>VRS</b>		<b>SPORS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 18,298	\$ 116,641	\$ 26,958	\$ 12,043
Changes of assumptions	233,528	—	65,638	17,510
Net difference between projected and actual earnings on plan investments	—	1,398,467	—	112,828
Changes in proportion and difference between employer contributions and proportionate share of contributions	82,691	56,638	—	—
Employer contributions subsequent to the Measurement Date	359,739	—	36,505	—
<b>Total</b>	<b>\$ 694,256</b>	<b>\$ 1,571,746</b>	<b>\$ 129,101</b>	<b>\$ 142,381</b>

	<b>JRS</b>		<b>VaLORS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ 13,886	\$ 4,961	\$ 13,131
Changes of assumptions	43,512	—	34,226	—
Net difference between projected and actual earnings on plan investments	—	72,478	—	183,017
Changes in proportion and difference between employer contributions and proportionate share of contributions	—	—	15,465	16,063
Employer contributions subsequent to the Measurement Date	22,493	—	67,076	—
<b>Total</b>	<b>\$ 66,005</b>	<b>\$ 86,364</b>	<b>\$ 121,728</b>	<b>\$ 212,211</b>

## Component Units (1) (3)

	<b>Totals</b>			
	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$	14,839	\$	92,861
Changes of assumptions		186,662		—
Net difference between projected and actual earnings on plan investments		—		1,115,760
Changes in proportion and difference between employer contributions and proportionate share of contributions		38,494		63,949
Employer contributions subsequent to the Measurement Date		282,515		—
<b>Total</b>	<b>\$</b>	<b>522,510</b>	<b>\$</b>	<b>1,272,570</b>

	<b>VRS</b>		<b>VaLORS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 14,375	\$ 91,633	\$ 464	\$ 1,228
Changes of assumptions	183,462	—	3,200	—
Net difference between projected and actual earnings on plan investments	—	1,098,647	—	17,113
Changes in proportion and difference between employer contributions and proportionate share of contributions	36,500	62,553	1,994	1,396
Employer contributions subsequent to the Measurement Date	275,401	—	7,114	—
<b>Total</b>	<b>\$ 509,738</b>	<b>\$ 1,252,833</b>	<b>\$ 12,772</b>	<b>\$ 19,737</b>

- (1) During fiscal year 2022, the Commonwealth recognized pension expense for the primary government and component units of \$160,816 (dollars in thousands) and \$50,090 (dollars in thousands), respectively. The recognized pension expense by plan for the primary government was as follows (dollars in thousands): VRS \$77,265, SPORS \$11,895, JRS \$10,609, and VaLORS \$61,047. The recognized pension expense by plan for component units was as follows (dollars in thousands): VRS \$43,635 and VaLORS \$6,455.
- (2) This table includes deferred outflows of resources and deferred inflows of resources of \$56,963 and \$73,118, respectively, for the Hampton Roads Transportation Accountability Commission (nonmajor governmental), not related to the VRS State Plan.
- (3) The component unit amounts exclude deferred outflows of resources and deferred inflows of resources of \$22,828 (dollars in thousands) and \$46,650 (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. These amounts exclude employer contributions made subsequent to the measurement date as those contributions will reduce the fiscal year 2023 net pension liability.

### Primary Government

	<b>VRS</b>	<b>SPORS</b>	<b>JRS</b>	<b>VaLORS</b>
2023	\$ (218,631)	\$ (17,754)	\$ (8,711)	\$ (21,572)
2024	(293,099)	(13,947)	(9,396)	(37,073)
2025	(307,308)	(6,104)	(7,570)	(42,886)
2026	(418,191)	(21,693)	(17,175)	(56,028)
2027	—	8,062	—	—
Thereafter	—	1,651	—	—

### Component Units

	<b>VRS</b>	<b>VaLORS</b>
2023	\$ (179,979)	\$ (1,927)
2024	(241,282)	(3,313)
2025	(252,978)	(3,832)
2026	(344,257)	(5,007)
2027	—	—

#### **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 MissionSquare. 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, 2022, the total contributions to this plan were \$1.5 million. As of June 30, 2022, the amount to be paid to participants upon retirement is \$22.2 million. The summary of significant accounting policies for the plan is in accordance with those discussed in Note 16.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* and offered through the MissionSquare. 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. As of June 30, 2022, there were two participants in this plan. There were no contributions to the plan for fiscal year 2022.

#### **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 Title 51.1-617 of the *Code of Virginia* and offered through the MissionSquare. 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. As of June 30, 2022, there were two participants in this plan. There were no contributions to the plan for fiscal year 2022.

#### **K. Higher Education (Nonmajor Component Units)**

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 the Teachers

Insurance and Annuity Association (TIAA) and DCP. 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 contribution, not to exceed 8.9 percent, and the employee's 5.0 percent contribution, plus net investment gains. For Plan 2, the employer contributions for fiscal year 2022 were 8.5 percent except for the University of Virginia (nonmajor) which were 8.9 percent. Vesting is full and immediate for both employer and employee contributions, except UVA employees hired after July 1, 2014, are fully vested in the UVA contributions after two years of continuous employment. For fiscal year 2022, total pension expense recognized was \$179.8 million and contributions were calculated using the base salary amount of \$1.9 billion. As of June 30, 2022, the Commonwealth's colleges and universities had accrued \$11.8 million in employer liabilities related to these plans.

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 separately issued financial statements.

Certain employees of Virginia Commonwealth University (nonmajor) are participating in The Select Plan, which is a 401(a) defined contribution plan. Participation is limited to executives by invitation. For information regarding this plan, see the University's website at [www.vcu.edu](http://www.vcu.edu).

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 defined benefit pension plan. Effective July 1, 1997, the Authority established the Virginia Commonwealth University Health System Authority Defined Contribution Plan (VCUHS 401(a) Plan) and the Virginia Commonwealth University Health System Authority Health Care Providers Defined Contribution Plan (HCP Plan). The Authority and component units, MCV Associated Physicians (MCVAP), VCU Community Memorial Hospital (CMH), and the Children's Hospital participate in the VCUHS 401(a) as well as sponsor the VCUHS Savings Plan (VCUHS 457(b) Plan). The Authority also provides an executive defined contribution plan and deferred compensation retirement benefits for select executives of the Health System. MCVAP and CMH Physicians sponsor 401(a) defined contribution plans and 403(b) salary deferral plans. For information regarding these plans, see the Authority's separately issued 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), and the Virginia College Building Authority (major), have no employees. The Virginia School for the Deaf and Blind Foundation (nonmajor) has one wage employee. 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 Region Revitalization Commission, the Virginia Foundation for Healthy Youth, the Virginia Passenger Rail Authority, and the Fort Monroe Authority.

The Virginia Housing Development Authority (major) has three defined contribution plans. For additional information regarding these plans, see the Authority's website at [www.vhda.com](http://www.vhda.com).

The Virginia Outdoors Foundation (nonmajor) maintains a 401(k) contribution plan and provides an employer contribution match of 1.0 percent to 4.0 percent with immediate vesting and from 5.0 percent to 10.0 percent after a 3 year vesting period. For information regarding this plan, see the Foundation's website at [www.virginiaoutdoorsfoundation.org](http://www.virginiaoutdoorsfoundation.org).

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 separately issued 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 January 28, 2014. Employees hired after January 28, 2014, are eligible for a defined contribution plan only. On January 1, 2015, the plan was amended to add certain employees who transferred from the Virginia International Terminals (VIT) (referred to as "Legacy VIT Participants") to VPA. VIT (a blended component unit of VPA - nonmajor) has the Virginia International Terminals, LLC Pension Plan that is a single employer, noncontributory defined benefit pension plan administered by VIT. A stand-alone financial report is issued and is available upon request from VPA's administrative offices. For information regarding these plans, see the Authority's website at [www.portofvirginia.com](http://www.portofvirginia.com).

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 separately issued financial statements.

The Science Museum of Virginia Foundation (nonmajor) has a 403(b) defined contribution pension plan through the TIAA-CREF Retirement Plan for employees meeting age and service requirements. For additional information regarding this plan, see the Foundation's separately issued financial statements.

## 17. 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 significant accounting policies are the same as those described in Note 16 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 from the Virginia Retirement System website at [www.varetire.org](http://www.varetire.org).

### 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 336,156 active members participate in the program as of June 30, 2022.

Participating employers and their covered employees are required by Title 51.1 of the *Code of Virginia* 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 \$800,000. 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 72,209 members were covered under this program as of June 30, 2022.

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*. 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 79,072 members were covered under the program as of June 30, 2022.

## **18. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

### **A. Virginia Retirement System (System-administered) OPEB Plans**

#### **1) Administration and Significant Accounting Policies**

The System-administered defined benefit OPEB plans mentioned below have a trust that meets the requirements in GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*. In addition, the net OPEB liability for these plans have a measurement date of June 30, 2021. As previously mentioned, a separately issued financial report that includes financial statements, notes and required supplementary information for each of the System-administered plans discussed below is publicly available. Copies may be obtained from the Virginia Retirement System website at [www.varetire.org](http://www.varetire.org).

The administration and significant accounting policies for the System-administered OPEB plans are the same as those described in Note 16 for pension plans.

#### **2) Plan Descriptions**

##### **Retiree Health Insurance Credit Program**

The Retiree Health Insurance Credit Program is composed of a single-employer plan for state employees; a cost-sharing multiple-employer plan for teachers; three cost-sharing, multiple-employer plans for constitutional officers, social services employees and registrars; and an agent, multiple-employer plan for political subdivisions electing coverage. This note and the required supplementary information in this report is for the single-employer plan for state employees and also includes the state-funded noncontributing employer portion for constitutional officers, registrars, and their

employees, as well as local social service employees.

The Retiree Health Insurance Credit (RHIC) for state employees provides benefits for retired state employees, state police officers, other state law enforcement, correctional officers, and judges who have at least 15 years of service credit under the retirement plans. 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. The program provides a credit reimbursement of \$4 per month per year of service credit against the monthly health insurance premiums of eligible retirees. There is no cap on the credit. Certain eligible employees who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program are eligible for a credit not to exceed \$120.

The following is the approximate number of employees covered by the RHIC plan for state employees on the measurement date of June 30, 2021:

	RHIC for State Employees
Inactive employees currently receiving benefit payments	49,368
Inactive employees entitled to but not yet receiving benefit payments	1,962
Active employees	113,339
Total	<u>164,669</u>

The health insurance credit plan for general registrars, constitutional officers, and their employees as well as local social service employees (RHIC Non-State) provides \$1.50 per month per year of service with a maximum monthly credit of \$45. The Commonwealth funds this credit. Benefit provisions and eligibility requirements are established by Title 51.1 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.

### Virginia Sickness and Disability Program

The Virginia Sickness and Disability Program (VSDP) is a single-employer plan. It is also known as the Disability Insurance Trust Fund. The Commonwealth provides OPEB disability insurance benefits, in accordance with state statutes, to eligible retired and terminated employees. Eligible employees include state employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement and full-time and part-time, salaried state employees covered under VRS, SPORS, and VaLORS. 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. The following is the approximate number of employees covered by this plan on the measurement date of June 30, 2021:

	VSDP
Inactive employees currently receiving benefit payments	5,551
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	77,848
Total	<u>83,399</u>

### Group Life Insurance Program

The Group Life Insurance Program (GLI) is a cost-sharing, multiple employer plan. Members whose employers participate in the Group Life Insurance Program are covered automatically under the Basic Group Life Insurance Program upon employment. This program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including certain employers that do not participate in VRS for retirement. 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*. Participating employers and covered employees are required to contribute to the cost of group life insurance benefits. Employers may assume employees' contributions. A portion of the premium contributions collected during members' active careers is placed in an advance premium deposit reserve. This reserve is to fund the claims for eligible retired and deferred members.

### Line of Duty Act Program

The Line of Duty Act Program (LODA) is a cost-sharing, multiple employer plan. It provides death and health insurance reimbursement benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. Benefit provisions and eligibility requirements are established by Title 9.1 of the *Code of Virginia*. The System is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in fiscal year 2012. The employer contribution rate was determined by the System's actuary using the anticipated costs and the number of covered individuals associated with all participating employers. The Department of Human Resource Management

administers the benefits and payment of claims under this program. The System manages the death benefit payments.

### 3) Funding

The contribution requirements are governed by the *Code of Virginia*, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employer contributions by the Commonwealth for the RHIC and VSDP were 1.1 percent and 0.6 percent, respectively, of covered employee compensation. In addition, the contributions by the Commonwealth for the RHIC: Non-State for general registrars, constitutional officers, and their employees, and local social service employees were approximately 0.4 percent.

The total contribution rate for the GLI was 1.3 percent allocated into an employee and an employer component using a 60/40 split. The employee component was 0.8 percent and the employer component was 0.5 percent. Each employer's contractually required employer contribution rate for the year ended June 30, 2022, was 0.5 percent of covered employee compensation. Each employer's contractually required employer contribution rate for the LODA for the year ended June 30, 2022, was \$722.55 per covered full-time-equivalent employee.

All rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. For RHIC and GLI, the actuarially determined rate was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. For VSDP, the actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. For the LODA, the rate represents a pay-as-you-go funding rate and not the full actuarial cost of benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year.

Employer contributions by the Commonwealth to the RHIC, VSDP, GLI, LODA, and the RHIC Non-State plans were \$93.8 million, \$28.3 million, \$44.7 million, \$8.2 million, and \$4.5 million, respectively, for the year ended June 30, 2022. These contributions include special one-time payments made by the Commonwealth in June 2022 of approximately \$8.5 million, \$9.2 million and \$404,223 for RHIC, GLI, and the RHIC Non-State plans, respectively. These special payments were authorized by Chapter 1, 2022 Acts of Assembly Special Session I, Item 277.

### 4) Changes in Net OPEB Liability and Proportionate Share of Net OPEB Liability

The total OPEB liability for each plan was determined based on the actuarial valuation as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The following tables (dollars in thousands) show the Commonwealth's total OPEB liability, plan fiduciary net position, and net OPEB liability (asset) for the RHIC and VSDP for the current and prior year, and the Commonwealth's proportionate share of the net OPEB liability for GLI, LODA, and RHIC Non-State plans. Since the VSDP has a net OPEB asset rather than a net OPEB liability, the net OPEB asset amount is not included in the total balance amount. The Commonwealth's Proportion for the GLI, LODA, and RHIC Non-State plans represents the percentage of the Commonwealth's share of Net OPEB Liability amount compared to the Net OPEB Liability amount for all employers of \$1.2 billion, \$441.0 million and \$40.0 million, respectively.

## Primary Government

	RHIC			VSDP		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (1) (a)-(b)
Balances at June 30, 2021	\$ 434,297	\$ 52,188	\$ 382,109	\$ 166,395	\$ 302,637	\$ (136,242)
Changes for the year						
Service cost	8,444	—	8,444	20,285	—	20,285
Interest	28,107	—	28,107	10,690	—	10,690
Benefit changes	—	—	—	—	—	—
Differences between actual and expected experience	(8,356)	—	(8,356)	(13,691)	—	(13,691)
Assumption changes	5,094	—	5,094	(861)	—	(861)
Contributions - employer	—	49,527	(49,527)	—	16,475	(16,475)
Contributions - member	—	—	—	—	—	—
Net investment income	—	14,377	(14,377)	—	81,547	(81,547)
Benefit payments	(32,678)	(29,937)	(2,741)	(16,960)	(16,213)	(747)
Third-party administrator charges	—	—	—	—	(4,430)	4,430
Administrative expense	—	(243)	243	—	(372)	372
Other changes	—	(12)	12	—	193	(193)
Net changes	611	33,712	(33,101)	(537)	77,200	(77,737)
Balances at June 30, 2022	\$ 434,908	\$ 85,900	\$ 349,008	\$ 165,858	\$ 379,837	\$ (213,979)

Other Plans (3)		
	Commonwealth's Proportion	Proportionate Share of Net OPEB Liability
Group Life Insurance	14.5 %	\$ 168,364
Line of Duty Act	56.3 %	248,457
Retiree Health Insurance Credit: Non-State	100.0 %	39,976
Balance at June 30, 2022		\$ 456,797
Total balance at June 30, 2022: (excludes VSDP net OPEB asset) (1) (2)		\$ 805,805

## Component Units

	RHIC			VSDP		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (1) (a)-(b)
Balances at June 30, 2021	\$ 609,085	\$ 73,190	\$ 535,895	\$ 103,136	\$ 187,583	\$ (84,447)
Changes for the year						
Service cost	11,988	—	11,988	12,394	—	12,394
Interest	39,907	—	39,907	6,532	—	6,532
Benefit changes	—	—	—	—	—	—
Differences between actual and expected experience	(11,863)	—	(11,863)	(8,366)	—	(8,366)
Assumption changes	7,232	—	7,232	(526)	—	(526)
Contributions - employer	—	70,320	(70,320)	—	10,067	(10,067)
Contributions - member	—	—	—	—	—	—
Net investment income	—	20,413	(20,413)	—	49,826	(49,826)
Benefit payments	(38,857)	(41,599)	2,742	(11,830)	(12,577)	747
Third-party administrator charges	—	—	—	—	(2,707)	2,707
Administrative expense	—	(346)	346	—	(228)	228
Other changes	—	(18)	18	—	118	(118)
Net changes	8,407	48,770	(40,363)	(1,796)	44,499	(46,295)
Balances at June 30, 2022	\$ 617,492	\$ 121,960	\$ 495,532	\$ 101,340	\$ 232,082	\$ (130,742)

Other Plans (3)		
	Commonwealth's Proportion	Proportionate Share of Net OPEB Liability
Group Life Insurance	15.5 %	\$ 181,154
Line of Duty Act	3.1 %	13,699
Balance at June 30, 2022		\$ 194,853
Total balance at June 30, 2022: (excludes VSDP net OPEB asset) (1) (4)		\$ 690,385

- (1) The VSDP net OPEB asset is included in Other Restricted Assets in the accompanying government-wide financial statements.
- (2) The primary government's aggregate OPEB liability is \$1,063,130 (dollars in thousands) as of June 30, 2022. This includes amounts for both the VRS-administered and DHRM-administered plans.
- (3) The primary government's proportion for Group Life Insurance and Line of Duty changed by -0.1 percent and -0.6 percent, respectively, while the component units' proportion changed by -0.3 percent and -0.1 percent, respectively, when compared to the prior year. The Commonwealth's proportion of the Retiree Health Insurance Credit: Non-State for the primary government did not change from the prior year.
- (4) The component unit's aggregate OPEB liability is \$966,267 (dollars in thousands) as of June 30, 2022. This includes amounts for both the VRS-administered and DHRM-administered plans as well as other OPEB plans.

The amounts in the previous tables include governmental, business-type, and component unit activity for the Commonwealth's VRS OPEB plans. The table excludes other net OPEB liability amounts of \$17.5 million for all other component units.

The net OPEB liabilities were based on an actuarial valuation as of June 30, 2020, using the entry age normal actuarial cost method. The actuarial assumptions included the following: (a) investment rate of return, net of OPEB plan investment expenses, including inflation: 6.8 percent for RHIC, VSDP, and GLI, and 2.2 percent for LODA; and (b) projected salary increases, including a 2.5 percent inflation component, ranging from 3.5 percent to 6.0 percent for VRS state, JRS, SPORS, and VaLORS employees, and teachers and political subdivision employees. For these OPEB plans, the teachers and political subdivision employees are not Commonwealth employees and, therefore, are excluded from the accompanying tables.

For more detailed actuarial information, refer to the Virginia Retirement System's financial statements, including the "Actuarial Assumptions and Methods – Other Post-Employment Benefit Plan Funds" schedule.

#### **5) Changes to and Sensitivity of Discount Rate**

The discount rate used to measure the total OPEB liability was 6.8 percent for the prefunded plans. These include the Group Life Insurance Program, the Retiree Health Insurance Credit Program, and the Disability Insurance Program.

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*. Based on 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 OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability. In accordance with GASB Statement No. 75 regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table (dollars in thousands) presents the employers' net OPEB liability for each of the plans calculated using the discount rate of 6.8 percent, as well as what the employers' net OPEB liability would be if it were calculated using a discount rate that is 1.0 percent lower (5.8 percent) or 1.0 percent higher (7.8 percent) than the current rate.

The Line of Duty Act Program is funded on a pay-as-you-go basis. As a result, the liabilities are valued using a discount rate of 2.2 percent, which approximates the risk-free rate of return. This rate decreased by 0.05 percent when compared to the prior year. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate and the healthcare trend rate.

**Primary Government**

Changes in Discount Rate					
RHIC			VSDP		
Net OPEB Liability			Net OPEB Liability (Asset) (1)		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 391,517	\$ 349,008	\$ 312,588	\$ (202,162)	\$ (213,979)	\$ (224,371)
GLI			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (1.2%)	Current Discount Rate (2.2%)	1.0% Increase (3.2%)
\$ 245,986	\$ 168,364	\$ 105,681	\$ 285,817	\$ 248,457	\$ 218,771
Changes in Discount Rate			Changes in Healthcare Cost Trend Rates		
RHIC: Non-State			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (6.0% decreasing to 3.8%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.8%)	1.0% Decrease (8.0% decreasing to 5.8%)
\$ 45,232	\$ 39,976	\$ 35,525	\$ 203,865	\$ 248,457	\$ 305,633

**Component Units**

Changes in Discount Rate					
RHIC			VSDP		
Net OPEB Liability			Net OPEB Liability (Asset) (1)		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 555,888	\$ 495,532	\$ 443,823	\$ (123,521)	\$ (130,742)	\$ (137,091)
GLI			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (1.2%)	Current Discount Rate (2.2%)	1.0% Increase (3.2%)
\$ 264,673	\$ 181,154	\$ 113,709	\$ 15,759	\$ 13,699	\$ 12,063
Changes in Discount Rate			Changes in Healthcare Cost Trend Rates		
RHIC: Non-State			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (6.0% decreasing to 3.8%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.8%)	1.0% Increase (8.0% decreasing to 5.8%)
\$ 11,241	\$ 13,699	\$ 16,852	\$ 11,241	\$ 13,699	\$ 16,852

(1) The VSDP net OPEB asset is included in Other Restricted Assets in the accompanying government-wide financial statements.

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 long-term 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 October 10, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the System's long-term target asset allocation are summarized in the following table.

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.0 %	5.0 %	1.7 %
Fixed Income	15.0 %	0.6 %	0.1 %
Credit Strategies	14.0 %	4.5 %	0.6 %
Real Assets	14.0 %	4.8 %	0.7 %
Private Equity	14.0 %	9.9 %	1.4 %
MAPS - Multi-Asset			
Public Strategies	6.0 %	3.3 %	0.2 %
PIP-Private Investment			
Partnerships	3.0 %	6.8 %	0.2 %
Total	<u>100.0 %</u>		<u>4.9 %</u>
	Inflation		<u>2.5 %</u>
	Expected arithmetic nominal return		<u>7.4 %</u>

The allocation in the previous table provides a one-year expected return of 7.4 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.9 percent, including expected inflation of 2.5 percent. On October 10, 2019, the VRS Board of Trustees elected a long-term rate of return of 6.8 percent which is roughly at the 40<sup>th</sup> percentile of expected long-term results of VRS fund asset allocation at that time, providing a mean of 7.1 percent, including expected inflation of 2.5 percent.

The long-term expected rate of return on the LODA OPEB Program's investments was set at 2.2 percent for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.8 percent assumption. Instead, the assumed annual rate of return of 2.2 percent was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of June 30, 2021.

## 6) OPEB Related Deferred Outflows and Deferred Inflows

GASB Statement No. 75 requires certain OPEB related items to be reported as either deferred outflows or deferred inflows of resources. The following tables (dollars in thousands) summarize these amounts as of June 30, 2022, in total and by individual plan.

**Primary Government (3)**

	<u>Totals (1)</u>					
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 50,702	\$ 216,345				
Changes of assumptions	89,791	288,608				
Net difference between projected and actual earnings on plan investments	—	88,735				
Changes in proportion and difference between employer contributions and proportionate share of contributions	74,641	98,576				
Employer contributions subsequent to the Measurement Date	82,662	—				
Amounts associated with transactions subsequent to the Measurement Date	18,813	—				
Total	<u>\$ 316,609</u>	<u>\$ 692,264</u>				
	<u>RHIC</u>		<u>VSDP</u>			
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		
Differences between expected and actual experience	\$ 108	\$ 11,365	\$ 10,169	\$ 34,696		
Changes of assumptions	9,039	984	1,441	5,042		
Net difference between projected and actual earnings on plan investments	—	6,624	—	40,063		
Changes in proportion and difference between employer contributions and proportionate share of contributions	13,444	18,669	5,510	5,963		
Employer contributions subsequent to the Measurement Date	35,735	—	17,689	—		
Total	<u>\$ 58,326</u>	<u>\$ 37,642</u>	<u>\$ 34,809</u>	<u>\$ 85,764</u>		
	<u>GLI</u>		<u>LODA</u>			
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		
Differences between expected and actual experience	\$ 19,203	\$ 1,283	\$ 20,715	\$ 37,619		
Changes of assumptions	9,282	23,036	68,756	11,884		
Net difference between projected and actual earnings on plan investments	—	40,185	—	1,439		
Changes in proportion and difference between employer contributions and proportionate share of contributions	8,445	12,675	17,713	20,147		
Employer contributions subsequent to the Measurement Date	17,396	—	7,793	—		
Total	<u>\$ 54,326</u>	<u>\$ 77,179</u>	<u>\$ 114,977</u>	<u>\$ 71,089</u>		
	<u>RHIC: Non-State</u>					
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 507	\$ 555				
Changes of assumptions	1,273	182				
Net difference between projected and actual earnings on plan investments	—	424				
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,848	1,848				
Employer contributions subsequent to the Measurement Date	4,049	—				
Total	<u>\$ 7,677</u>	<u>\$ 3,009</u>				



## Component Units (2) (3)

	Totals (1)					
	Deferred Outflows of Resources	Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 28,169	\$ 138,196				
Changes of assumptions	27,493	214,181				
Net difference between projected and actual earnings on plan investments	—	77,200				
Changes in proportion and difference between employer contributions and proportionate share of contributions	60,132	43,532				
Employer contributions subsequent to the Measurement Date	78,653	—				
Amounts associated with transactions subsequent to the Measurement Date	14,007	—				
<b>Total</b>	<b>\$ 208,454</b>	<b>\$ 473,109</b>				
	RHIC		VSDP			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 153	\$ 16,136	\$ 6,213	\$ 21,199		
Changes of assumptions	12,834	1,398	881	3,081		
Net difference between projected and actual earnings on plan investments	—	9,405	—	24,479		
Changes in proportion and difference between employer contributions and proportionate share of contributions	22,718	17,495	3,320	2,866		
Employer contributions subsequent to the Measurement Date	49,525	—	10,601	—		
<b>Total</b>	<b>\$ 85,230</b>	<b>\$ 44,434</b>	<b>\$ 21,015</b>	<b>\$ 51,625</b>		
	GLI		LODA			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 20,661	\$ 1,380	\$ 1,142	\$ 2,074		
Changes of assumptions	9,987	24,786	3,791	655		
Net difference between projected and actual earnings on plan investments	—	43,237	—	79		
Changes in proportion and difference between employer contributions and proportionate share of contributions	6,963	8,083	1,918	1,469		
Employer contributions subsequent to the Measurement Date	18,123	—	404	—		
<b>Total</b>	<b>\$ 55,734</b>	<b>\$ 77,486</b>	<b>\$ 7,255</b>	<b>\$ 4,277</b>		

- (1) These tables aggregate the deferred inflows of resources and deferred outflows of resources for both the VRS-administered and DHRM-administered plans.
- (2) The component unit amounts in the accompanying financial statements include deferred outflows of resources and deferred inflows of resources of \$21,080 (dollars in thousands) and \$14,013 (dollars in thousands), respectively, for other OPEB plans.
- (3) Additionally, during fiscal year 2022, the Commonwealth recognized OPEB expense for the primary government and component units of negative \$49,745 (dollars in thousands) and negative \$20,115 (dollars in thousands), respectively, for the VRS-administered OPEB plans and the DHRM-administered OPEB plans. The recognized OPEB expense by plan for the primary government was as follows for the VRS-administered OPEB plans (dollars in thousands): RHIC \$27,504; VSDP negative \$2,420; GLI \$5,221; LODA \$22,364; and RHIC: Non-State \$3,844. The recognized OPEB expense by plan for component units was as follows (dollars in thousands): RHIC \$44,722; VSDP negative \$1,365; GLI \$7,233; and LODA \$1,327. The Commonwealth recognized OPEB expense for the primary government and component units of negative \$106,258 (dollars in thousands) and negative \$72,032 (dollars in thousands) respectively, for the DHRM-administered OPEB 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 OPEB expense for each of the next five fiscal years and thereafter. These amounts exclude employer contributions made subsequent to the measurement date as those contributions will reduce the fiscal year 2023 net OPEB liability (asset).

### Primary Government

	RHIC	VSDP	GLI	LODA
2023	\$ (3,930)	\$ (15,197)	\$ (9,364)	\$ 5,136
2024	(2,975)	(15,009)	(7,276)	5,198
2025	(2,873)	(14,942)	(7,183)	5,216
2026	(4,419)	(16,931)	(13,821)	5,236
2027	(829)	(5,397)	(2,605)	5,852
Thereafter	(25)	(1,168)	—	9,457

	RHIC: Non-State
2023	\$ 141
2024	173
2025	192
2026	(14)
2027	65
Thereafter	62

### Component Units

	RHIC	VSDP	GLI	LODA
2023	\$ (2,279)	\$ (9,124)	\$ (9,277)	\$ 366
2024	(1,725)	(9,010)	(7,208)	371
2025	(1,668)	(8,971)	(7,116)	372
2026	(2,563)	(10,164)	(13,694)	373
2027	(480)	(3,240)	(2,580)	417
Thereafter	(14)	(702)	—	675

## B. Department of Human Resource Management (DHRM-administered) OPEB Plan

### 1) Administration

The DHRM-administered defined benefit OPEB plan mentioned below does not have a trust that meets the requirements of GASB Statement No. 75. In addition, the total OPEB liability for this plan has a measurement date of June 30, 2021. A separately issued financial report for this DHRM-administered OPEB plan is not available.

### 2) Plan Description

The Commonwealth provides a Pre-Medicare Retiree Healthcare (PMRH) plan established by Title 2.2 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by DHRM. After

retirement, the Commonwealth of Virginia no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit. Following are eligibility requirements for Virginia Retirement System (VRS) retirees:

- Retiring state employee who is eligible for a monthly retirement benefit from VRS;
- Start receiving (do not defer) retirement benefit immediately upon retirement;
- Last employer before retirement was the Commonwealth of Virginia;
- Eligible for (even if not enrolled) coverage as an active employee in the State Health Benefits Program until retirement date (not including Extended Coverage/COBRA); and
- Enroll no later than 31 days from retirement date.

Effective January 1, 2017, are the following eligibility requirements for Optional Retirement Plan (ORP) retirees:

- Terminating state employee who participates in one of the qualified Optional Retirement Plans;
- Last employer before termination was the Commonwealth of Virginia;
- Eligible for (even if not enrolled) coverage in the State Employee Health Benefits Program for active employees at the time of termination;
- Meet age and service requirements for an immediate retirement benefit under the non-ORP VRS plan that the retiree would have been eligible for on the date of hire had the retiree not elected the ORP; and
- Enroll in the State Retiree Health Benefits Program no later than 31 days from the date the retiree loses coverage (or loses eligibility for coverage) in the State Health Benefits Program for active employees due to termination of employment.

Eligibility for ORP retirees who terminated prior to January 1, 2017, would be based on the policy in place at the time of their termination.

This fund is reported as part of the Commonwealth's Health Care Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 4,100 retirees and

88,000 active employees in the program as of June 30, 2021. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

### 3) Funding

The employer does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

### 4) Changes in Total OPEB Liability

The PMRH total OPEB liability of \$448.9 million as of June 30, 2022, was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021. The following tables (dollars in thousands) show the Commonwealth's total OPEB liability for the current and prior year:

#### Primary Government

	<u>PMRH</u>
	<u>Increase (Decrease)</u>
	<u>Total</u>
	<u>OPEB Liability</u>
Balances at June 30, 2021	\$ 325,917
Changes for the year	
Service cost	25,304
Interest cost	7,532
Changes of benefit terms	—
Differences between expected and actual experience	(11,973)
Changes of assumptions	(68,379)
Benefit payments	(21,076)
Net change	<u>(68,592)</u>
Balances at June 30, 2022	<u>\$ 257,325</u>

#### Component Units

	<u>PMRH</u>
	<u>Increase (Decrease)</u>
	<u>Total</u>
	<u>OPEB Liability</u>
Balances at June 30, 2021	\$ 242,907
Changes for the year	
Service cost	18,837
Interest cost	5,607
Changes of benefit terms	—
Differences between expected and actual experience	(8,914)
Changes of assumptions	(50,906)
Benefit payments	(15,964)
Net change	<u>(51,340)</u>
Balances at June 30, 2022	<u>\$ 191,567</u>

The amounts in the previous tables include governmental, business-type, and component unit activity for the DHRM-administered OPEB plan. The table excludes the non-DHRM OPEB plans' total OPEB liability of \$66.8 million for all other component units.

The PMRH total OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2021. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 6.8 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.5 percent for medical and pharmacy and 4.0 percent for dental.

### Actuarial Assumptions and Methods

Valuation Date of June 30, 2021

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Measurement Date	June 30, 2021 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.37 years
Discount Rate	2.2%
Projected Salary Increases	5.4% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 6.8% to 4.5% Dental: 4.0%
Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2021. The inflation rate used was 2.3 percent per year and there were no ad hoc postemployment benefit changes used to measure the total OPEB liability.

#### Changes of Assumptions

The following actuarial assumptions were updated since the June 30, 2020 valuation based on recent experience:

- Retiree participation - reduced the rate from 45.0 percent to 40.0 percent

Spousal coverage and retiree participation were based on a blend of recent experience and the prior year assumptions. The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales. No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA); i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. Trend rates were updated based on economic conditions as of June 30, 2021. Additionally, the discount rate was decreased from 2.21 percent to 2.16 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022. There were no plan changes in the valuation since the prior year.

**5) Changes to and Sensitivity of Discount Rate**

The following table (dollars in thousands) shows the Commonwealth's changes in discount rate and the healthcare cost trend rates.

**Primary Government**

Changes in Discount Rate		
PMRH		
Total OPEB Liability		
1.0% Decrease (1.2%)	Current Discount Rate (2.2%)	1.0% Increase (3.2%)
\$ 270,525	\$ 257,325	\$ 243,963

Changes in Healthcare Cost Trend Rates		
PMRH		
Total OPEB Liability		
1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
(5.8% decreasing to 3.5%)	(6.8% decreasing to 4.5%)	(7.8% decreasing to 5.5%)
\$ 232,129	\$ 257,325	\$ 286,578

**Component Units**

Changes in Discount Rate		
PMRH		
Total OPEB Liability		
1.0% Decrease (1.2%)	Current Discount Rate (2.2%)	1.0% Increase (3.2%)
\$ 201,394	\$ 191,567	\$ 181,620

Changes in Healthcare Cost Trend Rates		
PMRH		
Total OPEB Liability		
1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
(5.8% decreasing to 3.5%)	(6.8% decreasing to 4.5%)	(7.8% decreasing to 5.5%)
\$ 172,811	\$ 191,567	\$ 213,346

**6) OPEB Related Deferred Outflows and Deferred Inflows**

The following tables (dollars in thousands) summarize the OPEB related items reported as deferred outflows or deferred inflows of resources:

**Primary Government (2)**

	PMRH	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 130,827
Changes of assumptions	—	247,480
Changes in proportion	27,681	39,274
Amounts associated with transactions subsequent to the Measurement Date	18,813	—
<b>Total</b>	<b>\$ 46,494</b>	<b>\$ 417,581</b>

**Component Units (1) (2)**

	PMRH	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 97,407
Changes of assumptions	—	184,261
Changes in proportion	25,213	13,619
Amounts associated with transactions subsequent to the Measurement Date	14,007	—
<b>Total</b>	<b>\$ 39,220</b>	<b>\$ 295,287</b>

(1) The component unit amounts exclude deferred outflows of resources and deferred inflows of resources of \$4,442 and \$43,511 (dollars in thousands), respectively, for other OPEB plans.

(2) Additionally, during fiscal year 2022, the Commonwealth recognized OPEB expense for the primary government and component units of negative \$106,258 (dollars in thousands) and negative \$72,032 (dollars in thousands), respectively, for the DHRM-administered OPEB 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 OPEB expense for each of the next five fiscal years and thereafter. These amounts exclude amounts associated with transactions subsequent to the measurement date as those will reduce the fiscal year 2023 total OPEB liability.

## Primary Government

	<u>PMRH</u>
2023	\$ (139,170)
2024	(118,853)
2025	(72,390)
2026	(36,793)
2027	(17,884)
Thereafter	(4,810)

## Component Units

	<u>PMRH</u>
2023	\$ (96,400)
2024	(82,327)
2025	(50,142)
2026	(25,486)
2027	(12,387)
Thereafter	(3,332)

The Authority reported a total OPEB liability of \$1.0 million, a net OPEB liability of \$618,000, deferred outflows of resources of \$264,169 and deferred inflows of resources of \$517,375 as of June 30, 2022.

Hampton Roads Sanitation District (nonmajor component unit) offers a health and dental benefit plan for those employees who choose to participate. The District reported a net OPEB liability of \$16.5 million, deferred inflows of resources of \$7.3 million and deferred outflows of resources of \$12.0 million as of June 30, 2022.

The Virginia Biotechnology Research Partnership Authority (nonmajor component unit) offers an Optional Retirement Life Insurance Plan for those employees who choose to participate. The Authority reported a net OPEB liability of \$51,245, deferred outflows of resources of \$29,797, and deferred inflows of resources of \$21,174 as of June 30, 2022.

## 7) Other OPEB Plans

### Higher Education

The University of Virginia (nonmajor component unit) has a Retiree Health Plan that covers employees who retire before becoming eligible for Medicare. In addition, an Optional Retirement Life Insurance Plan is offered to University faculty and Medical Center employees who participate in the Optional Retirement Plans. The University reported a total OPEB liability of \$65.8 million, deferred outflows of resources of \$4.4 million, and deferred inflows of resources of \$43.1 million as of June 30, 2022. Additional information on these plans can be found at the University's website at [www.virginia.edu](http://www.virginia.edu).

The Roanoke Higher Education Authority (nonmajor component unit) reported a net OPEB liability of \$60,395, deferred outflows of resources of \$25,665, and deferred inflows of resources of \$34,336 for Group Life Insurance and Retiree Health Insurance Credit OPEB Plans.

### Other Component Units

The Virginia Housing Development Authority (major component unit) offers a medical, dental, and vision benefit plan, and reported deferred outflows of resources of \$8.8 million and deferred inflows of resources of \$6.5 million as of June 30, 2022.

The Virginia Resources Authority (major component unit) offers an optional Retirement Life Insurance Plan for those employees who choose to participate. The Authority reported a net OPEB liability of \$216,543, deferred outflows of resources of \$28,959, and deferred inflows of resources of \$37,598 as of June 30, 2022.

The Virginia Port Authority (nonmajor component unit) offers medical and dental benefits for retirees.

## 19. 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 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 72 or later. Since the System has no fiduciary relationship with plan participants, plan assets as of June 30, 2022, of \$3.7 billion are not included in the accompanying 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 as of June 30, 2022, was \$545.7 million, which is also excluded from the accompanying financial statements. Employer

contributions under this plan were approximately \$14.6 million for fiscal year 2022.

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 2022 was a maximum match of 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 \$13.4 million for fiscal year 2022.

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 of 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 \$6.1 million for fiscal year 2022. The University of Virginia provides executive deferred compensation retirement benefits for certain officers and executives of the University and the University Medical Center. The University makes contributions on behalf of each participant each plan year as determined by the Board of Visitors. The University contributed \$2.0 million to these accounts for fiscal year 2022.

The Virginia Housing Development Authority and the Virginia Resources Authority (major component units) 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 wages 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 accompanying financial statements.

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. For additional information, please see the Authority's website at [www.portofvirginia.com](http://www.portofvirginia.com).

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.

## 20. 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 Treasury Board is responsible for the oversight of SNAP, procuring the following services: investment management, program administration,

arbitrage rebate and calculation, and custodial and depository services. The Commonwealth does not have fiduciary responsibility for SNAP.

The SNAP fund is a local government investment pool. 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 \$3.8 billion are not included in the financial statements.

## 21. COMMITMENTS

### A. Construction Projects

#### Primary Government

##### Highway Projects

As of June 30, 2022, the Department of Transportation had contractual commitments of approximately \$4.6 billion for construction of various highway projects. Funding for these expenditures is expected to be provided as follows: (1) State funds - approximately 66.6 percent or \$3.1 billion; (2) Proceeds from Bonds - approximately 19.8 percent or \$914.0 million; and, (3) Federal funds - approximately 13.6 percent or \$631.0 million.

##### Mass Transit Projects

As of June 30, 2022, the Department of Rail and Public Transportation had contractual commitments of approximately \$296.0 million for various public transportation and rail preservation projects. Funding of the future expenditures is expected to be as follows: 1) State funds - approximately 90.0 percent or \$266.0 million, and 2) Federal funds - approximately 10.0 percent or \$30.0 million.

##### Wastewater Treatment Projects

As of June 30, 2022, 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 \$94.9 million provided by bond proceeds and the Water Quality Improvement Fund.

##### Other Construction Projects

As of June 30, 2022, the Department of Forensic Science had non-contractual commitments of approximately \$176.5 million for construction projects.

As of June 30, 2022, the Department of General Services had construction commitments of approximately \$133.9 million.

As of June 30, 2022, the Department of Behavioral Health and Developmental Services had construction contractual commitments of approximately \$21.3 million.

As of June 30, 2022, the Department of Conservation and Recreation had contractual commitments of \$16.2 million for construction projects.

As of June 30, 2022, the Department of Veterans Services had contractual commitments of \$13.6 million and non-contractual commitments of \$13.5 million for construction projects.

As of June 30, 2022, the Department of Military Affairs had construction contractual commitments of approximately \$11.7 million.

### **Component Units**

#### **Port Projects**

As of June 30, 2022, the Virginia Port Authority (nonmajor) was committed to construction contracts totaling \$91.1 million.

#### **Wallops Island Project**

As of June 30, 2022, the Virginia Commercial Space Flight Authority (nonmajor) was committed to construction programs totaling \$5.3 million, approximately \$3.3 million of which will be reimbursable under separate private and federal contract agreements and approximately \$300,000 of which are funded by the Commonwealth.

#### **Treatment Plant**

As of June 30, 2022, the Hampton Roads Sanitation District Commission (nonmajor) was committed to construction contracts totaling \$1.1 billion.

#### **Higher Education Institutions**

Colleges and universities (nonmajor) had contractual commitments as of June 30, 2022, of approximately \$1.7 billion primarily for construction contracts. Higher education foundations' construction and other commitments total approximately \$62.4 million and \$63.6 million, respectively.

### **B. Long-term Leases**

As of June 30, 2022, the Commonwealth has entered into long-term leases that have not yet commenced. Commitments for the primary government were \$32.0 million for lease payments due for governmental activities (including internal service funds). Business-type activities did not have lease commitments at June 30, 2022. Commitments for component units total \$488.1 million for higher education institutions, excluding

foundations, and \$4.8 million for other component units.

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, as of June 30, 2022, amounted to \$20.1 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, 2022, \$184.6 million included as Loans Receivable in the accompanying statements represents loans to the City of Chesapeake for the Dominion Boulevard Project, Loudoun County for the Pacific Boulevard Project, the Chesapeake Bay Bridge and Tunnel District for the Parallel Thimble Shoal Tunnel, and the 95 Express Lanes LLC for the 395 Express Lanes Northern Extension. The Capital Beltway Express, LLC for the I-495 Express Lanes loan has been approved, but no disbursements were made as of June 30, 2022. Payments were made by the City of Chesapeake for \$11.0 million, Chesapeake Bay Bridge and Tunnel District for \$20,564, and the 95 Express Lanes LLC for \$827,624 in July 2022. All loans are coordinated through the Virginia Resources Authority (major component unit).

### **E. Tobacco Grants**

The Tobacco Region Revitalization Commission (nonmajor component unit) had \$68.5 million in grant award commitments not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2022, in accordance with GASB Statement No. 33.



## **F. Other Commitments**

### **Primary Government**

As of June 30, 2022, the Virginia Department of Transportation had contractual commitments of approximately \$1.5 billion for individual contracts awarded with a contract value of \$1.0 million or more for operational services, facilities, tolling services and other non-highway construction type contracts.

The Virginia College Savings Plan (major enterprise fund) administers the Defined Benefit 529 Program. As of June 30, 2022, the Program had \$261.0 million in private equity commitments.

As of June 30, 2022, the Department of Corrections had contractual commitments of approximately \$192.9 million for detention services and medical care.

As of June 30, 2022, the Department of Behavioral Health and Developmental Services had contractual commitments of approximately \$57.1 million.

As of June 30, 2022, the Department of Motor Vehicles had contractual commitments of approximately \$46.1 million for driver's licenses and technology services.

As of June 30, 2022, the Virginia Employment Commission had contractual commitments of approximately \$22.0 million for information systems modernization projects and approximately \$17.7 million for other non-contractual commitments.

As of June 30, 2022, the Virginia Department of Health had commitments of approximately \$26.4 million to localities, trauma centers, grants to rescue squads, and water supply assistance grants.

The Virginia Wireless E-911 (nonmajor enterprise fund) had \$23.8 million in outstanding grants awarded but not yet disbursed to localities as of June 30, 2022, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

As of June 30, 2022, the Enterprise Applications (internal service fund) had \$10.5 million in contractually obligated commitments for the Human Capital Management replacement project.

### **Component Units**

The Virginia Housing Development Authority (major) and Virginia Resources Authority (major) had \$1.1 billion and \$633.0 million, respectively, in commitments to fund new loans not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2022, in accordance with GASB Statement No. 33.

As of June 30, 2022, the Virginia Passenger Rail Authority (nonmajor) had capital grant commitments outstanding of \$284.5 million and other contractual commitments of \$76.6 million. The Authority also has \$22.7 million of funding committed to reimburse the Department of Rail and Public Transportation (part of primary government) for planned expenses related to grants managed by the Department.

The Virginia Small Business Financing Authority (nonmajor) had \$6.1 million in loan commitments to banks and borrowers not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2022, in accordance with GASB Statement No. 33.

## **22. 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 17). 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 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 27). All amounts related to the fiduciary funds are recognized in those funds.

The liability as of June 30, 2022, 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.

### 23. POLLUTION REMEDIATION OBLIGATIONS

The Commonwealth has pollution remediation obligations of \$8.7 million, of which \$1.8 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 cleanup relating to leakage of underground storage tanks, soil and groundwater contaminations, dump site cleanups, mold remediation and remediation relating to superfund state contracts.

Agencies involved in remediation include:

- Department of Conservation and Recreation (DCR)
- 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, 2022:

- VDEM relating to cleanup of an emergency fuel storage facility
- DJJ relating to petroleum storage tank removal
- VDOT relating to groundwater contamination

**24. INSURANCE**

**A. Self-Insurance**

The Commonwealth maintains three 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. As of June 30, 2022, \$117.7 million is reported as the estimated claims payable for this fund, which is undiscounted as nearly all healthcare 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.W. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2021-2022	\$ 116,457	\$ 1,528,780	\$ (1,527,580)	\$ 117,657
2020-2021	\$ 136,804	\$ 1,454,648	\$ (1,474,995)	\$ 116,457

(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. As of June 30, 2022, \$451.1 million is reported as the estimated claims payable for the risk management plan. This amount is discounted to present value at a rate of 2.8 percent. Undiscounted claims payable as of June 30, 2022, is \$623.0 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:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2021-2022	\$ 799,256	\$ (294,219)	\$ (53,889)	\$ 451,148
2020-2021	\$ 892,190	\$ (31,008)	\$ (61,926)	\$ 799,256

(1) Of the balance shown above, \$59.9 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 as 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 third type of plan, Line of Duty, is administered by the Department of Human Resource Management for Line of Duty recipients. Per the amended Line of Duty Act Section 9.1-401 of the *Code of Virginia*, the Department of Human Resource Management is responsible for administration of the premium-free health benefits provided to eligible Line of Duty recipients. The plan is accounted for in the Line of Duty Internal Service Fund. All eligible employees, former employees, and eligible family members will be covered under one program, the Line of Duty Health Benefit Plans. Participating or non-participating refers to whether the employer participates in the Line of Duty Death and Health Benefits Trust Fund, administered by VRS. All state agencies are participating employers, but localities can be either participating or non-participating. As of June 30, 2022, \$406,893 is reported as the claims payable for the fund for state employees and participating localities, which is undiscounted as nearly all healthcare claims are current in nature. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2021-2022	\$ 601	\$ 6,616	\$ (6,810)	\$ 407
2020-2021	\$ 592	\$ 7,515	\$ (7,506)	\$ 601

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

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

University of Virginia (nonmajor component unit) employees have the option to participate in the University's self-funded, comprehensive medical care benefits program. The cost of medical care is paid out of employee and employer contributions. Claims and expenses are reported when it is probable that a loss has occurred, and the amount

of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. The estimated liability for outstanding claims on June 30, 2022 was \$11.1 million. The University has contracted with several third-party claims administrators: Aetna for its medical claims, United Concordia for its dental claims, and OptumRx for its pharmacy claims.

As of June 30, 2022, 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 \$3.3 million and estimated losses on malpractice claims of \$3.4 million. Aries Insurance Captive (component unit of the Authority) reports claims payable of \$24.0 million for estimated losses on malpractice claims, \$5.7 million for estimated workers' compensation claims, and \$5.2 million for other insurance coverages. Additional information on claims payable can be found in the Authority's separately issued financial statements.

Virginia International Terminals, LLC (VIT) (a blended component unit of the Virginia Port Authority – nonmajor) participates in a workers compensation insurance pool and shares risk with other members of the pool. VIT remains obligated under its former self-insured plan for future losses as a result of accidents that occurred prior to April 12, 1999. VIT bears some self-insurance risk for health/medical insurance claims cost in excess of employee premiums/contributions received. Pursuant to a joint arrangement with the Virginia Port Authority, (VPA) (nonmajor) the entity carries stop loss insurance to mitigate exposure to significant claims. The stop loss policy is on a calendar year basis, with renewals effective each January 1. During the calendar year 2022 and 2021, the individual claim cost limit (deductible) under the policy for the Authority was \$150,000. The aggregate deductible for VIT and VPA combined claims in excess of the individual limit was \$6.1 million for calendar year 2022 and \$6.5 million for calendar year 2021.

## **B. Public Entity Risk Pools**

The Commonwealth administers three types of public entity risk pools for the benefit of local governmental units: healthcare, risk management, and line of duty insurance. The Local Choice Health Care plan was established to make comprehensive healthcare insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 437 local government units participating in the pool. This includes 66 school districts, 38 counties, 135 cities/towns, and 198 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. As of June 30, 2022, \$47.6 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 the VARisk and VARisk2 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 of the *Code of Virginia*. As of June 30, 2022, there were 490 units of local government in the pool, including 13 towns and 23 counties. The remaining 454 units include a large variety of boards, commissions, authorities, and special districts.

The VARisk program is comprised of constitutional officers and regional jails, and participation is not mandated by the *Code of Virginia*. However, the Compensation Board (part of the primary government) requires participation by all constitutional officers.

The VARisk2 program is comprised of local governments and 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.

No excess insurance or reinsurance is provided. The risk assumed by the VARisk and VARisk2 pool for liability is \$1.0 million per occurrence, with the exception of sheriffs and their deputies, which is \$1.5 million per occurrence.

As of June 30, 2022, \$43.7 million and \$4.6 million is reported as estimated claims payable for the

VARisk and the VARisk2 programs, respectively. These figures are actuarially determined for the funds in total and are reported at gross. They are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. They do not reflect possible reimbursements for insurance recoveries.

Per the amended Line of Duty Act Section 9.1-401 of the *Code of Virginia*, the Virginia Department of Human Resource Management (DHRM) is

responsible for administration of the premium-free health benefits provided to eligible LODA recipients. All eligible employees, former employees, and eligible family members will be covered under one program, the LODA Health Benefits Plans. As of June 30, 2022, \$996,187 is reported as the actuarially determined estimated claims payable for the non-participating localities reported in this fund based on claims incurred but not reported.

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

	Local Choice Health Care		Risk Management		Line of Duty	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Unpaid Claims and Claim						
Adjustment Expenses at Beginning of Fiscal Year	\$ 49,932	\$ 50,486	\$ 48,916	\$ 47,609	\$ 1,472	\$ 1,450
Incurred Claims and Claim Adjustment Expenses:						
Provision for Insured Events of the Current Fiscal Year	445,550	450,897	15,653	13,845	16,196	18,398
Changes in Provision for Insured Events of Prior Fiscal Years	—	—	(5,387)	(4,255)	—	—
Total Incurred Claims and Adjustment Expenses	445,550	450,897	10,266	9,590	16,196	18,398
Payments:						
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	447,914	451,451	1,949	1,251	16,672	18,376
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	—	—	9,854	7,055	—	—
Total Payments	447,914	451,451	11,803	8,306	16,672	18,376
Change in Provision for Discounts	—	—	947	23	—	—
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted) (1) (2) (3) (4)	\$ 47,568	\$ 49,932	\$ 48,326	\$ 48,916	\$ 996	\$ 1,472
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	\$ 47,568	\$ 49,932	\$ 51,559	\$ 49,000	\$ 996	\$ 1,472

Note (1): The entire balance for Local Choice Health Care, \$47,568 (dollars in thousands) is due within one year.

Note (2): Of the balance shown above for Risk Management, \$13,541 (dollars in thousands) is due within one year.

Note (3): The entire balance for Line of Duty, \$996,187 is due within one year.

Note (4): The interest rate used for discounting is 2.8 percent.

## 25. ACCOUNTS PAYABLE

The following table (dollars in thousands) summarizes Accounts Payable as of June 30, 2022.

	<u>Vendor</u>	<u>Salary / Wage</u>	<u>Retainage</u>	<u>Other</u>	<u>Foundations (1)</u>	<u>Total</u>
<b>Primary Government:</b>						
General	\$ 1,600,203	\$ 121,405	\$ 19	\$ —	\$ —	\$ 1,721,627
Major Special Revenue Funds:						
Commonwealth Transportation	455,893	38,934	1,757	—	—	496,584
Federal Trust	144,300	24,597	6,062	—	—	174,959
Nonmajor Governmental Funds	35,816	16,469	15,284	531	—	68,100
Major Enterprise Funds:						
Virginia Lottery (2)	14,878	1,998	—	8,141	—	25,017
Virginia College Savings Plan	347	821	—	341	—	1,509
Unemployment Compensation	—	—	—	39	—	39
Nonmajor Enterprise Funds	94,310	11,508	—	7	—	105,825
Internal Service Funds	85,877	3,566	1,238	—	—	90,681
Private Purpose Trust Funds	—	—	—	612	—	612
Pension and Other Employee Benefit Trust Funds (3)	—	3,545	—	47,390	—	50,935
Custodial Funds - Other	3,291	—	—	150	—	3,441
<b>Total Primary Government (4)</b>	<b>\$ 2,434,915</b>	<b>\$ 222,843</b>	<b>\$ 24,360</b>	<b>\$ 57,211</b>	<b>\$ —</b>	<b>\$ 2,739,329</b>
<b>Discrete Component Units:</b>						
Virginia Housing Development Authority (5)	\$ 3,327	\$ 6,160	\$ —	\$ 245,226	\$ —	\$ 254,713
Virginia Public School Authority	173	—	—	—	—	173
Virginia Resources Authority	82	5	—	—	—	87
Virginia College Building Authority	95	—	—	—	—	95
Nonmajor Component Units	795,938	583,651	56,958	411	146,371	1,583,329
<b>Total Component Units</b>	<b>\$ 799,615</b>	<b>\$ 589,816</b>	<b>\$ 56,958</b>	<b>\$ 245,637</b>	<b>\$ 146,371</b>	<b>\$ 1,838,397</b>

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

Note (2): Other Accounts Payable for the Virginia Lottery primarily represents unclaimed prizes attributable to multi-state games and player subscription wallets.

Note (3): Other Accounts Payable for the Pension and Other Employee Benefit Trust Fund consists of \$28,711 (dollars in thousands) in investment management fees and \$18,679 (dollars in thousands) in program benefit liabilities.

Note (4): Fiduciary liabilities of \$54,988 (dollars in thousands) are not included in the Government-wide Statement of Net Position. In addition, governmental fund liabilities of \$159,982 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

Note (5): Other Accounts Payable for the Virginia Housing Development Authority of \$226,810 (dollars in thousands) predominantly represents federal pass-through grant awards that have not been disbursed to the recipients as of June 30.

## 26. OTHER LIABILITIES

The following tables (dollars in thousands) summarize Other Liabilities as of June 30, 2022.

	Primary Government					
	General	Commonwealth Transportation	Federal Trust	Nonmajor Governmental Funds	Virginia Lottery	Virginia College Savings Plan (1)
Lottery Prizes Payable	\$ —	\$ —	\$ —	\$ —	\$ 96,375	\$ —
Medicaid Payable	479,772	—	1,607,617	189,047	—	—
Family Access to Medical Insurance Security Payable	16,236	—	36,826	—	—	—
Tax Refunds Payable	1,478,886	—	—	—	—	—
Accrued Interest Payable	—	—	—	50,328	—	—
Deposits Pending Distribution	9,116	3,469	9	27,100	—	—
Car Tax Payable	263,025	—	—	—	—	—
Other Liabilities	296	21,786	28	17,007	—	23,654
<b>Total Other Liabilities</b>	<b>\$ 2,247,331</b>	<b>\$ 25,255</b>	<b>\$ 1,644,480</b>	<b>\$ 283,482</b>	<b>\$ 96,375</b>	<b>\$ 23,654</b>

	Primary Government				
	Nonmajor Enterprise Funds	Internal Service Funds	Pension and Other Employee Benefit Trust Funds (2)	Custodial Funds - Other	Total Primary Government (3)
Lottery Prizes Payable	\$ —	\$ —	\$ —	\$ —	\$ 96,375
Medicaid Payable	—	—	—	—	2,276,436
Family Access to Medical Insurance Security Payable	—	—	—	—	53,062
Tax Refunds Payable	—	—	—	—	1,478,886
Accrued Interest Payable	—	275	—	—	50,603
Deposits Pending Distribution	133	350	—	—	40,177
Car Tax Refund Payable	—	—	—	—	263,025
Other Liabilities	—	—	12,208	1,481	76,460
<b>Total Other Liabilities</b>	<b>\$ 133</b>	<b>\$ 625</b>	<b>\$ 12,208</b>	<b>\$ 1,481</b>	<b>\$ 4,335,024</b>

Note (1): Other Liabilities of \$23,654 (dollars in thousands) reported by the Virginia College Savings Plan represent amounts associated with pending investment trades and program distributions payable.

Note (2): Other Liabilities of \$12,208 (dollars in thousands) reported in Pension and Other Employee Benefit Trust Funds are made up of \$1,858 (dollars in thousands) in other payables related to the System benefit plans; and \$10,350 (dollars in thousands) in pending investment transactions consisting of: \$2,394 (dollars in thousands) in net foreign exchange contracts payable; \$4,194 (dollars in thousands) in other investment payables; \$2,831 (dollars in thousands) in foreign taxes payables related to the System benefit plans; and \$931,000 in dividends payable related to the System benefit plans.

Note (3): Fiduciary liabilities of \$13,689 (dollars in thousands) are not included in the Government-wide Statement of Net Position. Governmental fund liabilities of \$115,773 (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 (4)	Total Component Units
Accrued Interest Payable	\$ 32,063	\$ 53,126	\$ 21,727	\$ 90,381	\$ 96,922	\$ 294,219
Deposits Pending Distribution	—	—	—	—	689,252	689,252
Short-term Debt	710,300	—	—	—	142,912	853,212
Grants Payable	—	—	—	—	8,229	8,229
Other Liabilities	29,579	—	5,940	126	292,722	328,367
<b>Total Other Liabilities</b>	<b>\$ 771,942</b>	<b>\$ 53,126</b>	<b>\$ 27,667</b>	<b>\$ 90,507</b>	<b>\$ 1,230,037</b>	<b>\$ 2,173,279</b>

Note (4): Other Liabilities of nonmajor component units are predominantly comprised of Medicare advance payments as part of the CMS Accelerated and Advance Payments Program reported by University of Virginia (UVA) of \$25,361 (dollars in thousands), Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University) (VCUHSA) of \$24,198 (dollars in thousands), and derivative instruments reported by the following: UVA of \$17,003 (dollars in thousands), VCUHSA \$20,500 (dollars in thousands), and foundations of higher education institutions of \$19,462 (dollars in thousands). Other Liabilities also includes third party settlements reported by VCUHSA of \$112,095 (dollars in thousands).

## 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. As of June 30, 2022, the estimated liability related to Medicaid claims totaled \$2.3 billion in the fund financial statements. Of this amount, \$479.8 million is reflected in the General Fund (major governmental), \$1.6 billion in the Federal Trust Special Revenue Fund (major governmental), and \$189.0 million in the Health and Social Services Fund (nonmajor special revenue). Additionally, \$31.1 million is reported in the government-wide financial statements.

## 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. As of June 30, 2022, the estimated liability related to claims totaled \$53.1 million. Of this amount, \$16.2 million is reflected in the General Fund (major governmental) and \$36.9 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, 2021, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2022. 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. In fiscal year 2022, included in the tax refunds payable amount is \$1.0 billion relating to the individual income tax rebate provided to taxpayers as required by Chapter 1, 2022 Acts of Assembly Special Session I, Item 3-5.24.

## 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 2022, the Commonwealth laid off 116 employees. The affected employees had the option of volunteering for enhanced retirement benefits or severance benefits. The enhanced retirement benefits option was elected by 17 employees, and the remaining 99 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 2022 and will end no later than June 30, 2023. The benefit cost expended and the outstanding liability as of June 30, 2022 for governmental funds, are \$1.9 million and \$844,309, 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 2022, the primary government's agencies did not participate in short-term borrowings with external parties.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires the disclosure of any unused lines of credit. The primary government does not have any unused lines of credit at June 30, 2022.

The Hampton Roads Transportation Accountability Commission (nonmajor governmental) has unused lines of credit of \$1.6 billion at June 30, 2022 for various Transportation Infrastructure Finance and Innovation Act (TIFIA) loans.

The Virginia Housing Development Authority (major component unit) has a direct borrowing from a line of credit of \$710.3 million. Virginia Polytechnic Institute and State University and Virginia Commonwealth University (nonmajor component units) have commercial paper of \$46.5 million and \$22.5 million, respectively, primarily for capital projects. Various higher education institution foundations (nonmajor component units) have lines of credit of \$72.0 million primarily for construction or property acquisition. The Virginia Museum of Fine Arts Foundation (nonmajor component unit) has borrowed \$1.9 million from a line of credit to purchase a building expected to be used by the Museum. Additionally, the Library of Virginia Foundation (nonmajor component unit) has a \$6,000



note with a related party. The balance of Other Liabilities is spread among various other funds.

The Virginia Housing Development Authority (major component unit) has an unused line of credit of \$250.0 million. The University of Virginia, Virginia Polytechnic Institute and State University, Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University), and Christopher Newport University (nonmajor component units) have unused lines of credit of \$500.0 million, \$368.0 million, \$100.0 million, and \$21,785, respectively. The Hampton Roads Sanitation District Commission and the Virginia Port Authority (nonmajor component units) have unused lines of credit of \$66.3 million and \$16.0 million, respectively. For the University of Virginia, in the event of default under revolving credit agreements, any outstanding advances, interest, and the value of the promissory note would be due and payable to the various banking institutions.

## 27. 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, such as certain debt of the Commonwealth Transportation Board (primary government) and the Virginia Port Authority (nonmajor component unit). 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).

Certain 9(d) bonds are considered, along 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.

GASB Statement No. 87, *Leases*, was implemented in fiscal year 2022 and resulted in significant changes to lease accounting and reporting requirements. Accordingly, beginning balances have been restated and long-term lease balances have increased substantially from the former capital lease obligation category.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires disclosures related to unused lines of credit (see Note 26), direct borrowings and placement debt, and specific disclosures related to debt default. Direct borrowings and placements have terms with an investor or lender and are not offered for public sale.

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, 2022

<i>(Dollars in Thousands)</i>	<b>Balance At June 30</b>	<b>Amount Due Within One Year</b>
<b>Primary Government:</b>		
Governmental Activities: (1)		
<b>General Obligation Bonds: (2)</b>		
9(b) Public Facilities (3)	\$ 225,600	\$ 46,950
9(c) Parking Facilities (3)	5,664	906
Total General Obligation Bonds	<u>231,264</u>	<u>47,856</u>
<b>Nongeneral Obligation Bonds - 9(d):</b>		
Transportation Debt (3) (4)	3,819,689	216,335
Virginia Public Building Authority (3)	3,780,877	198,645
Total Nongeneral Obligation Bonds	<u>7,600,566</u>	<u>414,980</u>
<b>Other Long-term Obligations:</b>		
Net Pension Liability	2,728,430	—
Net OPEB Liability	784,210	3,590
Total OPEB Liability	247,471	18,114
Compensated Absences	333,763	200,982
Long-term Lease Liabilities (12)	484,198	50,836
Pollution Remediation Obligations	8,685	1,829
Installment Purchase Obligations from Direct Borrowings	107,224	15,715
Hampton Roads Transportation Accountability Commission (3) (5)	2,785,352	414,345
Other Liabilities	28,411	6,615
Total Other Long-term Obligations	<u>7,507,744</u>	<u>712,026</u>
Total Governmental Activities	<u>15,339,574</u>	<u>1,174,862</u>
Business-type Activities: (1) (5)		
<b>Other Long-term Obligations:</b>		
Net Pension Liability	95,141	—
Net OPEB Liability	21,595	35
Total OPEB Liability	9,854	698
Compensated Absences	13,699	12,175
Long-term Lease Liabilities	193,959	21,481
Installment Purchase Obligations from Direct Borrowings	572	204
Educational Benefits Payable	1,613,747	269,291
Lottery Prizes Payable	112,828	10,756
Total Other Long-term Obligations	<u>2,061,395</u>	<u>314,640</u>
Total Business-type Activities	<u>2,061,395</u>	<u>314,640</u>
<b>Total Primary Government</b>	<u>17,400,969</u>	<u>1,489,502</u>

**Total Long-term Liabilities**  
June 30, 2022

<i>(Dollars in Thousands)</i>	<b>Balance At June 30</b>	<b>Amount Due Within One Year</b>
<b>Component Units:</b>		
<b>General Obligation Bonds: (2)</b>		
Higher Education Fund - 9(c) Bonds (3)	912,817	65,574
<b>Nongeneral Obligation Bonds:</b>		
Higher Education Institutions - 9(d) (3) (5)	4,238,498	17,212
Higher Education Institutions - 9(d) from Direct Placements (3) (5)	211,065	8,201
Virginia College Building Authority (3)	5,389,998	372,285
Virginia Port Authority - 9(d) (3) (6)	476,271	18,270
Virginia Housing Development Authority - 9(d) (3) (5)	4,456,549	99,034
Virginia Housing Development Authority from Direct Placements - 9(d) (3) (5)	223,250	7,415
Virginia Resources Authority - 9(d) (3) (7)	3,375,038	200,040
Virginia Public School Authority - 9(d) (3) (5)	3,902,614	268,975
Virginia Public School Authority from Direct Placements - 9(d) (3) (5)	91,246	3,960
Hampton Roads Sanitation District Commission (3) (5)	868,472	89,786
Foundations (5) (8)	<u>1,018,902</u>	<u>38,381</u>
Total Nongeneral Obligation Bonds	<u>24,251,903</u>	<u>1,123,559</u>
<b>Other Long-term Obligations:</b>		
Net Pension Liability (9)	1,646,851	—
Net OPEB Liability (10)	707,854	199
Total OPEB Liability (11)	258,413	14,007
Compensated Absences	379,422	278,996
Long-term Lease Liabilities (12)	4,744,881	89,224
Notes Payable (5)	1,714,762	155,467
Notes Payable from Direct Borrowings (5)	167,689	3,041
Installment Purchase Obligations from Direct Borrowings	232,324	10,511
Trust and Annuity Obligations (5) (13)	96,431	—
Other Liabilities (5)	<u>410,697</u>	<u>182,593</u>
Total Other Long-term Obligations (Excluding Foundations)	<u>10,359,324</u>	<u>734,038</u>
<b>Other Long-term Obligations (Foundations): (5) (8)</b>		
Compensated Absences	30,361	20,708
Notes Payable	317,232	25,690
Trust and Annuity Obligations (13)	74,512	2,247
Other Liabilities	<u>373,091</u>	<u>27,602</u>
Total Other Long-term Obligations - Foundations	<u>795,196</u>	<u>76,247</u>
Total Other Long-term Obligations	<u>11,154,520</u>	<u>810,285</u>
<b>Total Component Units</b>	<u>36,319,240</u>	<u>1,999,418</u>
<b>Total Long-term Liabilities</b>	<u>\$ 53,720,209</u>	<u>\$ 3,488,920</u>

1. Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.
2. Total general obligation debt of the Commonwealth is \$1.1 billion.
3. Amounts are net of any unamortized discounts and premiums.
4. This debt includes \$1.1 billion that is not supported by taxes.
5. This debt is not supported by taxes.
6. This debt includes \$266.0 million for bonds that is not supported by taxes.
7. This debt is not supported by taxes; however, \$929.9 million is considered moral obligation debt.
8. Foundations represent FASB reporting entities defined in Note 1.B.
9. 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 Virginia Port Authority of \$2.1 million and \$4.0 million, respectively. This debt is not supported by taxes.
10. This includes OPEB obligations that do not relate to the Virginia Retirement System's State Plan from the Hampton Roads Sanitation District Commission, Virginia Port Authority, Virginia Resources Authority, Roanoke Higher Education Authority, and Virginia Biotechnology Research Partnership Authority of \$16.5 million, \$618,000, \$216,543, \$60,395, and \$51,245, respectively. This debt is not supported by taxes.
11. This includes OPEB obligations that do not relate to the Department of Human Resource Management from the University of Virginia of \$65.8 million and Virginia Port Authority of \$1.0 million. This debt is not supported by taxes.
12. This includes \$366.2 million for governmental activities and \$188.9 million for component units that are supported by taxes.
13. 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 \$3.8 billion of Transportation Facilities Section 9(d) debt. The Section 9(d) debt includes \$2.7 billion of Section 9(d) revenue bonds, \$979.8 million of Grant Anticipation Revenue Notes (GARVEES), and \$102.4 million of I-81 revenue bonds in addition to the outstanding Section 9(d) revenue bonds. There are no Section 9(c) bonds outstanding at June 30, 2022. Section 9(d) principal and interest requirements for the current year totaled \$358.3 million. 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, the Oak Grove Connector (Chesapeake), the Interstate 81 Improvement Program, and costs of certain transportation projects in the Commonwealth. 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 5.4 percent and the issuance dates range from October 10, 2002 to April 6, 2022.

The following schedule details the annual funding requirements necessary to amortize Transportation 9(d) debt. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$42.6 million for Build America Bonds (BABs) issued. The BABs are applicable to Commonwealth of Virginia Transportation Series 2010A Capital Project Revenue Bonds. Additionally, the Commonwealth will receive the amounts required to pay the debt service on outstanding Series 2002 and Series 2012 bonds from the Route 28 Transportation Improvement District, annually. The Commonwealth will also receive a portion of the debt service amount for the Northern Virginia Transportation District from the localities where the projects are located, annually.

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

Maturity	Principal	Interest	Total
2023	\$ 216,335,351	\$ 152,543,499	\$ 368,878,850
2024	225,945,602	141,563,976	367,509,578
2025	219,253,739	130,603,407	349,857,146
2026	229,524,277	119,797,506	349,321,783
2027	232,001,299	108,356,746	340,358,045
2028-2032	1,034,545,000	384,704,005	1,419,249,005
2033-2037	776,045,000	169,695,530	945,740,530
2038-2042	337,705,000	59,819,943	397,524,943
2043-2047	91,415,000	17,387,437	108,802,437
2048-2052	16,135,000	7,646,500	23,781,500
2053-2057	20,590,000	3,189,250	23,779,250
Less:			
Unamortized Discount	(61,951)	—	(61,951)
Add:			
Accretion on Capital Appreciation Bonds	22,111,955	—	22,111,955
Unamortized Premium	398,144,081	—	398,144,081
Total	<u>\$ 3,819,689,353</u>	<u>\$ 1,295,307,799</u>	<u>\$ 5,114,997,152</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 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 ranged from 1.0 percent to 5.0 percent and the issue date was March 26, 2014. The principal and interest requirements for the current year totaled \$7.1 million. There are currently no bonds outstanding for Fairfax County EDA.

### Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 2012A Refunding, Series 2013B Refunding, Series 2015B Refunding, Series 2016B Refunding, and Series 2019C Refunding. Bonds were issued to fund construction projects for higher educational institutions, behavioral health, and/or park facilities. 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 bonds. The Series 2015B bonds were issued to advance refund certain maturities of outstanding Series 2007B, Series 2008A, and Series 2008B bonds. The Series 2016B bonds were issued to advance refund certain maturities of outstanding Series 2009A bonds. The Series 2019C bonds were issued to advance refund outstanding 2009E bonds. Principal and interest requirements for the current year totaled \$56.9 million. The interest rates for all bonds range from 2.0 percent to 5.0 percent and the issuance dates range from March 7, 2012, to August 14, 2019. The following schedule details the annual funding requirements necessary to repay these bonds.

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

Maturity	Principal	Interest	Total
2023	\$ 46,950,000	\$ 8,978,916	\$ 55,928,916
2024	44,390,000	6,830,292	51,220,292
2025	36,280,000	4,807,314	41,087,314
2026	30,400,000	3,243,986	33,643,986
2027	24,430,000	1,874,093	26,304,093
2028-2032	18,965,000	920,855	19,885,855
Add:			
Unamortized Premium	24,184,573	—	24,184,573
Total	<u>\$ 225,599,573</u>	<u>\$ 26,655,456</u>	<u>\$ 252,255,029</u>

## Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, Series 2012A Refunding and Series 2016B Refunding. The Series 2012A Refunding bonds were issued to advance refund outstanding Series 2002 Refunding and Series 2004A bonds. The Series 2016B Refunding bonds were issued to advance refund certain maturities of outstanding Series 2009B bonds. The interest rate for these bonds range from 2.0 percent to 5.0 percent, and the issuance dates range from March 7, 2012, to November 10, 2016. Current year principal and interest requirements totaled \$1.1 million. The following schedule details the annual funding requirements necessary to repay these bonds.

Maturity	Principal	Interest	Total
2023	\$ 906,256	\$ 223,652	\$ 1,129,908
2024	952,789	178,339	1,131,128
2025	575,000	130,700	705,700
2026	605,000	101,950	706,950
2027	630,000	71,700	701,700
2028-2032	1,335,000	67,200	1,402,200
Add:			
Unamortized Premium	660,379	—	660,379
Total	\$ 5,664,424	\$ 773,541	\$ 6,437,965

## Virginia Public Building Authority

Virginia Public Building Authority Section 9(d) bonds consist of 2010B-2 (Taxable Build America Bonds), 2010B-3 Refunding, 2012A Refunding, 2013A, 2013B Refunding, 2014A, 2014B (Taxable), 2014C Refunding, 2015A, 2015B Refunding, 2016A, 2016B Refunding, 2016C (AMT), 2016D (Taxable), 2017A Refunding, 2018A, 2018B (Taxable), 2019A, 2019B (AMT), 2019C (Taxable), 2020A, 2020B Refunding, 2020C (Taxable), 2021A, 2021B Refunding (Taxable), 2022A, and 2022B (Taxable). 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 combinations of localities under the Regional Jail Financing Program. 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 Series 2015B bonds were issued to advance refund outstanding series 2005A Refunding, 2005B Refunding, and 2006A bonds and certain maturities of the series 2008B bonds. The Series 2016B bonds were issued to advance refund certain maturities of the series 2009B and 2011A bonds. The Series 2017A bonds were issued to advance refund certain maturities of the 2011A, 2013A, and 2014A bonds. The Series 2020B bonds were issued to advance refund outstanding Series 2005D, Series 2009D Refunding and 2010A bonds. The Series 2021B bonds

were issued to advance refund outstanding Series 2011B bonds. The interest rates range from 0.3 percent to 5.9 percent and the issuance dates range from November 23, 2010, to April 26, 2022.

Current year principal and interest requirements for all VPBA bonds totaled \$305.3 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 \$12.5 million for Build America Bonds (BABs) issued. The BABs are applicable to Series 2010 Revenue Bonds.

Maturity	Principal	Interest	Total
2023	\$ 198,645,000	\$ 138,064,913	\$ 336,709,913
2024	223,880,000	133,062,284	356,942,284
2025	234,485,000	122,220,409	356,705,409
2026	228,810,000	111,262,054	340,072,054
2027	224,600,000	100,590,904	325,190,904
2028-2032	961,995,000	360,874,489	1,322,869,489
2033-2037	736,770,000	175,948,626	912,718,626
2038-2042	498,315,000	45,659,437	543,974,437
2043-2047	32,440,000	648,800	33,088,800
Add:			
Unamortized Premium	440,936,529	—	440,936,529
Total	\$ 3,780,876,529	\$ 1,188,331,916	\$ 4,969,208,445

## Hampton Roads Transportation Accountability Commission

Hampton Roads Transportation Accountability Commission bonds consists of Senior Lien Revenue Bonds, Series 2018A, Intermediate Lien Revenue Bonds, Series 2019A, Senior Lien Revenue Bonds, Series 2020A, Senior Lien Revenue Bonds, Series 2021A, Senior Lien Revenue Bonds, Series 2022A, and a TIFIA loan, Series 2021A. The bonds were issued to pay for the costs of planning, design, and construction of transportation infrastructure in the localities comprising Planning District 23. The interest rates for these bond series range from 1.9 percent to 5.5 percent and the issue dates range from February 14, 2018 to May 19, 2022. Current year interest requirements totaled \$98.9 million. The following schedule details the annual funding requirements necessary to repay these bonds. This schedule includes future capitalized interest of \$3.8 million through June 30, 2024.

Maturity	Principal	Interest	Total
2023	\$ 414,345,000	\$ 96,889,084	\$ 511,234,084
2024	—	93,129,600	93,129,600
2025	—	94,103,358	94,103,358
2026	5,222,717	94,938,134	100,160,851
2027	823,564,231	74,245,203	897,809,434
2028-2032	84,571,255	258,518,302	343,089,557
2033-2037	109,198,447	235,548,338	344,746,785
2038-2042	141,772,791	207,394,189	349,166,980
2043-2047	181,757,137	172,047,029	353,804,166
2048-2052	226,095,616	129,054,520	355,150,136
2053-2057	270,449,373	81,659,204	352,108,577
2058-2062	237,625,000	23,288,106	260,913,106
Add:			
Unamortized Premium	294,525,505	—	294,525,505
Total	\$ 2,789,127,072	\$ 1,560,815,067	\$ 4,349,942,139

## 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	\$	3,862,619
College and university debt backed exclusively by pledged revenues of an institution		<u>586,944</u>
Total Higher Education Institution 9(d) debt	\$	<u><u>4,449,563</u></u>

The interest rates for these bonds range from 0.4 percent to 6.2 percent and the issuance dates range from April 15, 2009, to June 1, 2022. The Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor) Series 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 \$170.8 million for Build America Bonds (BABs) issued. The BABs are applicable to General Obligation Series 2010A Bonds, Series 2010B 21st Century Virginia College Building Authority Education Facilities Bonds, and the University of Virginia's Series 2009 and 2010 General Revenue Bonds. Virginia Commonwealth University (nonmajor component unit) and Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University - nonmajor component unit) (VCUHSA) have Direct Placement Bond Series. The VCUHSA bonds include event of default provisions that could change the timing of repayment of the outstanding amounts to become immediately due.

#### 9(c) HIGHER EDUCATION INSTITUTION BONDS Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	\$ 65,573,744	\$ 29,390,342	\$ 94,964,086
2024	70,042,211	26,744,168	96,786,379
2025	71,390,000	24,102,689	95,492,689
2026	72,580,000	21,446,233	94,026,233
2027	69,760,000	18,623,854	88,383,854
2028-2032	291,750,000	56,964,580	348,714,580
2033-2037	169,565,000	17,390,348	186,955,348
2038-2042	41,300,000	2,008,682	43,308,682
Add:			
Unamortized Premium	60,855,915	—	60,855,915
Total	<u>\$ 912,816,870</u>	<u>\$ 196,670,896</u>	<u>\$ 1,109,487,766</u>

#### 9(d) HIGHER EDUCATION INSTITUTION BONDS Debt Service Requirements to Maturity

Maturity	Principal	Interest (1)	Total
2023	\$ 17,211,797	\$ 152,853,925	\$ 170,065,722
2024	54,572,101	154,417,816	208,989,917
2025	17,461,798	150,112,599	167,574,397
2026	19,520,000	149,369,927	168,889,927
2027	27,325,000	148,441,519	175,766,519
2028-2032	179,265,000	726,430,662	905,695,662
2033-2037	137,690,000	697,386,183	835,076,183
2038-2042	750,250,000	599,921,444	1,350,171,444
2043-2047	540,180,000	432,504,674	972,684,674
2048-2052	1,638,810,000	267,585,278	1,906,395,278
2053-2057	100,000,000	126,657,500	226,657,500
2058-2062	—	119,157,500	119,157,500
2063-2067	—	119,157,500	119,157,500
2068-2072	—	119,157,500	119,157,500
2073-2077	—	119,157,500	119,157,500
2078-2082	—	119,157,500	119,157,500
2083-2087	—	119,157,500	119,157,500
2088-2092	—	119,157,500	119,157,500
2093-2097	—	119,157,500	119,157,500
2098-2102	—	119,157,500	119,157,500
2103-2107	—	119,157,500	119,157,500
2108-2112	—	119,157,500	119,157,500
2113-2117	—	119,157,500	119,157,500
2118-2122	650,000,000	34,504,750	684,504,750
Add:			
Unamortized Premium	106,212,468	—	106,212,468
Total	<u>\$ 4,238,498,164</u>	<u>\$ 5,070,076,277</u>	<u>\$ 9,308,574,441</u>

Note (1): The future interest requirements exclude any net Payments associated with hedging derivative instruments. See Note 15 for more details on hedging derivative instruments.

#### 9(d) HIGHER EDUCATION INSTITUTION DIRECT PLACEMENT BONDS Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	\$ 8,201,155	\$ 3,500,780	\$ 11,701,935
2024	8,415,597	3,350,538	11,766,135
2025	12,701,169	3,139,727	15,840,896
2026	12,581,056	2,922,008	15,503,064
2027	12,976,518	2,710,199	15,686,717
2028-2032	67,823,561	10,149,790	77,973,351
2033-2037	72,665,904	3,928,043	76,593,947
2038-2042	15,700,000	—	15,700,000
Total	<u>\$ 211,064,960</u>	<u>\$ 29,701,085</u>	<u>\$ 240,766,045</u>

#### 9(d) VIRGINIA COLLEGE BUILDING AUTHORITY BONDS Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	\$ 372,285,000	\$ 191,206,236	\$ 563,491,236
2024	359,815,000	184,537,106	544,352,106
2025	349,640,000	168,342,940	517,982,940
2026	349,685,000	152,471,218	502,156,218
2027	341,680,000	137,495,883	479,175,883
2028-2032	1,554,640,000	465,662,793	2,020,302,793
2033-2037	1,054,370,000	196,011,629	1,250,381,629
2038-2042	449,595,000	46,381,163	495,976,163
Add:			
Unamortized Premium	558,288,486	—	558,288,486
Total	<u>\$ 5,389,998,486</u>	<u>\$ 1,542,108,968</u>	<u>\$ 6,932,107,454</u>

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
2023	\$ 38,380,988
2024	44,000,211
2025	38,539,331
2026	49,055,757
2027	61,612,251
Thereafter	787,313,732
Total	<u>\$ 1,018,902,270</u>

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

### Virginia Port Authority

The Virginia Port Authority (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 0.4 percent to 5.0 percent, and the issuance dates range from January 25, 2012, to August 4, 2020. The following schedule details the annual funding requirements necessary to amortize these bonds.

9(d) VIRGINIA PORT AUTHORITY DEBT Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2023	\$ 18,270,000	\$ 17,336,187	\$ 35,606,187
2024	18,225,000	16,747,018	34,972,018
2025	18,860,000	16,096,186	34,956,186
2026	19,530,000	15,403,922	34,933,922
2027	20,245,000	14,669,363	34,914,363
2028-2032	113,950,000	62,332,206	176,282,206
2033-2037	94,255,000	43,774,293	138,029,293
2038-2042	95,960,000	23,984,153	119,944,153
2043-2047	62,650,000	6,029,517	68,679,517
Add:			
Unamortized Premium	14,325,530	—	14,325,530
Total	<u>\$ 476,270,530</u>	<u>\$ 216,372,845</u>	<u>\$ 692,643,375</u>

## Virginia Housing Development Authority

The Virginia Housing Development Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.1 percent to 6.5 percent and the issuance dates range from June 8, 2006, to June 30, 2022. The following schedule details the annual funding requirements necessary to amortize these bonds. VHDA has an option to redeem various bonds pursuant the terms of each bond issue. The redemptions generally cannot be exercised without condition until the bonds have been outstanding for nine years or more.

### 9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 99,033,848	\$ 136,233,141	\$ 235,266,989
2024	110,540,000	133,717,462	244,257,462
2025	126,665,000	131,753,046	258,418,046
2026	101,730,000	129,572,075	231,302,075
2027	98,055,000	127,252,821	225,307,821
2028-2032	519,910,000	597,530,139	1,117,440,139
2033-2037	585,819,526	517,378,906	1,103,198,432
2038-2042	771,528,601	410,609,829	1,182,138,430
2043-2047	784,542,001	266,677,265	1,051,219,266
2048-2052	860,569,568	149,043,930	1,009,613,498
2053-2057	399,045,000	29,930,349	428,975,349
Less:			
Unamortized			
Discount	(889,384)	—	(889,384)
<b>Total</b>	<b>\$ 4,456,549,160</b>	<b>\$ 2,629,698,963</b>	<b>\$ 7,086,248,123</b>

### 9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY DIRECT PLACEMENT BONDS Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 7,415,000	\$ 8,679,066	\$ 16,094,066
2024	7,670,000	8,386,227	16,056,227
2025	7,930,000	8,083,470	16,013,470
2026	8,210,000	7,770,205	15,980,205
2027	8,490,000	7,445,935	15,935,935
2028-2032	47,045,000	31,961,452	79,006,452
2033-2037	55,750,000	21,999,274	77,749,274
2038-2042	66,110,000	10,184,370	76,294,370
2043-2047	14,630,000	431,816	15,061,816
<b>Total</b>	<b>\$ 223,250,000</b>	<b>\$ 104,941,815</b>	<b>\$ 328,191,815</b>

## Virginia Resources Authority

The Virginia Resources Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.2 percent to 6.3 percent and the issuance dates range from July 31, 2002, to May 25, 2022. 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>
2023	\$ 200,039,860	\$ 116,412,335	\$ 316,452,195
2024	193,214,097	107,921,214	301,135,311
2025	202,574,805	99,517,553	302,092,358
2026	209,482,035	90,764,660	300,246,695
2027	207,692,828	81,946,306	289,639,134
2028-2032	931,164,951	290,888,210	1,222,053,161
2033-2037	632,155,033	148,390,405	780,545,438
2038-2042	411,580,000	62,169,360	473,749,360
2043-2047	135,580,000	16,541,431	152,121,431
2048-2052	40,645,000	2,615,063	43,260,063
2053-2057	1,030,000	20,600	1,050,600
Less: Unaccreted			
Capital Appreciation			
Bonds	(4,049,148)	—	(4,049,148)
Add:			
Unamortized			
Premium	213,929,028	—	213,929,028
<b>Total</b>	<b>\$ 3,375,038,489</b>	<b>\$ 1,017,187,137</b>	<b>\$ 4,392,225,626</b>



## Virginia Public School Authority

The Virginia Public School Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.0 percent to 5.5 percent, and the issuance dates range from November 13, 2009, to May 17, 2022. The following schedules detail 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 \$92.2 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. VPSA's 2014-1 QZAB Bond Series shall bear interest at the default rate, payable on demand by the owner of the 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>
2023	\$ 268,975,000	\$ 134,972,087	\$ 403,947,087
2024	264,825,000	125,510,461	390,335,461
2025	258,920,000	114,474,122	373,394,122
2026	255,020,000	103,678,319	358,698,319
2027	443,275,000	93,244,739	536,519,739
2028-2032	1,124,585,000	291,768,046	1,416,353,046
2033-2037	686,140,000	125,437,238	811,577,238
2038-2042	360,620,000	46,712,382	407,332,382
2043-2047	74,585,000	17,005,972	91,590,972
2048-2052	59,530,000	5,038,738	64,568,738
Add:			
Unamortized Premium	106,139,200	—	106,139,200
<b>Total</b>	<b>\$ 3,902,614,200</b>	<b>\$ 1,057,842,104</b>	<b>\$ 4,960,456,304</b>

### 9(d) VIRGINIA PUBLIC SCHOOL AUTHORITY DIRECT PLACEMENT BONDS Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 3,960,000	\$ 2,368,350	\$ 6,328,350
2024	4,010,000	2,254,778	6,264,778
2025	7,871,000	2,139,851	10,010,851
2026	4,105,000	2,023,571	6,128,571
2027	4,160,000	1,905,795	6,065,795
2028-2032	24,005,000	7,706,471	31,711,471
2033-2037	23,240,000	4,510,695	27,750,695
2038-2042	19,895,000	1,145,344	21,040,344
<b>Total</b>	<b>\$ 91,246,000</b>	<b>\$ 24,054,855</b>	<b>\$ 115,300,855</b>

## Hampton Roads Sanitation District Commission

The Hampton Roads Sanitation District Commission (nonmajor) issues revenue bonds for various capital improvements including, but not limited to, wastewater treatment plants and interceptor system improvements. Bond issue dates range from November 12, 2009 to June 11, 2020. The interest cost for these bonds range from 1.2 percent to 5.9 percent. The following schedule details the annual funding requirements necessary to amortize these bonds. The fiscal year 2022 principal amount includes \$50.0 million for demand bonds, which are also classified as "due within one year" in the accompanying financial statements.

### HAMPTON ROADS SANITATION DISTRICT COMMISSION Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 89,786,000	\$ 25,681,000	\$ 115,467,000
2024	43,175,000	24,365,000	67,540,000
2025	45,976,000	22,819,000	68,795,000
2026	46,966,000	21,263,000	68,229,000
2027	48,149,000	19,904,000	68,053,000
2028-2032	234,360,000	78,265,000	312,625,000
2033-2037	217,985,000	41,907,000	259,892,000
2038-2042	101,735,000	11,868,000	113,603,000
2043-2047	23,703,000	2,637,000	26,340,000
2048-2052	95,000	13,000	108,000
Add:			
Unamortized Premium	16,542,000	—	16,542,000
<b>Total</b>	<b>\$ 868,472,000</b>	<b>\$ 248,722,000</b>	<b>\$ 1,117,194,000</b>

Total principal outstanding as of June 30, 2022, on all component unit bonds amounted to \$25.2 billion.

The following schedule summarizes the changes in long-term liabilities:

(Dollars in Thousands)

Schedule of Changes in Long-term Debt and Obligations (1) (2)

	Balance July 1, as restated (3)	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
<b>Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:</b>				
General Obligation Bonds - 9(b) and 9(c):				
Public Facilities Bonds	\$ 247,190	\$ —	\$ (45,775)	\$ 201,415
Parking Facilities Bonds	5,844	—	(840)	5,004
Add: Unamortized Premium	31,827	—	(6,982)	24,845
Total General Obligation Bonds	284,861	—	(53,597)	231,264
<b>Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:</b>				
Transportation Facilities Bonds	3,343,960	469,120	(413,585)	3,399,495
Virginia Public Building Authority Bonds	3,065,010	453,005	(178,075)	3,339,940
Hampton Roads Transportation Accountability Commission	1,528,960	1,325,941	(364,075)	2,490,826
Economic Development Authority Obligations	6,715	—	(6,715)	—
Add: Unamortized Premium	1,006,659	327,620	(200,673)	1,133,606
Accretion on Capital Appreciation Bonds	25,069	2,004	(4,960)	22,113
Less: Unamortized Discount	(67)	5	—	(62)
Installment Purchase Obligations from Direct Borrowings	133,528	5,333	(31,637)	107,224
Compensated Absences	346,551	212,898	(225,686)	333,763
Long-term Lease Liabilities	459,486	87,149	(62,437)	484,198
Net Pension Liability*	5,058,611	—	(2,330,181)	2,728,430
Net OPEB Liability* (5)	880,210	—	(96,000)	784,210
Total OPEB Liability* (5)	314,039	—	(66,568)	247,471
Pollution Remediation Obligations	9,140	—	(455)	8,685
Other	32,130	—	(3,719)	28,411
Total Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	16,210,001	2,883,075	(3,984,766)	15,108,310
<b>Total Governmental Activities</b>	<b>16,494,862</b>	<b>2,883,075</b>	<b>(4,038,363)</b>	<b>15,339,574</b>
<b>Business-type Activities:</b>				
<b>Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:</b>				
Compensated Absences	14,545	4,705	(5,551)	13,699
Long-term Lease Liabilities	170,253	43,646	(19,940)	193,959
Net Pension Liability*	176,370	—	(81,229)	95,141
Net OPEB Liability* (5)	24,598	—	(3,003)	21,595
Total OPEB Liability* (5)	11,878	—	(2,024)	9,854
Installment Purchase Obligations from Direct Borrowings	771	—	(199)	572
Lottery Prizes Payable	116,934	2,682	(6,788)	112,828
Educational Benefits Payable	1,733,998	82,275	(202,526)	1,613,747
<b>Total Business-type Activities</b>	<b>2,249,347</b>	<b>133,308</b>	<b>(321,260)</b>	<b>2,061,395</b>
<b>Total Primary Government</b>	<b>\$ 18,744,209</b>	<b>\$ 3,016,383</b>	<b>\$ (4,359,623)</b>	<b>\$ 17,400,969</b>

\*Net increase/decrease is shown.

Foundations (4)	Balance June 30	Due Within One Year
\$ —	\$ 201,415	\$ 46,950
—	5,004	906
—	24,845	—
—	<u>231,264</u>	<u>47,856</u>
—	3,399,495	216,335
—	3,339,940	198,645
—	2,490,826	414,345
—	—	—
—	1,133,606	—
—	22,113	—
—	(62)	—
—	107,224	15,715
—	333,763	200,982
—	484,198	50,836
—	2,728,430	—
—	784,210	3,590
—	247,471	18,114
—	8,685	1,829
—	28,411	6,615
—	<u>15,108,310</u>	<u>1,127,006</u>
—	<u>15,339,574</u>	<u>1,174,862</u>
—	13,699	12,175
—	193,959	21,481
—	95,141	—
—	21,595	35
—	9,854	698
—	572	204
—	112,828	10,756
—	<u>1,613,747</u>	<u>269,291</u>
—	<u>2,061,395</u>	<u>314,640</u>
<u>\$ —</u>	<u>\$ 17,400,969</u>	<u>\$ 1,489,502</u>

*Continued on next page*

**Schedule of Changes in Long-term Debt and Obligations (1) (2)**

(Dollars in Thousands)

(Continued)

	<b>Balance July 1, as restated (3)</b>	<b>Issuances and Other Increases</b>	<b>Retirements and Other Decreases</b>	<b>Subtotal June 30</b>
<b>Component Units</b>				
<b>Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:</b>				
General Obligation Bonds - Higher Education 9(c) (6)	\$ 955,729	\$ —	\$ (42,912)	\$ 912,817
<b>Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:</b>				
Bonds (6)	21,361,978	3,042,952	(1,697,490)	22,707,440
Bonds from Direct Placements (6)	541,355	—	(15,794)	525,561
Installment Purchase Obligations from Direct Borrowings	239,349	5,558	(12,583)	232,324
Long-term Lease Liabilities	4,679,877	158,982	(93,978)	4,744,881
Notes Payable	1,740,276	100,280	(125,794)	1,714,762
Notes Payable from Direct Borrowings	69,381	100,000	(1,692)	167,689
Compensated Absences	390,615	398,983	(410,176)	379,422
Net Pension Liability*	3,339,060	—	(1,692,209)	1,646,851
Net OPEB Liability* (5)	816,451	—	(108,597)	707,854
Total OPEB Liability* (5)	303,688	—	(45,275)	258,413
Trust and Annuity Obligations	99,320	10,760	(13,649)	96,431
Other	665,009	74,550	(328,862)	410,697
<b>Total Component Units</b>	<b>\$ 35,202,088</b>	<b>\$ 3,892,065</b>	<b>\$ (4,589,011)</b>	<b>\$ 34,505,142</b>

\*Net increase/decrease is shown.

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, long-term leases, pension, other post-employment benefits, 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. 87, *Leases*, the capital lease obligations line item reported in prior years has been removed from the above schedule and replaced with the Long-term Lease Liabilities line item. Accordingly, the beginning balances associated with the lease liability have been restated by \$431,718 (dollars in thousands), \$170,253 (dollars in thousands), and \$2,331,273 (dollars in thousands) for the governmental activities, business-type activities, and component units, respectively. Governmental activities Installment Purchase Obligations from Direct Borrowing has been restated by \$5,855 (dollars in thousands) due to GASB Statement No. 87, *Leases*, implementation. Component unit Installment Purchase Obligations from Direct Borrowing has been restated by \$143,009 (dollars in thousands) primarily due to GASB Statement No. 87, *Leases*, implementation. Additionally, component unit Bonds and Bonds from Direct Placements have been restated by \$25,499 (dollars in thousands) for a nonmajor component unit.

Note (4): Foundations represent FASB reporting entities defined in Note 1.B.

Note (5): The Net OPEB Liability amount reported as due within one year pertains to the Commonwealth's Line of Duty (LODA) OPEB plan because the ending fiduciary net position is less than the benefit payments expected to be paid within one year. The Total OPEB Liability amount reported as due within one year represents the benefit payments expected to be paid within one year from the Pre-Medicare Retiree Healthcare (PMRH) OPEB plan. This plan does not have a trust.

Note (6): Amounts are net of any unamortized discounts and premiums.

Foundations (4)	Balance June 30	Due Within One Year
\$ —	\$ 912,817	\$ 65,574
1,018,902	23,726,342	1,103,983
—	525,561	19,576
—	232,324	10,511
—	4,744,881	89,224
317,232	2,031,994	181,157
—	167,689	3,041
30,361	409,783	299,704
—	1,646,851	—
—	707,854	199
—	258,413	14,007
74,512	170,943	2,247
373,091	783,788	210,195
<u>\$ 1,814,098</u>	<u>\$ 36,319,240</u>	<u>\$ 1,999,418</u>

### Bond and Note Defeasance

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, 2022, there were \$641.9 million in bonds from the primary government that have been refunded and defeased 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 \$2.3 billion in bonds and notes outstanding considered defeased from the component units.

### Primary Government

In March 2022, the Commonwealth Transportation Board of the Commonwealth of Virginia issued \$179.7 million in Commonwealth of Virginia Transportation Revenue Refunding Bonds Series 2022 with an interest rate ranging from 2.6 to 5.0 to refund the outstanding Commonwealth of Virginia Transportation Capital Projects Revenue Bonds Series 2012. The net proceeds from the sale of the Refunding Bonds of \$215.3 million (after payment of underwriter's fees and other issuance costs) were deposited to an irrevocable trust with an escrow agent to provide future debt service payments on the Refunded Bonds and to pay the costs related to issuance and refunding. As a result, the Refunded Bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The net carrying value of the old debt exceeded the reacquisition price by \$14.3 million. The Capital Projects debt defeasance resulted in an accounting gain of \$14.3 million. Total debt service requirements were reduced by \$47.7 million, resulting in an economic gain of \$39.2 million.

In 2022, the Hampton Roads Transportation Accountability Commission (HRTAC) did an in-substance defeasance of \$364.1 million of the Series 2018A Senior Lien Revenue Bonds, along with \$53.4 million of the unamortized bond premium. HRTAC used current resources for the defeasance and no new debt was issued. HRTAC recognized a gain on the defeasance of \$759,274 and all of the defeased bonds are still outstanding at year end.

### Component Units

In July 2021, University of Virginia (nonmajor) issued \$300.0 million of General Revenue Pledge and Refunding Bonds, Series 2021B. A portion of the bonds were used to refund \$31.3 million of General Revenue Pledge and Refunding Bonds, Series 2015B. For additional information, see the University's separately issued financial statements.

### 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 earnings on investments purchased with bond proceeds in excess of the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, be subject to rebate 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 at the time of issuance elect to pay a penalty in lieu of rebate. Bonds may be exempt from the rebate requirements if they qualify for certain exceptions under the regulations. 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.

Rebate liability on bonds of the VPSA (major component unit) issued under its Pooled Bond Programs is payable from earnings on related bond funds and from local issuers whose local school bonds were purchased by the VPSA. During fiscal year 2022, no rebate payments were owed on VPSA bonds issued under its Pooled Bonds Programs. Rebate liability on notes of the VPSA issued under its School Technology and Security Notes Program is payable from earnings on related note funds and funds of the Commonwealth. During fiscal year 2022, a final arbitrage rebate calculation for VPSA's School Technology and Security Notes, Series V identified an arbitrage rebate liability payment of \$314,735 due to the Federal government in fiscal year 2022. The liability was paid in fiscal year 2022 by the VPSA. The Virginia Department of Education reimbursed the VPSA in fiscal year 2022.

Rebatable arbitrage need only be calculated for tax purposes every fifth year that debt is outstanding. Consistent with the modified accrual basis of accounting, it is not recognized as a liability in governmental funds until amounts actually become due and payable; however, a liability is recognized in accrual basis government-wide statements as soon as the underlying event has occurred.

Amounts remitted to the Federal government for rebate liability are generally paid from earnings derived from the issue. However, if all proceeds have been expended and depending on the type of issue, it may be necessary to use project revenues or general or non-general fund appropriations to satisfy any rebate liability. During fiscal year 2022, no rebate payments were owed on the Commonwealth's General Obligation Bonds, Virginia Public Building Authority, Commonwealth Transportation Board, the Virginia College Building Authority 21st Century or Pooled Bond Programs, or the Virginia Port Authority.

### Long-term Leases

The Commonwealth leases buildings, equipment, and land under various agreements that are accounted for as long-term leases under GASB Statement No. 87, *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.

Presented in the following tables are repayment schedules for long-term lease liabilities as of June 30, 2022.

#### Long-term Lease Liabilities

##### Governmental Funds

June 30, 2022

Maturity	Principal	Interest	Total
2023	\$ 50,835,837	\$ 35,460,316	\$ 86,296,153
2024	45,990,493	31,980,970	77,971,463
2025	41,730,556	28,811,879	70,542,435
2026	40,008,509	25,781,831	65,790,340
2027	39,377,927	22,743,570	62,121,497
2028-2032	121,102,423	78,905,830	200,008,253
2033-2037	92,593,335	39,078,475	131,671,810
2038-2042	42,580,562	10,363,638	52,944,200
2043-2047	5,734,054	1,688,243	7,422,297
2048-2052	2,076,103	682,221	2,758,324
2053-2057	898,359	282,499	1,180,858
2058-2062	896,624	134,116	1,030,740
2063-2067	373,024	12,759	385,783
Total	\$ 484,197,806	\$275,926,347	\$ 760,124,153

#### Long-term Lease Liabilities

##### Business-type Activities

June 30, 2022

Maturity	Principal	Interest	Total
2023	\$ 21,481,408	\$ 6,003,842	\$ 27,485,250
2024	20,348,496	5,319,782	25,668,278
2025	19,062,997	4,678,725	23,741,722
2026	17,493,676	4,078,860	21,572,536
2027	14,914,966	3,544,928	18,459,894
2028-2032	55,730,983	11,606,670	67,337,653
2033-2037	33,330,867	4,352,742	37,683,609
2038-2042	11,190,030	780,327	11,970,357
2043-2047	405,390	15,458	420,848
Total	\$ 193,958,813	\$ 40,381,334	\$ 234,340,147

#### Long-term Lease Liabilities

##### Component Units

June 30, 2022

Maturity	Principal	Interest	Total
2023	\$ 89,223,568	\$ 166,322,733	\$ 255,546,301
2024	(15,767,670)	165,076,091	149,308,421
2025	24,670,745	164,107,749	188,778,494
2026	20,311,615	163,328,655	183,640,270
2027	55,194,516	174,736,459	229,930,975
2028-2032	43,958,700	792,758,522	836,717,222
2033-2037	(27,018,149)	789,287,437	762,269,288
2038-2042	95,195,104	783,992,213	879,187,317
2043-2047	278,556,553	753,083,232	1,031,639,785
2048-2052	542,125,446	686,596,147	1,228,721,593
2053-2057	892,211,625	558,981,236	1,451,192,861
2058-2062	1,360,095,984	366,772,178	1,726,868,162
2063-2067	1,386,009,599	93,726,916	1,479,736,515
2068-2072	112,912	2,288	115,200
Total	\$ 4,744,880,548	\$ 5,658,771,856	\$10,403,652,404

## Notes Payable

Notes Payable consist of several items as shown in the following schedule (dollars in thousands):

<b>Primary Government</b>	
Installment Notes from Direct Borrowings	\$ 107,796
<b>Total Primary Government</b>	<u>107,796</u>
<b>Component Units</b>	
Virginia Public School Authority	188,420
Nonmajor Component Units	1,526,342
Nonmajor Component Units from Direct Borrowings	167,689
Installment Notes from Direct Borrowings	232,324
Subtotal (excluding Foundations)	<u>2,114,775</u>
Foundations:	
Notes Payable	317,232
Subtotal - Foundations	<u>317,232</u>
<b>Total Component Units</b>	<u>2,432,007</u>
<b>Total Notes Payable</b>	<u>\$ 2,539,803</u>

The Virginia Public School Authority (major component unit) notes of \$188.4 million are for the School Technology and Security Notes Program. The note proceeds were used to finance technology equipment purchases and to make grants to school divisions for the purchase of security equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund (major special revenue).

An additional amount of \$1.5 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 pursuant to the Pooled Bond Program. Interest rates range from 0.5 percent to 5.6 percent and shall be paid semi-annually and the planned interest payments total \$395.5 million. Additionally, in accordance with the American Recovery and Reinvestment Act, the Commonwealth expects to receive a Build America Bonds (BABs) interest subsidy to reimburse interest payments of \$15.9 million. The final principal payment is due in fiscal year 2052.

University of Virginia (nonmajor) and Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) reported notes payable of \$5.0 million and \$164.3 million, respectively. In addition, the Virginia Port Authority (nonmajor component unit) reported notes payable of \$2.0 million. For additional information pertaining to these direct borrowings, refer to the separately issued financial statements.

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, 2022, are shown in the following table (dollars in thousands).

Maturity	Principal
2023	\$ 25,690
2024	53,260
2025	49,998
2026	18,819
2027	12,040
Thereafter	<u>157,425</u>
<b>Total</b>	<u>\$ 317,232</u>

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 \$340.1 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, 2022.

Maturity	Principal	Interest	Total
2023	\$ 15,714,537	\$ 2,281,918	\$ 17,996,455
2024	15,152,259	1,928,221	17,080,480
2025	15,008,205	1,604,856	16,613,061
2026	13,567,894	1,289,026	14,856,920
2027	12,768,337	1,073,748	13,842,085
2028-2032	26,387,332	2,575,772	28,963,104
2033-2037	8,621,223	407,409	9,028,632
2038-2042	4,256	12	4,268
<b>Total</b>	<u>\$ 107,224,043</u>	<u>\$ 11,160,962</u>	<u>\$ 118,385,005</u>

Maturity	Principal	Interest	Total
2023	\$ 203,880	\$ 11,106	\$ 214,986
2024	146,956	5,735	152,691
2025	87,177	3,219	90,396
2026	88,740	1,656	90,396
2027	44,965	233	45,198
<b>Total</b>	<u>\$ 571,718</u>	<u>\$ 21,949</u>	<u>\$ 593,667</u>

Installment Purchase Obligations from Direct Borrowings			
Component Units			
June 30, 2022			
Maturity	Principal	Interest	Total
2023	\$ 10,511,003	\$ 10,261,265	\$ 20,772,268
2024	2,338,453	10,284,549	12,623,002
2025	4,945,696	10,318,542	15,264,238
2026	3,927,030	10,375,824	14,302,854
2027	4,946,499	10,434,729	15,381,228
2028-2032	18,319,983	52,108,577	70,428,560
2033-2037	(806,692)	53,367,257	52,560,565
2038-2042	(5,239,038)	55,802,788	50,563,750
2043-2047	2,777,894	56,611,182	59,389,076
2048-2052	15,503,904	54,222,462	69,726,366
2053-2057	36,129,542	46,883,733	83,013,275
2058-2062	66,714,556	32,117,553	98,832,109
2063-2067	72,255,636	8,036,387	80,292,023
Total	<u>\$232,324,466</u>	<u>\$410,824,848</u>	<u>\$643,149,314</u>

The foundations (component units) had no installment purchase obligations as of June 30, 2022.

On May 23, 2016, the Virginia Department of Transportation (VDOT) (primary government) and Chesterfield County (County) signed a memorandum of understanding concerning payment of interest relating to the County's contribution to VDOT for the construction of the Powhite Parkway Extension Project. The parties agreed that the interest to be paid by VDOT on the County's contribution to the construction of the Powhite Parkway Extension is \$18.5 million. The interest requirement paid during fiscal year 2022 totaled \$1.0 million. The remaining outstanding interest amount of \$1.3 million is payable in annual installments on September 1 in the years 2022 to 2023. This interest is applicable to a note payable that VDOT repaid to the County in fiscal year 2014.

### 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 (current value of securities held to maturity) of the assets funding the payments.

Lottery prizes payable for the fiscal year ended June 30, 2022, are shown in the following table:

	Jackpot	Win For Life	Total
Due within one year	\$ 5,184,773	\$ 5,570,751	\$ 10,755,524
Due in subsequent years	31,617,660	70,454,387	102,072,047
Total (current value)	36,802,433	76,025,138	112,827,571
Add: Interest to Maturity	9,058,567	26,623,862	35,682,429
Lottery Prizes Payable at Maturity	<u>\$ 45,861,000</u>	<u>\$ 102,649,000</u>	<u>\$ 148,510,000</u>

### Educational Benefits Payable

The Virginia College Savings Plan administers the Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 services contracts 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 using actuarially determined amounts. Prepaid529 is closed to new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs. The value of a unit is tied to the average tuition inflation rate of Virginia four year institutions.

As of June 30, 2022, educational benefits payable of \$1.6 billion have been recorded for the Defined Benefit 529 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 Defined Benefit 529 program. In addition, a receivable in the amount of \$89.9 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.



## 28. OTHER REVENUE

The following table (dollars in thousands) summarizes Other Revenue for the fiscal year ended June 30, 2022.

	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
<b>Primary Government:</b>					
General	\$ 5,714	\$ 222,611	\$ 6,938	\$ 375	\$ 15,637
Major Special Revenue Funds:					
Commonwealth Transportation	18,129	25,592	676,530	14,744	379
Federal Trust	—	742	1,939	32	—
Literary	—	31,918	—	—	—
Nonmajor Governmental Funds	160,554	49,381	76,067	11,364	298,139
Major Enterprise Funds:					
Virginia College Savings Plan	—	—	—	—	—
Nonmajor Enterprise Funds					
Internal Service Funds	—	—	—	—	—
Pension and Other Employee Benefit Trust Funds	—	—	—	—	—
Custodial Funds - Other	—	—	—	—	—
Total Primary Government	<u>\$ 184,397</u>	<u>\$ 347,646</u>	<u>\$ 761,474</u>	<u>\$ 26,515</u>	<u>\$ 314,155</u>

	Tobacco Master Settlement	Taxes	Other (1) (2)	Total Other Revenue
<b>Primary Government:</b>				
General	\$ 62,813	\$ —	\$ 298,536	\$ 612,624
Major Special Revenue Funds:				
Commonwealth Transportation	—	—	53,092	788,466
Federal Trust	—	—	474,885	477,598
Literary	—	—	—	31,918
Nonmajor Governmental Funds	—	—	550,781	1,146,286
Major Enterprise Funds:				
Virginia College Savings Plan	—	—	4,040	4,040
Nonmajor Enterprise Funds	—	4,614	9,409	31,425
Internal Service Funds	—	—	339,821	339,821
Pension and Other Employee Benefit Trust Funds	—	—	3,523	3,523
Custodial Funds - Other	—	—	16,129	16,129
Total Primary Government	<u>\$ 62,813</u>	<u>\$ 4,614</u>	<u>\$ 1,750,216</u>	<u>\$ 3,451,830</u>

Note (1): \$251,256 (dollars in thousands) and \$448,554 (dollars in thousands) are related to prior year expenditures refunded in the current fiscal year for the General Fund and Federal Trust, respectively, and \$27,120 (dollars in thousands) is related to localities' share of capital funding for the Washington Metropolitan Area Transit Authority in the Commonwealth Transportation Fund. \$307,170 (dollars in thousands) is related to proceeds from unclaimed property in the Unclaimed Property Fund, \$84,702 (dollars in thousands) is related to indirect costs, reimbursable employee benefits, law enforcement services and court collection fees in the Other Special Revenue Fund, \$30,628 (dollars in thousands) is related to welfare activity receipts in the Health and Social Services Special Revenue Fund, and the remaining \$128,281 (dollars in thousands) is related to other miscellaneous activities in the nonmajor governmental funds.

Note (2): Of this amount, \$339,763 (dollars in thousands) represents a decline in the actuarial estimate of long-term claims payable liabilities for the Risk Management internal service fund.

## 29. TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatements*, requires disclosures to be made for tax abatements. These arise from agreements between the Commonwealth and taxpayers and result in reduced tax revenue when the taxpayer promises to provide economic benefits to the Commonwealth. As of June 30, 2022, the Commonwealth participates in the following tax abatements programs in excess of \$1.0 million. There are no provisions for recapturing abated taxes since the requirements must be met prior to receiving the abatement.

- The Retail Sales and Use Tax Data Center Exemptions are intended to attract data centers to the Commonwealth pursuant to Section 58.1-609.3(18) of the *Code of Virginia*. Qualifying entities may purchase or lease certain computer equipment, enabling software and other enabling hardware for use in the data center exempt from the retail sales and use tax. Each recipient's retail sales and use taxes are reduced by being able to purchase qualifying items for use in the data center without having to pay the retail sales and use tax on the purchase price. The amount of the abatement for each recipient is determined by multiplying the purchase price of the qualifying computer equipment, enabling software and other enabling hardware purchased by the recipient by the rate of the retail sales and use tax that would be imposed on the purchase if the exemption was not available. The rate of the retail sales and use tax is 6.0 percent in the Northern Virginia, Hampton Roads, and Central Virginia regions; 7.0 percent in the Historic Triangle region; 6.3 percent in the city of Danville and the counties of Charlotte, Gloucester, Halifax, Henry, Northampton, and Patrick; and 5.3 percent in the remainder of the state. The exemption is available for data centers that (i) are located in a Virginia locality; (ii) result in a new capital investment of at least \$150.0 million on or after January 1, 2009; and (iii) meet specified employment and salary requirements. On or after July 1, 2009, the data center or tenants must result in the creation of at least 50 new jobs paying at least one and one-half the prevailing average wage in the locality, or 10 new jobs paying at least one and one-half the prevailing average wage in the locality if the data center is located in a locality that is a "distressed locality" as defined in the code section. Additionally, the requirement of a \$150.0 million capital investment is reduced to \$70.0 million for data centers that qualify for the reduced jobs requirement. Effective July 1, 2012, the exemption was extended to purchases and leases made by tenants of a data center that meets the requirements of the data center exemption.

In order to qualify for the exemption, the data center operator must enter into a memorandum of understanding with the Virginia Economic Development Partnership Authority (nonmajor component unit). The exemption is scheduled to sunset June 30, 2035. The amount of abated taxes

for fiscal year 2022 is estimated to be \$135.9 million.

- The Motion Picture Production Tax Credit is intended to encourage the filming of motion picture productions in the Commonwealth. Pursuant to Section 58.1-439.12:03 of the *Code of Virginia*, a motion picture production company with qualifying expenses of at least \$250,000 may abate its individual income tax or corporate income tax liability by the amount of the Motion Picture Production Tax Credit. The amount of the tax credit is equal to (i) 15.0 percent of the production company's qualifying expenses or (ii) 20.0 percent of such expenses if the production is filmed in an economically distressed area of the Commonwealth. In addition to the credit for the qualifying expenses incurred by a motion picture production company, such company may receive an Additional Virginia Resident Credit and an Additional Virginia Resident First-Time Industry Employee Credit. The Additional Virginia Resident Credit equals (i) 10.0 percent of the total aggregate payroll for Virginia residents employed in connection with the production of a film in Virginia when total production costs in Virginia are at least \$250,000, but not more than \$1.0 million or (ii) 20.0 percent of the total aggregate payroll of such residents when total production costs in Virginia exceed \$1.0 million. The Additional Virginia Resident First-Time Industry Employee Credit is equal to 10.0 percent of the total aggregate payroll for Virginia residents employed for the first time as actors or members of a production crew in connection with the production of a film in Virginia.

The Motion Picture Production Tax Credit is a refundable tax credit. Therefore, if the amount of credit that a company is allowed to claim exceeds the company's tax liability for the taxable year, the excess amount of credit will be refunded to the company. Companies must have a memorandum of understanding with the Virginia Tourism Authority (nonmajor component unit) in order to participate in this program.

The credit is scheduled to sunset January 1, 2027. The annual cap on the amount of credits granted for a fiscal year is \$6.5 million, and this amount is expected to be claimed annually. While a motion picture production company may receive approval within a given year, the credits may not be claimed by the taxpayer until at the earliest, the filing of a return. The filing of a return often occurs in a fiscal year subsequent to the year during which a credit is granted. In addition, the Virginia Tourism Authority is allowed to issue credits and a taxpayer can claim credits in future fiscal years subject to certain conditions. Because of these timing differences between when tax credits are granted and when they are claimed, the credits claimed in a fiscal year may fluctuate compared to the \$6.5 million annual cap. For fiscal year 2022, \$4.5 million of income tax was abated.

- The Retail Sales and Use Tax Entitlement to Tax Revenues from Tourism Projects is intended to encourage the development of certain tourism projects by assisting the developer in (i) obtaining gap financing needed to meet a shortfall in project funding between the expected costs of the project and the debt and equity capital provided by the developer and (ii) making payments of principal and interest on the gap financing.

If the project qualifies for the entitlement, the developer is entitled to an amount equivalent to a one percent state sales tax on transactions taking place on the premises of the tourism project. The entitled sales tax revenues must be applied to payments of principal and interest on the gap financing. The entitlement continues until the gap financing is paid in full.

Section 58.1-3851.1 of the *Code of Virginia* imposes requirements on both the local government and the developer in order for the project to qualify for the entitlement. The locality must have (i) established a tourism zone pursuant to Section 58.1-3851 of the *Code of Virginia*; (ii) established a tourism plan under the guidelines of the Virginia Tourism Authority; (iii) authorized a tourism project that meets a deficiency identified in the tourism plan; and (iv) dedicated an amount equivalent to a one percent sales tax on transactions taking place on the premises of the tourism project to the payment of principal and interest on the gap financing. The developer must have (i) secured a minimum of 70.0 percent of funding for the project in place through debt or equity; and (ii) entered into a performance agreement with the local economic development authority to pay an access fee equivalent to a one percent sales tax on transactions taking place on the premises of the tourism project to the payment of principal and interest on the gap financing. In order for the project to qualify for the entitlement, the project must be certified by the State Comptroller. The amount of abated taxes for fiscal year 2022 was \$1.1 million.

### 30. PRIZES AND CLAIMS

The following table summarizes Prizes and Claims Expense for the fiscal year ended June 30, 2022.

(Dollars in Thousands)

	Insurance Claims	Lottery Prize Expense	Total Prizes and Claims
<b>Proprietary Funds:</b>			
Major Enterprise Funds:			
Virginia Lottery	\$ —	\$ 2,659,596	\$ 2,659,596
Unemployment Compensation	170,269	—	170,269
Nonmajor Enterprise Funds	480,682	—	480,682
Total Enterprise Funds	<u>\$ 650,951</u>	<u>\$ 2,659,596</u>	<u>\$ 3,310,547</u>
Internal Service Funds	<u>\$ 1,582,135</u>	<u>\$ —</u>	<u>\$ 1,582,135</u>

### 31. DEPRECIATION AND AMORTIZATION

The following table summarizes Depreciation and Amortization Expense as of June 30, 2022.

(Dollars in Thousands)

	Depreciation	Amortization	Total Depreciation and Amortization
<b>Proprietary Funds:</b>			
Major Enterprise Funds:			
Virginia Lottery	\$ 5,790	\$ 643	\$ 6,433
Virginia College Savings Plan	215	—	215
Nonmajor Enterprise Funds	11,969	23,762	35,731
Total Enterprise Funds	<u>\$ 17,974</u>	<u>\$ 24,405</u>	<u>\$ 42,379</u>
Internal Service Funds	<u>\$ 20,116</u>	<u>\$ 55,324</u>	<u>\$ 75,440</u>

### 32. OTHER EXPENSES

The following table summarizes Other Expenses for the fiscal year ended June 30, 2022.

(Dollars in Thousands)

	Grants and Distributions To Localities	Expendable Equipment/ Improvements	Other (1)	Total Other Expenses
<b>Proprietary Funds:</b>				
Major Enterprise Funds:				
Virginia College Savings Plan	\$ —	\$ 433	\$ 10,580	\$ 11,013
Nonmajor Enterprise Funds	44	6,538	2,724	9,306
Total Enterprise Funds	<u>\$ 44</u>	<u>\$ 6,971</u>	<u>\$ 13,304</u>	<u>\$ 20,319</u>
Internal Service Funds	<u>\$ 1,812</u>	<u>\$ 1,622</u>	<u>\$ 17,825</u>	<u>\$ 21,259</u>
<b>Fiduciary Funds:</b>				
Pension and Other Employee Benefit Trust Funds (2)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,980</u>	<u>\$ 2,980</u>
Custodial Funds - Other (2)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 91</u>	<u>\$ 91</u>

Note (1): \$10,567 (dollars in thousands) can be attributed to the Defined Benefit 529 Program for the SOAR scholarship program, Access and Affordability program, and other promotional scholarships. \$16,556 (dollars in thousands) can be attributed to expenses related to insurance program expenses in the Risk Management internal service fund and \$493,389 can be attributed to Affordable Care Act related fees in the Health Care Fund internal service fund.

Note (2): Fiduciary expenses of \$3,071 (dollars in thousands) are not included in the Government-wide Statement of Activities.

### 33. OTHER NON-OPERATING REVENUE/EXPENSES

The following table summarizes Other Non-Operating Revenue/Expenses for the fiscal year ended June 30, 2022.

(Dollars in Thousands)

	Gain/(Loss) on Sale of Capital Assets	Securities Lending	Coronavirus Aid, Relief, and Economic Security Act Receipts	Interest Expense	Other (1)	Total Other Non- Operating Revenue/ (Expenses)
<b>Proprietary Funds:</b>						
Major Enterprise Funds:						
Virginia Lottery	\$ 17	\$ (200)	\$ —	\$ (108)	\$ 812	\$ 521
Virginia College Savings Plan	—	(4)	—	—	55	51
Unemployment Compensation	—	—	1,053,774	—	—	1,053,774
Nonmajor Enterprise Funds	15,114	(98)	—	(5,874)	9,771	18,913
Total Enterprise Funds	<u>\$ 15,131</u>	<u>\$ (302)</u>	<u>\$ 1,053,774</u>	<u>\$ (5,982)</u>	<u>\$ 10,638</u>	<u>\$ 1,073,259</u>
Internal Service Funds	<u>\$ 841</u>	<u>\$ (242)</u>	<u>\$ —</u>	<u>\$ (34,283)</u>	<u>\$ 295</u>	<u>\$ (33,389)</u>

Note (1): Other Non-Operating Revenue/Expenses of the nonmajor enterprise funds are primarily comprised of amounts reported by Alcoholic Beverage Control.

### 34. TRANSFERS

The following table summarizes Transfers In and Transfers Out for the fiscal year ended June 30, 2022 (dollars in thousands).

Transfers In (Reported In):								
Transfers Out (Reported In):	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Total Primary Government
<b>Primary Government</b>								
General	\$ —	\$ 174,762	\$ 1	\$ —	\$ 399,002	\$ —	\$ —	\$ 573,765
Major Special Revenue Funds:								
Commonwealth Transportation	31,287	—	—	—	511,274	—	388	542,949
Federal Trust	—	1,696	—	—	3,134	1,694	—	6,524
Nonmajor Governmental Funds	55,700	318	1,617	220,000	519,088	—	—	796,723
Major Enterprise Funds:								
Virginia Lottery	779,569	—	—	17,329	—	—	—	796,898
Virginia College Savings Plan	351	—	—	—	—	—	—	351
Unemployment Compensation	—	—	12,357	—	—	—	—	12,357
Nonmajor Enterprise Funds	253,382	—	—	—	15,132	—	—	268,514
Internal Service Funds	—	—	—	—	15,497	—	—	15,497
<b>Total Primary Government</b>	<u>\$ 1,120,289</u>	<u>\$ 176,776</u>	<u>\$ 13,975</u>	<u>\$ 237,329</u>	<u>\$ 1,463,127</u>	<u>\$ 1,694</u>	<u>\$ 388</u>	<u>\$ 3,013,578</u>

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 transfer was made that does not occur on a routine basis or is inconsistent with the activities of the fund making the transfer.

- General Fund transfer of \$2.8 million to the Department of Motor Vehicles as required by Chapter 1, 2022 Virginia Acts of Assembly Special Session I.

### 35. ENDOWMENTS

Donor-restricted endowments reside primarily within the higher education institutions. The net appreciation available for expenditure is \$2.3 billion as of June 30, 2022. Of this amount, \$1.8 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.

### 36. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (dollars in thousands) summarizes specific cash flows for the fiscal year ended June 30, 2022.

	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows Resulting from:						
Payments for Prizes, Claims, and Loss Control:						
Lottery Prizes	\$ (2,685,976)	\$ —	\$ —	\$ —	\$ (2,685,976)	\$ —
Claims and Loss Control	—	—	(183,714)	(476,312)	(660,026)	(1,588,508)
Total	<u>\$ (2,685,976)</u>	<u>\$ —</u>	<u>\$ (183,714)</u>	<u>\$ (476,312)</u>	<u>\$ (3,346,002)</u>	<u>\$ (1,588,508)</u>
Other Operating Revenue:						
Other Operating Revenue	\$ —	\$ —	\$ 52	\$ 12,897	\$ 12,949	\$ 58
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 52</u>	<u>\$ 12,897</u>	<u>\$ 12,949</u>	<u>\$ 58</u>
Other Operating Expense:						
Other Operating Expenses (1)	\$ —	\$ (10,567)	\$ —	\$ (32,615)	\$ (43,182)	\$ (18,750)
Total	<u>\$ —</u>	<u>\$ (10,567)</u>	<u>\$ —</u>	<u>\$ (32,615)</u>	<u>\$ (43,182)</u>	<u>\$ (18,750)</u>
Other Noncapital Financing Receipt Activities:						
Advances/Contributions from the Commonwealth	\$ —	\$ 2,000	\$ —	\$ 50,689	\$ 52,689	\$ 33,534
Receipts from Taxes	—	—	—	337,068	337,068	—
Coronavirus Aid, Relief, and Economic Security Act Receipts	—	—	1,082,415	—	1,082,415	—
Games of Skill Proceeds, Retail Applications, and Rents	695	—	—	242	937	—
Interest	—	—	—	—	—	114
Total	<u>\$ 695</u>	<u>\$ 2,000</u>	<u>\$ 1,082,415</u>	<u>\$ 387,999</u>	<u>\$ 1,473,109</u>	<u>\$ 33,648</u>
Other Noncapital Financing Disbursement Activities:						
Repayments of Advances/Contributions from the Commonwealth	\$ —	\$ —	\$ —	\$ (65,751)	\$ (65,751)	\$ (11,030)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (65,751)</u>	<u>\$ (65,751)</u>	<u>\$ (11,030)</u>
Other Capital and Related Financing Receipt Activities:						
Interest	\$ —	\$ —	\$ —	\$ 144	\$ 144	\$ —
Sale of Surplus	—	—	—	—	—	1
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 144</u>	<u>\$ 144</u>	<u>\$ 1</u>

Note (1): \$10,567 (dollars in thousands) can be attributed to SOAR scholarship expenses, Access and Affordability program, and other scholarships and awards. Also, \$16,556 (dollars in thousands) can be attributed to expenses related to insurance program expenses in the Risk Management internal service fund and \$493,389 can be attributed to Affordable Care Act related fees in the Health Care Fund internal service fund.

### 37. TOBACCO SETTLEMENT AND SECURITIZATION

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 healthcare 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 Tobacco Region 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. Moneys from the fund can also be used to assist in financing efforts to reduce childhood obesity through such means as educational and awareness programs, implementing evidence based practices, and assisting schools and communities with policies and programs.

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 8.5 percent is deposited into the Virginia Tobacco Settlement Fund at the Foundation. The remaining 41.5 percent is 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.

### 38. 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 five SCAs as of June 30, 2022: Pocahontas 895, the 495 Express Lanes, Elizabeth River – Midtown Tunnel, the 95 Express Lanes, and the I-66 Outside the Beltway 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.

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 inflows of \$477.7 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. In December 2016, the majority owner of toll rights, Macquarie and other rights owners closed on the sale of 100.0 percent of the tolling rights to Globalvia. Macquarie CAF Management LLC, Pocahontas Holdings LLC and Meeko LLC entered into a Sale and Purchase Agreement with Pocahontas Parkway Holdings LLC and Magnolia Operations LLC (Globalvia Inversiones SAU Subsidiaries) (as the buyers) in September 2016. The acquisition was effective on December 20, 2016 after VDOT's approval.

VDOT approved Globalvia Operations USA LLC as the new O&M contractor (as defined in the Concession Agreement) and the O&M agreement between Globalvia Operations USA LLC and Pocahontas Parkway Operations LLC (company the concession agreement with VDOT was transferred to after the acquisition in December 2016) in December 2017. Globalvia Operations USA LLC replaced DBi as the new O&M contractor in February 2018.

Globalvia acquired the company that had, at that time, the agreement with VDOT to develop, finance, operate, manage the tolls and maintain Route 895-Pocahontas Parkway. The concession agreement period will end in 2105.

#### **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 \$712.1 million and deferred inflows of \$925.5 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

On September 30, 2021, the second amended and restated Comprehensive Agreement (ARCA) was signed between VDOT and Capital Beltway Express, LLC to add the scope of project work related to the northern extension of the 495 Express Lanes (495 NEXT), which is the approximately 2-mile extension of the existing express lanes from Route 738 to the vicinity of George Washington Memorial Parkway. As of June 2022, 495 NEXT is undergoing construction.

#### **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 design, build, finance, operate, and maintain a new Midtown Tunnel, adjacent to the existing Midtown Tunnel, provide improvements to the existing Midtown Tunnel and the Downtown Tunnel, and to provide various extensions and improvements of the Martin Luther King Jr. (MLK) Freeway and I-264. As of September 1, 2017, all project components of this agreement have reached substantial completion and are in service.

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. Capital assets of \$856.8 million and deferred inflows of \$831.6 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement. In July 2017, VDOT issued a Department Project Enhancement directive for Elizabeth River Crossings OPCO LLC, to design and build noise barrier walls on I-264. After the Preliminary Field Inspection Plans were developed, VDOT took over to complete the project due to lower costs, estimated at \$24.4 million. The project was successfully advertised on September 13, 2022. In addition to these project enhancements, the Federal Highway Administration (FHWA) has also required an annual traffic study for the Value Pricing Pilot Program (VPPP) to monitor driver behavior, traffic volume, transit ridership, air quality, and availability of funds for transportation programs. VDOT has completed Years 1-6 of the 10 year VPPP study.

#### **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 high occupancy vehicle (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 \$492.8 million and deferred inflows of \$565.6 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.



During fiscal year 2016, the Commonwealth Transportation Board awarded a contract to design and construct a reversible extension of the 95 Express Lanes at the southern terminus in Stafford County. The approximately 2.5-mile extension will carry traffic beyond the location where the 95 Express Lanes currently end. The construction began in fiscal year 2017 and lanes opened to traffic on October 31, 2017. This 2.5-mile extension resulted in an increased value of \$25.7 million to the 95 Express Lanes SCA.

On June 8, 2017, an amended and restated Comprehensive Agreement was signed between VDOT and 95 Express Lanes LLC to include the scope of the project work for the I-395 northern extension. The Comprehensive Agreement was updated to include this addition to the project and payments to VDOT for transit improvements. VDOT reached commercial close with 95 Express Lanes LLC on June 8, 2017, and financial close was completed on July 25, 2017, for this project. Construction on the 8-mile I-395 extension began in summer of 2017 and opened to traffic on November 17, 2019. In consideration for the rights granted by VDOT to 95 Express Lanes LLC, solely in respect of the I-395 Project, 95 Express Lanes LLC made an up-front payment to VDOT of \$15.0 million on the I-395 Project Service Commencement date. Deferred inflows of \$14.4 million relating to the 395 Express Lanes are included in the fund financial statements. Additionally, as part of the up-front consideration, VDOT will receive an annual payment that escalates at a rate of 2.5 percent per annum set forth in the Amended and Restated Comprehensive Agreement (ARCA). Accordingly, accounts receivable of \$990.0 million and deferred inflows of \$990.0 million, relating to the present value of the annual installment payments are included in the fund financial statements. Capital assets of \$268.8 million and deferred inflows of \$289.2 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

In fiscal year 2017, planning was initiated on the additional extension of the Express Lanes from Garrisonville Road to Route 17 in Stafford County, which is about 10 miles. It will have direct connection with both the northbound and southbound Rappahannock River crossing projects, access points and operational improvements.

On April 18, 2019, a second amended and restated Comprehensive Agreement was signed between VDOT and 95 Express Lanes LLC to add the scope of the project work for the Fredericksburg Extension. The Comprehensive Agreement was updated to include payments to VDOT. At financial close on April 30, 2019, 95 Express Lanes LLC made a \$45.0 million Initial Permit Fee Buyout Payment. The Concessionaire also provided a right of way cost deposit of \$2.5 million and \$4.0 million for southbound Rappahannock River Crossing work overlap funding. Deferred inflows of \$49.0 million are included in the fund financial statements. VDOT received an additional \$65.9 million from 95 Express Lanes LLC at the additional financial close in July 2019, which is a sum of \$11.5 million

Private Activity Bonds (PABs) payment and \$54.4 million design-build price protection benefits. At service commencement, the concessionaire will make payment of \$232.0 million Final Permit Fee Buyout Payment as set forth in the second amended and restated Comprehensive Agreement. Deferred inflows of \$63.0 million are included in the fund financial statements. As of June 2022, the Fredericksburg Extension project is under construction.

### **I-66 Outside the Beltway Express Lanes**

On December 8, 2016, a 50-year Public Private Partnership Agreement (the Agreement) between VDOT, the Department of Rail and Public Transportation (DRPT), and private partner, I-66 Express Mobility Partners LLC, was signed.

The \$2.2 billion I-66 Outside the Beltway Project with Express Mobility Partners is to build express lanes on I-66 outside the I-495 Capital Beltway. During the 50-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 purpose of this Agreement is to build new express lanes to provide users with a faster and more reliable travel option.

The I-66 Outside the Beltway Project will include 22.5 miles of new express lanes alongside three regular lanes from I-495 to University Boulevard in Gainesville, Virginia. The project will also provide new and improved bus service and transit routes, new and improved park and ride lots, and interchange improvements to enhance safety and reduce congestion.

Express Mobility Partners will be responsible for all costs to design, build, operate and maintain the I-66 Express Lanes, without any upfront public contribution.

Financial close on the project occurred on November 9, 2017. The express lanes will open to traffic at the end of 2022. These lanes will remain open for the public as long as the applicable tolls are paid. Liabilities for VDOT from the Agreement are contingent on specific events occurring pursuant to the Agreement.

Express Mobility Partners provided \$578.9 million during fiscal 2018, as an up-front concession payment to VDOT. Pending approval by the Commonwealth Transportation Board, these funds will be used for project oversight by VDOT, contingency risk during construction that is released during the construction period, and projects in the corridor as selected by the Commonwealth Transportation Board. Deferred inflows of \$524.9 million are included in the fund financial statements.

Additional consideration to be provided by Express Mobility Partners includes several components of the permit fee established in the Agreement. A description of these components and the stipulations around receiving is provided below.

Express Mobility Partners is required to pay VDOT a permit fee that consists of transit funding payments,

support for corridor improvements, and revenue sharing as further described below.

The transit funding payment portion of the permit fee that becomes due during the operating period will be payable after debt service and required reserve accounts, and will be subject to the lock-up provisions required in the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement, but prior to support for corridor improvements and distributions. If funds are insufficient to make scheduled transit funding payments at the time due, such payments or any unpaid portion thereof will be considered past due and will remain due and payable without interest charges. In both fiscal years 2021 and 2022, VDOT received up-front payments of \$21.3 million to be used for transit investments, and \$41.9 million of deferred inflows are included in the fund financial statements.

The support for corridor improvements is to be paid as indicated in the Agreement. Amounts to be paid annually are contingent on actual toll revenues. At the end of the term of the Agreement, any unpaid balance of these payments is to be forgiven or cancelled.

Express Mobility Partners will make revenue sharing payments in amounts calculated based on actual cumulative net present value of gross revenue at the end of each year of the Agreement. The percentage of gross revenue to be paid by Express Mobility Partners to VDOT increases in accordance with a five-tier revenue sharing scale. Revenue sharing payments do not have to be made if transit funding payments or support for corridor improvements are past due or unpaid.

Additional information on these payments can be found in the Agreement executed between VDOT, DRPT, and Express Mobility Partners.

As of June 2022, the I-66 Outside the Beltway Project is under construction.

### **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. The University also receives a yearly minimum guarantee on dining and vending commissions and has a minimum guaranteed profit split on residential and athletics services regardless of gross sales. As of June 30, 2022, the University has accrued \$118.7 million in current and noncurrent receivables and a \$168.4 million deferred inflows of resources related to the service concession arrangement.

## **39. INFORMATION TECHNOLOGY INFRASTRUCTURE**

With the exception of NTT DATA (NTT), the Commonwealth is into its fourth or fifth contract year, depending on when services commenced, with all of its current IT service providers. This includes SAIC for Multi-Services Integrator (MSI) services, Atos for managed security services, Xerox for managed print services, Iron Bow for end-user services, Unisys for server and data center services, and Verizon for voice and data network services. During fiscal year 2022, the Commonwealth transitioned messaging services from its previous service provider, Tempus Nova, to NTT. With a multi-services integrator (MSI) model in effect, the Commonwealth will continuously pursue new and additional IT service providers to ensure that the Commonwealth has a competitive portfolio of IT suppliers that deliver modern cost-effective technology services. The contract terms range from three years to six years, with additional renewal options on each.

Expenses in fiscal year 2022 associated with the service providers were \$206.4 million, exclusive of amounts reported as lease payments and interest expense related to GASB Statement No. 87, *Leases*. The Commonwealth expects to spend an additional \$612.1 million over the remaining life of these contracts with the current portfolio of suppliers, exclusive of long-term lease liability related to GASB 87.

## **40. 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 or their auditors. 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. The increased federal funding related to the COVID-19 pandemic could impact future liabilities.

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 and portions of selected rebates. The Commonwealth has computed payback schedules for 2022, 2021, and 2020 which are based on fiscal years 2021, 2020, and 2019 data, respectively. The Commonwealth has computed a liability of \$42.0 million representing the amounts owed to the federal government for internal service fund over-recoveries and transfers, as well as the federal share of various rebates received. This amount has been reflected in the accompanying financial statements.

The Virginia Tourism Authority (nonmajor component unit) had unclaimed awards totaling \$3.1 million payable to awardees upon submission of proper claims for reimbursement for the Marketing Leverage Program. Additionally, property at the Virginia/Maryland border to be used for the Gateway Welcome Center was donated to the Authority in July 2008. The deed to the property includes a covenant requiring any or all land to revert to the U.S. Government should it become needed for national defense. The net book value of the property as of June 30, 2022 was \$809,500.

#### **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 \$4.1 billion. The discretely presented component units have such debt of \$5.4 billion.

#### **D. Bailment Inventory**

The Virginia Alcoholic Beverage Control Authority (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. As of June 30,

2022, the bailment inventory was valued at \$69.1 million.

#### **E. Loan Guarantees**

The Virginia Small Business Financing Authority (VSBFA) (nonmajor component unit) has a loan guaranty program which provides guarantees up to the lesser of \$1.0 million, or 75.0 percent, of a bank loan for lines of credit and short-term working capital loans for small businesses as defined 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 approves applications of \$1.0 million or less with subsequent ratification by the Board of Directors. The Board of Directors approves applications in excess of \$1.0 million. The maximum term of support for guarantees is up to five years for lines of credit and seven years for term loans. In the event the small business borrower fails to repay a loan guaranteed through the program, the originating bank lender exercises its rights against the collateral and the guarantors of the loan and proceeds from the sale of the collateral are applied to the loan. In the event the originating bank lender incurs a deficiency principal balance, the bank submits a claim to VSBFA under the program. If a claim payment is subsequently paid under the program, VSBFA retains the right to pursue collection from the borrower or the guarantor to the extent possible and provided that neither the borrower nor the guarantor has been adjudicated bankrupt. 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, 2022, the loan guaranty program has guarantees outstanding of \$5.4 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, 2022, the VSBFA recognized a nonexchange financial guarantee liability of \$107,037. This is an increase of \$5,319 from the beginning balance of \$101,718. There were no required payments made during fiscal year 2022. 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 14 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 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 was embodied in a State administrative order. While the HRSD is preparing the RWWMP, the Consent Decree also requires the HRSD to implement approximately \$200.0 million in high priority capital system upgrade projects over the 10-year period between 2020 and 2030, and then another \$200.0 million in high priority sewer overflow control projects between 2030 and 2040, which are included in the capital improvement and expansion program. These two sets of projects reflect further priority system improvements that HRSD is to implement along with the SWIFT project. The Amended Consent Decree gives HRSD until 2032 to invest \$1.1 billion in the SWIFT program. Finally, the Amended Consent Decree provides that if HRSD will not make the full \$1.1 billion investment in the SWIFT Project by 2032 then EPA can require HRSD to accelerate some or all of the second group (\$200.0 million worth) of high priority sewer overflow control projects to offset the avoided investment in the SWIFT 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, 2022, the HRSD has outstanding commitments for contracts in progress of approximately \$1.1 billion.

#### **41. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS**

The GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 94 redefines various agreements that will be reported by the Commonwealth. GASB Statement No. 96 will define subscription-based information technology arrangements and will significantly impact the Commonwealth's reporting disclosures. Both GASB Statements will be implemented in fiscal year 2023.

#### **42. SUBSEQUENT EVENTS**

##### **Primary Government**

##### **Debt**

On September 1, 2022, the Commonwealth Transportation Board redeemed \$16.1 million of Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 2012A.

On October 19, 2022, the Hampton Roads Transportation Accountability Commission (HRTAC) (nonmajor governmental fund) made its second draw on a Transportation Infrastructure Finance and Innovation Act line of credit not to exceed \$500.8 million (through the U.S. Department of Transportation). The draw of \$299.0 million increases the balance due on this loan to \$400.1 million, including capitalized interest of \$1.1 million.

On November 16, 2022, the Commonwealth of Virginia issued \$94.9 million of General Obligation Bonds, Series 2022A to provide funding for authorized 9(c) projects.

On November 29, 2022, the Virginia Public Building Authority defeased portions of its Public Facilities Revenue Bonds of \$22.1 million. They also redeemed a portion of its Public Facilities Revenue Bonds, Series 2010B-2.

On December 7, 2022, the Commonwealth Transportation Board issued \$15.0 million in Senior Lien Transportation Infrastructure Finance and Innovation Act (TIFIA), Series 2022 and \$82.6 million in Subordinate Lien TIFIA Loan, Series 2022 to finance certain costs incurred in relation to the Interstate 81 Corridor Improvement Project.

On December 14, 2022, the Commonwealth Transportation Board redeemed \$9.3 million of its Commonwealth of Virginia Transportation Contract Revenue Refunding Bonds, Series 2012.

## Component Units

### Debt

On July 20, 2022, the Virginia Resources Authority (major) issued debt via direct borrowing in the amount of \$98.0 million in the Virginia Water Facilities Revolving Loan Fund to help expand capacity in the program. The note has an interest rate of 3.2 percent with a final maturity date of October 1, 2042.

On August 15, 2022, the Virginia Housing Development Authority (major) redeemed Rental Housing Bond 2019 Series E Non-AMT in the amount of \$5.7 million.

On September 22, 2022, the Virginia Housing Development Authority (major) issued Rental Housing Bond 2022 Series F in the amount of \$59.2 million.

On September 28, 2022, Virginia Public School Authority (VPSA) (major) issued \$41.3 million Special Obligation School Financing Bonds, Hanover County, Series 2022 to purchase certain general obligation local school bonds to finance capital projects for schools.

On October 12, 2022, George Mason University (nonmajor) signed an agreement with Atlantic Union Bank for a revolving loan in the maximum principal amount of \$68.0 million for financing the construction of a new technology building known as Fuse at Mason Square and/or to provide financing for other capital projects.

On November 9, 2022, the VPSA issued \$99.9 million of its Special Obligation School Financing Bonds (1997 Resolution), Series 2022B to purchase certain general obligation local school bonds to finance capital projects for schools.

On November 10, 2022, the VPSA issued \$42.4 million of its Special Obligation School Financing Bonds, Prince William County, Series 2022 to purchase certain general obligation local school bonds to finance capital projects for schools.

### Other

As of January 1, 2022, University of Virginia (nonmajor) retirees began enrolling in their health coverage through a private exchange and are no longer enrolled on the UVA Health Plan. The University now pays nothing towards the retirees' premiums and any claims are to be paid by the private insurance. Because the University uses a one-year lookback in its plan measurement, this change will not be reflected in the OPEB liability of the University until the financial statements for the year ended June 30, 2023. If the plan changes were effective for the June 30, 2022, financial statements, the UVA OPEB liability would be reduced by \$41.6 million.

In *Milton S. Hershey Medical Center v. Becerra*, a group of teaching hospitals challenged a formula that Centers for Medicare and Medicaid Services (CMS) used for many years when the total number of residents and

fellows, before applying weighting factors, exceeds the hospital's graduate medical education cap. This was essentially a math error made by the CMS dating back to 2001 that reduced the reimbursement to teaching hospitals and has become known as the "Fellow Penalty". The court ruled in favor of the hospitals and on October 27, 2022, University of Virginia Medical Center (UVAMC) received the revised Notice of Program Reimbursement for fiscal years 2010 - 2012 related to the "Fellows Penalty" in the amount of just under \$8.5 million. CMS will only apply this policy for cost report periods that are open or re-openable (and for future cost report periods). For UVAMC this correction will apply to fiscal year 2010 and forward. The estimate total for fiscal years 2010 - 2022 is \$39.4 million which was posted in fiscal year 2022.

Effective July 1, 2022, the Virginia Arts Foundation (nonmajor) is dissolved and powers have been transferred to the Virginia Commission for the Arts (part of primary government). The existing Virginia Arts Foundation Fund (the Fund) has been renamed as the Virginia Commission for the Arts Fund and authority for expenditures and disbursements has been transferred from the Fund to the Virginia Commission for the Arts.

During September 2022, the Virginia Biotechnology Research Partnership Authority (the Authority) (nonmajor) was awarded two grants from the U.S. Department of Commerce. The Authority received \$15.8 million to support the Life Science Innovation Center construction project. The period of performance is 38 months from the date of award. The second grant awarded supports the pharmaceutical Supply Chain and was for \$1.8 million. The period of performance is 24 months from the date of the award. Both awards are cost reimbursement grants.

The Commonwealth of Virginia awarded the Authority \$15.0 million to support the scale-up of pharmaceutical research, development, and manufacturing cluster in the Richmond Regional Planning District or the Crater Planning District (central Virginia). \$10.0 million may be used to help fund the construction of a life sciences lab building located at the Virginia Biotech Park in the City of Richmond. The other \$5.0 million may be used to administer a one-time grant program designed to fund a key starting materials pilot project located in central Virginia. At a minimum, criteria to award the grant shall include: (i) the company is headquartered in Virginia; and (ii) the company has a chemical industrial site to stand up the program in either the Richmond Regional Planning District or the Crater Planning District. Any funding awards shall be used for the direct costs of key starting materials reactors, a centrifuge, and a dryer.

Subsequent to June 30, 2022, the Authority's Board voted to spin-out Lighthouse Labs, LLC from the Corporation. The spin-off will not occur until Lighthouse Labs obtains its own 501(c)(3) status.



## 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, 2022

(Dollars in Thousands)

	General Fund			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
<b>Taxes:</b>				
Individual and Fiduciary Income	\$ 15,991,400	\$ 18,593,100	\$ 20,410,206	\$ 1,817,106
Sales and Use	4,426,000	4,948,300	5,080,580	132,280
Corporation Income	1,271,600	2,009,600	1,978,697	(30,903)
Motor Fuel	—	—	—	—
Motor Vehicle Sales and Use	—	—	—	—
Communications Sales and Use	348,000	335,000	301,446	(33,554)
Deeds, Contracts, Wills, and Suits	475,000	665,700	665,602	(98)
Premiums of Insurance Companies	360,900	419,300	426,830	7,530
Alcoholic Beverage Sales	283,700	300,300	300,153	(147)
Tobacco Products	290,100	290,100	278,626	(11,474)
Estate	—	—	27	27
Public Service Corporations	98,600	103,500	102,586	(914)
Other Taxes	47,211	66,701	88,835	22,134
Rights and Privileges	89,981	100,173	113,371	13,198
Sales of Property and Commodities	11,546	11,805	20,185	8,380
Assessments and Receipts for Support of Special Services	5,337	5,967	5,897	(70)
Institutional Revenue	53,882	57,824	33,673	(24,151)
Interest, Dividends, and Rents	93,855	92,480	82,207	(10,273)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	216,004	230,119	220,132	(9,987)
Federal Grants and Contracts	11,358	11,357	11,725	368
Receipts from Cities, Counties, and Towns	9,017	7,800	7,122	(678)
Private Donations, Gifts and Contracts	318	292	336	44
Tobacco Master Settlement	47,500	47,500	62,813	15,313
Other	184,569	323,047	403,039	79,992
<b>Total Revenues</b>	<b>24,315,878</b>	<b>28,619,965</b>	<b>30,594,088</b>	<b>1,974,123</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	2,928,150	3,071,288	2,783,669	287,619
Education	10,756,550	11,655,965	11,330,277	325,688
Transportation	22,659	194,525	164	194,361
Resources and Economic Development	754,236	883,873	616,873	267,000
Individual and Family Services	8,296,597	7,623,020	7,369,472	253,548
Administration of Justice	3,186,152	3,336,965	3,142,616	194,349
Capital Outlay	146,567	182,664	59,151	123,513
<b>Debt Service:</b>				
Principal Retirement	20,571	20,571	20,571	—
Interest and Charges	2,904	2,904	2,904	—
<b>Total Expenditures</b>	<b>26,114,386</b>	<b>26,971,775</b>	<b>25,325,697</b>	<b>1,646,078</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(1,798,508)</b>	<b>1,648,190</b>	<b>5,268,391</b>	<b>3,620,201</b>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers:</b>				
Transfers In	967,486	1,137,044	1,172,516	35,472
Transfers Out	(444,995)	(559,487)	(570,986)	(11,499)
Bonds Issued	—	—	—	—
Premium on Debt Issuance	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>522,491</b>	<b>577,557</b>	<b>601,530</b>	<b>23,973</b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(1,276,017)</b>	<b>2,225,747</b>	<b>5,869,921</b>	<b>3,644,174</b>
<b>Fund Balance, July 1</b>	<b>7,505,113</b>	<b>7,505,113</b>	<b>7,505,113</b>	<b>—</b>
<b>Fund Balance, June 30</b>	<b>\$ 6,229,096</b>	<b>\$ 9,730,860</b>	<b>\$ 13,375,034</b>	<b>\$ 3,644,174</b>

See notes on page 203 in this section.



**Special Revenue Funds**

**Commonwealth Transportation Fund**

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ —	\$ —	\$ —	\$ —
1,766,200	2,000,471	2,021,830	21,359
—	—	—	—
1,768,000	1,778,988	1,714,674	(64,314)
899,600	1,180,400	1,215,133	34,733
—	—	—	—
105,300	136,800	132,758	(4,042)
180,657	180,657	180,657	—
—	—	—	—
—	—	—	—
—	—	—	—
164,408	158,147	206,320	48,173
681,726	753,458	728,540	(24,918)
550	424	2,436	2,012
25,850	18,000	18,123	123
—	—	—	—
37,915	38,165	21,470	(16,695)
14,787	15,363	25,467	10,104
1,279,944	1,300,223	1,195,082	(105,141)
834,206	833,369	698,066	(135,303)
25	25	14,818	14,793
—	—	—	—
27,804	40,962	57,184	16,222
7,786,972	8,435,452	8,232,558	(202,894)
112,339	119,388	63,555	55,833
1,750	1,824	1,815	9
8,381,672	9,739,357	7,158,888	2,580,469
43,131	45,762	22,560	23,202
—	—	—	—
10,684	10,684	10,683	1
67,085	131,588	21,048	110,540
2,671	2,671	2,671	—
697	697	697	—
8,620,029	10,051,971	7,281,917	2,770,054
(833,057)	(1,616,519)	950,641	2,567,160
55,188	170,984	176,776	5,792
(488,393)	(570,299)	(541,073)	29,226
289,455	289,455	289,455	—
44,853	44,853	44,853	—
(98,897)	(65,007)	(29,989)	35,018
(931,954)	(1,681,526)	920,652	2,602,178
4,335,767	4,335,767	4,335,767	—
\$ 3,403,813	\$ 2,654,241	\$ 5,256,419	\$ 2,602,178

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, 2022  
(Dollars in Thousands)

	Special Revenue Funds			
	Federal Trust			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
<b>Taxes:</b>				
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	—	—	470	470
Sales of Property and Commodities	—	—	—	—
Assessments and Receipts for Support of Special Services	—	—	—	—
Institutional Revenue	—	—	247	247
Interest, Dividends, and Rents	606	649	1,242	593
Fines, Forfeitures, Court Fees, Penalties, and Escheats	2,998	712	742	30
Federal Grants and Contracts	15,273,796	27,830,908	24,222,397	(3,608,511)
Receipts from Cities, Counties, and Towns	—	—	1,939	1,939
Private Donations, Gifts and Contracts	—	—	32	32
Tobacco Master Settlement	—	—	—	—
Other	284,768	506,510	912,081	405,571
<b>Total Revenues</b>	<b>15,562,168</b>	<b>28,338,779</b>	<b>25,139,150</b>	<b>(3,199,629)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	153,110	1,231,408	406,962	824,446
Education	1,327,196	4,240,161	2,367,707	1,872,454
Transportation	35,150	30,218	20,876	9,342
Resources and Economic Development	210,051	1,570,427	518,949	1,051,478
Individual and Family Services	13,621,731	20,875,796	21,599,012	(723,216)
Administration of Justice	110,666	267,723	189,288	78,435
Capital Outlay	103,429	122,211	42,568	79,643
<b>Debt Service:</b>				
Principal Retirement	794	794	794	—
Interest and Charges	41	41	41	—
<b>Total Expenditures</b>	<b>15,562,168</b>	<b>28,338,779</b>	<b>25,146,197</b>	<b>3,192,582</b>
<b>Revenues Over (Under) Expenditures</b>	<b>—</b>	<b>—</b>	<b>(7,047)</b>	<b>(7,047)</b>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers:</b>				
Transfers In	—	—	13,572	13,572
Transfers Out	—	—	(6,525)	(6,525)
Bonds Issued	—	—	—	—
Premium on Debt Issuance	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>7,047</b>	<b>7,047</b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund Balance, July 1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund Balance, June 30</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

See notes on page 203 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, 2022, to the fund balance on a modified accrual basis follows.

**Fund Balance Comparison  
Budgetary Basis to GAAP Basis**

*(Dollars in Thousands)*

	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	\$ 13,375,034	\$ 5,256,419	\$ —
Adjustments from Budget to Modified Accrual:			
Net Accrued Revenues:			
Taxes	1,420,888	355,311	—
Tax Refunds	(1,478,886)	—	—
Other Revenue/Other Sources	(448,633)	177,593	2,382,253
Deferral of Up-front SCA payment	—	(21,250)	—
Medicaid Payable	(479,772)	—	(1,607,618)
Net Accrued Expenditures/Other Uses	(708,997)	(602,615)	(419,780)
Fund Reclassification - Budget to Modified Accrual	—	(696,199)	—
Fund Balance, Modified Accrual Basis	<u>\$ 11,679,634</u>	<u>\$ 4,469,259</u>	<u>\$ 354,855</u>

1. As discussed in Note 1.E., the Literary Fund has no approved budget.

**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, 2022, except the Literary Fund which has no approved budget.

<i>(Dollars in Thousands)</i>	General Fund (8)	Commonwealth Transportation Fund	Federal Trust Fund (9)
Appropriations (1)	\$ 26,114,386	\$ 8,620,029	\$ 15,562,168
Supplemental Appropriations:			
Reappropriations (2)	544,285	74,085	132,954
Subsequent Executive (3)	284,061	653,784	4,573,191
Subsequent Legislative (4)	1,214,055	544,965	10,574,249
Capital Outlay and Operating Reversions (5)	(658)	—	(3,350)
Transfers (6)	(821,800)	171,193	(2,240,647)
Capital Outlay Adjustment (7)	(362,554)	(12,085)	(259,786)
Appropriations, as adjusted	<u>\$ 26,971,775</u>	<u>\$ 10,051,971</u>	<u>\$ 28,338,779</u>

1. Represents the budget appropriated through Chapter 552, 2021 Acts of Assembly Special Session I as amended by Chapter 1, 2022 Acts of Assembly Special Session I.
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 transfers required by the Appropriation Act. Transfers out are reduced by approximately \$2.4 billion (General Fund) and \$57.8 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.
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.
8. Budgetary reductions totaling \$709.2 million are excluded since they were not available for disbursement during the current fiscal year.
9. Appropriations do not include food stamp issuances of \$2.9 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, 2022

(Dollars in Thousands)

Change in the Net Pension Liability	VRS State				
	2022	2021	2020	2019	2018
<b>Total pension liability:</b>					
Service cost	\$ 404,703	\$ 406,776	\$ 379,359	\$ 375,965	\$ 370,235
Interest	1,704,842	1,666,047	1,627,637	1,606,772	1,562,819
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(281,382)	(12,440)	181,189	(327,289)	(85,975)
Assumption changes	412,575	—	663,566	—	76,965
Benefit payments	(1,486,951)	(1,427,873)	(1,360,833)	(1,296,803)	(1,234,388)
Refunds of contributions	(29,065)	(27,427)	(26,897)	(30,236)	(30,837)
Net change in total pension liability	724,722	605,083	1,464,021	328,409	658,819
<b>Total pension liability - beginning</b>	<b>26,014,925</b>	<b>25,409,842</b>	<b>23,945,821</b>	<b>23,617,412</b>	<b>22,958,593</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 26,739,647</b>	<b>\$ 26,014,925</b>	<b>\$ 25,409,842</b>	<b>\$ 23,945,821</b>	<b>\$ 23,617,412</b>
<b>Plan fiduciary net position:</b>					
Contributions - employer	\$ 609,778	\$ 576,443	\$ 545,584	\$ 548,158	\$ 535,424
Contributions - member	207,065	210,896	201,481	201,920	201,391
Net investment income	5,055,163	361,061	1,211,722	1,302,241	1,963,811
Benefit payments	(1,486,951)	(1,427,873)	(1,360,833)	(1,296,803)	(1,234,388)
Refunds of contributions	(29,065)	(27,427)	(26,897)	(30,236)	(30,837)
Administrative expense	(12,904)	(12,603)	(12,374)	(11,481)	(11,612)
Other	(737)	(539)	(762)	28,502	(1,743)
Net change in plan fiduciary net position	4,342,349	(320,042)	557,921	742,301	1,422,046
<b>Plan fiduciary net position - beginning</b>	<b>18,770,068</b>	<b>19,090,110</b>	<b>18,532,189</b>	<b>17,789,888</b>	<b>16,367,842</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>23,112,417</b>	<b>18,770,068</b>	<b>19,090,110</b>	<b>18,532,189</b>	<b>17,789,888</b>
<b>Net pension liability - ending (a-b)</b>	<b>\$ 3,627,230</b>	<b>\$ 7,244,857</b>	<b>\$ 6,319,732</b>	<b>\$ 5,413,632</b>	<b>\$ 5,827,524</b>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	86.4 %	72.2 %	75.1 %	77.4 %	75.3 %
Covered payroll (c)	\$ 4,399,969	\$ 4,440,135	\$ 4,197,484	\$ 4,152,368	\$ 4,020,893
Net pension liability as a percentage of covered payroll ((a-b)/c)	82.4 %	163.2 %	150.6 %	130.4 %	144.9 %

(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 2022 net pension liability measurement date is June 30, 2021, as reported in Note 16.

See notes on page 218 in this section.

	2017	2016	2015
\$	369,779	\$ 375,149	\$ 369,120
	1,533,764	1,482,951	1,436,064
	—	—	—
	(245,642)	59,923	—
	—	—	—
	(1,195,198)	(1,136,102)	(1,081,866)
	(25,240)	(27,724)	(25,036)
	437,463	754,197	698,282
	22,521,130	21,766,933	21,068,651
\$	<u>22,958,593</u>	<u>\$ 22,521,130</u>	<u>\$ 21,766,933</u>

\$	722,617	\$ 480,657	\$ 343,259
	200,184	195,582	198,035
	277,166	728,083	2,243,999
	(1,195,198)	(1,136,102)	(1,081,866)
	(25,240)	(27,724)	(25,036)
	(10,140)	(10,302)	(12,341)
	(122)	(154)	123
	(30,733)	230,040	1,666,173
	16,398,575	16,168,535	14,502,362
	16,367,842	16,398,575	16,168,535
\$	<u>6,590,751</u>	<u>\$ 6,122,555</u>	<u>\$ 5,598,398</u>

71.3 %                      72.8 %                      74.3 %

\$	3,977,759	\$ 3,878,632	\$ 3,861,712
	165.7 %	157.9 %	145.0 %

*Continued on next page*

**Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)**

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Change in the Net Pension Liability	VRS Teacher				
	2022	2021	2020	2019	2018
<b>Total pension liability:</b>					
Service cost	\$ 948,915	\$ 938,143	\$ 889,003	\$ 885,510	\$ 830,475
Interest	3,355,158	3,269,776	3,184,697	3,099,338	3,016,207
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(178,349)	(404,985)	(174,815)	(440,308)	(642,745)
Assumption changes	845,179	—	1,472,649	—	218,559
Benefit payments	(2,553,153)	(2,448,204)	(2,331,038)	(2,241,927)	(2,147,781)
Refunds of contributions	(38,464)	(36,211)	(36,715)	(40,578)	(39,521)
Net change in total pension liability	2,379,286	1,318,519	3,003,781	1,262,035	1,235,194
<b>Total pension liability - beginning</b>	<b>51,001,855</b>	<b>49,683,336</b>	<b>46,679,555</b>	<b>45,417,520</b>	<b>44,182,326</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 53,381,141</b>	<b>\$ 51,001,855</b>	<b>\$ 49,683,336</b>	<b>\$ 46,679,555</b>	<b>\$ 45,417,520</b>
<b>Plan fiduciary net position:</b>					
Contributions - employer	\$ 1,416,135	\$ 1,327,774	\$ 1,280,964	\$ 1,292,988	\$ 1,137,976
Contributions - member	419,415	418,909	403,258	391,490	392,730
Contributions - non-employer	61,344	—	—	—	—
Net investment income	9,887,249	689,010	2,311,028	2,421,157	3,632,291
Benefit payments	(2,553,153)	(2,448,204)	(2,331,038)	(2,241,927)	(2,147,781)
Refunds of contributions	(38,464)	(36,211)	(36,715)	(40,578)	(39,521)
Administrative expense	(24,543)	(23,649)	(22,843)	(20,945)	(21,123)
Other	666	(1,169)	(1,448)	(2,167)	(3,238)
Net change in plan fiduciary net position	9,168,649	(73,540)	1,603,206	1,800,018	2,951,334
<b>Plan fiduciary net position - beginning</b>	<b>36,449,229</b>	<b>36,522,769</b>	<b>34,919,563</b>	<b>33,119,545</b>	<b>30,168,211</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>45,617,878</b>	<b>36,449,229</b>	<b>36,522,769</b>	<b>34,919,563</b>	<b>33,119,545</b>
<b>Net pension liability - ending (a-b)</b>	<b>\$ 7,763,263</b>	<b>\$ 14,552,626</b>	<b>\$ 13,160,567</b>	<b>\$ 11,759,992</b>	<b>\$ 12,297,975</b>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	85.5 %	71.5 %	73.5 %	74.8 %	72.9 %
Covered payroll (c)	\$ 8,843,887	\$ 8,766,667	\$ 8,387,503	\$ 8,086,986	\$ 7,891,783
Net pension liability as a percentage of covered payroll ((a-b)/c)	87.8 %	166.0 %	156.9 %	145.4 %	155.8 %

See notes on page 218 in this section.

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2017	2016	2015
\$ 828,856	\$ 828,901	\$ 831,501
2,931,065	2,834,138	2,722,788
—	—	—
(391,881)	(212,089)	—
—	—	—
(2,081,069)	(1,980,353)	(1,874,636)
(35,067)	(36,058)	(36,103)
1,251,904	1,434,539	1,643,550
42,930,422	41,495,883	39,852,333
<u>\$ 44,182,326</u>	<u>\$ 42,930,422</u>	<u>\$ 41,495,883</u>

\$ 1,062,338	\$ 1,074,366	\$ 853,634
380,314	373,525	371,241
—	192,884	—
516,704	1,327,047	4,042,441
(2,081,069)	(1,980,353)	(1,874,636)
(35,067)	(36,058)	(36,103)
(18,859)	(18,238)	(22,036)
(222)	(284)	217
(175,861)	932,889	3,334,758
30,344,072	29,411,183	26,076,425
30,168,211	30,344,072	29,411,183
<u>\$ 14,014,115</u>	<u>\$ 12,586,350</u>	<u>\$ 12,084,700</u>

68.3 %                      70.7 %                      70.9 %

\$ 7,624,612	\$ 7,434,932	\$ 7,313,025
183.8 %	169.3 %	165.2 %

*Continued on next page*

**Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)**

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Change in the Net Pension Liability	VRS Political Subdivisions				
	2022	2021	2020	2019	2018
<b>Total pension liability:</b>					
Service cost	\$ 613,227	\$ 603,766	\$ 556,149	\$ 544,762	\$ 541,594
Interest	1,674,640	1,593,594	1,535,532	1,472,680	1,422,753
Benefit changes	13,507	19,657	3,948	10,811	36,652
Difference between actual and expected experience	(164,872)	221,364	45,032	(43,177)	(205,649)
Assumption changes	1,003,382	—	691,407	—	(64,510)
Benefit payments	(1,237,074)	(1,157,505)	(1,082,791)	(1,010,021)	(941,856)
Refunds of contributions	(42,460)	(38,323)	(40,249)	(41,324)	(42,068)
Net change in total pension liability	1,860,350	1,242,553	1,709,028	933,731	746,916
<b>Total pension liability - beginning</b>	<b>25,449,316</b>	<b>24,206,763</b>	<b>22,497,735</b>	<b>21,564,004</b>	<b>20,817,088</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 27,309,666</b>	<b>\$ 25,449,316</b>	<b>\$ 24,206,763</b>	<b>\$ 22,497,735</b>	<b>\$ 21,564,004</b>
<b>Plan fiduciary net position:</b>					
Contributions - employer	\$ 579,989	\$ 521,543	\$ 499,293	\$ 490,286	\$ 477,563
Contributions - member	258,562	258,408	248,421	241,339	238,636
Net investment income	5,779,327	405,051	1,345,759	1,415,454	2,113,973
Benefit payments	(1,237,074)	(1,157,505)	(1,082,791)	(1,010,021)	(941,856)
Refunds of contributions	(42,460)	(38,323)	(40,249)	(41,324)	(42,068)
Administrative expense	(14,412)	(13,842)	(13,369)	(12,236)	(12,220)
Other	328	(274)	(853)	(30,924)	(1,887)
Net change in plan fiduciary net position	5,324,260	(24,942)	956,211	1,052,574	1,832,141
<b>Plan fiduciary net position - beginning</b>	<b>21,234,090</b>	<b>21,259,032</b>	<b>20,302,821</b>	<b>19,250,247</b>	<b>17,418,106</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>26,558,350</b>	<b>21,234,090</b>	<b>21,259,032</b>	<b>20,302,821</b>	<b>19,250,247</b>
<b>Net pension liability - ending (a-b)</b>	<b>\$ 751,316</b>	<b>\$ 4,215,226</b>	<b>\$ 2,947,731</b>	<b>\$ 2,194,914</b>	<b>\$ 2,313,757</b>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	97.2 %	83.4 %	87.8 %	90.2 %	89.3 %
Covered payroll (c)	\$ 5,403,267	\$ 5,368,250	\$ 5,118,622	\$ 4,932,344	\$ 4,765,842
Net pension liability as a percentage of covered payroll ((a-b)/c)	13.9 %	78.5 %	57.6 %	44.5 %	48.5 %

See notes on page 218 in this section.



2017	2016	2015
\$ 535,322	\$ 530,945	\$ 524,758
1,362,892	1,309,484	1,243,386
2,053	1,135	—
(87,268)	(185,419)	—
—	—	—
(893,585)	(819,201)	(754,706)
(37,380)	(36,898)	(36,876)
882,034	800,046	976,562
19,935,054	19,135,008	18,158,446
<u>\$ 20,817,088</u>	<u>\$ 19,935,054</u>	<u>\$ 19,135,008</u>

\$ 543,947	\$ 533,877	\$ 539,366
231,934	227,060	225,555
300,995	761,164	2,272,284
(893,585)	(819,201)	(754,706)
(37,380)	(36,898)	(36,876)
(10,696)	(10,358)	(12,153)
(130)	(162)	120
135,085	655,482	2,233,590
17,283,021	16,627,539	14,393,949
17,418,106	17,283,021	16,627,539
<u>\$ 3,398,982</u>	<u>\$ 2,652,033</u>	<u>\$ 2,507,469</u>

83.7 %                      86.7 %                      86.9 %

\$ 4,628,806      \$ 4,513,335      \$ 4,434,764

73.4 %                      58.8 %                      56.5 %

*Continued on next page*

**Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)**

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Change in the Net Pension Liability	SPORS				
	2022	2021	2020	2019	2018
<b>Total pension liability:</b>					
Service cost	\$ 22,042	\$ 22,167	\$ 20,079	\$ 18,187	\$ 18,880
Interest	79,549	77,231	72,715	71,251	74,042
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(9,431)	4,466	45,330	(7,248)	(5,327)
Assumption changes	58,257	—	31,773	—	(68,707)
Benefit payments	(73,227)	(64,991)	(62,683)	(58,197)	(57,814)
Refunds of contributions	(271)	(552)	(805)	(867)	(630)
Net change in total pension liability	76,919	38,321	106,409	23,126	(39,556)
<b>Total pension liability - beginning</b>	<u>1,215,258</u>	<u>1,176,937</u>	<u>1,070,528</u>	<u>1,047,402</u>	<u>1,086,958</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 1,292,177</u>	<u>\$ 1,215,258</u>	<u>\$ 1,176,937</u>	<u>\$ 1,070,528</u>	<u>\$ 1,047,402</u>
<b>Plan fiduciary net position:</b>					
Contributions - employer	\$ 33,788	\$ 32,497	\$ 31,437	\$ 35,806	\$ 31,888
Contributions - member	6,489	6,600	6,379	6,311	5,701
Net investment income	229,138	16,333	54,792	58,148	87,265
Benefit payments	(73,227)	(64,991)	(62,683)	(58,197)	(57,814)
Refunds of contributions	(271)	(552)	(805)	(867)	(630)
Administrative expense	(531)	(360)	(488)	(509)	(926)
Other	—	(38)	(61)	(63)	(99)
Net change in plan fiduciary net position	195,386	(10,511)	28,571	40,629	65,385
<b>Plan fiduciary net position - beginning</b>	<u>854,762</u>	<u>865,273</u>	<u>836,702</u>	<u>796,073</u>	<u>730,688</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>1,050,148</u>	<u>854,762</u>	<u>865,273</u>	<u>836,702</u>	<u>796,073</u>
<b>Net pension liability - ending (a-b)</b>	<u>\$ 242,029</u>	<u>\$ 360,496</u>	<u>\$ 311,664</u>	<u>\$ 233,826</u>	<u>\$ 251,329</u>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	81.3 %	70.3 %	73.5 %	78.2 %	76.0 %
Covered payroll (c)	\$ 128,252	\$ 130,759	\$ 126,483	\$ 124,003	\$ 111,395
Net pension liability as a percentage of covered payroll ((a-b)/c)	188.7 %	275.7 %	246.4 %	188.6 %	225.6 %

See notes on page 218 in this section.

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	2017	2016	2015
\$	18,700	\$ 18,847	\$ 18,341
	72,618	70,350	67,978
	—	—	—
	(14,711)	(2,890)	—
	—	—	—
	(53,515)	(53,338)	(50,467)
	(584)	(375)	(685)
	22,508	32,594	35,167
	1,064,450	1,031,856	996,689
\$	<u>1,086,958</u>	<u>\$ 1,064,450</u>	<u>\$ 1,031,856</u>

\$	33,655	\$ 28,427	\$ 42,683
	5,759	5,680	5,646
	12,634	32,466	98,682
	(53,515)	(53,338)	(50,467)
	(584)	(375)	(685)
	(590)	(471)	(431)
	(23)	(27)	—
	(2,664)	12,362	95,428
	733,352	720,990	625,562
	730,688	733,352	720,990
\$	<u>356,270</u>	<u>\$ 331,098</u>	<u>\$ 310,866</u>

	67.2 %	68.9 %	69.9 %
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\$	114,395	\$ 110,059	\$ 112,010
	311.4 %	300.8 %	277.5 %

*Continued on next page*

**Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)**

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Change in the Net Pension Liability	VaLORS				
	2022	2021	2020	2019	2018
<b>Total pension liability:</b>					
Service cost	\$ 47,606	\$ 48,003	\$ 44,526	\$ 45,179	\$ 47,189
Interest	149,677	143,708	139,307	136,289	135,453
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(25,405)	22,645	11,067	(26,111)	(1,457)
Assumption changes	66,216	—	62,090	—	(63,457)
Benefit payments	(124,045)	(117,137)	(109,193)	(104,776)	(96,224)
Refunds of contributions	(5,791)	(4,893)	(4,933)	(5,604)	(4,938)
Net change in total pension liability	108,258	92,326	142,864	44,977	16,566
<b>Total pension liability - beginning</b>	<b>2,282,351</b>	<b>2,190,025</b>	<b>2,047,161</b>	<b>2,002,184</b>	<b>1,985,618</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 2,390,609</b>	<b>\$ 2,282,351</b>	<b>\$ 2,190,025</b>	<b>\$ 2,047,161</b>	<b>\$ 2,002,184</b>
<b>Plan fiduciary net position:</b>					
Contributions - employer	\$ 76,415	\$ 79,914	\$ 75,327	\$ 73,793	\$ 73,816
Contributions - member	17,602	18,712	17,871	17,496	17,598
Net investment income	405,217	28,579	93,872	98,292	146,039
Benefit payments	(124,045)	(117,137)	(109,193)	(104,776)	(96,224)
Refunds of contributions	(5,791)	(4,893)	(4,933)	(5,604)	(4,938)
Administrative expense	(943)	(623)	(831)	(861)	(1,540)
Other	—	(73)	(103)	(247)	(310)
Net change in plan fiduciary net position	368,455	4,479	72,010	78,093	134,441
<b>Plan fiduciary net position - beginning</b>	<b>1,500,469</b>	<b>1,495,990</b>	<b>1,423,980</b>	<b>1,345,887</b>	<b>1,211,446</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>1,868,924</b>	<b>1,500,469</b>	<b>1,495,990</b>	<b>1,423,980</b>	<b>1,345,887</b>
<b>Net pension liability - ending (a-b)</b>	<b>\$ 521,685</b>	<b>\$ 781,882</b>	<b>\$ 694,035</b>	<b>\$ 623,181</b>	<b>\$ 656,297</b>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	78.2 %	65.7 %	68.3 %	69.6 %	67.2 %
Covered payroll (c)	\$ 348,650	\$ 369,996	\$ 349,998	\$ 345,531	\$ 344,468
Net pension liability as a percentage of covered payroll ((a-b)/c)	149.6 %	211.3 %	198.3 %	180.4 %	190.5 %

See notes on page 218 in this section.

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	2017	2016	2015
\$	45,608	\$ 47,531	\$ 46,504
	129,756	124,579	119,040
	—	—	—
	4,997	(4,849)	—
	—	—	—
	(92,270)	(84,990)	(78,412)
	(4,524)	(4,797)	(4,665)
	83,567	77,474	82,467
	1,902,051	1,824,577	1,742,110
\$	<u>1,985,618</u>	<u>\$ 1,902,051</u>	<u>\$ 1,824,577</u>

\$	79,392	\$ 62,084	\$ 67,483
	17,574	17,081	17,908
	20,899	52,312	156,786
	(92,270)	(84,990)	(78,412)
	(4,524)	(4,797)	(4,665)
	(940)	(743)	(681)
	(38)	(44)	—
	20,093	40,903	158,419
	1,191,353	1,150,450	992,031
	1,211,446	1,191,353	1,150,450
\$	<u>774,172</u>	<u>\$ 710,698</u>	<u>\$ 674,127</u>

	61.0 %	62.6 %	63.1 %
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\$	345,504	\$ 338,562	\$ 352,492
	224.1 %	209.9 %	191.2 %

Continued on next page

**Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)**

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Change in the Net Pension Liability	JRS				
	2022	2021	2020	2019	2018
<b>Total pension liability:</b>					
Service cost	\$ 19,335	\$ 20,650	\$ 18,767	\$ 19,228	\$ 22,144
Interest	44,788	44,234	44,139	43,799	42,081
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(10,245)	(9,446)	(7,158)	(15,786)	(14,774)
Assumption changes	53,040	—	14,077	—	16,114
Benefit payments	(47,750)	(46,546)	(43,587)	(41,165)	(40,895)
Refunds of contributions	(135)	(12)	—	—	—
Net change in total pension liability	59,033	8,880	26,238	6,076	24,670
<b>Total pension liability - beginning</b>	<b>687,469</b>	<b>678,589</b>	<b>652,351</b>	<b>646,275</b>	<b>621,605</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 746,502</b>	<b>\$ 687,469</b>	<b>\$ 678,589</b>	<b>\$ 652,351</b>	<b>\$ 646,275</b>
<b>Plan fiduciary net position:</b>					
Contributions - employer	\$ 22,856	\$ 24,819	\$ 22,893	\$ 28,096	\$ 27,612
Contributions - member	1,868	3,436	3,208	3,231	3,272
Net investment income	147,200	10,491	35,372	37,466	56,029
Benefit payments	(47,750)	(46,546)	(43,587)	(41,165)	(40,895)
Refunds of contributions	(135)	(12)	—	—	—
Administrative expense	(343)	(232)	(315)	(326)	(594)
Other	—	(42)	(39)	(42)	(64)
Net change in plan fiduciary net position	123,696	(8,086)	17,532	27,260	45,360
<b>Plan fiduciary net position - beginning</b>	<b>549,455</b>	<b>557,541</b>	<b>540,009</b>	<b>512,749</b>	<b>467,389</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>673,151</b>	<b>549,455</b>	<b>557,541</b>	<b>540,009</b>	<b>512,749</b>
<b>Net pension liability - ending (a-b)</b>	<b>\$ 73,351</b>	<b>\$ 138,014</b>	<b>\$ 121,048</b>	<b>\$ 112,342</b>	<b>\$ 133,526</b>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	90.2 %	79.9 %	82.2 %	82.8 %	79.3 %
Covered payroll (c)	\$ 74,594	\$ 74,769	\$ 68,330	\$ 68,245	\$ 66,826
Net pension liability as a percentage of covered payroll ((a-b)/c)	98.3 %	184.6 %	177.2 %	164.6 %	199.8 %

See notes on page 218 in this section.

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	2017	2016	2015
\$	21,978	\$ 23,254	\$ 24,024
	42,820	41,759	40,013
	(15,552)	—	—
	(18,681)	(9,107)	—
	—	—	—
	(41,341)	(40,205)	(37,984)
	—	—	—
	(10,776)	15,701	26,053
	632,381	616,680	590,627
\$	621,605	\$ 632,381	\$ 616,680

\$	41,502	\$ 31,503	\$ 27,727
	3,236	3,015	3,051
	8,112	20,051	60,833
	(41,341)	(40,205)	(37,984)
	—	—	—
	(363)	(283)	(268)
	(15)	(17)	—
	11,131	14,064	53,359
	456,258	442,194	388,835
	467,389	456,258	442,194
\$	154,216	\$ 176,123	\$ 174,486

75.2 %	72.1 %	71.7 %
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\$	66,621	\$ 61,092	\$ 61,020
	231.5 %	288.3 %	285.9 %

## Schedule of Employer Contributions – Pension Plans

(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>VIRGINIA RETIREMENT SYSTEM (VRS) - STATE</b>					
2022	\$ 674,124	\$ 674,124	\$ —	\$ 4,661,991	14.46%
2021	636,236	636,236	—	4,399,969	14.46%
2020	600,306	600,306	—	4,440,135	13.52%
2019	567,450	567,450	—	4,197,484	13.52%
2018	560,154	560,154	—	4,152,368	13.49%
2017	542,418	542,418	—	4,020,893	13.49%
2016	628,486	557,160	71,326	3,977,759	14.01%
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%
<b>VIRGINIA RETIREMENT SYSTEM (VRS) - TEACHER</b>					
2022	\$ 1,548,861	\$ 1,548,861	\$ —	\$ 9,319,260	16.62%
2021	1,469,854	1,469,854	—	8,843,887	16.62%
2020	1,374,613	1,374,613	—	8,766,667	15.68%
2019	1,315,160	1,315,160	—	8,387,503	15.68%
2018	1,319,796	1,319,796	—	8,086,986	16.32%
2017	1,287,939	1,156,935	131,004	7,891,783	14.66%
2016	1,344,981	1,072,020	272,961	7,624,612	14.06%
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%
<b>VIRGINIA RETIREMENT SYSTEM (VRS) - POLITICAL SUBDIVISIONS</b>					
2022	\$ 643,775	\$ 643,775	\$ —	\$ 5,699,596	11.30%
2021	610,434	610,473	(39)	5,403,267	11.30%
2020	544,676	547,382	(2,706)	5,368,250	10.20%
2019	515,904	518,513	(2,609)	5,118,622	10.13%
2018	504,955	505,603	(648)	4,932,344	10.25%
2017	487,067	487,702	(635)	4,765,842	10.23%
2016	554,335	549,408	4,927	4,628,806	11.87%
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%

See notes on page 218 in this section.



Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>STATE POLICE OFFICERS' RETIREMENT SYSTEM (SPORS)</b>					
2022	\$ 36,505	\$ 36,505	\$ —	\$ 138,644	26.33%
2021	33,769	33,769	—	128,252	26.33%
2020	32,533	32,533	—	130,759	24.88%
2019	31,469	31,469	—	126,483	24.88%
2018	35,391	35,391	—	124,003	28.54%
2017	31,792	31,792	—	111,395	28.54%
2016	35,211	31,561	3,650	114,395	27.59%
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%
<b>VIRGINIA LAW OFFICERS' RETIREMENT SYSTEM (VaLORS)</b>					
2022	\$ 74,190	\$ 74,190	\$ —	\$ 338,768	21.90%
2021	76,354	76,354	—	348,650	21.90%
2020	79,956	79,956	—	369,996	21.61%
2019	75,635	75,635	—	349,998	21.61%
2018	72,734	72,734	—	345,531	21.05%
2017	72,511	72,511	—	344,468	21.05%
2016	72,763	65,101	7,662	345,504	18.84%
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%
<b>JUDICIAL RETIREMENT SYSTEM (JRS)</b>					
2022	\$ 23,735	\$ 23,735	\$ —	\$ 79,540	29.84%
2021	22,259	22,259	—	74,594	29.84%
2020	25,713	25,713	—	74,769	34.39%
2019	23,498	23,498	—	68,330	34.39%
2018	28,642	28,642	—	68,245	41.97%
2017	28,047	28,047	—	66,826	41.97%
2016	37,008	33,291	3,717	66,621	49.97%
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%

## Notes for Pension Schedules

	VRS			SPORS	VaLORS	JRS
	State	Teacher	Political Subdivisions			
<b>Valuation Date</b>	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
<b>Actuarial Cost Method</b>	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
<b>Actuarial Assumptions:</b>						
Investment Rate of Return*	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Projected Salary Increases:*						
State Employees/Teachers	3.50% to 5.35%	3.50% to 5.95%	N/A	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%
Hybrid	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

\* Includes inflation at 2.50%.

\*\* Compounded annually.

As discussed in Note 16, visit the Virginia Retirement System's website at [www.varetire.org](http://www.varetire.org) to obtain a copy of the separately issued financial statements.

## Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset) (1) (2)

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Change in the Net OPEB Liability	RHIC				
	2022	2021	2020	2019	2018
<b>Total OPEB liability:</b>					
Service cost	\$ 20,432	\$ 20,143	\$ 19,446	\$ 19,645	\$ 19,231
Interest	68,014	67,289	68,023	66,883	66,641
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(20,219)	(5,703)	(13,402)	745	—
Assumption changes	12,326	—	22,700	—	(12,229)
Benefit payments	(71,536)	(70,440)	(72,857)	(69,117)	(71,256)
Refunds of contributions	—	—	—	—	—
Net change in total OPEB liability	9,017	11,289	23,910	18,156	2,387
<b>Total OPEB liability - beginning</b>	<b>1,043,383</b>	<b>1,032,094</b>	<b>1,008,184</b>	<b>990,028</b>	<b>987,641</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 1,052,400</b>	<b>\$ 1,043,383</b>	<b>\$ 1,032,094</b>	<b>\$ 1,008,184</b>	<b>\$ 990,028</b>
<b>Plan fiduciary net position:</b>					
Contributions - employer	\$ 119,847	\$ 84,849	\$ 79,926	\$ 79,416	\$ 75,058
Contributions - member	—	—	—	—	—
Net investment income	34,790	2,185	6,189	5,706	7,706
Benefit payments	(71,536)	(70,440)	(72,857)	(69,117)	(71,256)
Third-party administrator charges	—	—	—	—	—
Administrative expense	(589)	(230)	(135)	(149)	(131)
Other	(30)	(9)	(8)	536	(546)
Net change in plan fiduciary net position	82,482	16,355	13,115	16,392	10,831
<b>Plan fiduciary net position - beginning</b>	<b>125,378</b>	<b>109,023</b>	<b>95,908</b>	<b>79,516</b>	<b>68,685</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>207,860</b>	<b>125,378</b>	<b>109,023</b>	<b>95,908</b>	<b>79,516</b>
<b>Net OPEB liability (asset) - ending (a-b)</b>	<b>\$ 844,540</b>	<b>\$ 918,005</b>	<b>\$ 923,071</b>	<b>\$ 912,276</b>	<b>\$ 910,512</b>
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	19.8 %	12.0 %	10.6 %	9.5 %	8.0 %
Covered payroll (c)	\$ 7,239,781	\$ 7,237,090	\$ 6,844,807	\$ 6,762,917	\$ 6,489,069
Net OPEB liability (asset) as a percentage of covered payroll ((a-b)/c)	11.7 %	12.7 %	13.5 %	13.5 %	14.0 %

(1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, as amended by GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2022 net OPEB liability measurement date is June 30, 2021, as reported in Note 18.

See notes on page 228 in this section.

Continued on next page

## Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset) (1) (2)

(continued from previous page)

Change in the Net OPEB Liability	VSDP				
	2022	2021	2020	2019	2018
<b>Total OPEB liability:</b>					
Service cost	\$ 32,679	\$ 32,988	\$ 29,232	\$ 27,527	\$ 27,884
Interest	17,222	18,774	15,788	15,503	15,810
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(22,057)	(46,473)	29,489	(11,237)	—
Assumption changes	(1,387)	—	4,180	—	(17,511)
Benefit payments	(28,790)	(27,804)	(24,376)	(31,073)	(30,056)
Refunds of contributions	—	—	—	—	—
Net change in total OPEB liability	(2,333)	(22,515)	54,313	720	(3,873)
<b>Total OPEB liability - beginning</b>	<b>269,531</b>	<b>292,046</b>	<b>237,733</b>	<b>237,013</b>	<b>240,886</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 267,198</b>	<b>\$ 269,531</b>	<b>\$ 292,046</b>	<b>\$ 237,733</b>	<b>\$ 237,013</b>
<b>Plan fiduciary net position:</b>					
Contributions - employer	\$ 26,542	\$ 26,994	\$ 25,263	\$ 27,260	\$ 24,130
Contributions - member	—	—	—	—	—
Net investment income	131,373	9,445	30,494	32,073	48,206
Benefit payments	(28,790)	(27,804)	(24,376)	(31,073)	(30,056)
Third-party administrator charges	(7,137)	(6,611)	(6,431)	(6,637)	(7,001)
Administrative expense	(600)	(631)	(787)	(961)	(717)
Other	311	586	1,117	(35)	(54)
Net change in plan fiduciary net position	121,699	1,979	25,280	20,627	34,508
<b>Plan fiduciary net position - beginning</b>	<b>490,220</b>	<b>488,241</b>	<b>462,961</b>	<b>442,334</b>	<b>407,826</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>611,919</b>	<b>490,220</b>	<b>488,241</b>	<b>462,961</b>	<b>442,334</b>
<b>Net OPEB liability (asset) - ending (a-b)</b>	<b>\$ (344,721)</b>	<b>\$ (220,689)</b>	<b>\$ (196,195)</b>	<b>\$ (225,228)</b>	<b>\$ (205,321)</b>
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	229.0 %	181.9 %	167.2 %	194.7 %	186.6 %
Covered payroll (c)	\$ 4,355,154	\$ 4,365,296	\$ 4,077,627	\$ 3,972,637	\$ 3,799,590
Net OPEB liability (asset) as a percentage of covered payroll ((a-b)/c)	(7.9%)	(5.1%)	(4.8%)	(5.7%)	(5.4%)



**Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability (1) (2)**

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	GLI				
	2022	2021	2020	2019	2018
Commonwealth's proportion of the net OPEB liability	30.0 %	30.4 %	30.1 %	30.5 %	30.3 %
Commonwealth's proportionate share of the net OPEB liability	\$349,518	\$507,458	\$490,250	\$463,787	\$456,387
Commonwealth's covered payroll	\$6,231,703	\$6,290,591	\$5,936,396	\$5,836,331	\$5,621,670
Commonwealth's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	5.6 %	8.1 %	8.3 %	7.9 %	8.1 %
Plan fiduciary net position as a percentage of the total OPEB liability	67.5 %	52.6 %	52.0 %	51.2 %	48.9 %

(1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, and GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2022 net OPEB liability measurement date is June 30, 2021, as reported in Note 18.

(3) Since the Commonwealth is considered the governmental nonemployer contributing entity for the state-funded Retiree Health Insurance Credit for constitutional officers, social services employees and registrars (RHIC: Non-State), the covered payroll information is not applicable.

See notes on page 228 in this section.

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<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
59.4 %	60.1 %	59.9 %	59.9 %	60.9 %
\$262,156	\$251,588	\$214,981	\$187,869	\$160,064
N/A	N/A	N/A	N/A	N/A
\$468,772	\$484,167	\$460,426	\$440,535	\$431,978
55.9 %	52.0 %	46.7 %	42.6 %	37.1 %
1.7 %	1.0 %	0.8 %	0.6 %	1.3 %

*Continued on next page*

**Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability (1) (2)**

(continued from previous page)

	<b>RHIC: Non-State (3)</b>				
	<b>Constitutional Officers</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Commonwealth's proportion of the net OPEB liability	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Commonwealth's proportionate share of the net OPEB liability	\$26,910	\$27,293	\$26,877	\$26,351	\$25,766
Commonwealth's covered payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	19.9 %	15.8 %	14.3 %	11.1 %	8.6 %

See notes on page 228 in this section.



Social Service Employees					Registrars				
2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$12,631	\$12,880	\$12,457	\$12,903	\$12,725	\$435	\$469	\$503	\$499	\$486
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	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
15.7 %	13.1 %	15.4 %	9.3 %	7.9 %	27.9 %	21.2 %	14.8 %	10.4 %	6.5 %

## Schedule of Employer Contributions – Other Postemployment Benefit Plans

(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll / Covered Employee Payroll
<b>RETIREE HEALTH INSURANCE CREDIT</b>						
2022	\$ 85,260	\$ 85,260	\$ —	\$ 7,612,495	N/A	1.1 %
2021	81,086	81,086	—	7,239,781	N/A	1.1 %
2020	84,674	84,674	—	7,237,090	N/A	1.2 %
2019	80,084	80,084	—	6,844,807	N/A	1.2 %
2018	79,802	79,802	—	6,762,917	N/A	1.2 %
2017	76,571	76,571	—	6,489,069	N/A	1.2 %
2016	73,961	66,375	7,586	6,321,454	N/A	1.0 %
2015	71,522	64,186	7,336	6,112,951	N/A	1.1 %
2014	63,385	60,367	3,018	6,036,629	N/A	1.0 %
2013	59,618	56,779	2,839	5,677,848	N/A	1.0 %
<b>VIRGINIA SICKNESS AND DISABILITY PROGRAM (Also referred to Disability Insurance Trust Fund)</b>						
2022	\$ 28,290	\$ 28,290	\$ —	\$ 4,637,755	N/A	0.6 %
2021	26,566	26,566	—	4,355,154	N/A	0.6 %
2020	27,065	27,065	—	4,365,296	N/A	0.6 %
2019	25,281	25,281	—	4,077,627	N/A	0.6 %
2018	26,219	26,219	—	3,972,637	N/A	0.7 %
2017	25,077	25,077	—	3,799,590	N/A	0.7 %
2016	27,187	24,580	2,607	3,724,248	N/A	0.7 %
2015	26,244	23,728	2,516	3,595,080	N/A	0.7 %
2014	20,610	16,701	3,909	3,553,444	N/A	0.5 %
2013	21,032	17,043	3,989	3,626,208	N/A	0.5 %
<b>GROUP LIFE INSURANCE (1)</b>						
2022	\$ 35,519	\$ 35,519	\$ —	\$ 6,577,667	N/A	0.5 %
2021	33,651	33,651	—	6,231,703	N/A	0.5 %
2020	32,711	32,711	—	6,290,591	N/A	0.5 %
2019	30,869	30,869	—	5,936,396	N/A	0.5 %
2018	30,349	30,349	—	5,836,331	N/A	0.5 %
2017	29,089	29,089	—	5,621,670	N/A	0.5 %
2016	29,358	26,588	2,770	5,539,210	N/A	0.5 %
2015	28,487	25,799	2,688	5,374,853	N/A	0.5 %
2014	28,248	25,583	2,665	5,329,884	N/A	0.5 %
2013	27,002	24,455	2,547	5,094,773	N/A	0.5 %

- (1) The Group Life Insurance and the Line of Duty Trust Fund (Line of Duty Act) are cost-sharing plans and amounts in this schedule are only for the Commonwealth and does not include other employers.
- (2) Covered employee payroll is provided since the contributions are not based on a measure of pay. Ten years of data is not available for this plan.
- (3) Although the Retiree Health Insurance Credit program for constitutional officers, social services employees, and registrars existed prior to fiscal year 2016, the program was funded in a different manner and the results do not provide comparability with the current presentations. Since the Commonwealth is considered the governmental nonemployer contributing entity, the column regarding covered payroll is not applicable.

See notes on page 228 in this section.

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll / Covered Employee Payroll
<b>LINE OF DUTY TRUST FUND (1) (2)</b>						
2022	\$ 14,734	\$ 8,197	\$ 6,537	N/A	\$ 501,458	1.6 %
2021	14,820	8,184	6,636	N/A	468,772	1.7 %
2020	14,706	8,164	6,542	N/A	484,167	1.7 %
2019	14,486	8,042	6,444	N/A	460,426	1.7 %
2018	13,870	6,364	7,506	N/A	440,535	1.4 %
2017	14,275	6,550	7,725	N/A	431,978	1.5 %
<b>RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3)</b>						
<b>For Constitutional Officers</b>						
2022	\$ 2,786	\$ 2,786	\$ —	N/A	N/A	N/A
2021	2,642	2,642	—	N/A	N/A	N/A
2020	2,734	2,734	—	N/A	N/A	N/A
2019	2,593	2,593	—	N/A	N/A	N/A
2018	2,362	2,362	—	N/A	N/A	N/A
2017	2,280	2,280	—	N/A	N/A	N/A
2016	1,950	1,830	120	N/A	N/A	N/A
<b>RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3)</b>						
<b>(For Social Services Employees)</b>						
2022	\$ 1,196	\$ 1,196	\$ —	N/A	N/A	N/A
2021	1,143	1,143	—	N/A	N/A	N/A
2020	1,283	1,283	—	N/A	N/A	N/A
2019	1,202	1,202	—	N/A	N/A	N/A
2018	1,106	1,106	—	N/A	N/A	N/A
2017	1,055	1,055	—	N/A	N/A	N/A
2016	961	824	137	N/A	N/A	N/A
<b>RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3)</b>						
<b>(For Registrars)</b>						
2022	\$ 66	\$ 66	\$ —	N/A	N/A	N/A
2021	52	52	—	N/A	N/A	N/A
2020	50	50	—	N/A	N/A	N/A
2019	46	46	—	N/A	N/A	N/A
2018	47	47	—	N/A	N/A	N/A
2017	45	45	—	N/A	N/A	N/A
2016	36	30	6	N/A	N/A	N/A

## Notes for Other Postemployment Benefit Schedules

	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Line of Duty Act Trust Fund
<b>Valuation Date</b>	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
<b>Actuarial Cost Method</b>	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
<b>Amortization Method (1)</b>	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Open
<b>Payroll Growth Rate:</b>				
State Employees	3.0%	3.0%	3.0%	3.0%
Teachers	3.0%	3.0%	N/A	N/A
Political Subdivision Employees	3.0%	3.0%	N/A	3.0%
State Police / Virginia Law Officers	3.0%	3.0%	3.0%	3.0%
Judges	3.0%	3.0%	N/A	N/A
<b>Asset Valuation Method</b>				
State Employees and Teachers	5-Year, Smoothed Market	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value
Political Subdivision Employees and State-Funded Local Employees	5-Year, Smoothed Market	Market Value	N/A	Market Value
<b>Actuarial Assumptions:</b>				
Investment Rate of Return (2)	6.8%	6.8%	6.8%	4.8%
Projected Salary Increases (3)				
State Employees	3.5% to 5.4%	3.5% to 5.4%	3.5% to 5.4%	N/A
Teachers	3.5% to 6.0%	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	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.5% to 4.8%	3.5% to 4.8%	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
Judges	4.5%	4.5%	N/A	N/A
Medical Trend Assumptions (Under Age 65)	N/A	N/A	N/A	7.0% to 4.8%
Medical Trend Assumptions (Ages 65 and Older)	N/A	N/A	N/A	5.4% to 4.8%
Year of Ultimate Trend Rate (Under Age 65)	N/A	N/A	N/A	2029
Year of Ultimate Trend Rate (Ages 65 and Older)	N/A	N/A	N/A	2024

(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.

(2) Includes inflation rate of 2.5 percent.

(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.

As discussed in Note 18, visit the Virginia Retirement System's website at [www.varetire.org](http://www.varetire.org) to obtain a copy of the separately issued financial statements.

## Schedule of Changes in Employers' Total Other Postemployment Benefit Liability (1) (2)

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Change in the Total OPEB Liability	PMRH				
	2022	2021	2020	2019	2018
<b>Total OPEB liability:</b>					
Service cost	\$ 44,141	\$ 47,963	\$ 72,737	\$ 94,665	\$ 116,627
Interest cost	13,139	25,009	40,941	49,279	47,346
Changes of benefit terms	—	—	—	—	—
Difference between expected and actual experience	(20,887)	(24,121)	(216,886)	(191,000)	(61,865)
Changes of assumptions	(119,285)	(130,004)	(182,206)	(211,762)	(326,082)
Benefit payments	(37,040)	(28,903)	(41,346)	(34,446)	(43,244)
Net change in total OPEB liability	(119,932)	(110,056)	(326,760)	(293,264)	(267,218)
<b>Total OPEB liability - beginning</b>	<b>568,824</b>	<b>678,880</b>	<b>1,005,640</b>	<b>1,298,904</b>	<b>1,566,122</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 448,892</b>	<b>\$ 568,824</b>	<b>\$ 678,880</b>	<b>\$ 1,005,640</b>	<b>\$ 1,298,904</b>
Covered employee payroll (b)	\$ 5,904,674	\$ 5,842,440	\$ 5,616,229	\$ 5,485,993	\$ 5,229,024
Total OPEB liability as a percentage of covered employee payroll (a/b)	7.6 %	9.7 %	12.1 %	18.3 %	24.8 %

- (1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, as amended by GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.
- (2) The Commonwealth's fiscal year 2022 total OPEB liability measurement date is June 30, 2021, as reported in Note 18. There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2020 valuation based on recent experience:

- Retiree Participation - reduced the rate from 45.0 percent to 40.0 percent.

Spousal coverage and retiree participation were based on a blend of recent experience and the prior year assumptions. The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales. No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. The trend rates were updated based on economic conditions as of June 30, 2021. Additionally, the discount rate was decreased from 2.21 percent to 2.16 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022.

## 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	2013	2014	2015	2016
1. Required contribution and investment revenue:				
Earned	\$ 5,043	\$ 8,500	\$ 8,487	\$ 8,733
Ceded (a)	—	—	—	—
Net earned	5,043	8,500	8,487	8,733
2. Unallocated expenses				
	1,273	1,435	1,331	1,357
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	3,394	4,025	4,696	6,893
Ceded (a)	—	—	—	—
Net incurred	3,394	4,025	4,696	6,893
4. Net paid (cumulative) as of:				
End of policy year	335	367	922	1,206
One year later	3,401	3,210	3,270	4,680
Two years later	8,118	4,291	5,844	6,557
Three years later	8,278	5,002	8,280	8,841
Four years later	7,702	5,386	9,122	9,230
Five years later	7,747	6,509	9,270	9,274
Six years later	7,946	6,674	9,278	9,937
Seven years later	7,976	6,715	9,278	
Eight years later	8,006	6,894		
Nine years later	8,006			
5. Reestimated ceded claims and expenses (a)				
	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	3,394	4,025	4,696	6,893
One year later	9,397	6,454	6,775	10,307
Two years later	9,939	6,979	8,961	9,908
Three years later	10,333	8,045	8,836	9,764
Four years later	8,213	6,771	9,312	9,979
Five years later	7,980	7,289	9,395	9,976
Six years later	8,057	7,377	9,341	10,280
Seven years later	8,095	7,111	9,296	
Eight years later	8,135	7,286		
Nine years later	8,061			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year				
	4,667	3,261	4,600	3,387

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. Some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

See Notes on page 236 in this section.

	2017	2018	2019	2020	2021	2022
\$	13,213	\$ 13,232	\$ 13,236	\$ 14,327	\$ 14,968	\$ 14,747
	—	—	—	—	—	—
	13,213	13,232	13,236	14,327	14,968	14,747
	1,460	1,603	1,530	1,670	1,627	1,601
	4,235	10,155	9,160	7,462	7,608	11,111
	—	—	—	—	—	—
	4,235	10,155	9,160	7,462	7,608	11,111
	836	1,979	1,075	1,267	1,251	1,949
	3,195	5,573	4,180	5,255	4,158	
	4,203	8,027	6,140	6,703		
	4,434	8,854	10,019			
	4,590	9,488				
	4,734					
	—	—	—	—	—	—
	4,235	10,155	9,160	7,462	7,608	11,111
	4,820	11,598	10,725	9,348	8,687	
	5,031	12,880	10,684	10,721		
	5,100	13,220	12,377			
	4,963	11,118				
	5,098					
	863	963	3,217	3,259	1,079	—

## 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	2013	2014	2015	2016
1. Required contribution and investment revenue:				
Earned	\$ 284,526	\$ 320,678	\$ 343,470	\$ 392,778
Ceded (a)	—	—	—	—
Net earned	284,526	320,678	343,470	392,778
2. Unallocated expenses				
	18,781	17,738	22,748	25,422
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	277,455	290,557	327,154	386,227
Ceded (a)	—	—	—	—
Net incurred	277,455	290,557	327,154	386,227
4. Net paid (cumulative) as of:				
End of policy year	267,256	291,711	329,099	379,376
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	277,455	290,557	327,154	386,227
One year later	277,455	290,557	327,154	386,227
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. Some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

See Notes on page 236 in this section.



	2017	2018	2019	2020	2021	2022
\$	430,247	\$ 464,631	\$ 481,856	\$ 494,233	\$ 484,726	\$ 464,496
	—	—	—	—	—	—
	430,247	464,631	481,856	494,233	484,726	464,496
	26,650	27,590	26,334	27,540	27,096	24,833
	419,841	433,437	446,606	395,950	445,600	457,136
	—	—	—	—	—	—
	419,841	433,437	446,606	395,950	445,600	457,136
	417,869	421,802	443,931	398,497	451,451	447,914
	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					
	—	—	—	—	—	—
	419,841	433,437	446,606	395,950	445,600	457,136
	419,841	433,437	446,606	395,950	445,600	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	—	—	—	—	—	—

## Claims Development Information – Line of Duty

(Dollars in Thousands)

### Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2013	2014	2015	2016
1. Required contribution and investment revenue:				
Earned	N/A	N/A	N/A	N/A
Ceded (a)	N/A	N/A	N/A	N/A
Net earned	N/A	N/A	N/A	N/A
2. Unallocated expenses	N/A	N/A	N/A	N/A
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	N/A	N/A	N/A	N/A
Ceded (a)	N/A	N/A	N/A	N/A
Net incurred	N/A	N/A	N/A	N/A
4. Net paid (cumulative) as of:				
End of policy year	N/A	N/A	N/A	N/A
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	N/A	N/A	N/A	N/A
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			
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 disability, death, and health benefits to eligible employees and their eligible family members. The Commonwealth began administering the insurance program for localities that do not participate in the State plan effective with fiscal year 2018.

See Notes on page 236 in this section.

2017	2018	2019	2020	2021	2022
N/A	19,910	\$ 17,790	\$ 17,245	\$ 18,941	\$ 18,830
N/A	—	—	—	—	—
N/A	19,910	17,790	17,245	18,941	18,830
N/A	832	594	679	718	759
N/A	17,210	16,786	15,715	18,699	16,496
N/A	—	—	—	—	—
N/A	17,210	16,786	15,715	18,699	16,496
N/A	14,779	17,302	15,737	18,376	16,672
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					
—	—	—	—	—	—
N/A	17,210	16,786	15,715	18,699	16,496
N/A	17,210	16,786	15,715	18,699	
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

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The tables on the previous pages illustrate how the Risk Management, Health Care, and Line of Duty 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



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# Nonmajor Governmental Funds

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## 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 accompanying financial statements reflect an estimate of the amount that will be paid to claimants as required by governmental accounting standards.

**The Unclaimed Property Fund** accounts for unclaimed and escheat property that the Commonwealth holds for its rightful owner. Due to the nature of these transactions, the Commonwealth incurs a liability upon receipt of the assets.

**The Other Special Revenue Fund** accounts for revenues and expenditures related to business and agricultural activities, and miscellaneous activities throughout the Commonwealth.

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## 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. Resources include transfers in from other governmental funds and Federal revenue solely to be used for debt service payments.*

**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 Hampton Roads Transportation Accountability Commission** accounts for the payment of principal and interest on bonds used for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

**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.

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## 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, with the exception of certain Virginia Public Building Authority disbursements.*

**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.

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.

**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.

**Hampton Roads Transportation Accountability Commission** accounts for financial resources acquired through the sales and use and motor fuels taxes designated for Planning District 23. These resources will be used for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

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## 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, 2022

(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Unclaimed Property	Other	Total
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents	\$ 473,623	\$ 279,902	\$ 891,600	\$ 1,645,125
Investments	5,400	190,612	17,880	213,892
Assets Held Pending Distribution	—	—	5,184	5,184
Receivables, Net	565,674	—	38,011	603,685
Due from Other Funds	50	—	8,996	9,046
Due from External Parties (Fiduciary Funds)	—	—	282	282
Interfund Receivable	—	—	350,084	350,084
Inventory	4,826	—	1,717	6,543
Prepaid Items	8,631	434	1,565	10,630
Other Assets	6	—	665	671
<b>Total Assets</b>	<b>1,058,210</b>	<b>470,948</b>	<b>1,315,984</b>	<b>2,845,142</b>
<b>Deferred Outflows of Resources</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,058,210</b>	<b>\$ 470,948</b>	<b>\$ 1,315,984</b>	<b>\$ 2,845,142</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Accounts Payable	\$ 14,708	\$ 851	\$ 36,516	\$ 52,075
Amounts Due to Other Governments	44	—	3,766	3,810
Due to Other Funds	1,014	60	3,424	4,498
Due to Component Units	—	—	—	—
Due to External Parties (Fiduciary Funds)	529	28	1,940	2,497
Interfund Payable	6,000	—	—	6,000
Unearned Revenue	154,668	—	17,359	172,027
Obligations Under Securities Lending Program	27,932	—	65,687	93,619
Due to Claimants, Participants, Escrows and Providers	—	383,380	—	383,380
Other Liabilities	189,074	—	44,080	233,154
Long-term Liabilities Due Within One Year	122	65	129	316
<b>Total Liabilities</b>	<b>394,091</b>	<b>384,384</b>	<b>172,901</b>	<b>951,376</b>
<b>Deferred Inflows of Resources</b>	<b>370,625</b>	<b>—</b>	<b>14,050</b>	<b>384,675</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>764,716</b>	<b>384,384</b>	<b>186,951</b>	<b>1,336,051</b>
<b>Fund Balances:</b>				
Nonspendable	13,457	434	3,259	17,150
Restricted	71,103	86,130	80,583	237,816
Committed	202,734	—	1,003,060	1,205,794
Assigned	6,200	—	42,131	48,331
<b>Total Fund Balances</b>	<b>293,494</b>	<b>86,564</b>	<b>1,129,033</b>	<b>1,509,091</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,058,210</b>	<b>\$ 470,948</b>	<b>\$ 1,315,984</b>	<b>\$ 2,845,142</b>



**Debt Service Funds**

Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
\$ 42,909	\$ 1,325	\$ 19	\$ 44,253
—	—	—	—
—	—	—	—
7,922	—	—	7,922
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
50,831	1,325	19	52,175
—	—	—	—
\$ 50,831	\$ 1,325	\$ 19	\$ 52,175
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	221	—	221
—	—	—	—
—	—	—	—
—	—	—	—
—	221	—	221
6,405	—	—	6,405
6,405	221	—	6,626
—	—	—	—
44,426	1,104	19	45,549
—	—	—	—
—	—	—	—
44,426	1,104	19	45,549
\$ 50,831	\$ 1,325	\$ 19	\$ 52,175

*Continued on next page*

**Combining Balance Sheet – Nonmajor Governmental Funds** (Continued from previous page)

June 30, 2022

(Dollars in Thousands)

	Capital Project Funds			
	Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents	\$ 2,658	\$ 566,926	\$ 1,869,834	\$ 2,439,418
Investments	—	—	321,369	321,369
Assets Held Pending Distribution	—	—	—	—
Receivables, Net	—	656	595	1,251
Due from Other Funds	—	—	52,488	52,488
Due from External Parties (Fiduciary Funds)	—	—	—	—
Interfund Receivable	—	—	—	—
Inventory	—	—	—	—
Prepaid Items	—	—	3,711	3,711
Other Assets	—	—	—	—
<b>Total Assets</b>	<b>2,658</b>	<b>567,582</b>	<b>2,247,997</b>	<b>2,818,237</b>
<b>Deferred Outflows of Resources</b>				
Total Assets and Deferred Outflows of Resources	<b>\$ 2,658</b>	<b>\$ 567,582</b>	<b>\$ 2,247,997</b>	<b>\$ 2,818,237</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Accounts Payable	\$ 939	\$ 14,425	\$ 649	\$ 16,013
Amounts Due to Other Governments	—	—	—	—
Due to Other Funds	—	2	115,016	115,018
Due to Component Units	—	20,819	—	20,819
Due to External Parties (Fiduciary Funds)	—	2	—	2
Interfund Payable	—	—	—	—
Unearned Revenue	—	—	—	—
Obligations Under Securities Lending Program	—	—	—	—
Due to Claimants, Participants, Escrows and Providers	—	—	—	—
Other Liabilities	—	—	50,328	50,328
Long-term Liabilities Due Within One Year	—	—	—	—
<b>Total Liabilities</b>	<b>939</b>	<b>35,248</b>	<b>165,993</b>	<b>202,180</b>
<b>Deferred Inflows of Resources</b>				
Total Liabilities and Deferred Inflows of Resources	<b>939</b>	<b>35,248</b>	<b>165,993</b>	<b>202,180</b>
<b>Fund Balances:</b>				
Nonspendable	—	—	3,711	3,711
Restricted	1,719	532,334	2,078,293	2,612,346
Committed	—	—	—	—
Assigned	—	—	—	—
<b>Total Fund Balances</b>	<b>1,719</b>	<b>532,334</b>	<b>2,082,004</b>	<b>2,616,057</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,658</b>	<b>\$ 567,582</b>	<b>\$ 2,247,997</b>	<b>\$ 2,818,237</b>

Permanent Funds			
Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	Total Nonmajor Governmental Funds
\$ 836	\$ 131	\$ 967	\$ 4,129,763
46,591	—	46,591	581,852
—	—	—	5,184
—	—	—	612,858
—	—	—	61,534
—	—	—	282
—	—	—	350,084
—	—	—	6,543
—	—	—	14,341
—	—	—	671
47,427	131	47,558	5,763,112
—	—	—	—
\$ 47,427	\$ 131	\$ 47,558	\$ 5,763,112
\$ 12	\$ —	\$ 12	\$ 68,100
—	—	—	3,810
1	—	1	119,517
—	—	—	20,819
1	—	1	2,500
—	—	—	6,000
—	—	—	172,248
80	—	80	93,699
—	—	—	383,380
—	—	—	283,482
—	—	—	316
94	—	94	1,153,871
—	—	—	391,080
94	—	94	1,544,951
45,392	48	45,440	66,301
1,941	83	2,024	2,897,735
—	—	—	1,205,794
—	—	—	48,331
47,333	131	47,464	4,218,161
\$ 47,427	\$ 131	\$ 47,558	\$ 5,763,112

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Unclaimed Property	Other	Total
<b>Revenues</b>				
Taxes	\$ 1,018,161	\$ —	\$ 131,725	\$ 1,149,886
Rights and Privileges	143,747	—	213,436	357,183
Institutional Revenue	84,154	—	28,038	112,192
Interest, Dividends, Rents, and Other Investment Income (Loss)	(505)	(18,417)	17,044	(1,878)
Federal Grants and Contracts	—	—	—	—
Other	144,854	307,170	680,801	1,132,825
<b>Total Revenues</b>	<b>1,390,411</b>	<b>288,753</b>	<b>1,071,044</b>	<b>2,750,208</b>
<b>Expenditures</b>				
Current:				
General Government	56	8,181	182,180	190,417
Education	98	—	94,056	94,154
Transportation	—	—	8,368	8,368
Resources and Economic Development	49,521	—	447,882	497,403
Individual and Family Services	1,310,737	—	76,662	1,387,399
Administration of Justice	547	—	95,502	96,049
Capital Outlay	—	—	12,207	12,207
Debt Service:				
Principal Retirement	—	—	1,713	1,713
Interest and Charges	—	—	514	514
<b>Total Expenditures</b>	<b>1,360,959</b>	<b>8,181</b>	<b>919,084</b>	<b>2,288,224</b>
Revenues Over (Under) Expenditures	29,452	280,572	151,960	461,984
<b>Other Financing Sources (Uses)</b>				
Transfers In	12,457	—	66,469	78,926
Transfers Out	(17,175)	(220,000)	(42,482)	(279,657)
Notes Issued	—	—	—	—
Insurance Recoveries	—	—	5,858	5,858
Long-term Leases Issued	—	—	856	856
Bonds Issued	—	—	—	—
Premium on Debt Issuance	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Sale of Capital Assets	4	—	—	4
Payment to Refunded Bond Escrow Agents	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>(4,714)</b>	<b>(220,000)</b>	<b>30,701</b>	<b>(194,013)</b>
<b>Net Change in Fund Balances</b>	<b>24,738</b>	<b>60,572</b>	<b>182,661</b>	<b>267,971</b>
Fund Balance, July 1, as restated	268,756	25,992	946,372	1,241,120
<b>Fund Balance, June 30</b>	<b>\$ 293,494</b>	<b>\$ 86,564</b>	<b>\$ 1,129,033</b>	<b>\$ 1,509,091</b>

**Debt Service Funds**

Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
\$ —	\$ —	\$ —	\$ —
—	—	—	—
—	—	—	—
13	1	545	559
134,957	2,662	—	137,619
9,461	—	—	9,461
144,431	2,663	545	147,639
—	—	—	—
—	—	—	—
—	—	417,562	417,562
—	—	—	—
—	—	—	—
—	—	—	—
260,410	178,075	—	438,485
169,811	127,237	98,938	395,986
430,221	305,312	516,500	1,252,033
(285,790)	(302,649)	(515,955)	(1,104,394)
284,184	302,564	515,972	1,102,720
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
36,757	—	—	36,757
179,665	—	—	179,665
—	—	—	—
(215,333)	—	—	(215,333)
285,273	302,564	515,972	1,103,809
(517)	(85)	17	(585)
44,943	1,189	2	46,134
\$ 44,426	\$ 1,104	\$ 19	\$ 45,549

*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, 2022

(Dollars in Thousands)

	Capital Project Funds			Total
	Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	
<b>Revenues</b>				
Taxes	\$ —	\$ —	\$ —	\$ —
Rights and Privileges	—	—	—	—
Institutional Revenue	—	—	—	—
Interest, Dividends, Rents, and Other Investment Income (Loss)	2	1,474	(3,578)	(2,102)
Federal Grants and Contracts	—	—	—	—
Other	—	4,000	—	4,000
<b>Total Revenues</b>	<b>2</b>	<b>5,474</b>	<b>(3,578)</b>	<b>1,898</b>
<b>Expenditures</b>				
Current:				
General Government	—	—	—	—
Education	—	—	—	—
Transportation	—	—	—	—
Resources and Economic Development	—	—	—	—
Individual and Family Services	—	—	—	—
Administration of Justice	—	—	—	—
Capital Outlay	9,154	330,864	649,578	989,596
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Charges	—	—	—	—
<b>Total Expenditures</b>	<b>9,154</b>	<b>330,864</b>	<b>649,578</b>	<b>989,596</b>
Revenues Over (Under) Expenditures	(9,152)	(325,390)	(653,156)	(987,698)
<b>Other Financing Sources (Uses)</b>				
Transfers In	—	50	281,431	281,481
Transfers Out	—	(1,094)	(515,972)	(517,066)
Notes Issued	1,474	—	—	1,474
Insurance Recoveries	—	—	—	—
Long-term Leases Issued	—	—	—	—
Bonds Issued	—	453,005	1,325,941	1,778,946
Premium on Debt Issuance	—	69,054	176,956	246,010
Refunding Bonds Issued	—	—	—	—
Sale of Capital Assets	—	—	—	—
Payment to Refunded Bond Escrow Agents	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>1,474</b>	<b>521,015</b>	<b>1,268,356</b>	<b>1,790,845</b>
<b>Net Change in Fund Balances</b>	<b>(7,678)</b>	<b>195,625</b>	<b>615,200</b>	<b>803,147</b>
Fund Balance, July 1, as restated	9,397	336,709	1,466,804	1,812,910
<b>Fund Balance, June 30</b>	<b>\$ 1,719</b>	<b>\$ 532,334</b>	<b>\$ 2,082,004</b>	<b>\$ 2,616,057</b>

**Permanent Funds**

Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	Total Nonmajor Governmental Funds
\$ —	\$ —	\$ —	\$ 1,149,886
—	—	—	357,183
—	—	—	112,192
(61)	—	(61)	(3,482)
—	—	—	137,619
—	—	—	1,146,286
(61)	—	(61)	2,899,684
—	—	—	—
—	—	—	190,417
—	—	—	94,154
—	—	—	425,930
—	—	—	497,403
1,549	—	1,549	1,388,948
—	—	—	96,049
—	—	—	1,001,803
—	—	—	440,198
—	—	—	396,500
1,549	—	1,549	4,531,402
(1,610)	—	(1,610)	(1,631,718)
—	—	—	—
—	—	—	1,463,127
—	—	—	(796,723)
—	—	—	1,474
—	—	—	5,858
—	—	—	856
—	—	—	1,778,946
—	—	—	282,767
—	—	—	179,665
—	—	—	4
—	—	—	(215,333)
—	—	—	2,700,641
(1,610)	—	(1,610)	1,068,923
48,943	131	49,074	3,149,238
\$ 47,333	\$ 131	\$ 47,464	\$ 4,218,161

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual – Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2022  
(Dollars in Thousands)

	Health and Social Services			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
<b>Revenues:</b>				
<b>Taxes:</b>				
Sales and Use	\$ —	\$ —	\$ —	\$ —
Motor Fuel	—	—	—	—
Deeds, Contracts, Suits	—	—	—	—
Alcoholic Beverage Sales	—	—	—	—
Tobacco Products	—	—	—	—
Public Service Corporations	2,420	2,439	1,500	(939)
Other Taxes	966,283	1,003,208	1,123,564	120,356
Rights and Privileges	149,825	148,503	145,326	(3,177)
Sales of Property and Commodities	1,071	984	443	(541)
Assessments and Receipts for Support of Special Services	29,550	25,741	25,367	(374)
Institutional Revenue	88,709	82,605	84,938	2,333
Interest, Dividends, and Rents	3,407	1,050	(560)	(1,610)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	3,081	3,007	1,254	(1,753)
Receipts from Cities, Counties, and Towns	68,809	65,992	63,991	(2,001)
Private Donations, Gifts and Contracts	2,531	2,527	2,552	25
Other	41,739	48,951	71,823	22,872
<b>Total Revenues</b>	<b>1,357,425</b>	<b>1,385,007</b>	<b>1,520,198</b>	<b>135,191</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	—	—	—	—
Education	210	211	98	113
Transportation	—	—	—	—
Resources and Economic Development	47,600	53,546	49,425	4,121
Individual and Family Services	1,342,396	1,464,157	1,306,866	157,291
Administration of Justice	686	698	601	97
Capital Outlay	4,204	4,179	—	4,179
<b>Debt Service:</b>				
Principal Retirement	—	—	—	—
Interest and Charges	—	—	—	—
<b>Total Expenditures</b>	<b>1,395,096</b>	<b>1,522,791</b>	<b>1,356,990</b>	<b>165,801</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(37,671)</b>	<b>(137,784)</b>	<b>163,208</b>	<b>300,992</b>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers:</b>				
Transfers In	225	225	12,457	12,232
Transfers Out	(12,708)	(12,708)	(17,175)	(4,467)
<b>Total Other Financing Sources (Uses)</b>	<b>(12,483)</b>	<b>(12,483)</b>	<b>(4,718)</b>	<b>7,765</b>
<b>Revenues and Other Sources Over (Under)</b>				
Expenditures and Other Uses	(50,154)	(150,267)	158,490	308,757
<b>Fund Balance, July 1</b>	<b>281,353</b>	<b>281,353</b>	<b>281,353</b>	<b>—</b>
<b>Fund Balance, June 30</b>	<b>\$ 231,199</b>	<b>\$ 131,086</b>	<b>\$ 439,843</b>	<b>\$ 308,757</b>

See Notes on page 250 in this section.



Other

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ 26,400	\$ 36,000	\$ 27,210	\$ (8,790)
31,189	33,000	12,843	(20,157)
1,000	5,000	4,199	(801)
840	840	811	(29)
140	105	131	26
13,129	15,080	14,838	(242)
60,151	70,957	79,706	8,749
230,071	258,923	215,246	(43,677)
111,948	291,912	293,671	1,759
134,077	128,862	135,271	6,409
28,519	29,788	28,047	(1,741)
16,834	25,700	17,072	(8,628)
47,847	55,214	47,652	(7,562)
1,297	1,342	1,217	(125)
9,106	2,636	8,444	5,808
129,531	165,883	197,377	31,494
842,079	1,121,242	1,083,735	(37,507)
155,673	196,476	184,000	12,476
76,804	103,744	93,420	10,324
7,287	11,430	8,372	3,058
386,917	521,091	446,184	74,907
90,369	113,453	75,471	37,982
97,731	117,918	94,454	23,464
28,232	40,950	11,068	29,882
1,713	1,713	1,713	—
514	514	514	—
845,240	1,107,289	915,196	192,093
(3,161)	13,953	168,539	154,586
23,568	24,038	66,469	42,431
(10,144)	(10,244)	(42,196)	(31,952)
13,424	13,794	24,273	10,479
10,263	27,747	192,812	165,065
950,617	950,617	950,617	—
<b>\$ 960,880</b>	<b>\$ 978,364</b>	<b>\$ 1,143,429</b>	<b>\$ 165,065</b>

**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, 2022, to the fund balance on a modified accrual basis follows.

<i>(Dollars in Thousands)</i>	<b>Health and Social Services</b>	<b>Other</b>
Fund Balance, Basis of Budgeting	\$ 439,843	\$ 1,143,429
Adjustments from Budget to Modified Accrual:		
Net Accrued Revenues:		
Taxes	(951)	6,651
Other Revenue/Other Sources	10,505	14,872
Medicaid Payable	(189,046)	—
Net Accrued Expenditures/Other Uses	35,310	(33,760)
Fund Reclassification - Budget to Modified Accrual	(2,167)	(2,159)
Fund Balance, Modified Accrual Basis	<u>\$ 293,494</u>	<u>\$ 1,129,033</u>

1. As discussed in Note 1.E., the Unclaimed Property Fund has no approved budget.

**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, 2022, except for the Unclaimed Property Fund, which has no approved budget.

<i>(Dollars in Thousands)</i>	<b>Health and Social Services</b>	<b>Other</b>
Appropriations (1)	\$ 1,395,096	\$ 845,240
Supplemental Appropriations:		
Reappropriations (2)	4,204	110,841
Subsequent Executive (3)	164,099	233,122
Subsequent Legislative (4)	(38,555)	5,749
Capital Outlay Reversions (5)	(24)	(212)
Transfers (6)	2,175	15,196
Capital Outlay Adjustment (7)	(4,204)	(102,647)
Appropriations, as adjusted	<u>\$ 1,522,791</u>	<u>\$ 1,107,289</u>

1. Represents the budget appropriated through Chapter 552, 2021 Acts of Assembly Special Session I as amended by Chapter 1, 2022 Acts of Assembly Special Session I.
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.*

**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.

**Line of Duty** accounts for the disability, death, and health benefits provided to eligible local government employees and their family members.

**Advantage Vanpool Self Insurance** accounts for pooled resources to provide liability, uninsured motorist, and physical damage protection for commuter vanpools. The basis for estimating the liabilities for unpaid claims and claim adjustment expenses is the actuarial analysis performed by the Commonwealth's actuary for Risk Management.

**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, 2022

(Dollars in Thousands)

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 33,788	\$ 42,082	\$ 168,057	\$ 4,739
Receivables, Net	8,652	—	37,861	367
Due From Other Funds	—	—	—	—
Inventory	100,185	—	—	—
Prepaid Items	2,659	106	—	—
Other Assets	424	—	—	—
Total Current Assets	145,708	42,188	205,918	5,106
<b>Noncurrent Assets:</b>				
Other Assets	4,864	52	75	—
Nondepreciable Capital Assets	10,896	—	—	—
Other Capital Assets, Net	293,885	69	—	—
Total Noncurrent Assets	309,645	121	75	—
Total Assets	455,353	42,309	205,993	5,106
<b>Deferred Outflows of Resources</b>	28,512	236	332	—
Total Assets and Deferred Outflows of Resources	483,865	42,545	206,325	5,106
<b>Liabilities and Deferred Inflows of Resources</b>				
<b>Current Liabilities:</b>				
Accounts Payable	86,993	642	12,766	791
Amounts Due to Other Governments	—	—	—	—
Due to Other Funds	22,163	15	7	—
Due to External Parties (Fiduciary Funds)	819	17	8	—
Interfund Payable	43,689	—	—	—
Unearned Revenue	763	285	—	—
Obligations Under Securities Lending Program	3,395	4,010	16,015	452
Other Liabilities	—	—	—	—
Claims Payable Due Within One Year	—	13,541	47,568	996
Long-term Liabilities Due Within One Year	29,318	46	109	—
Total Current Liabilities	187,140	18,556	76,473	2,239
<b>Noncurrent Liabilities:</b>				
Claims Payable Due in More Than One Year	—	34,785	—	—
Long-term Liabilities Due in More Than One Year	241,525	634	994	—
Total Noncurrent Liabilities	241,525	35,419	994	—
Total Liabilities	428,665	53,975	77,467	2,239
<b>Deferred Inflows of Resources</b>	50,365	499	761	—
Total Liabilities and Deferred Inflows of Resources	479,030	54,474	78,228	2,239
<b>Net Position</b>				
Net Investment in Capital Assets	113,822	69	—	—
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	3,460	38	55	—
Unrestricted	(112,447)	(12,036)	128,042	2,867
Total Net Position (Deficit)	\$ 4,835	\$ (11,929)	\$ 128,097	\$ 2,867

Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 4,257	\$ 11,788	\$ 2,498	\$ 17,490	\$ 3,675	\$ 58,169	\$ 576
58	3,000	478	6,154	—	6,294	92
—	—	—	722	—	—	—
—	7,423	33	—	—	—	409
—	—	—	—	—	—	—
40	—	—	—	—	—	6
4,355	22,211	3,009	24,366	3,675	64,463	1,083
—	168	221	203	408	91	101
—	149	288	5,925	—	—	—
1	8,722	2,045	—	—	—	—
1	9,039	2,554	6,128	408	91	101
4,356	31,250	5,563	30,494	4,083	64,554	1,184
—	723	920	1,001	1,623	523	486
4,356	31,973	6,483	31,495	5,706	65,077	1,670
2	2,056	414	305	381	632	453
—	—	—	—	—	10,842	—
—	89	500	410	1,201	5	15
—	47	32	27	56	9	15
—	—	—	7,000	—	—	—
—	—	2,638	—	56	—	199
406	—	—	—	350	5,543	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
1	384	407	255	543	76	10
409	2,576	3,991	7,997	2,587	17,107	692
—	—	—	—	—	—	—
—	3,375	3,388	3,924	6,940	1,534	1,707
—	3,375	3,388	3,924	6,940	1,534	1,707
409	5,951	7,379	11,921	9,527	18,641	2,399
—	2,441	2,302	2,526	4,313	712	1,046
409	8,392	9,681	14,447	13,840	19,353	3,445
1	8,871	1,761	5,925	—	—	—
—	136	171	149	321	66	74
3,946	14,574	(5,130)	10,974	(8,455)	45,658	(1,849)
\$ 3,947	\$ 23,581	\$ (3,198)	\$ 17,048	\$ (8,134)	\$ 45,724	\$ (1,775)

Continued on next page

**Combining Statement of Fund Net Position – Nonmajor Enterprise Funds** (Continued from previous page)

June 30, 2022

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 797	\$ 413	\$ 348,329
Receivables, Net	13	—	62,969
Due From Other Funds	—	—	722
Inventory	53	—	108,103
Prepaid Items	—	—	2,765
Other Assets	—	—	470
Total Current Assets	863	413	523,358
<b>Noncurrent Assets:</b>			
Other Assets	4	—	6,187
Nondepreciable Capital Assets	—	—	17,258
Other Capital Assets, Net	—	—	304,722
Total Noncurrent Assets	4	—	328,167
Total Assets	867	413	851,525
<b>Deferred Outflows of Resources</b>	24	—	34,380
Total Assets and Deferred Outflows of Resources	891	413	885,905
<b>Liabilities and Deferred Inflows of Resources</b>			
<b>Current Liabilities:</b>			
Accounts Payable	390	—	105,825
Amounts Due to Other Governments	—	—	10,842
Due to Other Funds	57	—	24,462
Due to External Parties (Fiduciary Funds)	—	—	1,030
Interfund Payable	—	—	50,689
Unearned Revenue	1	—	3,942
Obligations Under Securities Lending Program	—	—	30,171
Other Liabilities	—	133	133
Claims Payable Due Within One Year	—	—	62,105
Long-term Liabilities Due Within One Year	—	—	31,149
Total Current Liabilities	448	133	320,348
<b>Noncurrent Liabilities:</b>			
Claims Payable Due in More Than One Year	—	—	34,785
Long-term Liabilities Due in More Than One Year	69	—	264,090
Total Noncurrent Liabilities	69	—	298,875
Total Liabilities	517	133	619,223
<b>Deferred Inflows of Resources</b>	78	—	65,043
Total Liabilities and Deferred Inflows of Resources	595	133	684,266
<b>Net Position</b>			
Net Investment in Capital Assets	—	—	130,449
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	4	—	4,474
Unrestricted	292	280	66,716
Total Net Position (Deficit)	\$ 296	\$ 280	\$ 201,639



**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –  
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 1,141,951	\$ 14,666	\$ 464,063	\$ 18,875
Interest, Dividends, Rents, and Other Investment Income	—	—	—	—
Other	31,186	—	151	—
Total Operating Revenues	1,173,137	14,666	464,214	18,875
<b>Operating Expenses</b>				
Cost of Sales and Services	660,690	—	—	—
Prizes and Claims	—	10,931	453,196	16,496
Personal Services	150,785	869	1,442	—
Contractual Services	55,653	570	23,002	1,022
Supplies and Materials	6,932	1	271	—
Depreciation and Amortization	34,809	15	—	—
Rent, Insurance, and Other Related Charges	16,252	65	—	—
Non-recurring Cost Estimate Payments to Providers	—	—	—	—
Interest Expense	—	—	—	—
Other	6,693	9	—	—
Total Operating Expenses	931,814	12,460	477,911	17,518
Operating Income (Loss)	241,323	2,206	(13,697)	1,357
<b>Nonoperating Revenues (Expenses)</b>				
Interest, Dividends, Rents, and Other Investment Income	203	93	325	6
Other	18,913	(9)	(37)	(1)
Total Nonoperating Revenues (Expenses)	19,116	84	288	5
Income (Loss) Before Capital Contributions and Transfers	260,439	2,290	(13,409)	1,362
Capital Contributions	3,713	—	—	—
Transfers In	1,694	—	—	—
Transfers Out	(252,774)	—	(618)	—
Change in Net Position	13,072	2,290	(14,027)	1,362
Total Net Position (Deficit), July 1	(8,237)	(14,219)	142,124	1,505
Total Net Position (Deficit), June 30	\$ 4,835	\$ (11,929)	\$ 128,097	\$ 2,867



Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 414	\$ 48,657	\$ 15,663	\$ 29,518	\$ 11,505	\$ 74,819	\$ 7,128
—	2	—	—	—	—	—
—	47	—	—	—	—	41
414	48,706	15,663	29,518	11,505	74,819	7,169
—	30,368	—	—	—	—	2,281
59	—	—	—	—	—	—
17	8,482	4,036	4,101	9,185	1,430	3,600
19	2,176	1,817	14,100	748	4,085	1,039
—	124	4,314	—	44	7	141
1	407	499	—	—	—	—
1	1,469	2,442	1,452	711	116	33
—	—	—	—	—	52,356	—
—	—	—	8	—	—	—
—	190	635	1,763	10	5	—
97	43,216	13,743	21,424	10,698	57,999	7,094
317	5,490	1,920	8,094	807	16,820	75
8	—	—	—	1	113	—
(1)	11	(5)	17	28	(10)	7
7	11	(5)	17	29	103	7
324	5,501	1,915	8,111	836	16,923	82
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	(1,625)	—	—	(13,450)	(14)
324	5,501	290	8,111	836	3,473	68
3,623	18,080	(3,488)	8,937	(8,970)	42,251	(1,843)
\$ 3,947	\$ 23,581	\$ (3,198)	\$ 17,048	\$ (8,134)	\$ 45,724	\$ (1,775)

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, 2022

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
<b>Operating Revenues</b>			
Charges for Sales and Services	\$ 503	\$ 334	\$ 1,828,096
Interest, Dividends, Rents, and Other Investment Income	—	—	2
Other	—	—	31,425
Total Operating Revenues	503	334	1,859,523
<b>Operating Expenses</b>			
Cost of Sales and Services	203	271	693,813
Prizes and Claims	—	—	480,682
Personal Services	128	—	184,075
Contractual Services	24	—	104,255
Supplies and Materials	10	—	11,844
Depreciation and Amortization	—	—	35,731
Rent, Insurance, and Other Related Charges	—	—	22,541
Non-recurring Cost Estimate Payments to Providers	—	—	52,356
Interest Expense	—	—	8
Other	1	—	9,306
Total Operating Expenses	366	271	1,594,611
Operating Income (Loss)	137	63	264,912
<b>Nonoperating Revenues (Expenses)</b>			
Interest, Dividends, Rents, and Other Investment Income	—	—	749
Other	—	—	18,913
Total Nonoperating Revenues (Expenses)	—	—	19,662
Income (Loss) Before Capital Contributions and Transfers	137	63	284,574
Capital Contributions	—	—	3,713
Transfers In	—	—	1,694
Transfers Out	—	(33)	(268,514)
Change in Net Position	137	30	21,467
Total Net Position (Deficit), July 1	159	250	180,172
Total Net Position (Deficit), June 30	\$ 296	\$ 280	\$ 201,639



## Combining Statement of Cash Flows – Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
<b>Cash Flows from Operating Activities</b>				
Receipts for Sales and Services	\$ 1,159,071	\$ 14,739	\$ 464,311	\$ 19,699
Internal Activity-Receipts from Other Funds	—	—	—	—
Internal Activity-Payments to Other Funds	—	—	—	—
Payments to Suppliers for Goods and Services	(670,640)	—	(287)	—
Payments for Contractual Services	(55,652)	(497)	(22,956)	(957)
Payments for Prizes, Claims, and Loss Control	—	(11,655)	(447,914)	(16,672)
Payments to Employees	(159,923)	(1,093)	(1,571)	—
Payments to Providers for Non-recurring Cost Estimates	—	—	—	—
Other Operating Revenue	12,706	—	151	—
Other Operating Expense	(30,101)	—	—	—
Net Cash Provided by (Used for) Operating Activities	255,461	1,494	(8,266)	2,070
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In from Other Funds	1,694	—	—	—
Transfers Out to Other Funds	(564,147)	—	(618)	—
Other Noncapital Financing Receipt Activities	380,999	—	—	—
Other Noncapital Financing Disbursement Activities	(65,751)	—	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	(247,205)	—	(618)	—
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(4,779)	—	—	—
Payment of Principal and Interest on Bonds and Notes	(25,224)	—	—	—
Proceeds from Sale of Capital Assets	16,159	—	—	—
Other Capital and Related Financing Receipt Activities	144	—	—	—
Net Cash Used for Capital and Related Financing Activities	(13,700)	—	—	—
<b>Cash Flows from Investing Activities</b>				
Investment Income on Cash, Cash Equivalents, and Investments	—	81	283	5
Net Cash Provided by Investing Activities	—	81	283	5
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>				
Cash Equivalents	(5,444)	1,575	(8,601)	2,075
<b>Cash and Cash Equivalents, July 1</b>	<b>36,261</b>	<b>36,497</b>	<b>160,643</b>	<b>2,212</b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 30,817</b>	<b>\$ 38,072</b>	<b>\$ 152,042</b>	<b>\$ 4,287</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 33,788	\$ 42,082	\$ 168,057	\$ 4,739
Cash and Travel Advances	424	—	—	—
Less:				
Securities Lending Cash Equivalents	(3,395)	(4,010)	(16,015)	(452)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 30,817</u>	<u>\$ 38,072</u>	<u>\$ 152,042</u>	<u>\$ 4,287</u>

Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 425	\$ 32,696	\$ 15,338	\$ 21,503	\$ 11,506	\$ 74,208	\$ 7,140
—	17,034	—	5,718	—	—	—
—	—	(2,698)	(1,637)	—	—	—
—	(29,366)	(4,657)	(2)	(51)	(7)	(2,372)
(17)	(1,971)	(1,545)	(16,661)	(752)	(3,950)	(1,071)
(71)	—	—	—	—	—	—
(18)	(9,075)	(4,455)	(4,575)	(9,887)	(1,338)	(3,685)
—	—	—	—	—	(50,697)	—
—	4	—	—	—	—	—
—	(1,733)	—	—	(687)	—	—
319	7,589	1,983	4,346	129	18,216	12
—	—	—	—	—	—	—
—	—	(1,625)	—	—	(13,450)	(14)
—	—	—	7,000	—	—	—
—	—	—	—	—	—	—
—	—	(1,625)	7,000	—	(13,450)	(14)
—	—	(62)	(4,025)	—	—	—
—	—	(215)	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	(277)	(4,025)	—	—	—
7	—	—	—	—	98	—
7	—	—	—	—	98	—
326	7,589	81	7,321	129	4,864	(2)
3,525	4,199	2,417	10,169	3,196	47,762	584
\$ 3,851	\$ 11,788	\$ 2,498	\$ 17,490	\$ 3,325	\$ 52,626	\$ 582
4,257	11,788	2,498	17,490	3,675	58,169	576
—	—	—	—	—	—	6
(406)	—	—	—	(350)	(5,543)	—
\$ 3,851	\$ 11,788	\$ 2,498	\$ 17,490	\$ 3,325	\$ 52,626	\$ 582

Continued on next page

**Combining Statement of Cash Flows – Nonmajor Enterprise Funds (Continued from previous page)**

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
<b>Cash Flows from Operating Activities</b>			
Receipts for Sales and Services	\$ 503	\$ 319	\$ 1,821,458
Internal Activity-Receipts from Other Funds	—	—	22,752
Internal Activity-Payments to Other Funds	—	—	(4,335)
Payments to Suppliers for Goods and Services	(169)	(271)	(707,822)
Payments for Contractual Services	—	—	(106,029)
Payments for Prizes, Claims, and Loss Control	—	—	(476,312)
Payments to Employees	—	—	(195,620)
Payments to Providers for Non-recurring Cost Estimates	—	—	(50,697)
Other Operating Revenue	36	—	12,897
Other Operating Expense	(94)	—	(32,615)
Net Cash Provided by (Used for) Operating Activities	276	48	283,677
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In from Other Funds	—	—	1,694
Transfers Out to Other Funds	—	(33)	(579,887)
Other Noncapital Financing Receipt Activities	—	—	387,999
Other Noncapital Financing Disbursement Activities	—	—	(65,751)
Net Cash Provided by (Used for) Noncapital Financing Activities	—	(33)	(255,945)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	—	—	(8,866)
Payment of Principal and Interest on Bonds and Notes	—	—	(25,439)
Proceeds from Sale of Capital Assets	—	—	16,159
Other Capital and Related Financing Receipt Activities	—	—	144
Net Cash Used for Capital and Related Financing Activities	—	—	(18,002)
<b>Cash Flows from Investing Activities</b>			
Investment Income on Cash, Cash Equivalents, and Investments	—	—	474
Net Cash Provided by Investing Activities	—	—	474
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>			
Cash Equivalents	276	15	10,204
<b>Cash and Cash Equivalents, July 1</b>	<b>521</b>	<b>398</b>	<b>308,384</b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 797</b>	<b>\$ 413</b>	<b>\$ 318,588</b>
<b>Reconciliation of Cash and Cash Equivalents</b>			
Per the Statement of Net Position:			
Cash and Cash Equivalents	\$ 797	\$ 413	\$ 348,329
Cash and Travel Advances	—	—	430
Less:			
Securities Lending Cash Equivalents	—	—	(30,171)
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 797	\$ 413	\$ 318,588

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
<b>Reconciliation of Operating Income</b>				
<b>To Net Cash Provided by (Used for)</b>				
<b>Operating Activities:</b>				
Operating Income (Loss)	\$ 241,323	\$ 2,206	\$ (13,697)	\$ 1,357
<b>Adjustments to Reconcile Operating</b>				
<b>Income to Net Cash Provided by (Used for)</b>				
<b>Operating Activities:</b>				
Depreciation and Amortization	34,809	15	—	—
Miscellaneous Nonoperating Income	328	3	5	—
<b>Change in Assets, Deferred Outflows of Resources, Liabilities, and</b>				
<b>Deferred Inflows of Resources</b>				
(Increase) Decrease in Accounts Receivable	(1,599)	—	249	824
(Increase) Decrease in Due from Other Funds	—	—	—	—
(Increase) Decrease in Other Assets: Due Within One Year	—	—	—	—
(Increase) Decrease in Other Assets: Due in More Than One Year	(1,909)	(19)	(27)	—
(Increase) Decrease in Inventory	(19,394)	—	—	—
(Increase) Decrease in Prepaid Items	(182)	2	—	—
(Increase) Decrease in Deferred Outflows of Resources	817	71	158	—
Increase (Decrease) in Accounts Payable	11,151	(142)	7,665	364
Increase (Decrease) in Amounts Due to Other Governments	—	—	—	—
Increase (Decrease) in Due to Other Funds	(1,182)	6	—	—
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	200	10	(2)	—
Increase (Decrease) in Unearned Revenue	240	72	—	—
Increase (Decrease) in Other Liabilities	—	—	—	—
Increase (Decrease) in Claims Payable: Due Within One Year	—	729	(2,364)	(475)
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	(1,319)	—	—
Increase (Decrease) in Long-term Liabilities: Due Within One Year	1,275	1	—	—
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(48,432)	(533)	(861)	—
Increase (Decrease) in Deferred Inflows of Resources	38,016	392	608	—
Net Cash Provided by (Used for) Operating Activities	<u>\$ 255,461</u>	<u>\$ 1,494</u>	<u>\$ (8,266)</u>	<u>\$ 2,070</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Leases Used to Finance Capital Assets	\$ 43,644	\$ —	\$ —	\$ —
Donated Buildings	3,713	—	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 47,357</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

*Continued on next page*

**Combining Statement of Cash Flows – Nonmajor Enterprise Funds** *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory
<b>Reconciliation of Operating Income</b>			
<b>To Net Cash Provided by (Used for)</b>			
<b>Operating Activities:</b>			
Operating Income (Loss)	\$ 317	\$ 5,490	\$ 1,920
<b>Adjustments to Reconcile Operating</b>			
<b>Income to Net Cash Provided by (Used for)</b>			
<b>Operating Activities:</b>			
Depreciation and Amortization	1	407	499
Miscellaneous Nonoperating Income	—	11	15
<b>Change in Assets, Deferred Outflows of Resources, Liabilities, and</b>			
Deferred Inflows of Resources			
(Increase) Decrease in Accounts Receivable	10	660	(156)
(Increase) Decrease in Due from Other Funds	—	1,453	—
(Increase) Decrease in Other Assets: Due Within One Year	(12)	—	—
(Increase) Decrease in Other Assets: Due in More Than One Year	—	(56)	(73)
(Increase) Decrease in Inventory	—	459	5
(Increase) Decrease in Prepaid Items	—	—	—
(Increase) Decrease in Deferred Outflows of Resources	—	343	545
Increase (Decrease) in Accounts Payable	2	(145)	(153)
Increase (Decrease) in Amounts Due to Other Governments	—	—	—
Increase (Decrease) in Due to Other Funds	—	(18)	(129)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	—	35	4
Increase (Decrease) in Unearned Revenue	—	(159)	418
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	1	135	(26)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	—	(2,120)	(2,620)
Increase (Decrease) in Deferred Inflows of Resources	—	1,094	1,734
Net Cash Provided by (Used for) Operating Activities	<u>\$ 319</u>	<u>\$ 7,589</u>	<u>\$ 1,983</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
The following transactions occurred prior to the Statement of Net Position date:			
Long-term Leases Used to Finance Capital Assets	\$ —	\$ —	\$ —
Donated Buildings	—	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</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
\$ 8,094	\$ 807	\$ 16,820	\$ 75	\$ 137	\$ 63	\$ 264,912
—	—	—	—	—	—	35,731
16	29	5	7	—	—	419
(1,049)	—	(611)	(30)	(2)	—	(1,704)
577	—	—	—	—	—	2,030
—	—	—	—	—	—	(12)
(81)	(141)	(33)	(37)	(1)	—	(2,377)
—	—	—	(33)	(23)	—	(18,986)
—	—	—	—	—	—	(180)
336	623	(101)	152	(8)	—	2,936
(2,820)	35	58	126	163	—	16,304
—	—	1,980	—	—	—	1,980
12	245	—	(1)	30	—	(1,037)
—	3	—	3	—	—	253
—	13	—	1	—	—	585
—	—	—	—	—	(15)	(15)
—	—	—	—	—	—	(2,110)
—	—	—	—	—	—	(1,319)
22	(36)	—	(2)	—	—	1,370
(2,748)	(4,736)	(422)	(1,004)	(91)	—	(63,567)
1,987	3,287	520	755	71	—	48,464
\$ 4,346	\$ 129	\$ 18,216	\$ 12	\$ 276	\$ 48	\$ 283,677
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 43,644
—	—	—	—	—	—	3,713
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 47,357



# 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.*

**Technology and Data Services** 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; the development of automated systems, and the activities of the Chief Data Officer to create a Commonwealth data inventory, enterprise data dictionary, and catalog.

**Enterprise Application** accounts for the development and operation of the Commonwealth's Performance Budgeting System, Cardinal Financial System, and Human Capital Management 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.

**Line of Duty** accounts for the disability, death, and health benefits provided to eligible state employees and their family members.

**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.

**Personnel Management Information** accounts for the personnel, compensation and health benefits database.

**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, 2022

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 152,854	\$ 7,780	\$ 6,718	\$ 580,827
Receivables, Net	1,865	—	4,262	18,116
Due From Other Funds	19,777	—	792	33,643
Due From External Parties (Fiduciary Funds)	—	—	—	250
Due From Component Units	—	—	—	27,943
Inventory	—	—	15,759	—
Prepaid Items	20,323	8	—	—
Other Assets	41,818	—	1,536	—
Total Current Assets	236,637	7,788	29,067	660,779
<b>Noncurrent Assets:</b>				
Receivables, Net	—	—	—	—
Other Assets	1,270	185	625	197
Nondepreciable Capital Assets	—	97,899	228	—
Other Capital Assets, Net	114,594	31,487	7,129	—
Total Noncurrent Assets	115,864	129,571	7,982	197
Total Assets	352,501	137,359	37,049	660,976
<b>Deferred Outflows of Resources</b>	6,045	744	2,767	931
Total Assets and Deferred Outflows of Resources	358,546	138,103	39,816	661,907
<b>Liabilities and Deferred Inflows of Resources</b>				
<b>Current Liabilities:</b>				
Accounts Payable	55,223	3,799	3,939	20,847
Due to Other Funds	111	381	171	3
Due to External Parties (Fiduciary Funds)	199	20	78	26
Interfund Payable	—	7,246	—	—
Unearned Revenue	72,976	—	6,215	—
Obligations Under Securities Lending Program	—	—	—	55,351
Other Liabilities	275	—	—	—
Claims Payable Due Within One Year	—	—	—	117,657
Long-term Liabilities Due within One Year	27,589	47	232	328
Total Current Liabilities	156,373	11,493	10,635	194,212
<b>Noncurrent Liabilities:</b>				
Interfund Payable	—	156,815	—	—
Claims Payable Due In More Than One Year	—	—	—	—
Long-term Liabilities Due in More Than One Year	105,800	2,800	10,743	2,272
Total Noncurrent Liabilities	105,800	159,615	10,743	2,272
Total Liabilities	262,173	171,108	21,378	196,484
<b>Deferred Inflows of Resources</b>	13,325	1,693	8,964	2,129
Total Liabilities and Deferred Inflows of Resources	275,498	172,801	30,342	198,613
<b>Net Position</b>				
Net Investment in Capital Assets	(1,655)	129,386	6,645	—
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	953	145	514	140
Unrestricted	83,750	(164,229)	2,315	463,154
Total Net Position (Deficit)	\$ 83,048	\$ (34,698)	\$ 9,474	\$ 463,294

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 1,935	\$ 4,729	\$ 41,089	\$ 263	\$ 329,682	\$ 5,261	\$ 288	\$ 1,131,426
115	2,717	68	—	—	1,400	—	28,543
35	4,816	2,104	—	—	2,250	—	63,417
—	—	—	—	—	—	—	250
—	—	—	—	—	—	—	27,943
—	41	235	—	—	7,604	—	23,639
—	—	502	—	984	—	142	21,959
—	—	—	—	—	—	—	43,354
2,085	12,303	43,998	263	330,666	16,515	430	1,340,531
—	—	255	—	—	—	—	255
—	60	645	50	131	383	121	3,667
—	—	—	—	—	150	—	98,277
—	34,536	295,609	—	102	1,220	60	484,737
—	34,596	296,509	50	233	1,753	181	586,936
2,085	46,899	340,507	313	330,899	18,268	611	1,927,467
—	243	2,658	218	646	1,575	572	16,399
2,085	47,142	343,165	531	331,545	19,843	1,183	1,943,866
323	1,084	1,303	50	2,140	1,841	132	90,681
—	83	737	5	15	4,414	12	5,932
—	8	85	7	6	47	18	494
—	—	—	—	2,867	—	—	10,113
—	116	31,270	—	42,767	—	—	153,344
184	—	—	—	31,227	—	—	86,762
—	—	230	—	—	120	—	625
407	—	—	—	59,871	—	—	177,935
—	4,489	17,387	89	202	572	27	50,962
914	5,780	51,012	151	139,095	6,994	189	576,848
—	—	—	—	13,438	—	—	170,253
—	—	—	—	391,277	—	—	391,277
—	18,033	309,429	686	1,584	6,637	2,211	460,195
—	18,033	309,429	686	406,299	6,637	2,211	1,021,725
914	23,813	360,441	837	545,394	13,631	2,400	1,598,573
—	600	7,041	496	1,417	3,954	1,331	40,950
914	24,413	367,482	1,333	546,811	17,585	3,731	1,639,523
—	13,147	(11,259)	—	102	1,013	60	137,439
—	47	501	36	93	297	90	2,816
1,171	9,535	(13,559)	(838)	(215,461)	948	(2,698)	164,088
\$ 1,171	\$ 22,729	\$ (24,317)	\$ (802)	\$ (215,266)	\$ 2,258	\$ (2,548)	\$ 304,343

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –  
Internal Service Funds**

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 401,008	\$ 21,065	\$ 43,538	\$ 1,628,393
Other	—	—	—	—
<b>Total Operating Revenues</b>	<b>401,008</b>	<b>21,065</b>	<b>43,538</b>	<b>1,628,393</b>
<b>Operating Expenses</b>				
Cost of Sales and Services	—	—	31,807	—
Prizes and Claims	—	—	—	1,529,261
Personal Services	25,473	2,258	5,061	3,883
Contractual Services	275,019	29,384	2,399	62,738
Supplies and Materials	35	25	492	—
Depreciation and Amortization	29,470	8,177	812	—
Rent, Insurance, and Other Related Charges	41,221	720	133	—
Other	1,264	33	25	1,019
<b>Total Operating Expenses</b>	<b>372,482</b>	<b>40,597</b>	<b>40,729</b>	<b>1,596,901</b>
Operating Income (Loss)	28,526	(19,532)	2,809	31,492
<b>Nonoperating Revenues (Expenses)</b>				
Interest, Dividends, Rents, and Other Investment Income	—	—	—	1,256
Other	(9,117)	12	27	(147)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(9,117)</b>	<b>12</b>	<b>27</b>	<b>1,109</b>
<b>Income (Loss) Before Transfers</b>	<b>19,409</b>	<b>(19,520)</b>	<b>2,836</b>	<b>32,601</b>
Transfers In	—	—	—	—
Transfers Out	(15,087)	(27)	—	—
Change in Net Position	4,322	(19,547)	2,836	32,601
<b>Total Net Position (Deficit), July 1, as restated</b>	<b>78,726</b>	<b>(15,151)</b>	<b>6,638</b>	<b>430,693</b>
<b>Total Net Position (Deficit), June 30</b>	<b>\$ 83,048</b>	<b>\$ (34,698)</b>	<b>\$ 9,474</b>	<b>\$ 463,294</b>

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 7,710	\$ 20,779	\$ 115,753	\$ 1,194	\$ 111,101	\$ 39,943	\$ 2,728	\$ 2,393,212
—	—	—	—	339,821	—	—	339,821
7,710	20,779	115,753	1,194	450,922	39,943	2,728	2,733,033
—	—	—	—	—	26,970	—	58,777
6,738	—	—	—	46,136	—	—	1,582,135
—	989	10,544	1,046	2,572	6,385	2,938	61,149
418	4,277	16,947	217	11,985	3,271	113	406,768
—	3,044	2,707	23	2	919	—	7,247
—	9,837	26,757	—	21	362	4	75,440
—	993	40,971	—	2,751	1,472	136	88,397
—	185	1,991	—	16,572	161	9	21,259
7,156	19,325	99,917	1,286	80,039	39,540	3,200	2,301,172
554	1,454	15,836	(92)	370,883	403	(472)	431,861
2	—	5	—	628	114	—	2,005
—	562	(24,686)	3	(70)	18	9	(33,389)
2	562	(24,681)	3	558	132	9	(31,384)
556	2,016	(8,845)	(89)	371,441	535	(463)	400,477
—	—	—	—	—	388	—	388
—	(383)	—	—	—	—	—	(15,497)
556	1,633	(8,845)	(89)	371,441	923	(463)	385,368
615	21,096	(15,472)	(713)	(586,707)	1,335	(2,085)	(81,025)
\$ 1,171	\$ 22,729	\$ (24,317)	\$ (802)	\$ (215,266)	\$ 2,258	\$ (2,548)	\$ 304,343

## Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
<b>Cash Flows from Operating Activities</b>				
Receipts for Sales and Services	\$ 9,738	\$ 2,132	\$ 10,754	\$ 818,744
Internal Activity-Receipts from Other Funds	407,308	18,933	34,510	803,428
Internal Activity-Payments to Other Funds	—	—	(386)	—
Payments to Suppliers for Goods and Services	(13,327)	(25)	(36,675)	—
Payments for Contractual Services	(299,563)	(31,473)	(2,257)	(70,512)
Payments for Prizes, Claims, and Loss Control	—	—	—	(1,527,581)
Payments to Employees	(27,573)	(2,583)	(6,982)	(4,210)
Other Operating Revenue	—	—	—	—
Other Operating Expense	—	(757)	—	(493)
Net Cash Provided by (Used for) Operating Activities	76,583	(13,773)	(1,036)	19,376
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	(15,087)	(27)	—	—
Other Noncapital Financing Receipt Activities	—	31,832	—	—
Other Noncapital Financing Disbursement Activities	—	(8,719)	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	(15,087)	23,086	—	—
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(62)	(15,572)	(416)	—
Payment of Principal and Interest on Bonds and Notes	(34,234)	—	(152)	—
Proceeds from Sale of Capital Assets	—	—	9	—
Other Capital and Related Financing Receipt Activities	1	—	—	—
Net Cash Used for Capital and Related Financing Activities	(34,295)	(15,572)	(559)	—
<b>Cash Flows from Investing Activities</b>				
Investment Income on Cash, Cash Equivalents, and Investments	—	—	—	1,093
Net Cash Provided by Investing Activities	—	—	—	1,093
Net Increase (Decrease) in Cash and Cash Equivalents	27,201	(6,259)	(1,595)	20,469
<b>Cash and Cash Equivalents, July 1</b>	125,653	14,039	8,313	505,007
<b>Cash and Cash Equivalents, June 30</b>	<u>\$ 152,854</u>	<u>\$ 7,780</u>	<u>\$ 6,718</u>	<u>\$ 525,476</u>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 152,854	\$ 7,780	\$ 6,718	\$ 580,827
Less:				
Securities Lending Cash Equivalents	—	—	—	(55,351)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 152,854</u>	<u>\$ 7,780</u>	<u>\$ 6,718</u>	<u>\$ 525,476</u>



Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 6,562	\$ 1,636	\$ 1,091	\$ 489	\$ 39,416	\$ 7,709	\$ 49	\$ 898,320
1,484	15,597	118,962	704	71,549	33,506	2,677	1,508,658
—	(1,038)	(3,771)	—	—	(3,203)	—	(8,398)
—	(3,109)	(33,906)	(29)	(2)	(26,576)	—	(113,649)
(391)	(4,485)	(16,657)	(216)	(13,091)	(3,986)	(113)	(442,744)
(6,810)	—	—	—	(54,117)	—	—	(1,588,508)
—	(1,112)	(11,983)	(1,042)	(2,754)	(7,122)	(3,194)	(68,555)
—	—	—	—	58	—	—	58
—	(24)	—	—	(17,320)	—	(156)	(18,750)
845	7,465	53,736	(94)	23,739	328	(737)	166,432
—	—	—	—	—	388	—	388
—	(383)	—	—	—	—	—	(15,497)
—	—	—	—	1,702	114	—	33,648
—	—	—	—	(2,311)	—	—	(11,030)
—	(383)	—	—	(609)	502	—	7,509
—	(2,037)	—	—	—	(11)	—	(18,098)
—	(6,871)	(52,725)	—	—	(223)	—	(94,205)
—	1,526	—	—	—	—	—	1,535
—	—	—	—	—	—	—	1
—	(7,382)	(52,725)	—	—	(234)	—	(110,767)
3	—	—	—	547	—	—	1,643
3	—	—	—	547	—	—	1,643
848	(300)	1,011	(94)	23,677	596	(737)	64,817
903	5,029	40,078	357	274,778	4,665	1,025	979,847
\$ 1,751	\$ 4,729	\$ 41,089	\$ 263	\$ 298,455	\$ 5,261	\$ 288	\$ 1,044,664
\$ 1,935	\$ 4,729	\$ 41,089	\$ 263	\$ 329,682	\$ 5,261	\$ 288	\$ 1,131,426
(184)	—	—	—	(31,227)	—	—	(86,762)
\$ 1,751	\$ 4,729	\$ 41,089	\$ 263	\$ 298,455	\$ 5,261	\$ 288	\$ 1,044,664

Continued on next page

**Combining Statement of Cash Flows – Internal Service Funds (Continued from previous page)**

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
<b>Reconciliation of Operating Income</b>				
<b>To Net Cash Provided by (Used for)</b>				
<b>Operating Activities:</b>				
Operating Income (Loss)	\$ 28,526	\$ (19,532)	\$ 2,809	\$ 31,492
<b>Adjustments to Reconcile Operating</b>				
<b>Income to Net Cash Provided by (Used for)</b>				
<b>Operating Activities:</b>				
Depreciation and Amortization	29,470	8,177	812	—
Miscellaneous Nonoperating Income	95	12	78	—
Other	—	—	—	15
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
<b>Deferred Inflows of Resources</b>				
(Increase) Decrease in Accounts Receivable	169	—	(3,466)	(2,039)
(Increase) Decrease in Due from Other Funds	4,237	—	461	(427)
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	(5)
(Increase) Decrease in Due from Component Units	—	—	—	(3,748)
(Increase) Decrease in Other Assets: Due Within One Year	(7,720)	—	37	—
(Increase) Decrease in Other Assets: Due in More Than One Year	(524)	(61)	(213)	(76)
(Increase) Decrease in Inventory	—	—	(5,064)	—
(Increase) Decrease in Prepaid Items	(2,607)	(4)	—	—
(Increase) Decrease in Deferred Outflows of Resources	970	399	1,444	447
Increase (Decrease) in Accounts Payable	6,369	(2,458)	807	(6,781)
Increase (Decrease) in Due to Other Funds	12	359	(154)	3
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	25	(2)	2	(1)
Increase (Decrease) in Unearned Revenue	20,401	—	4,641	—
Increase (Decrease) in Other Liabilities	—	—	—	—
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—	1,200
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—	—
Increase (Decrease) in Long-term Liabilities: Due Within One Year	188	(161)	(7)	5
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(14,062)	(1,887)	(8,082)	(2,421)
Increase (Decrease) in Deferred Inflows of Resources	11,034	1,385	4,859	1,712
Net Cash Provided by (Used for) Operating Activities	<u>\$ 76,583</u>	<u>\$ (13,773)</u>	<u>\$ (1,036)</u>	<u>\$ 19,376</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Leases Used to Finance Capital Assets	\$ 20,919	\$ —	\$ 844	\$ —
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	(858)	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 20,919</u>	<u>\$ (858)</u>	<u>\$ 844</u>	<u>\$ —</u>

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 554	\$ 1,454	\$ 15,836	\$ (92)	\$ 370,883	\$ 403	\$ (472)	\$ 431,861
—	9,837	26,757	—	21	362	4	75,440
—	4	43	3	10	26	9	280
—	—	9,946	—	—	—	—	9,961
342	(890)	(234)	—	46	(346)	—	(6,418)
(6)	(2,664)	2,358	—	7	(259)	—	3,707
—	—	—	—	—	—	—	(5)
—	—	—	—	—	—	—	(3,748)
—	—	—	—	—	—	—	(7,683)
—	(20)	(215)	(18)	(53)	(126)	(48)	(1,354)
—	(1)	188	—	—	76	—	(4,801)
—	—	11	—	13	—	(12)	(2,599)
—	73	878	119	179	754	119	5,382
149	(226)	(1,950)	(2)	(723)	(1,060)	15	(5,860)
—	(30)	42	2	1	1,939	—	2,174
—	1	—	1	(10)	—	2	18
—	116	2,866	—	1,813	(15)	—	29,822
—	—	(960)	—	—	(22)	—	(982)
(194)	—	—	—	(6,834)	—	—	(5,828)
—	—	—	—	(341,274)	—	—	(341,274)
—	(2)	(20)	68	44	(15)	(89)	11
—	(679)	(7,300)	(582)	(1,520)	(4,392)	(1,336)	(42,261)
—	492	5,490	407	1,136	3,003	1,071	30,589
<u>\$ 845</u>	<u>\$ 7,465</u>	<u>\$ 53,736</u>	<u>\$ (94)</u>	<u>\$ 23,739</u>	<u>\$ 328</u>	<u>\$ (737)</u>	<u>\$ 166,432</u>
\$ —	\$ —	\$ 44,926	\$ —	\$ —	\$ —	\$ —	\$ 66,689
—	3,647	—	—	—	—	—	3,647
—	—	—	—	—	—	—	(858)
<u>\$ —</u>	<u>\$ 3,647</u>	<u>\$ 44,926</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 69,478</u>

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# Fiduciary Funds

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## Private Purpose Trust Funds

*Private Purpose Trust Funds reflect funds that benefit individuals, organizations, and other governments; have a trust that meets GASB Statement No. 84, Fiduciary Activities, criteria; and are not required to be reported in another fiduciary fund type.*

**Defined Contribution 529 Program** accounts for program activities offered by the Virginia College Savings Plan (Virginia529). 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. Eide Bailly, LLP, audits Virginia529, and a separate report is issued.

**Legal Settlement** accounts for receipts from court judgments that are deposited and subsequently distributed to the appropriate injured parties.

**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** accounts for perpetual trusts created through donations to the state. Earnings are used for the benefit of donor-specified local entities.

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## Pension and Other Employee Benefit Trust Funds

*Pension and Other Employee Benefit Trust Funds reflect activities of the pension, other postemployment, and employee benefit plans with trusts that meet GASB Statement No. 84 criteria. All plans are administered by the Virginia Retirement System.*

**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.

**Other Postemployment Retiree Health Insurance Credit** accounts for the health insurance credits provided by the Commonwealth which offset a portion of the retirees' monthly insurance premiums.

**Other Employment Group Life** provides life insurance coverage to members of the retirement systems.

**Other Postemployment Disability Insurance Trust** provides income protection to Commonwealth employees for absences caused by sickness or disability.

**Other Postemployment Line of Duty Death and Disability** 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 of participating localities.

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### **Custodial Funds - External Investment Pool**

*Custodial Funds - External Investment Pool reflects the external portion of the Local Government Investment Pool sponsored by the Commonwealth. This fund does not have a trust that meets GASB Statement No. 84 criteria.*

**Local Government Investment Pool (LGIP)** helps local governmental entities maximize their rate of return by commingling their resources for investment purposes.

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### **Custodial Funds - Other**

*Custodial Funds - Other reflect funds that are similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria.*

**Collection of Taxes and Fees** account for taxes and fees imposed by localities and collected by the Commonwealth on behalf of the localities to be distributed to localities.

**Deposits of Insurance Carriers** accounts for security deposits of insurance carriers as protection to the policyholders of the Commonwealth.

**Inmate and Ward** accounts for the savings of inmates and wards of the Departments of Corrections and Juvenile Justice.

**Child Support Collection** accounts for court-ordered child support payments that flow through the Department of Social Services.

**Behavioral Health Patient** accounts for the savings of patients in the Commonwealth's behavioral health facilities including amounts for patient burial.

**Wilson Workforce and Rehabilitation Center** accounts for student funds held by the center.

**Third Party Administrator** accounts for funds held in custody for assets of the Virginia Railway Express commuter rail liability insurance plan.

**Virginia Veterans' Care Center Resident** accounts for the savings of residents of the Virginia Veterans Care Centers.

**Volunteer Firefighters and Rescue Squad Workers** accounts for the Volunteer Firefighters' and Rescue Squad Workers' Service Award Program.

**VRS Investment Portfolio** accounts for the investment option for the VRS administered Defined Contribution Plans that is the VRS Investment Portfolio (VRSIP).

## Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds

June 30, 2022

(Dollars in Thousands)

	Defined Contribution 529 Program	Legal Settlement	Gas and Oil Board Escrow Account
<b>Assets and Deferred Outflows of Resources</b>			
Cash and Cash Equivalents	\$ 279,051	\$ 4,538	\$ —
Investments:			
Bonds and Mortgage Securities	402,864	—	—
Stocks	727	—	—
Fixed Income Commingled Funds	932,325	—	—
Index and Pooled Funds	2,936,385	—	—
Real Estate	299,558	—	—
Mutual and Money Market Funds	503,156	—	—
Other	1,602,105	—	—
Total Investments	6,677,120	—	—
Assets Held Pending Distribution	—	—	5,088
Receivables, Net:			
Accounts	14	—	—
Interest and Dividends	14,184	—	—
Other Receivables	387	—	—
Total Receivables	14,585	—	—
Other Assets	—	—	—
Total Assets	6,970,756	4,538	5,088
<b>Deferred Outflows of Resources</b>			
Total Assets and Deferred Outflows of Resources	6,970,756	4,538	5,088
<b>Liabilities and Deferred Inflows of Resources</b>			
Accounts Payable	612	—	—
Obligations Under Securities Lending	—	212	—
Due to Claimants, Participants, Escrows and Providers	4,292	—	—
Other Liabilities	—	—	—
Payable for Security Transactions	6,879	—	—
Total Liabilities	11,783	212	—
<b>Deferred Inflows of Resources</b>			
Total Liabilities and Deferred Inflows of Resources	11,783	212	—
Net Position Restricted for Individuals, Organizations, and Other Governments	\$ 6,958,973	\$ 4,326	\$ 5,088

Miscellaneous Trust	Total
\$ 66	\$ 283,655
—	402,864
—	727
—	932,325
—	2,936,385
—	299,558
—	503,156
—	1,602,105
—	6,677,120
—	5,088
—	14
—	14,184
—	387
—	14,585
—	—
66	6,980,448
—	—
66	6,980,448
—	612
—	212
—	4,292
—	—
—	6,879
—	11,995
—	—
—	11,995
<u>\$ 66</u>	<u>\$ 6,968,453</u>

**Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds**

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Defined Contribution 529 Program	Legal Settlement	Gas and Oil Board Escrow Account
<b>Additions:</b>			
<b>Investment Income:</b>			
Interest, Dividends, and Other Investment Income (Loss)	\$ (822,428)	\$ 4	\$ —
Total Investment Income	(822,428)	4	—
Less Investment Expenses	11,013	1	—
Net Investment Income	(833,441)	3	—
<b>Contributions:</b>			
Participants	1,042,942	—	183
Total Contributions	1,042,942	—	183
Other Revenue	—	—	—
Legal Settlement Collections	—	232	—
Total Additions	209,501	235	183
<b>Deductions:</b>			
Educational Expense Benefits	527,057	—	—
Beneficiary Payments	—	—	1,763
Administrative Expenses	—	54	—
Shares Redeemed	42,077	—	—
Legal Settlement Payments to Injured Parties	—	180	—
Other Deductions	—	869	—
Total Deductions	569,134	1,103	1,763
Net Increase (Decrease) in Fiduciary Net Position	(359,633)	(868)	(1,580)
Net Position, July 1, as restated	7,318,606	5,194	6,668
Net Position, June 30	\$ 6,958,973	\$ 4,326	\$ 5,088



Miscellaneous Trust	Total
\$ —	\$ (822,424)
—	(822,424)
—	11,014
—	(833,438)
—	1,043,125
—	1,043,125
—	—
—	232
—	209,919
—	527,057
—	1,763
—	54
—	42,077
—	180
—	869
—	572,000
—	(362,081)
66	7,330,534
\$ 66	\$ 6,968,453

## Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

June 30, 2022

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
<b>Assets and Deferred Outflows of Resources</b>			
Cash and Cash Equivalents	\$ 406,317	\$ 4,524	\$ 2,883
Investments:			
Bonds and Mortgage Securities	18,473,680	203,556	129,716
Stocks	20,548,987	226,423	144,288
Fixed Income Commingled Funds	1,321,076	14,557	9,276
Index and Pooled Funds	11,713,086	129,063	82,245
Real Estate	12,740,647	140,385	89,461
Private Equity	30,174,137	332,480	211,873
Short-term Investments	4,352,572	47,960	30,562
Total Investments	99,324,185	1,094,424	697,421
Receivables, Net:			
Contributions	243,439	1,567	935
Interest and Dividends	213,257	2,350	1,497
Security Transactions	2,058,072	22,677	14,451
Other Receivables	45,729	263	168
Total Receivables	2,560,497	26,857	17,051
Due from Internal Parties (Governmental Funds and Business-type Activities)	29,880	191	112
Due from Component Units	31,987	—	—
Property, Plant, Furniture, Equipment, and Intangibles	32,381	—	—
Total Assets	102,385,247	1,125,996	717,467
<b>Deferred Outflows of Resources</b>			
Total Assets and Deferred Outflows of Resources	102,385,247	1,125,996	717,467
<b>Liabilities and Deferred Inflows of Resources</b>			
Accounts Payable	30,287	238	152
Due to Internal Parties (Governmental Funds and Business-type Activities)	250	—	—
Obligations Under Securities Lending	4,305,023	47,436	30,228
Other Liabilities	11,584	90	57
Retirement Benefits Payable	460,629	5,769	3,887
Refunds Payable	4,192	—	—
Compensated Absences Payable	4,328	—	—
Insurance Premiums and Claims Payable	—	—	—
Payable for Security Transactions	3,728,180	41,080	26,178
Lease Liabilities	4,336	—	—
Total Liabilities	8,548,809	94,613	60,502
<b>Deferred Inflows of Resources</b>			
Total Liabilities and Deferred Inflows of Resources	8,548,809	94,613	60,502
<b>Net Position Restricted for</b>			
Pensions	93,836,438	1,031,383	656,965
Other Employment Benefits	—	—	—
Total Net Position Restricted for Pensions and Other Employment Benefits	\$ 93,836,438	\$ 1,031,383	\$ 656,965

Virginia Law Officers' Retirement System	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program	Total
\$ 8,074	\$ 2,138	\$ 11,129	\$ 2,600	\$ 31	\$ 64	\$ 437,760
363,284	96,210	500,755	116,996	1,416	2,903	19,888,516
404,096	107,018	557,009	130,139	1,576	3,230	22,122,766
25,979	6,879	35,810	8,367	101	208	1,422,253
230,338	61,001	317,500	74,180	898	1,841	12,610,152
250,545	66,352	345,353	80,688	977	2,003	13,716,411
593,374	157,145	817,913	191,096	2,314	4,743	32,485,075
85,593	22,668	117,983	27,566	335	684	4,685,923
1,953,209	517,273	2,692,323	629,032	7,617	15,612	106,931,096
2,862	12,180	18,412	713	—	767	280,875
4,194	1,111	5,781	1,351	16	34	229,591
40,472	10,718	55,787	13,034	158	323	2,215,692
470	197	648	9,357	10	16	56,858
47,998	24,206	80,628	24,455	184	1,140	2,783,016
348	1,479	2,235	85	—	92	34,422
847	4,565	4,428	882	—	—	42,709
—	—	—	—	—	—	32,381
2,010,476	549,661	2,790,743	657,054	7,832	16,908	110,261,384
—	—	—	—	—	—	—
2,010,476	549,661	2,790,743	657,054	7,832	16,908	110,261,384
424	14,978	953	3,211	316	376	50,935
—	—	—	—	—	—	250
84,658	22,420	116,694	27,264	330	677	4,634,730
160	42	221	52	1	1	12,208
10,878	—	—	—	—	—	481,163
—	480	—	—	—	—	4,672
—	—	—	—	—	—	4,328
—	—	103,829	—	—	—	103,829
73,315	19,416	101,057	23,611	285	586	4,013,708
—	—	—	—	—	—	4,336
169,435	57,336	322,754	54,138	932	1,640	9,310,159
—	—	—	—	—	—	—
169,435	57,336	322,754	54,138	932	1,640	9,310,159
1,841,041	—	—	—	—	—	97,365,827
—	492,325	2,467,989	602,916	6,900	15,268	3,585,398
\$ 1,841,041	\$ 492,325	\$ 2,467,989	\$ 602,916	\$ 6,900	\$ 15,268	\$ 100,951,225

## Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
<b>Additions:</b>			
<b>Investment Income:</b>			
Interest, Dividends, and Other Investment Income (Loss)	\$ 459,874	\$ 5,376	\$ 3,544
<b>Total Investment Income</b>	<b>459,874</b>	<b>5,376</b>	<b>3,544</b>
Less Investment Expenses	574,305	6,279	4,021
<b>Net Investment Income</b>	<b>(114,431)</b>	<b>(903)</b>	<b>(477)</b>
<b>Contributions:</b>			
Member	933,434	7,131	2,033
Employer	2,947,316	47,452	30,266
Non-employer	442,371	—	—
<b>Total Contributions</b>	<b>4,323,121</b>	<b>54,583</b>	<b>32,299</b>
Other Revenue	1,976	—	97
<b>Total Additions</b>	<b>4,210,666</b>	<b>53,680</b>	<b>31,919</b>
<b>Deductions:</b>			
Retirement Benefits	5,480,190	71,465	47,678
Refunds to Former Members	123,414	378	41
Retiree Health Insurance Credits	—	—	—
Insurance Premiums and Claims	—	—	—
Administrative Expenses	58,703	602	386
Other Expenses	679	—	—
Long-term Disability Benefits	—	—	—
<b>Total Deductions</b>	<b>5,662,986</b>	<b>72,445</b>	<b>48,105</b>
Net Increase in Fiduciary Net Position	(1,452,320)	(18,765)	(16,186)
Net Position, July 1	95,288,758	1,050,148	673,151
Net Position, June 30	\$ 93,836,438	\$ 1,031,383	\$ 656,965

Virginia Law Officers' Retirement System	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program	Total
\$ 9,525	\$ 1,332	\$ 10,284	\$ 3,150	\$ 351	\$ (29)	\$ 493,407
9,525	1,332	10,284	3,150	351	(29)	493,407
11,191	2,638	15,519	3,657	89	83	617,782
(1,666)	(1,306)	(5,235)	(507)	262	(112)	(124,375)
17,276	—	174,318	—	—	—	1,134,192
93,847	216,882	126,818	28,249	13,770	7,671	3,512,271
—	12,013	21,284	—	—	—	475,668
111,123	228,895	322,420	28,249	13,770	7,671	5,122,131
—	—	—	798	652	—	3,523
109,457	227,589	317,185	28,540	14,684	7,559	5,001,279
129,974	—	—	—	—	—	5,729,307
6,284	—	—	—	—	—	130,117
—	179,043	—	—	—	—	179,043
—	—	258,997	—	14,112	—	273,109
1,074	786	1,184	483	980	186	64,384
8	16	2,089	188	—	—	2,980
—	—	—	36,872	—	3,861	40,733
137,340	179,845	262,270	37,543	15,092	4,047	6,419,673
(27,883)	47,744	54,915	(9,003)	(408)	3,512	(1,418,394)
1,868,924	444,581	2,413,074	611,919	7,308	11,756	102,369,619
\$ 1,841,041	\$ 492,325	\$ 2,467,989	\$ 602,916	\$ 6,900	\$ 15,268	\$ 100,951,225

**Combining Statement of Fiduciary Net Position – Custodial Funds - External Investment Pool**

June 30, 2022

(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
<b>Assets and Deferred Outflows of Resources</b>		
Cash and Cash Equivalents	\$ 3,512,508	\$ 3,512,508
Investments:		
Bonds and Mortgage Securities	229,377	229,377
Short-term Investments	4,770,028	4,770,028
Total Investments	4,999,405	4,999,405
Receivables, Net:		
Interest and Dividends	6,438	6,438
Total Receivables	6,438	6,438
Total Assets	8,518,351	8,518,351
<b>Deferred Outflows of Resources</b>	—	—
Total Assets and Deferred Outflows of Resources	8,518,351	8,518,351
<b>Liabilities and Deferred Inflows of Resources</b>		
Total Liabilities	2	2
<b>Deferred Inflows of Resources</b>	—	—
Total Liabilities and Deferred Inflows of Resources	2	2
Net Position Restricted for Pool Participants	<u>\$ 8,518,349</u>	<u>\$ 8,518,349</u>

**Combining Statement of Changes in Fiduciary Net Position - Custodial Funds - External Investment Pool**

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
<b>Additions:</b>		
<b>Investment Income:</b>		
Interest, Dividends, and Other Investment Income	\$ 13,694	\$ 13,694
<b>Total Investment Income</b>	<b>13,694</b>	<b>13,694</b>
Less Investment Expenses	877	877
<b>Net Investment Income</b>	<b>12,817</b>	<b>12,817</b>
Shares Sold	10,101,709	10,101,709
<b>Reinvested Distributions</b>	<b>13,052</b>	<b>13,052</b>
Total Additions	10,127,578	10,127,578
<b>Deductions:</b>		
Shares Redeemed	9,348,692	9,348,692
<b>Distributions to Shareholders from Net Investment Income</b>	<b>12,817</b>	<b>12,817</b>
Total Deductions	9,361,509	9,361,509
<b>Net Increase in Fiduciary Net Position</b>	<b>766,069</b>	<b>766,069</b>
Net Position, July 1	7,752,280	7,752,280
<b>Net Position, June 30</b>	<b>\$ 8,518,349</b>	<b>\$ 8,518,349</b>

## Combining Statement of Fiduciary Net Position – Custodial Funds - Other

June 30, 2022

(Dollars in Thousands)

	Collection of Taxes and Fees	Deposits of Insurance Carriers	Inmate and Ward	Child Support Collection
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents	\$ 181,202	\$ —	\$ 30,287	\$ 13,126
Investments:				
Bonds and Mortgage Securities	—	—	—	—
Stocks	—	—	—	—
Fixed Income Commingled Funds	—	—	—	—
Index and Pooled Funds	—	—	—	—
Real Estate	—	—	—	—
Private Equity	—	—	—	—
Short-term Investments	—	—	—	—
Total Investments	—	—	—	—
Assets Held Pending Distribution	—	473,937	—	—
Receivables, Net:				
Accounts	1	—	86	—
Interest and Dividends	—	—	—	—
Security Transactions	—	—	—	—
Taxes	185,425	—	—	—
Other Receivables	—	—	1	—
Total Receivables	185,426	—	87	—
Due from Internal Parties (Governmental and Business-type Activities)	6	—	234	—
Other Assets	—	—	—	—
Total Assets	366,634	473,937	30,608	13,126
<b>Deferred Outflows of Resources</b>				
Total Assets and Deferred Outflows of Resources	366,634	473,937	30,608	13,126
<b>Liabilities and Deferred Inflows of Resources</b>				
Accounts Payable	—	—	3,417	6
Amounts Due to Other Governments	363,709	—	—	—
Due to Internal Parties (Governmental Funds and Business-type Activities)	80	—	353	—
Obligations Under Securities Lending Program	158	—	—	—
Due to Claimants, Participants, Escrows and Providers	—	—	107	—
Other Liabilities	1,052	—	422	—
Compensated Absences Payable	—	—	—	—
Insurance Premiums and Claims Payable	—	—	—	—
Payable for Security Transactions	—	—	—	—
Total Liabilities	364,999	—	4,299	6
<b>Deferred Inflows of Resources</b>				
Total Liabilities and Deferred Inflows of Resources	364,999	—	4,299	6
Net Position Restricted for Individuals, Organizations, and Other Governments	\$ 1,635	\$ 473,937	\$ 26,309	\$ 13,120



Behavioral Health Patient	Wilson Workforce Rehabilitation Center	Third Party Administrator	Virginia Veterans' Care Center Resident	Volunteer Firefighters and Rescue Squad Workers	VRS Investment Portfolio	Total
\$ 1,171	\$ 6	\$ 11,016	\$ 490	\$ 65	\$ 56	\$ 237,419
—	—	—	—	1,064	12,515	13,579
—	—	—	—	1,184	13,920	15,104
—	—	—	—	76	895	971
—	—	—	—	675	7,935	8,610
—	—	—	—	733	8,631	9,364
—	—	—	—	1,738	20,441	22,179
—	—	—	—	270	3,170	3,440
—	—	—	—	5,740	67,507	73,247
—	—	—	—	—	—	473,937
—	—	—	—	—	—	87
—	—	—	—	11	145	156
—	—	—	—	119	1,394	1,513
—	—	—	—	—	—	185,425
—	—	—	—	1	16	18
—	—	—	—	131	1,555	187,199
—	—	—	—	—	—	240
—	—	2	—	—	—	2
1,171	6	11,018	490	5,936	69,118	972,044
—	—	—	—	—	—	—
1,171	6	11,018	490	5,936	69,118	972,044
—	—	2	—	1	15	3,441
—	—	—	—	—	—	363,709
—	—	—	—	—	—	433
—	—	1,050	—	248	2,916	4,372
—	—	—	—	—	—	107
—	—	1	—	—	6	1,481
—	—	3	—	—	—	3
—	—	69	—	—	—	69
—	—	—	—	215	2,525	2,740
—	—	1,125	—	464	5,462	376,355
—	—	—	—	—	—	—
—	—	1,125	—	464	5,462	376,355
\$ 1,171	\$ 6	\$ 9,893	\$ 490	\$ 5,472	\$ 63,656	\$ 595,689

## Combining Statement of Changes in Fiduciary Net Position – Custodial Funds - Other

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Collection of Taxes and Fees	Deposits of Insurance Carriers	Inmate and Ward	Child Support Collection
<b>Additions:</b>				
<b>Investment Income:</b>				
Interest, Dividends, and Other Investment Income	\$ 3	\$ —	\$ —	\$ —
<b>Total Investment Income</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>
Less Investment Expenses	—	—	—	—
<b>Net Investment Income</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Contributions:</b>				
Member	—	—	—	—
Employer	—	—	—	—
<b>Total Contributions</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Other Revenue	—	10,615	—	—
Sales Tax Collections for Other Governments	1,682,687	—	—	—
Child Support Collections	—	—	—	595,695
Collections for Inmates and Wards	—	—	4,490	—
Collections for Behavioral Health Patients	—	—	—	—
Collateral Received and Related Additions	—	281,470	—	—
Fee Collections for Other Governments	10,500	—	—	—
Collections for Veterans' Care Center Residents	—	—	—	—
Other Additions	6,133	—	—	—
<b>Total Additions</b>	<b>1,699,323</b>	<b>292,085</b>	<b>4,490</b>	<b>595,695</b>
<b>Deductions:</b>				
Refunds to Former Members	—	—	—	—
Administrative Expenses	630	—	—	—
Other Expenses	—	—	—	—
Sales Tax Payments to Other Governments	1,682,603	—	—	—
Child Support Payments to Individuals	—	—	—	601,095
Payments for Inmates and Wards	—	—	11,343	—
Payments for Behavioral Health Patients	—	—	—	—
Collateral Disbursed and Related Deductions	—	286,575	—	—
Fee Payments to Other Governments	10,017	—	—	—
Payments for Veterans' Care Center Residents	—	—	—	—
Other Deductions	6,213	—	—	—
<b>Total Deductions</b>	<b>1,699,463</b>	<b>286,575</b>	<b>11,343</b>	<b>601,095</b>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>(140)</b>	<b>5,510</b>	<b>(6,853)</b>	<b>(5,400)</b>
Net Position, July 1	1,775	468,427	33,162	18,520
<b>Net Position, June 30</b>	<b>\$ 1,635</b>	<b>\$ 473,937</b>	<b>\$ 26,309</b>	<b>\$ 13,120</b>

Behavioral Health Patient	Wilson Workforce Rehabilitation Center	Third Party Administrator	Virginia Veterans' Care Center Resident	Volunteer Firefighters and Rescue Squad Workers	VRS Investment Portfolio	Total
\$ —	\$ —	\$ 22	\$ —	\$ 26	\$ 3,256	\$ 3,307
—	—	22	—	26	3,256	3,307
—	—	3	—	33	3,077	3,113
—	—	19	—	(7)	179	194
—	—	—	—	25	—	25
—	—	—	—	89	807	896
—	—	—	—	114	807	921
—	—	—	—	—	5,514	16,129
—	—	—	—	—	—	1,682,687
—	—	—	—	—	—	595,695
—	—	—	—	—	—	4,490
1,768	—	—	—	—	—	1,768
—	—	—	—	—	—	281,470
—	—	—	—	—	—	10,500
—	—	—	1,436	—	—	1,436
—	1	92	—	—	—	6,226
1,768	1	111	1,436	107	6,500	2,601,516
—	—	—	—	—	1,768	1,768
—	—	43	—	—	—	673
—	—	—	—	91	—	91
—	—	—	—	—	—	1,682,603
—	—	—	—	—	—	601,095
—	—	—	—	—	—	11,343
2,135	—	—	—	—	—	2,135
—	—	—	—	—	—	286,575
—	—	—	—	—	—	10,017
—	—	—	1,265	—	—	1,265
—	2	1	—	—	—	6,216
2,135	2	44	1,265	91	1,768	2,603,781
(367)	(1)	67	171	16	4,732	(2,265)
1,538	7	9,826	319	5,456	58,924	597,954
\$ 1,171	\$ 6	\$ 9,893	\$ 490	\$ 5,472	\$ 63,656	\$ 595,689

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## Nonmajor Component Units

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*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'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
- Longwood University
- Southwest Virginia Higher Education Center
- Roanoke Higher Education Authority
- Institute for Advanced Learning and Research
- Southern Virginia Higher Education Center
- New College Institute

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**The Virginia Innovation Partnership Authority** supports the life cycle of innovation, including research, development, and commercialization, as well as related investment and seed-stage funding, in the Commonwealth.

**The Virginia Economic Development Partnership** works to enhance and increase the Commonwealth's commerce and trade, both domestically and internationally.

**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 ports.

**The Virginia Passenger Rail Authority** promotes, sustains, and expands the availability of passenger and commuter rail service in the Commonwealth.

**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 Region Revitalization Commission** determines the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund.

**The Hampton Roads Sanitation District Commission** operates a wastewater treatment system for 20 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 inspire visitors to enrich their lives through science.

**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 Fort Monroe Authority** assists in implementing a reuse plan for Fort Monroe.

**The Assistive Technology Loan Fund Authority** provides assistance with loans for the purchase of assistive technology or other equipment to enable Virginians with disabilities to become more independent.

**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** leads statewide policy and programmatic efforts that recruit, train, and retain Virginia's health care workforce.

## Combining Statement of Net Position – Nonmajor Component Units

June 30, 2022

(Dollars in Thousands)

	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Commonwealth University	The College of William and Mary
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents	\$ 649,570	\$ 303,057	\$ 376,486	\$ 122,793
Investments	11,965,370	901,556	2,168,765	626,349
Receivables, Net	813,461	131,143	714,460	24,077
Contributions Receivable, Net	189,876	199,120	22,686	42,603
Due from Primary Government	18,767	2,424	7,212	3,167
Due from Component Units	8	28,765	12,823	25,218
Inventory	55,279	17,967	52,143	771
Prepaid Items	43,499	14,532	39,213	5,990
Other Assets	22,988	19,381	67,916	2,309
Restricted Cash and Cash Equivalents	704,012	125,655	109,184	27,879
Restricted Investments	2,256,564	1,151,816	858,726	633,099
Other Restricted Assets	86,169	24,007	43,674	215,112
Nondepreciable Capital Assets	669,433	608,560	724,436	297,727
Other Capital Assets, Net	4,749,066	2,087,722	2,475,285	806,629
<b>Total Assets</b>	<b>22,224,062</b>	<b>5,615,705</b>	<b>7,673,009</b>	<b>2,833,723</b>
<b>Deferred Outflows of Resources</b>	<b>167,781</b>	<b>108,600</b>	<b>129,601</b>	<b>33,513</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>22,391,843</b>	<b>5,724,305</b>	<b>7,802,610</b>	<b>2,867,236</b>
<b>Liabilities and Deferred Inflows of Resources</b>				
Accounts Payable	557,921	180,295	301,707	59,039
Amounts Due to Other Governments	—	—	—	—
Due to Primary Government	—	5,237	4,425	1,597
Due to External Parties (Fiduciary Funds)	7,566	7,477	11,399	1,423
Unearned Revenue	106,391	74,654	83,802	17,210
Obligations Under Securities Lending Program	—	—	—	332
Other Liabilities	698,014	126,587	254,948	5,796
Claims Payable:				
Due Within One Year	11,141	—	7,400	—
Due in More Than One Year	—	—	34,160	—
Long-term Liabilities:				
Due Within One Year	201,077	79,774	141,044	37,754
Due in More Than One Year	4,609,808	1,149,021	1,577,166	511,255
<b>Total Liabilities</b>	<b>6,191,918</b>	<b>1,623,045</b>	<b>2,416,051</b>	<b>634,406</b>
<b>Deferred Inflows of Resources</b>	<b>514,391</b>	<b>262,078</b>	<b>282,645</b>	<b>80,973</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>6,706,309</b>	<b>1,885,123</b>	<b>2,698,696</b>	<b>715,379</b>
<b>Net Position</b>				
Net Investment in Capital Assets	2,478,025	2,002,304	2,238,871	797,768
Restricted For:				
Nonexpendable:				
Higher Education	2,408,955	795,966	461,969	754,680
Other	—	—	—	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	—	—	—	—
Debt Service	—	—	—	—
Gifts and Grants	—	—	—	—
Higher Education	6,089,582	760,846	667,735	553,526
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	19,742	9,839	13,945	3,517
Other	—	—	—	—
Unrestricted	4,689,230	270,227	1,721,394	42,366
<b>Total Net Position (Deficit)</b>	<b>\$ 15,685,534</b>	<b>\$ 3,839,182</b>	<b>\$ 5,103,914</b>	<b>\$ 2,151,857</b>

Virginia Military Institute	Virginia State University	Norfolk State University	University of Mary Washington	James Madison University	Radford University	Old Dominion University	George Mason University
\$ 52,629	\$ 89,023	\$ 67,691	\$ 41,098	\$ 333,931	\$ 182,509	\$ 189,123	\$ 811,013
123,578	1,220	68,587	—	25,910	8,293	45,018	5,776
2,653	11,232	8,897	2,691	24,350	3,995	114,374	123,892
16,182	—	4,021	649	14,212	3,254	26,972	33,463
10,546	8,978	13,075	6,216	3,172	2,178	10,120	2,113
6,295	1,393	157	675	2,338	4,007	930	16,170
8,555	—	—	149	1,106	527	501	1,116
1,601	893	2,845	1,553	11,214	15,634	11,379	12,950
193	—	401	1,445	76	—	376	4,948
2,050	7,563	7,358	6,162	52	11	66,067	38,946
536,623	73,540	16,296	54,474	135,673	68,744	352,322	250,102
6,880	2,832	2,858	1,330	14,643	5,374	8,393	22,664
63,211	30,636	15,191	40,597	107,019	54,235	110,155	96,241
371,085	255,515	286,111	451,944	1,249,596	354,854	757,340	1,233,110
1,202,081	482,825	493,488	608,983	1,923,292	703,615	1,693,070	2,652,504
7,372	13,879	13,880	9,062	50,807	15,865	36,039	84,291
1,209,453	496,704	507,368	618,045	1,974,099	719,480	1,729,109	2,736,795
13,064	14,275	15,174	9,876	42,522	18,628	51,618	69,480
447	—	—	—	—	—	—	—
388	423	498	402	4,222	1,664	1,427	2,583
288	239	362	166	3,840	728	1,341	3,309
2,071	8,764	9,153	3,773	24,978	10,832	54,649	83,991
2,236	4,624	2,637	600	20,700	13,881	10,293	58,475
731	5,051	4,016	4,725	4,536	1,013	16,388	17,183
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
3,574	10,633	6,470	12,031	43,284	11,426	29,582	34,224
85,561	111,540	155,940	313,501	599,108	157,895	473,355	799,397
108,360	155,549	194,250	345,074	743,190	216,067	638,653	1,068,642
17,387	36,642	34,188	25,847	113,546	50,958	85,661	167,087
125,747	192,191	228,438	370,921	856,736	267,025	724,314	1,235,729
413,441	212,458	189,638	205,413	921,220	319,229	561,812	756,542
329,360	27,744	16,346	60,169	96,740	42,443	176,500	177,351
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
233,367	57,075	45,334	7,669	77,483	40,326	206,061	121,097
883	2,227	2,196	1,167	6,181	2,887	4,755	8,396
—	—	—	—	—	—	—	—
106,655	5,009	25,416	(27,294)	15,739	47,570	55,667	437,680
\$ 1,083,706	\$ 304,513	\$ 278,930	\$ 247,124	\$ 1,117,363	\$ 452,455	\$ 1,004,795	\$ 1,501,066

Continued on next page

**Combining Statement of Net Position – Nonmajor Component Units** (Continued from previous page)

June 30, 2022

(Dollars in Thousands)

	Virginia Community College System	Christopher Newport University	Longwood University	Southwest Virginia Higher Education Center
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents	\$ 355,541	\$ 54,341	\$ 38,499	\$ 3
Investments	81,676	2,969	1,000	—
Receivables, Net	36,700	2,063	2,549	3,559
Contributions Receivable, Net	11,776	10,658	2,794	—
Due from Primary Government	13,805	3,153	899	311
Due from Component Units	13,306	346	133	—
Inventory	1,541	194	581	—
Prepaid Items	18,618	3,159	1,722	—
Other Assets	—	448	22,628	—
Restricted Cash and Cash Equivalents	14,294	5,782	10,177	—
Restricted Investments	333,915	52,670	189,334	—
Other Restricted Assets	24,633	4,913	1,266	76
Nondepreciable Capital Assets	132,143	45,708	51,951	2,193
Other Capital Assets, Net	1,317,372	680,457	437,350	12,221
<b>Total Assets</b>	<b>2,355,320</b>	<b>866,861</b>	<b>760,883</b>	<b>18,363</b>
<b>Deferred Outflows of Resources</b>				
	112,761	12,986	10,233	327
<b>Total Assets and Deferred Outflows of Resources</b>	<b>2,468,081</b>	<b>879,847</b>	<b>771,116</b>	<b>18,690</b>
<b>Liabilities and Deferred Inflows of Resources</b>				
Accounts Payable	87,724	16,241	10,573	114
Amounts Due to Other Governments	1,873	—	—	—
Due to Primary Government	3,777	578	489	11
Due to External Parties (Fiduciary Funds)	3,929	267	182	11
Unearned Revenue	37,673	3,049	5,125	13
Obligations Under Securities Lending Program	66	3,722	734	—
Other Liabilities	12,163	8,832	9,580	—
<b>Claims Payable:</b>				
Due Within One Year	—	—	—	—
Due in More Than One Year	—	—	—	—
<b>Long-term Liabilities:</b>				
Due Within One Year	37,900	23,649	7,695	193
Due in More Than One Year	500,164	309,453	429,015	1,116
<b>Total Liabilities</b>	<b>685,269</b>	<b>365,791</b>	<b>463,393</b>	<b>1,458</b>
<b>Deferred Inflows of Resources</b>				
	302,639	30,612	27,610	1,054
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>987,908</b>	<b>396,403</b>	<b>491,003</b>	<b>2,512</b>
<b>Net Position</b>				
Net Investment in Capital Assets	1,316,711	436,445	209,353	14,345
<b>Restricted For:</b>				
<b>Nonexpendable:</b>				
Higher Education	140,727	35,646	58,895	—
Other	—	—	—	—
<b>Expendable:</b>				
Capital Projects/Construction/Capital Acquisition	—	—	—	—
Debt Service	—	—	—	—
Gifts and Grants	—	—	—	—
Higher Education	229,997	35,817	66,849	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	20,029	1,844	1,059	67
Other	—	—	—	—
Unrestricted	(227,291)	(26,308)	(56,043)	1,766
<b>Total Net Position (Deficit)</b>	<b>\$ 1,480,173</b>	<b>\$ 483,444</b>	<b>\$ 280,113</b>	<b>\$ 16,178</b>



Roanoke Higher Education Authority	Institute for Advanced Learning and Research	Southern Virginia Higher Education Center	New College Institute	Virginia Innovation Partnership Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation
\$ 3,258	\$ 15,206	\$ 550	\$ 637	\$ 76,204	\$ 17,245	\$ 11,436
—	2,814	—	10,046	—	—	13,514
2,540	4,731	52	123	1,112	100	1,575
24	—	—	—	—	—	—
—	—	45	497	—	—	—
—	761	1	—	—	—	—
1	—	—	—	—	—	—
77	229	—	5	188	1,575	61
527	—	—	—	—	29	—
—	183	28	—	—	—	1,334
—	—	—	1,793	—	—	275
—	1,327	152	78	—	954	—
1,662	13,662	—	—	—	—	9,755
26,382	18,871	1,230	8,729	389	20,521	2,601
34,471	57,784	2,058	21,908	77,893	40,424	40,551
109	185	674	627	—	6,282	141
34,580	57,969	2,732	22,535	77,893	46,706	40,692
149	3,335	390	574	1,222	731	289
—	—	—	—	—	—	—
—	—	24	9	—	96	—
—	—	21	7	—	—	6
—	2,512	—	—	—	157	1,500
—	—	—	—	—	—	—
—	40	—	—	332	—	—
116	118	222	56	316	3,010	177
90	39	2,494	1,134	354	30,019	593
355	6,044	3,151	1,780	2,224	34,013	2,565
3,080	967	1,857	831	—	8,938	74
3,435	7,011	5,008	2,611	2,224	42,951	2,639
28,044	30,031	1,230	8,729	(7)	1,079	12,356
—	—	—	1,793	—	—	—
—	—	—	—	—	—	61
—	—	—	—	—	—	—
—	—	—	—	—	—	—
670	923	28	—	—	—	—
—	—	133	52	—	639	—
—	—	—	—	—	—	1,235
2,431	20,004	(3,667)	9,350	75,676	2,037	24,401
\$ 31,145	\$ 50,958	\$ (2,276)	\$ 19,924	\$ 75,669	\$ 3,755	\$ 38,053

Continued on next page

**Combining Statement of Net Position – Nonmajor Component Units** (Continued from previous page)

June 30, 2022

(Dollars in Thousands)

	Virginia Port Authority	Virginia Passenger Rail Authority	Virginia Tourism Authority	Virginia Foundation for Healthy Youth
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents	\$ 233,327	\$ 376,129	\$ 52,429	\$ 27,832
Investments	346,160	29,821	—	—
Receivables, Net	154,296	11,899	140	—
Contributions Receivable, Net	—	—	—	—
Due from Primary Government	20,819	16,481	—	—
Due from Component Units	—	—	—	—
Inventory	19,743	—	—	—
Prepaid Items	4,166	1,371	379	—
Other Assets	5,726	—	1	6
Restricted Cash and Cash Equivalents	92,055	—	—	—
Restricted Investments	46,928	—	—	—
Other Restricted Assets	20,063	10	419	96
Nondepreciable Capital Assets	286,274	546,575	811	—
Other Capital Assets, Net	5,032,324	61,424	589	—
<b>Total Assets</b>	<b>6,261,881</b>	<b>1,043,710</b>	<b>54,768</b>	<b>27,934</b>
<b>Deferred Outflows of Resources</b>	<b>34,751</b>	<b>604</b>	<b>1,992</b>	<b>398</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>6,296,632</b>	<b>1,044,314</b>	<b>56,760</b>	<b>28,332</b>
<b>Liabilities and Deferred Inflows of Resources</b>				
Accounts Payable	48,514	7,505	3,168	733
Amounts Due to Other Governments	—	—	—	—
Due to Primary Government	—	16	54	12
Due to External Parties (Fiduciary Funds)	16	78	—	13
Unearned Revenue	—	95,896	—	—
Obligations Under Securities Lending Program	6,173	—	—	2,651
Other Liabilities	19,267	16,835	—	1,308
Claims Payable:				
Due Within One Year	—	—	—	—
Due in More Than One Year	—	—	—	—
Long-term Liabilities:				
Due Within One Year	45,208	125,092	459	57
Due in More Than One Year	4,872,834	4,135	6,117	1,419
<b>Total Liabilities</b>	<b>4,992,012</b>	<b>249,557</b>	<b>9,798</b>	<b>6,193</b>
<b>Deferred Inflows of Resources</b>	<b>70,897</b>	<b>92</b>	<b>4,375</b>	<b>1,008</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>5,062,909</b>	<b>249,649</b>	<b>14,173</b>	<b>7,201</b>
<b>Net Position</b>				
Net Investment in Capital Assets	429,234	479,229	1,400	—
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	—
Other	—	—	—	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	—	—	—	—
Debt Service	136,866	—	—	—
Gifts and Grants	—	—	—	—
Higher Education	—	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	17	314	75
Other	—	—	39,250	—
Unrestricted	667,623	315,419	1,623	21,056
<b>Total Net Position (Deficit)</b>	<b>\$ 1,233,723</b>	<b>\$ 794,665</b>	<b>\$ 42,587</b>	<b>\$ 21,131</b>

Tobacco Region Revitalization Commission	Hampton Roads Sanitation District Commission	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.
\$ 13,795	\$ 225,982	\$ 9,279	\$ 12,646	\$ 3,384	\$ 2,251	\$ 30,617	\$ 379
165,596	—	7,068	—	4,040	1,576	—	638
13,931	62,033	469	10,597	—	10	1,260	3
—	—	—	—	—	971	—	—
—	—	—	—	—	—	—	—
—	25,297	—	—	—	—	—	3
6	—	15	—	—	9	172	—
797	321	—	—	—	—	—	—
9,912	33,134	—	35,607	—	5,836	—	—
159,139	—	—	—	—	21,095	—	636
560	—	488	1,345	—	—	—	—
—	411,756	3,820	—	—	—	7,380	—
—	1,303,352	179	—	—	4	140,056	3,205
363,736	2,061,875	21,318	60,195	7,424	31,752	179,485	4,864
261	42,611	102	222	—	—	—	—
363,997	2,104,486	21,420	60,417	7,424	31,752	179,485	4,864
78	62,632	331	98	—	—	3,690	—
—	—	—	—	—	—	—	—
10	—	—	—	—	1,749	—	—
6	—	—	6	—	—	—	—
—	—	8	—	—	392	12	—
566	—	—	1,419	—	—	—	—
3,847	16,213	9	389	—	—	9	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
40	130,002	59	2	—	—	271	—
976	799,095	51	927	—	—	1,708	—
5,523	1,007,942	458	2,841	—	2,141	5,690	—
715	37,060	338	421	—	—	1,030	—
6,238	1,045,002	796	3,262	—	2,141	6,720	—
—	832,427	3,999	—	—	4	145,458	3,205
—	—	—	—	—	—	—	—
—	—	—	—	—	8,000	—	254
167,509	—	—	—	—	1,373	—	—
—	33,134	—	—	—	—	—	—
—	—	—	39,561	—	16,757	—	382
—	—	—	—	—	—	—	—
50	—	1	31	—	—	—	—
—	—	3,802	5,352	—	—	11,321	—
190,200	193,923	12,822	12,211	7,424	3,477	15,986	1,023
\$ 357,759	\$ 1,059,484	\$ 20,624	\$ 57,155	\$ 7,424	\$ 29,611	\$ 172,765	\$ 4,864

Continued on next page

**Combining Statement of Net Position – Nonmajor Component Units** (Continued from previous page)

June 30, 2022

(Dollars in Thousands)

	Virginia Museum of Fine Arts Foundation	A. L. Philpott Manufacturing Extension Partnership	Fort Monroe Authority	Assistive Technology Loan Fund Authority
<b>Assets and Deferred Outflows of Resources</b>				
Cash and Cash Equivalents	\$ 10,192	\$ 274	\$ 5,493	\$ 3,979
Investments	28,343	—	—	—
Receivables, Net	4,290	751	15,330	3,553
Contributions Receivable, Net	6,787	—	—	—
Due from Primary Government	—	—	—	—
Due from Component Units	—	—	—	—
Inventory	—	—	—	—
Prepaid Items	25	—	344	—
Other Assets	4,310	—	—	—
Restricted Cash and Cash Equivalents	18,826	—	820	—
Restricted Investments	229,318	—	—	—
Other Restricted Assets	—	—	124	—
Nondepreciable Capital Assets	1,453	—	60	—
Other Capital Assets, Net	3,082	541	347	—
<b>Total Assets</b>	<b>306,626</b>	<b>1,566</b>	<b>22,518</b>	<b>7,532</b>
<b>Deferred Outflows of Resources</b>	<b>—</b>	<b>—</b>	<b>640</b>	<b>—</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>306,626</b>	<b>1,566</b>	<b>23,158</b>	<b>7,532</b>
<b>Liabilities and Deferred Inflows of Resources</b>				
Accounts Payable	208	379	999	—
Amounts Due to Other Governments	—	—	—	—
Due to Primary Government	—	—	17	—
Due to External Parties (Fiduciary Funds)	—	—	29	—
Unearned Revenue	—	72	124	—
Obligations Under Securities Lending Program	—	—	—	—
Other Liabilities	1,882	—	337	—
Claims Payable:				
Due Within One Year	—	—	—	—
Due in More Than One Year	—	—	—	—
Long-term Liabilities:				
Due Within One Year	623	159	111	3
Due in More Than One Year	47,636	695	1,633	—
<b>Total Liabilities</b>	<b>50,349</b>	<b>1,305</b>	<b>3,250</b>	<b>3</b>
<b>Deferred Inflows of Resources</b>	<b>—</b>	<b>—</b>	<b>15,438</b>	<b>—</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>50,349</b>	<b>1,305</b>	<b>18,688</b>	<b>3</b>
<b>Net Position</b>				
Net Investment in Capital Assets	310	4	406	—
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	—
Other	170,421	—	494	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	7,377	—	—	—
Debt Service	—	—	—	—
Gifts and Grants	94,743	—	—	59
Higher Education	—	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	—	95	—
Other	—	—	—	—
Unrestricted	(16,574)	257	3,475	7,470
<b>Total Net Position (Deficit)</b>	<b>\$ 256,277</b>	<b>\$ 261</b>	<b>\$ 4,470</b>	<b>\$ 7,529</b>

Virginia Land Conservation Foundation	Virginia Arts Foundation	Library of Virginia Foundation	Virginia Health Workforce Development Authority	Total Nonmajor Component Units
\$ 21,855	\$ 139	\$ 506	\$ 122	\$ 4,822,453
—	—	1,394	—	16,637,077
—	—	—	—	2,308,891
—	—	350	—	586,398
—	—	—	—	143,978
—	—	—	—	113,326
—	—	56	—	185,530
—	—	11	—	193,435
—	—	—	—	154,826
—	1,319	—	—	1,324,246
—	—	3,425	—	7,426,507
—	—	—	—	490,440
—	—	—	—	4,332,644
—	—	12	—	24,149,495
21,855	1,458	5,754	122	62,869,246
—	—	—	—	896,596
21,855	1,458	5,754	122	63,765,842
5	—	15	33	1,583,329
—	—	—	—	2,320
—	—	—	—	29,708
—	—	—	—	42,709
—	—	64	—	626,865
2,083	139	—	—	131,331
—	—	6	—	1,230,037
—	—	—	—	18,541
—	—	—	—	34,160
—	—	—	—	986,411
—	—	4	—	17,555,248
2,088	139	89	33	22,240,659
—	—	—	—	2,180,439
2,088	139	89	33	24,421,098
—	—	12	—	15,050,725
—	—	—	—	5,585,284
—	1,319	1,824	—	182,373
—	—	—	—	176,259
—	—	—	—	170,000
—	—	1,898	—	153,400
—	—	—	—	9,194,385
—	—	—	—	100,141
—	—	—	—	60,960
19,767	—	1,931	89	8,671,217
\$ 19,767	\$ 1,319	\$ 5,665	\$ 89	\$ 39,344,744

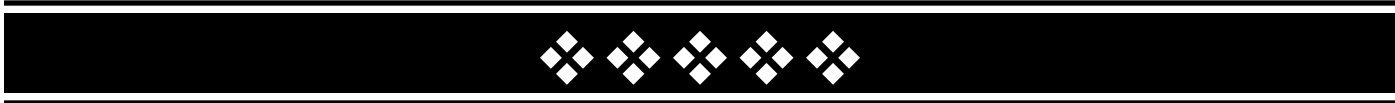
## Combining Statement of Activities – Nonmajor Component Units

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue
<b>Higher Education</b>					
University of Virginia	\$ 5,012,151	\$ 3,734,255	\$ 387,068	\$ 188,676	\$ (702,152)
Virginia Polytechnic Institute and State University	1,775,524	989,479	540,150	168,248	(77,647)
Virginia Commonwealth University	4,029,533	3,273,363	352,473	89,540	(314,157)
The College of William and Mary	543,147	320,578	42,822	97,206	(82,541)
Virginia Military Institute	114,672	54,548	25,070	39,858	4,804
Virginia State University	189,835	63,210	56,079	11,817	(58,729)
Norfolk State University	225,136	69,524	65,174	10,193	(80,245)
University of Mary Washington	128,949	65,563	1,435	22,163	(39,788)
James Madison University	619,773	433,581	67,377	11,459	(107,356)
Radford University	267,099	128,056	54,571	21,154	(63,318)
Old Dominion University	583,738	259,881	192,363	20,781	(110,713)
George Mason University	1,159,364	603,149	337,096	41,331	(177,788)
Virginia Community College System	1,385,694	313,772	559,995	42,066	(469,861)
Christopher Newport University	175,607	104,236	18,158	7,794	(45,419)
Longwood University	165,751	76,938	26,291	12,362	(50,160)
Southwest Virginia Higher Education Center	3,753	1,466	85	994	(1,208)
Roanoke Higher Education Authority	5,040	1,403	155	539	(2,943)
Institute for Advanced Learning and Research	18,498	14,179	317	16,260	12,258
Southern Virginia Higher Education Center	6,180	542	914	—	(4,724)
New College Institute	4,167	257	507	—	(3,403)
Total Higher Education	16,413,611	10,507,980	2,728,100	802,441	(2,375,090)
<b>Other Nonmajor Component Units</b>					
Virginia Innovation Partnership Authority	52,625	4,474	235	—	(47,916)
Virginia Economic Development Partnership	41,802	429	1,421	—	(39,952)
Virginia Outdoors Foundation	8,170	5,680	2,632	—	142
Virginia Port Authority	831,688	893,046	25,077	20,289	106,724
Virginia Passenger Rail Authority	81,461	52,356	—	—	(29,105)
Virginia Tourism Authority	35,225	796	52,349	—	17,920
Virginia Foundation for Healthy Youth	11,049	—	416	—	(10,633)
Tobacco Region Revitalization Commission	19,959	—	5	—	(19,954)
Hampton Roads Sanitation District Commission	259,496	365,018	—	2,737	108,259
Virginia Biotechnology Research Partnership Authority	3,782	1,470	—	2,105	(207)
Virginia Small Business Financing Authority	1,715	2,799	7	—	1,091
Virginia School for the Deaf and Blind Foundation	296	—	—	—	(296)
Science Museum of Virginia Foundation	3,848	—	(1,634)	1	(5,481)
Virginia Commercial Space Flight Authority	36,204	3,180	7,919	6,448	(18,657)
Danville Science Center, Inc.	335	16	(63)	—	(382)
Virginia Museum of Fine Arts Foundation	30,496	151	(50,506)	—	(80,851)
A. L. Philpott Manufacturing Extension Partnership	8,301	3,649	3,055	—	(1,597)
Fort Monroe Authority	13,135	7,304	—	385	(5,446)
Assistive Technology Loan Fund Authority	515	—	1	—	(514)
Virginia Land Conservation Foundation	9,044	—	2,179	—	(6,865)
Virginia Arts Foundation	11	26	47	—	62
Library of Virginia Foundation	864	131	(409)	—	(1,142)
Virginia Health Workforce Development Authority	1,501	—	1,562	—	61
Total Other Nonmajor	1,451,522	1,340,525	44,293	31,965	(34,739)
Total Nonmajor Component Units	\$ 17,865,133	\$ 11,848,505	\$ 2,772,393	\$ 834,406	\$ (2,409,829)

General Revenues								
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings (Loss)	Miscellaneous	Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1, as restated	Net Position (Deficit) June 30	
\$ 214,474	\$ 37,083	\$ (292,527)	\$ 86,049	\$ 139,133	\$ (517,940)	\$ 16,203,474	\$ 15,685,534	
326,475	14,255	(55,925)	33,595	53,293	294,046	3,545,136	3,839,182	
289,929	6,993	(210,687)	27,035	21,281	(179,606)	5,283,520	5,103,914	
105,204	13,209	(13,769)	27,192	31,022	80,317	2,071,540	2,151,857	
21,288	—	(38,902)	645	11,011	(1,154)	1,084,860	1,083,706	
71,742	6,021	(10,822)	1,812	1,342	11,366	293,147	304,513	
86,827	861	10,375	1,785	9,185	28,788	250,142	278,930	
44,685	2,487	1,071	105	5,802	14,362	232,762	247,124	
149,260	1,082	(5,823)	3,197	4,993	45,353	1,072,010	1,117,363	
83,967	203	(2,111)	2,652	1,729	23,122	429,333	452,455	
219,506	—	40,626	—	9,637	159,056	845,739	1,004,795	
256,556	7,523	(3,105)	3,060	3,061	89,307	1,411,759	1,501,066	
557,978	165	(19)	44,291	10,555	143,109	1,337,064	1,480,173	
49,149	270	(5,673)	482	3,044	1,853	481,591	483,444	
42,471	2,274	16,897	12,228	2,742	26,452	253,661	280,113	
3,366	—	—	—	—	2,158	14,020	16,178	
1,791	28	7	—	51	(1,066)	32,211	31,145	
6,510	—	(227)	17	—	18,558	32,400	50,958	
4,458	368	—	—	—	102	(2,378)	(2,276)	
2,945	1	(1,217)	1	25	(1,648)	21,572	19,924	
2,538,581	92,823	(571,831)	244,146	307,906	236,535	34,893,563	35,130,098	
41,495	—	2,023	22	—	(4,376)	80,045	75,669	
45,939	—	50	145	—	6,182	(2,427)	3,755	
4,253	87	(148)	—	—	4,334	33,719	38,053	
57,821	—	(1,881)	480	—	163,144	1,070,579	1,233,723	
—	357,412	576	—	—	328,883	465,782	794,665	
23,663	—	131	28	—	41,742	845	42,587	
900	12,865	43	7	—	3,182	17,949	21,131	
—	—	(18,978)	2,468	—	(36,464)	394,223	357,759	
—	—	(1,651)	2,052	—	108,660	950,824	1,059,484	
—	—	(435)	(2,052)	—	(2,694)	23,318	20,624	
—	—	86	364	—	1,541	55,614	57,155	
—	54	878	50	—	686	6,738	7,424	
—	1,580	(106)	—	3,434	(573)	30,184	29,611	
23,904	90	—	211	—	5,548	167,217	172,765	
—	75	(71)	—	203	(175)	5,039	4,864	
—	13,271	(7,746)	4,733	19,496	(51,097)	307,374	256,277	
1,253	—	—	—	—	(344)	605	261	
6,295	—	—	675	—	1,524	2,946	4,470	
—	—	201	—	—	(313)	7,842	7,529	
10,000	—	—	—	—	3,135	16,632	19,767	
—	—	2	—	—	64	1,255	1,319	
—	1,136	(251)	—	1,174	917	4,748	5,665	
—	—	—	—	—	61	28	89	
215,523	386,570	(27,277)	9,183	24,307	573,567	3,641,079	4,214,646	
\$ 2,754,104	\$ 479,393	\$ (599,108)	\$ 253,329	\$ 332,213	\$ 810,102	\$ 38,534,642	\$ 39,344,744	





# 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,				
	2022	2021	2020	2019	2018
<b>Tax-Supported Debt:</b>					
<b>Primary Government:</b>					
General Obligation Bonds (1):					
Section 9(b) Bonds (2)	\$ 225,600	\$ 278,221	\$ 330,934	\$ 401,873	\$ 457,764
Section 9(c) Bonds (2)	5,664	6,640	10,666	14,628	18,764
Subtotal - General Obligation Bonds	231,264	284,861	341,600	416,501	476,528
Nongeneral Obligation Debt:					
Section 9(d) Bonds (2)	6,518,374	6,133,638	5,842,140	5,830,241	5,538,920
Other Long-term Debt and Obligations (3)	4,604,382	6,803,664	6,165,536	5,694,821	6,109,393
Total Primary Government	11,354,020	13,222,163	12,349,276	11,941,563	12,124,841
<b>Component Units:</b>					
General Obligation Bonds (1):					
Section 9(c) Bonds (2)	912,817	955,729	886,837	893,106	836,874
Subtotal - General Obligation Bonds	912,817	955,729	886,837	893,106	836,874
Nongeneral Obligation Bonds:					
Section 9(d) Bonds (2)	5,600,244	5,329,127	4,617,976	4,815,106	4,567,143
Other Long-term Debt (3)	3,323,306	4,847,537	4,431,713	4,066,538	4,350,598
Total Component Units	9,836,367	11,132,393	9,936,526	9,774,750	9,754,615
<b>Total Tax-Supported Debt</b>	<b>21,190,387</b>	<b>24,354,556</b>	<b>22,285,802</b>	<b>21,716,313</b>	<b>21,879,456</b>
<b>Debt Not Supported by Taxes:</b>					
<b>Primary Government:</b>					
Total Primary Government (2)	6,046,949	4,914,220	4,237,848	4,018,547	4,181,040
<b>Component Units:</b>					
Section 9(d) Moral Obligation Bonds (2)	929,911	914,377	933,279	926,540	927,834
Section 9(d) Other Debt (2)	15,834,374	14,824,823	13,742,979	12,280,231	12,755,055
Other Long-term Debt (4)	7,904,490	5,856,213	5,613,885	5,839,249	5,654,219
Foundations (5)	1,814,098	1,760,809	1,795,783	1,712,396	1,686,510
Total Component Units	26,482,873	23,356,222	22,085,926	20,758,416	21,023,618
<b>Total Debt Not Supported by Taxes</b>	<b>32,529,822</b>	<b>28,270,442</b>	<b>26,323,774</b>	<b>24,776,963</b>	<b>25,204,658</b>
<b>Total Debt of the Commonwealth</b>	<b>\$ 53,720,209</b>	<b>\$ 52,624,998</b>	<b>\$ 48,609,576</b>	<b>\$ 46,493,276</b>	<b>\$ 47,084,114</b>
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Section 9(b) Debt:					
Public Facilities Bonds (2)	\$ 225,600	\$ 278,221	\$ 330,934	\$ 401,873	\$ 457,764
Subtotal 9(b) Debt	225,600	278,221	330,934	401,873	457,764
Section 9(c) Debt:					
Higher Educational Institution Bonds (2)	912,817	955,729	886,837	893,106	836,874
Transportation Facilities Bonds (2)	—	—	3,083	6,061	8,914
Parking Facilities Bonds (2)	5,664	6,640	7,583	8,567	9,850
Subtotal 9(c) Debt	918,481	962,369	897,503	907,734	855,638
Total General Obligation Debt (1)	\$ 1,144,081	\$ 1,240,590	\$ 1,228,437	\$ 1,309,607	\$ 1,313,402

- (1) Total general obligation debt for the fiscal year ended.
- (2) All amounts are net of unamortized discounts and premiums.
- (3) Includes long-term lease liabilities, installment purchase obligations, pension liability, the long-term portion of the liability for compensated absences, and other debt supported by taxes.
- (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,				
	2022	2021	2020	2019	2018
<b>Primary Government:</b>					
<b>General Obligation Debt (1) (3):</b>					
Section 9(b) Debt					
Public Facilities (2)	\$ 225,600	\$ 278,221	\$ 330,934	\$ 401,873	\$ 457,764
Subtotal Section 9(b) Debt	225,600	278,221	330,934	401,873	457,764
Section 9(c) Debt					
Parking Facilities (2)	5,664	6,640	7,583	8,567	9,850
Transportation Facilities (2)	—	—	3,083	6,061	8,914
Subtotal Section 9(c) Debt	5,664	6,640	10,666	14,628	18,764
Subtotal General Obligation Debt	231,264	284,861	341,600	416,501	476,528
<b>Nongeneral Obligation Debt:</b>					
Section 9(d) Debt:					
Transportation Debt (2)	2,737,497	2,661,007	2,813,942	2,966,581	2,875,112
Virginia Public Building Authority (2)	3,780,877	3,472,631	3,028,198	2,863,660	2,663,808
Subtotal Section 9(d) Debt	6,518,374	6,133,638	5,842,140	5,830,241	5,538,920
<b>Other Long-term Debt:</b>					
Capital Lease Obligations (5)	—	27,768	28,413	30,882	36,742
Long-term Lease Liabilities (5)	366,188	—	—	—	—
Installment Purchase Obligations (4)	107,224	127,673	132,774	114,931	103,655
Economic Development Authority Obligations (2)	—	7,542	15,624	23,366	30,783
Subtotal Other Long-term Debt	473,412	162,983	176,811	169,179	171,180
<b>Other Long-term Obligations:</b>					
Compensated Absences	333,763	346,551	324,364	317,540	307,329
Net Pension Liability	2,728,430	5,058,611	4,407,825	3,799,890	4,082,679
Net OPEB Liability	784,210	880,210	839,468	802,012	775,186
Total OPEB Liability	247,471	314,039	378,330	565,448	735,108
Pollution Remediation Liability	8,685	9,140	9,475	10,430	6,963
Other Liabilities	28,411	32,130	29,263	30,322	30,948
Subtotal Other Long-term Obligations	4,130,970	6,640,681	5,988,725	5,525,642	5,938,213
<b>Total Primary Government</b>	<b>11,354,020</b>	<b>13,222,163</b>	<b>12,349,276</b>	<b>11,941,563</b>	<b>12,124,841</b>
<b>Component Units:</b>					
<b>General Obligation Bonds (1) (3):</b>					
Section 9(c) Debt					
Higher Educational Institutions (2)	912,817	955,729	886,837	893,106	836,874
Subtotal General Obligation Debt	912,817	955,729	886,837	893,106	836,874
<b>Nongeneral Obligation Debt:</b>					
Section 9(d) Debt:					
Virginia Port Authority (2)	210,246	222,831	223,708	234,114	243,448
Virginia College Building Authority (2)	5,389,998	5,101,393	4,384,599	4,566,772	4,305,134
Virginia Biotechnology Research Partnership Authority (2)	—	4,903	9,669	14,220	18,561
Subtotal Section 9(d) Debt	5,600,244	5,329,127	4,617,976	4,815,106	4,567,143
<b>Other Long-term Debt:</b>					
Capital Lease Obligations (5)	—	14,522	6,905	7,510	5,878
Long-term Lease Liabilities (5)	188,883	—	—	—	—
Installment Purchase Obligations (4)	232,324	96,340	83,385	55,259	63,050
Subtotal Other Long-term Debt	421,207	110,862	90,290	62,769	68,928
<b>Other Long-term Obligations:</b>					
Compensated Absences	379,422	390,615	363,109	349,246	323,953
Net Pension Liability	1,640,724	3,290,270	2,886,551	2,455,020	2,650,301
Net OPEB Liability	690,385	812,883	804,994	779,362	769,063
Total OPEB Liability	191,568	242,907	286,769	420,141	538,353
Subtotal Other Long-term Obligations	2,902,099	4,736,675	4,341,423	4,003,769	4,281,670
<b>Total Component Units</b>	<b>9,836,367</b>	<b>11,132,393</b>	<b>9,936,526</b>	<b>9,774,750</b>	<b>9,754,615</b>
<b>Total Tax-Supported Debt</b>	<b>\$ 21,190,387</b>	<b>\$ 24,354,556</b>	<b>\$ 22,285,802</b>	<b>\$ 21,716,313</b>	<b>\$ 21,879,456</b>

- (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) All amounts are net of unamortized discounts and premiums.
- (3) See Note 1 on previous page.
- (4) As discussed in Note 27, certain balances above contain Direct Borrowings and Direct Placements.
- (5) GASB Statement No. 87, *Leases*, was effective starting with fiscal year 2022. This statement changed the lease liability classifications.

## Debt and Other Long-term Obligations Not Supported by Taxes

Last Five Fiscal Years  
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
<b>Primary Government:</b>					
<b>Other Long-term Debt &amp; Obligations:</b>					
Grant Anticipation Notes (GARVEES) (1)	\$ 979,791	\$ 1,086,897	\$ 1,059,387	\$ 1,151,850	\$ 1,153,617
I-81 Revenue Bonds (1)	102,401	—	—	—	—
Hampton Roads Transportation Accountability Commission (1)	2,785,352	1,748,229	1,023,334	580,311	582,425
Net Pension Liability	95,141	176,370	152,107	128,005	135,632
Net OPEB Liability	21,595	24,598	23,677	22,299	21,680
Total OPEB Liability	9,854	11,878	13,781	20,042	25,434
Long-term Lease Liabilities (2)	311,969	—	—	—	—
Compensated Absences	13,699	14,545	13,663	11,070	10,546
Installment Purchase Obligations	572	771	964	518	—
Educational Benefits Payable	1,613,747	1,733,998	1,831,064	1,991,469	2,135,222
Lottery Prizes Payable	112,828	116,934	119,871	112,983	116,484
<b>Total Primary Government</b>	<b>6,046,949</b>	<b>4,914,220</b>	<b>4,237,848</b>	<b>4,018,547</b>	<b>4,181,040</b>
<b>Component Units:</b>					
<b>Section 9(d) Moral Obligation Debt: (1)</b>					
Virginia Resources Authority	929,911	914,377	933,279	926,540	927,834
Subtotal Section 9(d) Moral Obligation Debt	929,911	914,377	933,279	926,540	927,834
<b>Section 9(d) Other Debt:</b>					
<b>Higher Educational Institutions (1):</b>					
Auxiliary Enterprise Revenue Bonds	3,862,619	3,512,199	2,826,103	2,241,523	2,207,901
Teaching Hospitals Revenue Bonds (3) (4)	586,944	594,175	594,376	603,133	610,091
Subtotal Higher Education Institutions Debt	4,449,563	4,106,374	3,420,479	2,844,656	2,817,992
Virginia Housing Development Authority (1) (4)	4,679,799	4,358,584	3,997,125	3,042,060	3,301,380
Virginia Public School Authority (1) (4)	3,993,860	3,604,298	3,563,368	3,554,603	3,641,402
Virginia Port Authority (1)	266,025	272,815	279,396	285,782	291,985
Virginia Resources Authority (1)	2,445,127	2,482,752	2,482,611	2,553,130	2,702,296
Subtotal Section 9(d) Other Debt	15,834,374	14,824,823	13,742,979	12,280,231	12,755,055
<b>Other Long-term Debt:</b>					
Hampton Roads Sanitation District Commission (1)	868,472	835,006	835,479	891,629	891,442
Notes Payable (4)	1,882,451	1,809,657	2,007,388	2,189,888	1,948,362
Net Pension Liability	6,127	48,790	38,170	35,844	38,427
Net OPEB Liability	17,469	3,568	11,712	19,668	14,736
Total OPEB Liability	66,845	60,781	65,481	59,243	101,081
Capital Lease Obligations (2)	—	2,334,082	2,340,329	2,305,489	2,289,887
Long-term Lease Liabilities (2)	4,555,998	—	—	—	—
Other Long-term Debt	507,128	764,329	315,326	337,488	370,284
Foundations (5)	1,814,098	1,760,809	1,795,783	1,712,396	1,686,510
Subtotal Other Long-term Debt	9,718,588	7,617,022	7,409,668	7,551,645	7,340,729
Subtotal Section 9(d) and Other Debt	25,552,962	22,441,845	21,152,647	19,831,876	20,095,784
<b>Total Component Units</b>	<b>26,482,873</b>	<b>23,356,222</b>	<b>22,085,926</b>	<b>20,758,416</b>	<b>21,023,618</b>
<b>Total Debt Not Supported by Taxes (6)</b>	<b>\$ 32,529,822</b>	<b>\$ 28,270,442</b>	<b>\$ 26,323,774</b>	<b>\$ 24,776,963</b>	<b>\$ 25,204,658</b>

(1) All amounts are net of unamortized discounts and premiums.

(2) GASB Statement No. 87, *Leases*, was effective starting with fiscal year 2022. This statement changed the lease liability classifications.

(3) Includes the Virginia Commonwealth University Health System Authority.

(4) As discussed in Note 27, certain balances above contain Direct Borrowings and Direct Placements.

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

(6) These amounts are not backed by the full faith and credit of the Commonwealth.

**Authorized and Unissued Tax-Supported Debt**

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	As of June 30, 2021	New Debt Authorized	Debt Issued	Other Adjustments	As of June 30, 2022
<b>Section 9(c) Debt (Primary Government):</b>					
Higher Educational Institution Bonds	\$ 701,142	\$ 100,869	\$ —	\$ (84,000)	\$ 718,011
Parking Facilities Bonds	226	—	—	—	226
Subtotal Section 9(c) Debt	701,368	100,869	—	(84,000)	718,237
<b>Section 9(d) Debt:</b>					
<b>Primary Government:</b>					
Transportation Contract Revenue Bonds					
(Northern Virginia Transportation District)					
Fund Program)	24,700	—	—	—	24,700
U.S. Route 58 Corridor Development Program	595,700	—	119,510	(13,490)	462,700
Transportation Capital Projects Revenue Bonds	243,234	—	88,955	(7,645)	146,634
<b>Component Units:</b>					
Virginia Public Building Authority					
(Projects)	1,823,099	—	453,005	(44,538)	1,325,556
Virginia Public Building Authority					
(Jails)	63,673	14,480	21,711	—	56,442
Virginia College Building Authority					
(21st Century)	2,210,009	—	550,520	(49,480)	1,610,009
Virginia College Building Authority					
(Equipment Program)	88,150	183,300	81,725	(6,425)	183,300
Virginia Port Authority	—	166,000	—	—	166,000
Subtotal Section 9(d) Debt	5,048,565	363,780	1,315,426	(121,578)	3,975,341
<b>Total Authorized and Unissued</b>					
<b>Tax-Supported Debt</b>	<u>\$ 5,749,933</u>	<u>\$ 464,649</u>	<u>\$ 1,315,426</u>	<u>\$ (205,578)</u>	<u>\$ 4,693,578</u>

## Tax-Supported Debt – Annual Debt Service Requirements [1]

For the Fiscal Year Ended June 30, 2022

(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
2023	\$ 113,430	\$ 38,593	\$ 152,023	\$ 710,930	\$ 443,531	\$ 1,154,461
2024	115,385	33,753	149,138	729,511	424,981	1,154,492
2025	108,245	29,041	137,286	719,014	391,182	1,110,196
2026	103,585	24,792	128,377	719,294	357,889	1,077,183
2027	94,820	20,570	115,390	704,986	325,463	1,030,449
2028	80,445	16,623	97,068	689,825	293,967	983,792
2029	67,660	13,674	81,334	686,745	261,949	948,694
2030	60,450	11,178	71,628	668,425	230,915	899,340
2031	56,450	9,139	65,589	634,160	200,605	834,765
2032	47,045	7,339	54,384	615,480	174,007	789,487
2033	46,925	5,885	52,810	571,310	149,675	720,985
2034	41,460	4,441	45,901	568,080	126,971	695,051
2035	34,915	3,252	38,167	536,250	104,905	641,155
2036	27,185	2,268	29,453	468,635	83,835	552,470
2037	19,080	1,543	20,623	407,375	66,024	473,399
2038	16,095	1,052	17,147	317,050	50,443	367,493
2039	12,550	609	13,159	329,175	38,316	367,491
2040	10,725	301	11,026	268,990	26,187	295,177
2041	1,930	47	1,977	232,325	16,570	248,895
2042	—	—	—	159,650	8,746	168,396
2043	—	—	—	67,205	3,383	70,588
2044	—	—	—	11,680	1,559	13,239
2045	—	—	—	12,080	1,154	13,234
2046	—	—	—	12,505	735	13,240
2047	—	—	—	7,515	301	7,816
Subtotal	1,058,380	224,100	1,282,480	10,848,195	3,783,293	14,631,488
Add						
Accretion on						
Capital Appreciation						
Bonds	—	—	—	22,112	—	22,112
Add						
Unamortized						
Premium	85,701	—	85,701	1,248,373	—	1,248,373
Less						
Unamortized						
Discount	—	—	—	(62)	—	(62)
Total	\$ 1,144,081	\$ 224,100	\$ 1,368,181	\$ 12,118,618	\$ 3,783,293	\$ 15,901,911

[1] Does not include long-term leases, installment purchase obligations, regional jail reimbursements under the original treasury board program, compensated absences, pension liability, OPEB liability, pollution remediation liability and other liabilities.

[2] Includes principal amount of \$6,518,374 (dollars in thousands) for the primary government, net of accretion on capital appreciation and unamortized premiums and discounts.

Total		
Principal	Interest	Total
\$ 824,360	\$ 482,124	\$ 1,306,484
844,896	458,734	1,303,630
827,259	420,223	1,247,482
822,879	382,681	1,205,560
799,806	346,033	1,145,839
770,270	310,590	1,080,860
754,405	275,623	1,030,028
728,875	242,093	970,968
690,610	209,744	900,354
662,525	181,346	843,871
618,235	155,560	773,795
609,540	131,412	740,952
571,165	108,157	679,322
495,820	86,103	581,923
426,455	67,567	494,022
333,145	51,495	384,640
341,725	38,925	380,650
279,715	26,488	306,203
234,255	16,617	250,872
159,650	8,746	168,396
67,205	3,383	70,588
11,680	1,559	13,239
12,080	1,154	13,234
12,505	735	13,240
7,515	301	7,816
11,906,575	4,007,393	15,913,968
22,112	—	22,112
1,334,074	—	1,334,074
(62)	—	(62)
\$ 13,262,699	\$ 4,007,393	\$ 17,270,092

## Tax-Supported Debt – Detail of Long-term Indebtedness (1)

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2021 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2022	Maturity
<b>General Obligation Debt</b>					
<b>Section 9(b) Debt (Primary Government):</b>					
<b>Public Facilities Bonds</b>					
Series 2012A Refunding	\$ 59,445	\$ 32,470	\$ (2,430)	\$ 30,040	06/01/23-24
Series 2013 Refunding	128,250	84,475	(10,700)	73,775	06/01/23-27
Series 2015	102,520	71,805	(9,090)	62,715	06/01/23-28
Series 2016B Refunding	39,695	31,980	(3,885)	28,095	06/01/23-29
Series 2019B Refunding	56,295	18,500	(18,500)	—	
Series 2019C Refunding	10,535	7,960	(1,170)	6,790	06/01/23-29
Unamortized Premium	—	31,031	(6,846)	24,185	
<b>Total Public Facilities Bonds</b>	<b>396,740</b>	<b>278,221</b>	<b>(52,621)</b>	<b>225,600</b>	
<b>Total Section 9(b) Debt</b>	<b>396,740</b>	<b>278,221</b>	<b>(52,621)</b>	<b>225,600</b>	
<b>Section 9(c) Debt</b>					
<b>Higher Educational Institution bonds (Component Units)</b>					
<b>Series 2010 Bonds</b>					
Christopher Newport University					
Construct Residence Hall	34,480	26,015	(1,045)	24,970	06/01/23-40
The College of William and Mary					
Construct New Dormitory	2,010	1,050	(105)	945	06/01/23-30
Renovate Residence Halls	4,440	2,300	(230)	2,070	06/01/23-30
George Mason University					
Housing VIII	39,420	25,055	—	25,055	06/01/23-35
Renovate Commons	1,325	660	—	660	06/01/23-30
Smithsonian CRC Housing	5,415	3,435	—	3,435	06/01/23-35
James Madison University					
Renovate Bluestone Dormitories, Phase IV	14,890	7,715	(775)	6,940	06/01/23-30
Old Dominion University					
Renovate Student Housing, Phase I	1,975	915	—	915	06/01/23-30
Virginia Commonwealth University					
Construct West Grace Housing and Parking Phase I	29,130	19,665	(1,170)	18,495	06/01/23-35
Virginia Polytechnic Institute and State University					
Construct Academic and Student Affairs Building	34,650	18,360	(1,840)	16,520	06/01/23-30
Parking Auxiliary Projects	745	385	(40)	345	06/01/23-30
<b>Subtotal Series 2010 Bonds</b>	<b>168,480</b>	<b>105,555</b>	<b>(5,205)</b>	<b>100,350</b>	
<b>Series 2012 Bonds</b>					
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	779	779	—	779	06/01/23-24
George Mason University					
Student Housing Construction, VII - 2005 Refunding	2,674	2,674	—	2,674	06/01/23-24
Longwood University					
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
Virginia Military Institute					
Crozet Hall & Parking - 2004A Refunding	3,019	2,489	—	2,489	06/01/23-25
Virginia Polytechnic Institute and State University					
Renovate Dietrick Servery - 2004A Refunding	942	705	—	705	06/01/23-24
<b>Subtotal Series 2012 Bonds</b>	<b>10,558</b>	<b>9,791</b>	<b>—</b>	<b>9,791</b>	



Series	Amount issued	Outstanding June 30, 2021 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2022	Maturity
<b>General Obligation Debt (continued)</b>					
<b>Section 9(c) Debt (continued)</b>					
<b>Higher Educational Institution bonds (Component Units)</b>					
<i>(continued)</i>					
<b>Series 2013 Bonds</b>					
The College of William and Mary					
Construct New Dormitory	8,770	6,040	(420)	5,620	06/01/23-33
Dining Commons Hall Renovation - 2005A Ref Portion	1,831	1,389	—	1,389	06/01/25-26
Dorm Renovations - 2005A Ref Portion	1,113	844	—	844	06/01/25-26
Dorm Renovations - 2006B Ref Portion	1,412	1,201	—	1,201	06/01/23-26
Renovate Dormitory	4,660	3,205	(225)	2,980	06/01/23-33
George Mason University					
Construct Student Housing VII & Entrance Rd - 2007B Ref Portion	4,579	2,133	—	2,133	06/01/23-25
Construct Student Housing VII - 2007B Refunded Portion	584	274	—	274	06/01/23-25
Construct Student Housing VII - 2006B Refunded Portion	9,186	7,822	—	7,822	06/01/23-26
Student Housing Construction, VII - 2005A Ref Portion	10,503	9,533	—	9,533	06/01/25-30
James Madison University					
Construct Dining Hall - 2007B Refunded Portion	8,207	5,003	(1,178)	3,825	06/01/23-25
Renovate Bluestone Residence Hall, Ph 3 - 2007B Ref Portion	893	548	(127)	421	06/01/23-25
Renovate Residence Hall - 2006B Refunded Portion	1,953	1,665	—	1,665	06/01/23-26
Longwood University					
Housing Facility Renovation - 2005A Refunded Portion	472	286	—	286	06/01/25
Renovate Cox Hall - 2007B Refunded Portion	2,461	1,500	(351)	1,149	06/01/23-25
Renovate Housing Facilities - 2006B Refunded Portion	1,852	1,578	—	1,578	06/01/23-26
Old Dominion University					
Construct Residence Hall, Ph II - 2007B Refunded Portion	6,344	2,954	—	2,954	06/01/23-25
Construct Residence Hall, Ph II - 2006B Refunded Portion	2,761	2,352	—	2,352	06/01/23-26
Housing Renovations, Ph I - 2005A Refunded Portion	570	349	—	349	06/01/25
Radford University					
Washington Hall	5,040	3,470	(245)	3,225	06/01/23-33
University of Mary Washington					
Seacobeck Dining Hall - 2005A Refunded Portion	565	344	—	344	06/01/25
Virginia Commonwealth University					
Monroe Park Housing - 2007B Refunded Portion	3,252	1,979	(468)	1,511	06/01/23-25
Virginia Polytechnic Institute and State University					
Construct New Residence Hall - 2007A Refunded Portion	7,842	5,561	(838)	4,723	06/01/23-27
Improve Residence and Dining Halls - 2007A Refunded Portion	3,576	2,534	(381)	2,153	06/01/23-27
Parking Projects - 2006B Refunded Portion	218	183	—	183	06/01/23-26
Virginia State University					
Construct Dining Hall - 2006B Refunded Portion	1,431	1,219	—	1,219	06/01/23-26
Construct Residence Hall - 2007A Refunded Portion	1,132	801	(122)	679	06/01/23-27
Construct Residence Halls - 2006B Refunded Portion	5,541	4,719	—	4,719	06/01/23-26
Construct Two Residence Halls - 2007B Refunded Portion	11,232	6,842	(1,613)	5,229	06/01/23-25
<b>Subtotal Series 2013 Bonds</b>	<b>107,980</b>	<b>76,328</b>	<b>(5,968)</b>	<b>70,360</b>	
<b>Series 2014 Bonds</b>					
College of William and Mary					
Renovate Dormitories	9,005	6,705	(400)	6,305	06/01/23-34
George Mason University					
Student Housing VIII	2,235	1,565	—	1,565	06/01/23-34
James Madison University					
Student Housing Phase I	46,660	34,760	(2,080)	32,680	06/01/23-34
Radford University					
Renovate Residence Halls	11,080	8,255	(495)	7,760	06/01/23-34
<b>Subtotal Series 2014 Bonds</b>	<b>68,980</b>	<b>51,285</b>	<b>(2,975)</b>	<b>48,310</b>	

Continued on next page

**Tax-Supported Debt – Detail of Long-term Indebtedness (1)** (Continued from previous page)

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Series	Amount issued	Outstanding June 30, 2021 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2022	Maturity
<b>General Obligation Debt (continued)</b>					
<b>Section 9(c) Debt (continued)</b>					
<b>Higher Educational Institution bonds (Component Units)</b> (continued)					
<b>Series 2015 Bonds</b>					
Christopher Newport University					
Construct Residential Housing	18,860	14,570	—	14,570	06/01/23-35
Expand Dining Hall	8,960	6,920	—	6,920	06/01/23-35
College of William and Mary					
Renovate Graduate St. - 2008B Ref Portion	1,482	1,114	(134)	980	06/01/23-28
Renovate Dormitories	10,980	3,555	(205)	3,350	06/01/23-34
George Mason University					
Construct Housing VII & Entrance Road - 2007B Ref Portion	6,817	6,255	—	6,255	06/01/26-32
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	781	—	781	06/01/26-32
Renovate President Park, Phase II - 2008B Refunding Portion	1,999	1,318	—	1,318	06/01/23-28
Student Housing VII - 2008B Refunding Portion	1,366	1,091	—	1,091	06/01/23-33
Student Housing VII - C - 2008B Refunding Portion	17,566	14,020	—	14,020	06/01/23-33
James Madison University					
Construct Dining Hall - 2007B Refunding Portion	3,650	2,649	—	2,649	06/01/26-27
Construct New Residence Hall - 2008B Refunding Portion	11,695	8,775	(1,062)	7,713	06/01/23-28
Renovate Bluestone Residence Hall, Ph 3 - 2007B Ref Portion	403	291	—	291	06/01/26-27
Longwood University					
Renovate Cox Hall - 2007B Refunding Portion	1,089	791	—	791	06/01/26-27
Renovate Cox Hall - 2008B Refunding Portion	2,785	2,087	(254)	1,833	06/01/23-28
Old Dominion University					
Construct Residence Hall, Phase II - 2007B Refunding Portion	2,827	2,050	—	2,050	06/01/26-27
Quad Housing Phase II - 2008B Refunding Portion	24,074	15,889	—	15,889	06/01/23-28
Radford University					
Renovate Residence Halls	8,820	6,980	(365)	6,615	06/01/23-35
Virginia Commonwealth University					
Monroe Park Housing - 2007B Refunding Portion	6,806	6,411	—	6,411	06/01/26-37
Virginia Polytechnic Institute and State University					
New Residence Hall - 2008B Refunding Portion	10,671	8,012	(970)	7,042	06/01/23-28
Parking Auxiliary Project - 2008B Refunding Portion	921	689	(86)	603	06/01/23-28
Virginia State University					
Construct Two Residence Halls - 2007B Refunding Portion	4,995	3,623	—	3,623	06/01/26-27
<b>Subtotal Series 2015 Bonds</b>	<b>159,385</b>	<b>119,636</b>	<b>(3,076)</b>	<b>116,560</b>	
<b>Series 2016 Bonds</b>					
George Mason University					
Housing VIII - 09B Refunding Portion	6,230	5,285	—	5,285	06/01/23-34
Student Housing VII-C - 2009B Refunding Portion	6,190	5,260	—	5,260	06/01/23-34
James Madison University					
Construct Dining Hall	53,700	45,035	(2,170)	42,865	06/01/23-36
Norfolk State University					
Renovate and Upgrade Dormitories	7,875	5,495	—	5,495	06/01/23-31
Radford University					
Renovate Residence Halls	7,160	6,005	(290)	5,715	06/01/23-36
Richard Bland College					
Convert Humanities & Social Science Building to Student Housing	2,465	2,105	(100)	2,005	06/01/23-36
Virginia Polytechnic Institute and State University					
Improve Residence & Dining Halls - 2009B Refunding Portion	2,310	1,930	(205)	1,725	06/01/23-29
Parking Structure - 2009B Refunding Portion	18,890	17,035	(1,000)	16,035	06/01/23-34
Renovate Ambler Johnston Hall - 2009 B Refunding Portion	24,200	20,240	(2,130)	18,110	06/01/23-29
<b>Subtotal Series 2016 Bonds</b>	<b>129,020</b>	<b>108,390</b>	<b>(5,895)</b>	<b>102,495</b>	

Series	Amount issued	Outstanding June 30, 2021 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2022	Maturity
<b>General Obligation Debt (continued)</b>					
<b>Section 9(c) Debt (continued)</b>					
<b>Higher Educational Institution bonds (Component Units) (continued)</b>					
<b>Series 2018 Bonds</b>					
College of William & Mary					
Renovate Dormitories	13,405	12,160	(490)	11,670	06/01/23-38
James Madison University					
Construct Dining Hall	16,785	15,225	(610)	14,615	06/01/23-38
Construct Phillips Dining	24,515	22,235	(890)	21,345	06/01/23-38
Norfolk State University					
Construct Residential Housing	52,185	43,765	—	43,765	06/01/23-33
<b>Subtotal Series 2018 Bonds</b>	<b>106,890</b>	<b>93,385</b>	<b>(1,990)</b>	<b>91,395</b>	
<b>Series 2019 Bonds</b>					
College of William & Mary					
Dining Hall Renovation 2009 Refunding - 2005 Refunding	1,575	545	(545)	—	
Dorm Renovation 2009C Refunding - 2002 Refunding	990	340	(340)	—	
Dorm Renovation 2009D Refunding - 2005 Refunding	830	285	(285)	—	
Dorm Renovation 2009D Refunding - 2006B Refunding	760	260	(260)	—	
Renovate Dormitories	2,625	2,455	(95)	2,360	06/01/23-39
Renovate Dormitories	2,235	2,095	(80)	2,015	06/01/23-39
George Mason University					
Housing Building V 2009C Refunding - 2001 Refunding	5,645	2,825	—	2,825	06/01/23-24
James Madison University					
Renovate Bluestone Residential Hall Phase III 2009D Refunding	1,040	360	(360)	—	
Renovate Bluestone Dorm 2009C Refunding - 2002 Refunding	400	135	(135)	—	
Renovate Bluestone Dorm II 2009C Refunding - 2002 Refunding	410	140	(140)	—	
Longwood University					
Housing Facility Renovation 2009D Refunding - 2005 Refunding	680	235	(235)	—	
Renovate Housing Facility 2009D Refunding - 2006B Refunding	985	340	(340)	—	
Old Dominion University					
New Residential Halls, Phase 1	49,465	44,545	—	44,545	06/01/23-39
Housing Renovation 2009C Refunding - 2002 Refunding	500	175	(175)	—	
University of Mary Washington					
Seacobeck Dining Hall 2009D Refunding	810	285	(285)	—	
Virginia Military Institute					
Crozet Hall Parking 2009D Refunding - 2004A Refunding	2,000	695	(695)	—	
Virginia Polytechnic Institute and State University					
Parking Auxiliary 2009D Refunding - 2006B Refunding	115	35	(35)	—	
Renovate Dietrick Phase II 2009D Refunding - 2004A Refunding	895	310	(310)	—	
Virginal State University					
Dining Hall 2009D Refunding - 2006B Refunding	765	260	(260)	—	
Residential Hall 2009D Refunding - 2006B Refunding	2,950	1,025	(1,025)	—	
<b>Subtotal Series 2019 Bonds</b>	<b>75,675</b>	<b>57,345</b>	<b>(5,600)</b>	<b>51,745</b>	

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**Tax-Supported Debt – Detail of Long-term Indebtedness (1)** (Continued from previous page)

For the Fiscal Year Ended June 30, 2022  
(Dollars in Thousands)

Series	Amount issued	Outstanding June 30, 2021 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2022	Maturity
<b>General Obligation Debt (continued)</b>					
<b>Section 9(c) Debt (continued)</b>					
<b>Higher Educational Institution bonds (Component Units)</b> (continued)					
<b>Series 2020 Bonds</b>					
College of William & Mary					
Construct New Dorm 11A Ref Portion	9,980	9,980	(485)	9,495	06/01/23-31
George Mason University					
Housing VIII 11A Ref Portion	16,255	16,255	—	16,255	06/01/23-36
Renovate Commons 11A Ref Portion	10,345	10,345	—	10,345	06/01/23-31
Smithsonian CRC Housing 11A Ref Portion	3,350	3,350	—	3,350	06/01/23-36
Student Housing VII-C 11A Ref Portion	865	865	—	865	06/01/23-36
Old Dominion University					
Student Housing Renovation, Phase II	10,005	10,005	—	10,005	06/01/23-40
Radford University					
Acquire Property for Campus Expansion	16,030	15,700	(595)	15,105	06/01/23-40
Virginia Commonwealth University					
West Grace Housing-North 11A Ref Portion	21,305	21,305	—	21,305	06/01/23-36
Virginia Polytechnic Institute and State University					
Renovate Ambler Johnston Hall 11A Ref Portion	13,070	13,070	—	13,070	06/01/23-31
Creativity & Innovation District Living Learning Community	84,305	84,305	(3,190)	81,115	06/01/23-40
Virginal State University					
Construct Gateway Center Res Hall Ph II 11A Ref Portion	23,055	23,055	(640)	22,415	06/01/23-31
Construct Quad Housing Ph II 11A Ref Portion	19,905	19,905	(280)	19,625	06/01/23-31
<b>Subtotal Series 2020 Bonds</b>	<b>228,470</b>	<b>228,140</b>	<b>(5,190)</b>	<b>222,950</b>	
<b>Series 2021 Bonds</b>					
Christopher Newport University					
Construct Residential Housing 17632 2015A Ref (2021 Mat.)	760	760	—	760	06/01/36
Construct Residential Housing 17632 2015A Ref (2022 Mat.)	880	880	—	880	06/01/37
Expand Dining Hall 18118 2015A Ref (2021 Mat.)	365	365	—	365	06/01/36
Expand Dining Hall 18118 2015A Ref (2022 Mat.)	415	415	—	415	06/01/37
George Mason University					
Construct SH VII & Entrance Road 2007B 2013B Ref (2022 Mat.)	710	710	—	710	06/01/34
Construct SH VII & Entrance Road 2007B 2013B Ref (2021 Mat.)	610	610	—	610	06/01/33
Construct Student Housing VII 2007B 2013B Ref (2021 Mat.)	80	80	—	80	06/01/33
Construct Student Housing VII 2007B 2013B Ref (2022 Mat.)	90	90	—	90	06/01/34
Housing Building V - 2001 2019B Ref (2022 Mat.)	1,370	1,370	—	1,370	06/01/26
Housing Building V - 2002 2019B Ref (2022 Mat.)	585	585	—	585	06/01/24
Housing Building V - 2001 2019B Ref (2021 Mat.)	1,200	1,200	—	1,200	06/01/25
Housing Building V - 2002 2019B Ref (2021 Mat.)	545	545	—	545	06/01/23
Student Housing Construction, VII 2006B 2019B Ref (2022 Mat.)	1,850	1,850	—	1,850	06/01/33
Student Housing Construction, VII 2005 2019B Ref (2022 Mat.)	1,265	1,265	—	1,265	06/01/32
Student Housing Construction, VII 2005 2019B Ref (2021 Mat.)	825	825	—	825	06/01/31
Student Housing Construction, VII 2006B 2019B Ref (2021 Mat.)	1,410	1,410	—	1,410	06/01/32
Housing VIII 2010A-2 Ref (2021 & 2022 Mat.)	3,145	3,145	—	3,145	06/01/36-37
Housing VIII 2009B 2016B Ref (2021 Mat.)	315	315	—	315	06/01/35
Housing VIII 2009B 2016B Ref (2022 Mat.)	360	360	—	360	06/01/36
Renovate President's Park 2008B 2015B Ref (2022 Mat.)	180	180	—	180	06/01/30
Renovate President's Park 2008B 2015B Ref (2021 Mat.)	135	135	—	135	06/01/29
Renovate Commons 2010A-2 Ref (2021 & 2022 Mat.)	120	120	—	120	06/01/31-32
Smithsonian CRC Housing 2010A-2 Ref (2021 & 2022 Mat.)	440	440	—	440	06/01/36-37
Student Housing VII 2008B 2015B Ref (2021 Mat.)	75	75	—	75	06/01/34
Student Housing VII 2008B 2015B Ref (2022 Mat.)	80	80	—	80	06/01/35
Student Housing VII-C 2008B 2015B Ref (2021 Mat.)	885	885	—	885	06/01/34

Series	Amount issued	Outstanding June 30, 2021 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2022	Maturity
<b>General Obligation Debt (continued)</b>					
<b>Section 9(c) Debt (continued)</b>					
<b>Higher Educational Institution bonds (Component Units) (continued)</b>					
<b>Series 2021 Bonds (continued)</b>					
George Mason University (continued)					
Student Housing VII-C 2008B 2015B Ref (2022 Mat.)	1,030	1,030	—	1,030	06/01/35
Student Housing VII-C 2009B 2016B Ref (2021 Mat.)	310	310	—	310	06/01/35
Student Housing VII-C 2009B 2016B Ref (2022 Mat.)	355	355	—	355	06/01/36
Student Housing VIII 2014A Ref (2021 Mat.)	95	95	—	95	06/01/35
Student Housing VIII 2014A Ref (2022 Mat.)	110	110	—	110	06/01/36
Norfolk State University					
Construct Residential Housing - 2018A Ref (2021 Mat.)	2,745	2,745	—	2,745	06/01/34
Construct Residential Housing - 2018A Ref (2022 Mat.)	3,205	3,205	—	3,205	06/01/35
Renovate and Upgrade Dormitories 2016A Ref (2021 Mat.)	400	400	—	400	06/01/32
Renovate and Upgrade Dormitories 2016A Ref (2022 Mat.)	520	520	—	520	06/01/33
Old Dominion University					
Construct Residence Hall, Phase II 2007B 2013B Ref (2021 Mat.)	695	695	—	695	06/01/28
Construct Residence Hall, Phase II 2007B 2013B Ref (2022 Mat.)	875	875	—	875	06/01/29
Construct New Residence Halls, Phase 1 2019A Ref (2021 Mat.)	1,755	1,755	—	1,755	06/01/40
Construct New Residence Halls, Phase 1 2019A Ref (2022 Mat.)	1,930	1,930	—	1,930	06/01/41
Housing Renovations, Phase I 2005 2019B Ref (2022 Mat.)	255	255	—	255	06/01/27
Housing Renovations, Phase I 2005 2019B Ref (2021 Mat.)	215	215	—	215	06/01/26
Construct Residence Hall, Phase II 2006B 2019B Ref (2022 Mat.)	505	505	—	505	06/01/28
Construct Residence Hall, Phase II 2006B 2019B Ref (2021 Mat.)	395	395	—	395	06/01/27
Quad Housing Phase II 2008B 2015B Ref (2021 Mat.)	1,620	1,620	—	1,620	06/01/29
Quad Housing Phase II 2008B 2015B Ref (2022 Mat.)	2,125	2,125	—	2,125	06/01/30
Renovate Student Housing, Phase I 2010A-2 Ref (2021 & 2022 Mat.)	170	170	—	170	06/01/31-32
<b>Subtotal Series 2021 Bonds</b>	<b>38,005</b>	<b>38,005</b>	<b>—</b>	<b>38,005</b>	
Unamortized Premium	—	67,869	(7,013)	60,856	
<b>Subtotal Higher Educational Institution Bonds</b>	<b>1,093,443</b>	<b>955,729</b>	<b>(42,912)</b>	<b>912,817</b>	
<b>Parking Facilities Bonds (Primary Government)</b>					
Series 2012 Refunding (2004A Ref)	1,062	794	—	794	06/01/23-24
Series 2016 Refunding - 2009B Refunding Portion	5,625	4,705	(495)	4,210	06/01/23-29
Series 2019B Refunding (2009D Ref)	—	345	(345)	—	
Unamortized Premium	—	796	(136)	660	
<b>Subtotal Parking Facilities Bonds</b>	<b>6,687</b>	<b>6,640</b>	<b>(976)</b>	<b>5,664</b>	
<b>Total Section 9(c) Debt</b>	<b>1,100,130</b>	<b>962,369</b>	<b>(43,888)</b>	<b>918,481</b>	
<b>Total General Obligation Debt</b>	<b>1,496,870</b>	<b>1,240,590</b>	<b>(96,509)</b>	<b>1,144,081</b>	

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**Tax-Supported Debt – Detail of Long-term Indebtedness (1)** (Continued from previous page)

For the Fiscal Year Ended June 30, 2022  
(Dollars in Thousands)

Series	Amount issued	Outstanding June 30, 2021 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2022	Maturity
<b>Nongeneral Obligation Debt</b>					
<b>Section 9(d) Debt</b>					
<b>Virginia Public Building Authority Bonds (Primary Government)</b>					
Series 2009A	40,995	4,550	(4,550)	—	
Series 2009C	10,000	1,060	(1,060)	—	
Series 2010B2 Taxable BABs	195,310	163,545	(14,425)	149,120	08/01/22-30
Series 2010B3 Refunding	50,780	17,650	(13,650)	4,000	08/01/22
Series 2011A	280,000	13,210	(13,210)	—	
Series 2012A Refunding	72,415	39,975	(4,795)	35,180	08/01/22-24
Series 2013A	143,400	74,710	(6,270)	68,440	08/01/22-33
Series 2013B Refunding	72,370	43,625	(15,450)	28,175	08/01/22-23
Series 2014A	132,875	90,680	(5,485)	85,195	08/01/22-34
Series 2014B Taxable	29,735	22,365	(1,305)	21,060	08/01/22-34
Series 2014C Refunding	298,390	149,790	(11,080)	138,710	08/01/22-27
Series 2015A	232,980	193,445	(9,165)	184,280	08/01/22-35
Series 2015B Refunding	134,730	75,770	(8,055)	67,715	08/01/22-28
Series 2016A	206,420	178,360	(7,940)	170,420	08/01/22-36
Series 2016B Refunding	178,955	168,610	(9,745)	158,865	08/01/22-29
Series 2016C AMT	147,420	128,405	(5,370)	123,035	08/01/22-36
Series 2016D Taxable	13,830	11,570	(600)	10,970	08/01/22-36
Series 2017A Refunding	145,325	145,325	—	145,325	08/01/22-31
Series 2018A	160,605	150,570	(5,405)	145,165	08/01/22-38
Series 2018B Taxable	17,400	16,190	(640)	15,550	08/01/22-38
Series 2019A	178,105	172,725	(5,660)	167,065	08/01/22-39
Series 2019B Taxable	133,805	129,775	(4,235)	125,540	08/01/22-39
Series 2019C AMT	25,040	20,040	(5,000)	15,040	08/01/22-24
Series 2020A	204,180	204,180	(6,110)	198,070	08/01/22-40
Series 2020B	204,770	202,335	(14,885)	187,450	08/01/22-30
Series 2020C	100,295	100,295	(3,985)	96,310	08/01/22-40
Series 2021A	535,225	535,225	—	535,225	08/01/22-41
Series 2021B	11,030	11,030	—	11,030	08/01/22-31
Series 2022A	432,950	—	432,950	432,950	08/01/23-42
Series 2022B	20,055	—	20,055	20,055	08/01/23-26
Unamortized Premium	—	407,621	33,316	440,937	
<b>Total Virginia Public Building Authority Bonds</b>	<b>4,409,390</b>	<b>3,472,631</b>	<b>308,246</b>	<b>3,780,877</b>	

Series	Amount issued	Outstanding June 30, 2021 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2022	Maturity
<b>Nongeneral Obligation Debt (continued)</b>					
<b>Section 9(d) Debt (continued)</b>					
<b>Virginia College Building Authority Bonds (Component Unit)</b>					
<b>21st Century College Program</b>					
Series 2009E Refunding	208,860	66,225	(23,660)	42,565	02/01/23-24
Series 2010B2 Taxable BABs	290,600	187,060	(18,590)	168,470	02/01/23-30
Series 2012A	335,075	13,440	(13,440)	—	
Series 2012B	349,255	36,690	(16,735)	19,955	02/01/26
Series 2013A	331,705	24,805	(12,100)	12,705	02/01/23
Series 2014A	319,155	110,500	(11,300)	99,200	02/01/23-33
Series 2014B	27,985	4,885	—	4,885	02/01/25
Series 2015A	373,230	170,935	(19,200)	151,735	02/01/23-35
Series 2015B Refunding	204,880	161,255	(23,850)	137,405	02/01/23-27
Series 2015D1	233,300	192,480	(6,400)	186,080	02/01/23-35
Series 2015D2	56,765	9,980	(9,980)	—	
Series 2016A	360,485	271,270	(19,465)	251,805	02/01/23-36
Series 2016 B Refunding	49,300	49,300	—	49,300	02/01/28-29
Series 2016C	39,980	20,715	(3,980)	16,735	02/01/23-26
Series 2017A	75,100	37,745	(9,965)	27,780	02/01/23-24
Series 2017B Refunding	173,295	119,195	(12,650)	106,545	02/01/23-28
Series 2017C	492,730	436,695	(12,925)	423,770	02/01/23-37
Series 2017D Taxable	99,915	61,905	(9,690)	52,215	02/01/23-27
Series 2017E Refunding	560,555	534,945	(9,245)	525,700	02/01/23-32
Series 2018A	75,685	45,615	(10,580)	35,035	02/01/23-25
Series 2019A	513,245	460,090	(24,790)	435,300	02/01/23-39
Series 2019B	134,855	130,290	(4,790)	125,500	02/01/23-39
Series 2019C	229,135	206,585	(18,735)	187,850	02/01/23-30
Series 2020A	339,360	314,950	(17,370)	297,580	02/01/23-40
Series 2020B	341,455	339,270	(4,160)	335,110	02/01/23-40
Series 2021A	537,115	537,115	(30,875)	506,240	02/01/23-41
Series 2022A	584,175	—	584,175	584,175	02/01/23-42
Series 2022B	48,070	—	48,070	48,070	02/01/23-25
Unamortized Premium	—	557,453	835	558,288	
<b>Total Virginia College Building Authority Bonds</b>	<b>7,385,265</b>	<b>5,101,393</b>	<b>288,605</b>	<b>5,389,998</b>	
<b>Transportation Debt (Primary Government)</b>					
Route 28 Refunding Bonds	87,444	57,258	(6,101)	51,157	04/01/23-32
Transportation Revenue Bonds (U.S. Route 58)	171,365	58,340	105,550	163,890	05/15/23-47
Northern Virginia Transportation District Program	143,660	71,970	(8,545)	63,425	05/15/23-34
Oak Grove Connector (Chesapeake)	10,100	1,895	(1,895)	—	
Capital Projects	2,495,785	2,245,695	(32,460)	2,213,235	05/15/23-46
Unamortized Premium	—	225,849	19,941	245,790	
<b>Total Section 9(d) Transportation Debt</b>	<b>2,908,354</b>	<b>2,661,007</b>	<b>76,490</b>	<b>2,737,497</b>	
<b>Virginia Port Authority Debt (Component Unit)</b>					
Series 2012	108,015	55,390	(7,190)	48,200	07/01/22-27
Series 2012B	45,230	6,005	(2,970)	3,035	07/01/22
Series 2018	60,345	59,730	(225)	59,505	07/01/22-36
Series 2020	77,845	77,845	(1,405)	76,440	07/01/22-40
Series 2020B	19,770	19,770	—	19,770	07/01/23-29
Unamortized Premium	—	4,091	(795)	3,296	
<b>Total Virginia Port Authority Debt</b>	<b>311,205</b>	<b>222,831</b>	<b>(12,585)</b>	<b>210,246</b>	

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**Tax-Supported Debt – Detail of Long-term Indebtedness (1)** (Continued from previous page)

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Series	Amount issued	Outstanding June 30, 2021 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2022	Maturity
<b>Nongeneral Obligation Debt (continued)</b>					
<b>Section 9(d) Debt (continued)</b>					
<b>Virginia Biotechnology Research Partnership Authority (Component Unit)</b>					
Series 2009	91,010	4,640	(4,640)	—	
Unamortized Premium	—	263	(263)	—	
<b>Total Virginia Biotechnology Research Partnership Authority (Component Unit)</b>	<b>91,010</b>	<b>4,903</b>	<b>(4,903)</b>	<b>—</b>	
<b>Economic Development Authority Obligations</b>					
Unamortized Premium	—	827	(827)	—	
<b>Total Economic Development Authority Obligations</b>	<b>55,875</b>	<b>7,542</b>	<b>(7,542)</b>	<b>—</b>	
<b>Total Section 9(d) Debt</b>	<b>15,161,099</b>	<b>11,470,307</b>	<b>648,311</b>	<b>12,118,618</b>	
<b>Nongeneral Obligation Debt and Other Obligations</b>					
<b>Other Long-term Debt</b>					
Long-term Leases	—	532,109	22,962	555,071	
Installment Purchase Obligations	—	372,877	(33,329)	339,548	
<b>Total Other Long-term Debt</b>	<b>—</b>	<b>904,986</b>	<b>(10,367)</b>	<b>894,619</b>	
<b>Other Long-term Obligations</b>					
Compensated Absences	—	737,166	(23,981)	713,185	
Net Pension Liability	—	8,348,881	(3,979,727)	4,369,154	
Net OPEB Liability	—	1,693,093	(218,498)	1,474,595	
Total OPEB Liability	—	556,946	(117,907)	439,039	
Other	—	41,270	(4,174)	37,096	
<b>Total Other Long-term Obligations</b>	<b>—</b>	<b>11,377,356</b>	<b>(4,344,287)</b>	<b>7,033,069</b>	
<b>Total Nongeneral Obligation Debt and Other Obligations</b>	<b>15,161,099</b>	<b>23,752,649</b>	<b>(3,706,343)</b>	<b>20,046,306</b>	
<b>Total Tax-Supported Debt and Other Obligations</b>	<b>\$ 16,657,969</b>	<b>\$ 24,993,239</b>	<b>\$ (3,802,852)</b>	<b>\$ 21,190,387</b>	

- (1) 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.
- (2) As discussed in Note 27, beginning balances have been restated.



# 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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# Financial Trends

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## 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)

	2022	2021	2020	2019
<b>Tax Revenues:</b>				
Individual and Fiduciary Income	\$ 19,497	\$ 17,079	\$ 15,664	\$ 14,836
Sales and Use	7,428	6,525	5,726	5,457
Motor Fuels	1,770	1,425	1,098	1,084
Corporation Income	1,977	1,569	1,059	920
Public Service Corporations	119	118	110	112
Motor Vehicle Sales and Use	1,214	1,119	941	972
Communications Sales and Use	301	312	347	359
Gross Premiums of Insurance Companies	612	556	544	552
Alcoholic Beverage Sales	228	220	194	174
Deeds, Contracts, Wills, and Suits	803	810	554	443
Beer and Beverage Excise	41	43	42	42
Estate	—	1	—	—
Tobacco Products	276	288	162	151
Bank Stock	37	27	27	30
Wine and Spirits/ABC Liter	33	33	30	29
Other Taxes	1,352	1,153	816	515
<b>Total Tax Revenues</b>	<b>35,688</b>	<b>31,278</b>	<b>27,314</b>	<b>25,676</b>
<b>Other Revenues:</b>				
Federal Grants and Contracts	26,000	27,186	22,067	11,999
Institutional Revenue	147	145	164	210
Sales of Property and Commodities	314	116	93	33
Rights and Privileges	1,216	1,212	1,135	1,129
Interest, Dividends, and Rents	(474)	150	369	360
Fines, Forfeitures, Costs, Penalties and Escheats	330	339	327	362
Assessments	184	160	158	151
Other Revenues	2,229	2,241	1,459	1,020
<b>Total Other Revenues</b>	<b>29,946</b>	<b>31,549</b>	<b>25,772</b>	<b>15,264</b>
<b>Total Revenues</b>	<b>\$ 65,634</b>	<b>\$ 62,827</b>	<b>\$ 53,086</b>	<b>\$ 40,940</b>
Percentage Increase Over Previous Year	4.5 %	18.3 %	29.7 %	5.7 %
<b>Expenditures by Function:</b>				
Education	\$ 14,058	\$ 12,031	\$ 10,868	\$ 10,448
Administration of Justice	3,424	3,190	3,172	3,086
Individual and Family Services	29,886	30,481	24,141	16,954
Resources and Economic Development	1,668	1,396	1,107	1,015
Transportation	7,735	6,761	5,542	5,455
General Government (1)	4,626	5,336	4,334	3,522
Capital Outlay	1,128	1,434	848	616
<b>Total Expenditures</b>	<b>\$ 62,525</b>	<b>\$ 60,629</b>	<b>\$ 50,012</b>	<b>\$ 41,096</b>
Percentage Increase Over Previous Year	3.1 %	21.2 %	21.7 %	3.6 %

(1) General Government expenditure amounts include debt service principal retirement and interest charges.

Source: Department of Accounts

2018	2017	2016	2015	2014	2013
\$ 14,141	\$ 13,070	\$ 12,652	\$ 12,248	\$ 11,659	\$ 11,378
5,277	5,089	4,984	4,832	4,606	3,935
1,032	997	977	887	793	879
875	806	773	797	774	778
112	108	108	119	119	116
935	948	910	846	781	582
383	395	405	416	422	425
508	504	490	454	449	396
161	154	148	140	132	127
505	503	471	441	395	436
42	42	43	43	43	43
1	8	—	—	—	—
161	170	176	179	182	182
24	22	18	19	23	20
29	27	26	26	26	25
133	120	115	110	95	78
24,319	22,963	22,296	21,557	20,499	19,400
10,537	10,392	9,885	9,727	9,681	9,913
233	241	267	303	325	360
54	40	56	38	56	35
1,081	1,021	977	978	950	957
159	146	134	91	144	83
343	354	347	352	435	366
150	137	137	137	132	125
1,849	1,101	995	987	739	824
14,406	13,432	12,798	12,613	12,462	12,663
\$ 38,725	\$ 36,395	\$ 35,094	\$ 34,170	\$ 32,961	\$ 32,063
6.4 %	3.7 %	2.7 %	3.7 %	2.8 %	1.8 %
\$ 10,129	\$ 9,816	\$ 9,373	\$ 9,372	\$ 8,970	\$ 8,886
3,044	2,875	2,801	2,690	2,724	2,566
15,641	14,805	14,186	13,421	13,196	13,039
926	981	915	929	912	876
6,015	5,732	5,817	5,348	5,057	4,613
3,420	3,385	3,527	3,261	3,238	3,187
504	381	331	251	194	219
\$ 39,679	\$ 37,975	\$ 36,950	\$ 35,272	\$ 34,291	\$ 33,386
4.5 %	2.8 %	4.8 %	2.9 %	2.7 %	2.7 %

**Net Position by Component  
Accrual Basis of Accounting**

Last Ten Fiscal Years  
(Dollars in Millions)

	2022	2021	2020	2019
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 26,643	\$ 26,280	\$ 26,758	\$ 26,032
Restricted	4,932	3,868	4,555	2,194
Unrestricted	7,609	1,587	(1,331)	(3,483)
<b>Total Governmental Activities Net Position</b>	<b>39,184</b>	<b>31,735</b>	<b>29,982</b>	<b>24,743</b>
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	146	151	64	40
Restricted	1,416	137	665	1,485
Unrestricted	1,489	1,644	1,050	947
<b>Total Business-type Activities Net Position</b>	<b>3,051</b>	<b>1,932</b>	<b>1,779</b>	<b>2,472</b>
<b>Primary Government:</b>				
Net Investment in Capital Assets	26,789	26,431	26,822	26,072
Restricted	6,348	4,005	5,220	3,679
Unrestricted	9,098	3,231	(281)	(2,536)
<b>Total Primary Government Net Position</b>	<b>\$ 42,235</b>	<b>\$ 33,667</b>	<b>\$ 31,761</b>	<b>\$ 27,215</b>

Source: Department of Accounts

	2018	2017	2016	2015	2014	2013
\$	25,527	\$ 25,539	\$ 24,309	\$ 23,407	\$ 22,317	\$ 20,259
	1,918	954	1,365	1,436	1,465	1,456
	(5,115)	(5,344)	(5,560)	(5,406)	(2,820)	(1,531)
	22,330	21,149	20,114	19,437	20,962	20,184
	34	38	33	34	12	30
	1,349	1,208	1,045	845	587	371
	684	692	508	500	563	261
	2,067	1,938	1,586	1,379	1,162	662
	25,561	25,577	24,342	23,441	22,329	20,289
	3,267	2,162	2,410	2,281	2,052	1,827
	(4,431)	(4,652)	(5,052)	(4,906)	(2,257)	(1,270)
\$	24,397	\$ 23,087	\$ 21,700	\$ 20,816	\$ 22,124	\$ 20,846

**Changes in Net Position  
Accrual Basis of Accounting**

Last Ten Fiscal Years  
(Dollars in Millions)

	2022	2021	2020	2019
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General Government	\$ 3,881	\$ 5,107	\$ 4,017	\$ 3,218
Education	14,982	12,766	11,541	11,104
Transportation	6,580	6,148	5,175	4,927
Resources and Economic Development	1,633	1,423	1,158	1,027
Individual and Family Services	29,511	30,575	24,120	16,566
Administration of Justice	3,212	3,235	3,180	2,946
Interest and Charges on Long-term Debt	288	272	262	257
<b>Total Governmental Activities Expenses</b>	<b>60,087</b>	<b>59,526</b>	<b>49,453</b>	<b>40,045</b>
<b>Business-type Activities:</b>				
Virginia Lottery	2,951	2,484	1,542	1,643
Virginia College Savings Plan	123	124	56	61
Unemployment Compensation	170	1,199	1,246	274
Alcoholic Beverage Control	928	904	792	699
Risk Management	13	11	18	15
Local Choice Health Care	478	475	422	473
Line of Duty	18	20	17	18
Advantage Vanpool Self Insurance Fund	—	—	—	—
Route 460 Funding Corporation of Virginia	—	—	—	—
Virginia Industries for the Blind	43	65	52	50
Consolidated Laboratory	14	13	14	11
eVA Procurement System	21	22	22	21
Department of Environmental Quality Title V	11	12	12	10
Wireless E-911	58	49	43	44
Museum and Library Gift Shops	7	5	6	7
Behavioral Health Canteen and Work Activity	—	—	—	—
<b>Total Business-type Activities Expenses</b>	<b>4,835</b>	<b>5,383</b>	<b>4,242</b>	<b>3,326</b>
<b>Total Primary Government Expenses</b>	<b>\$ 64,922</b>	<b>\$ 64,909</b>	<b>\$ 53,695</b>	<b>\$ 43,371</b>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
Charges for Services:				
General Government	\$ 325	\$ 305	\$ 338	\$ 307
Education	721	628	633	684
Transportation	846	849	821	827
Resources and Economic Development	742	534	406	400
Individual and Family Services	186	209	258	280
Administration of Justice	615	254	241	299
Operating Grants and Contributions	25,387	26,952	21,488	10,927
Capital Grants and Contributions	1,574	1,390	1,463	1,528
<b>Total Governmental Activities Program Revenues</b>	<b>30,396</b>	<b>31,121</b>	<b>25,648</b>	<b>15,252</b>

Source: Department of Accounts



2018	2017	2016	2015	2014	2013
\$ 3,194	\$ 3,119	\$ 3,230	\$ 3,267	\$ 3,362	\$ 3,019
10,731	10,457	10,178	9,845	9,431	9,281
5,240	4,611	4,528	4,369	3,602	3,307
971	1,074	1,008	970	940	928
15,598	14,708	14,024	13,277	13,116	12,941
2,989	2,853	2,922	2,751	2,927	2,760
167	222	240	224	238	255
38,890	37,044	36,130	34,703	33,616	32,491
1,521	1,420	1,415	1,300	1,266	1,194
294	206	103	155	104	156
323	348	390	431	536	584
666	632	615	580	555	533
10	10	14	10	13	12
460	447	412	350	308	296
18	—	—	—	—	—
—	—	—	—	—	—
—	—	1	13	82	67
46	53	42	43	38	31
11	11	10	9	9	8
20	21	23	23	20	20
10	11	11	10	12	11
43	44	42	37	37	42
8	7	7	7	6	7
—	—	—	—	1	1
3,430	3,210	3,085	2,968	2,987	2,962
\$ 42,320	\$ 40,254	\$ 39,215	\$ 37,671	\$ 36,603	\$ 35,453
\$ 323	\$ 310	\$ 306	\$ 297	\$ 255	\$ 250
649	608	563	545	518	448
756	717	675	691	652	680
386	392	375	379	359	345
350	345	365	366	376	413
283	280	284	316	401	322
9,871	9,469	9,147	8,915	8,732	8,820
1,953	1,642	1,467	1,619	1,509	1,754
14,571	13,763	13,182	13,128	12,802	13,032

Continued on next page

**Changes in Net Position  
Accrual Basis of Accounting** *(Continued from previous page)*

Last Ten Fiscal Years  
(Dollars in Millions)

	2022	2021	2020	2019
<b>Business-type Activities:</b>				
<b>Charges for Services:</b>				
Virginia Lottery	\$ 3,752	\$ 3,259	\$ 2,150	\$ 2,294
Virginia College Savings Plan	(71)	707	95	307
Unemployment Compensation	406	418	372	411
Alcoholic Beverage Control	1,172	1,135	1,001	903
Risk Management	15	15	14	13
Local Choice Health Care	465	483	492	482
Line of Duty	19	19	17	18
Advantage Vanpool Self Insurance Fund	—	1	1	—
Virginia Industries for the Blind	49	67	51	51
Consolidated Laboratory	16	15	14	12
eVA Procurement System	30	26	23	21
Department of Environmental Quality Title V	12	12	13	12
Wireless E-911	75	69	66	64
Museum and Library Gift Shops	8	4	6	7
Behavioral Health Canteen and Work Activity	—	—	—	—
Operating Grants and Contributions	1,054	257	66	—
Capital Contributions	4	77	10	—
<b>Total Business-type Activities Program Revenue</b>	<b>7,006</b>	<b>6,564</b>	<b>4,391</b>	<b>4,595</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 37,402</b>	<b>\$ 37,685</b>	<b>\$ 30,039</b>	<b>\$ 19,847</b>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (29,691)	\$ (28,405)	\$ (23,805)	\$ (24,793)
Business-type Activities	2,171	1,181	149	1,269
<b>Total Primary Government Net Expense</b>	<b>\$ (27,520)</b>	<b>\$ (27,224)</b>	<b>\$ (23,656)</b>	<b>\$ (23,524)</b>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities:</b>				
<b>Taxes:</b>				
Individual and Fiduciary Income	\$ 19,564	\$ 17,067	\$ 15,666	\$ 14,872
Sales and Use	7,448	6,527	5,721	5,458
Corporation Income	2,000	1,579	1,074	924
Motor Fuel	1,773	1,422	1,101	1,084
Motor Vehicle Sales and Use	1,214	1,119	941	972
Communications Sales and Use	301	312	347	359
Premiums of Insurance Companies	612	551	549	554
Public Service Corporations	119	118	110	112
Other Taxes	2,771	2,573	1,825	1,388
Unrestricted Grants and Contributions	64	102	56	60
Investment Earnings	(538)	37	247	239
Miscellaneous	749	381	469	369
Special Item	—	—	—	—
Transfers	1,076	1,040	856	875
<b>Total Governmental Activities</b>	<b>37,153</b>	<b>32,828</b>	<b>28,962</b>	<b>27,266</b>
<b>Business-type Activities:</b>				
Other Taxes	9	9	9	9
Investment Earnings	—	1	2	2
Miscellaneous	16	2	—	—
Special Items	—	—	—	—
Transfers	(1,076)	(1,040)	(856)	(875)
<b>Total Business-type Activities</b>	<b>(1,051)</b>	<b>(1,028)</b>	<b>(845)</b>	<b>(864)</b>
<b>Total Primary Government</b>	<b>\$ 36,102</b>	<b>\$ 31,800</b>	<b>\$ 28,117</b>	<b>\$ 26,402</b>
<b>Change in Net Position</b>				
Governmental Activities	\$ 7,462	\$ 4,423	\$ 5,157	\$ 2,473
Business-type Activities	1,120	153	(696)	405
<b>Total Primary Government</b>	<b>\$ 8,582</b>	<b>\$ 4,576</b>	<b>\$ 4,461</b>	<b>\$ 2,878</b>

Source: Department of Accounts

2018	2017	2016	2015	2014	2013
\$ 2,140	\$ 1,991	\$ 2,007	\$ 1,844	\$ 1,811	\$ 1,690
296	404	146	188	408	301
461	513	594	693	761	790
845	807	772	730	689	662
13	13	9	8	9	5
463	430	393	343	321	285
20	—	—	—	—	—
—	—	—	—	—	—
44	53	42	44	36	30
12	10	9	10	9	7
21	21	21	20	16	16
9	9	11	11	11	11
61	60	58	55	54	62
8	7	7	8	6	8
—	—	—	—	—	—
1	4	—	—	—	—
—	—	—	—	70	61
4,394	4,322	4,069	3,954	4,201	3,928
\$ 18,965	\$ 18,085	\$ 17,251	\$ 17,082	\$ 17,003	\$ 16,960
\$ (24,319)	\$ (23,281)	\$ (22,948)	\$ (21,575)	\$ (20,814)	\$ (19,459)
964	1,112	984	986	1,214	966
\$ (23,355)	\$ (22,169)	\$ (21,964)	\$ (20,589)	\$ (19,600)	\$ (18,493)
\$ 14,118	\$ 13,113	\$ 12,685	\$ 12,266	\$ 11,681	\$ 11,400
5,267	5,104	4,994	4,830	4,597	3,941
852	834	773	801	770	805
1,031	998	976	888	792	879
935	948	910	846	781	582
383	396	405	416	420	424
517	479	485	453	460	407
112	108	108	119	119	116
1,055	1,050	1,001	959	896	909
61	55	48	49	49	74
72	65	63	16	44	6
525	467	282	206	234	306
—	—	—	(134)	—	—
827	770	787	728	724	670
25,755	24,387	23,517	22,443	21,567	20,519
9	9	9	9	9	9
1	1	1	2	2	1
—	—	—	—	1	—
—	—	—	34	—	—
(827)	(770)	(787)	(728)	(724)	(670)
(817)	(760)	(777)	(683)	(712)	(660)
\$ 24,938	\$ 23,627	\$ 22,740	\$ 21,760	\$ 20,855	\$ 19,859
\$ 1,436	\$ 1,106	\$ 569	\$ 868	\$ 753	\$ 1,060
147	352	207	303	502	306
\$ 1,583	\$ 1,458	\$ 776	\$ 1,171	\$ 1,255	\$ 1,366

**Fund Balance, Governmental Funds  
Modified Accrual Basis of Accounting**

Last Ten Fiscal Years  
(Dollars in Millions)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>General Fund</b>				
Nonspendable	\$ 188	\$ 147	\$ 107	\$ 103
Restricted	2,693	1,850	659	669
Committed	5,694	2,445	1,326	1,095
Assigned	3,105	2,667	1,257	—
Unassigned	—	—	—	(264)
<b>Total</b>	<u>\$ 11,680</u>	<u>\$ 7,109</u>	<u>\$ 3,349</u>	<u>\$ 1,603</u>
<b>All Other Governmental Funds</b>				
<b>Special Revenue Funds</b>				
Nonspendable	\$ 236	\$ 224	\$ 207	\$ 157
Restricted	994	729	2,889	729
Committed	5,197	4,290	3,696	2,949
Assigned	49	45	39	34
Unassigned	—	(50)	(89)	(63)
<b>Debt Service Funds</b>				
Restricted	46	46	45	46
<b>Capital Projects Funds</b>				
Nonspendable	4	1	—	—
Restricted	2,612	1,812	1,580	1,366
<b>Permanent Funds</b>				
Nonspendable	45	47	38	39
Restricted	2	2	2	2
<b>Total</b>	<u>\$ 9,185</u>	<u>\$ 7,146</u>	<u>\$ 8,407</u>	<u>\$ 5,259</u>

Source: Department of Accounts

2018	2017	2016	2015	2014	2013
\$ 105	\$ 127	\$ 114	\$ 120	\$ 111	\$ 120
567	568	908	1,086	971	962
759	482	397	296	330	503
—	—	—	—	—	—
(588)	(679)	(709)	(653)	(782)	(947)
<u>\$ 843</u>	<u>\$ 498</u>	<u>\$ 710</u>	<u>\$ 849</u>	<u>\$ 630</u>	<u>\$ 638</u>
\$ 159	\$ 147	\$ 159	\$ 128	\$ 104	\$ 118
679	570	583	759	880	588
2,391	2,148	2,094	2,244	2,145	2,556
32	29	29	29	17	14
(98)	(67)	—	(60)	—	—
42	32	22	45	44	35
—	—	—	—	—	—
1,292	194	40	288	53	214
38	37	34	35	34	31
2	2	1	1	1	1
<u>\$ 4,537</u>	<u>\$ 3,092</u>	<u>\$ 2,962</u>	<u>\$ 3,469</u>	<u>\$ 3,278</u>	<u>\$ 3,557</u>

## Changes in Fund Balance, Governmental Funds

### Modified Accrual Basis of Accounting

Last Ten Fiscal Years  
(Dollars in Millions)

	2022	2021	2020	2019
<b>Revenues</b>				
Taxes	\$ 35,688	\$ 31,278	\$ 27,314	\$ 25,676
Rights and Privileges	1,216	1,212	1,135	1,129
Institutional Revenue	147	145	164	210
Interest, Dividends, Rents, and Other Investment Income	(474)	150	369	360
Federal Grants and Contracts	26,000	27,186	22,067	11,999
Other	3,057	2,856	2,037	1,566
Total Revenues	65,634	62,827	53,086	40,940
<b>Expenditures</b>				
General Government	3,763	4,539	3,522	2,774
Education	14,058	12,031	10,868	10,448
Transportation	7,735	6,761	5,542	5,455
Resources and Economic Development	1,668	1,396	1,107	1,015
Individual and Family Services	29,886	30,481	24,141	16,954
Administration of Justice	3,424	3,190	3,172	3,086
Capital Outlay	1,128	1,434	848	616
Debt Service:				
Principal Retirement	463	440	475	427
Interest and Charges	400	357	337	321
Total Expenditures	62,525	60,629	50,012	41,096
Revenues Over (Under) Expenditures	3,109	2,198	3,074	(156)
<b>Other Financing Sources (Uses)</b>				
Transfers In	3,011	2,254	2,008	1,989
Transfers Out	(1,920)	(1,206)	(1,149)	(1,106)
Notes Issued	2	14	24	19
Insurance Recoveries	6	3	6	2
Capital Leases Issued (1)	—	1	1	1
Long-Term Leases Issued (1)	20	—	—	—
Bonds Issued	2,068	1,251	719	648
Premium on Debt Issuance	328	273	129	83
Refunding Bonds Issued	180	11	273	43
Sale of Capital Assets	10	17	5	7
Payments to Refunded Bond Escrow Agents	(215)	(11)	(279)	(49)
Total Other Financing Sources (Uses)	3,490	2,607	1,737	1,637
Net Change in Fund Balances	\$ 6,599	\$ 4,805	\$ 4,811	\$ 1,481
Debt Service as a Percentage of Noncapital Expenditures (2)	1.44 %	1.37 %	1.71 %	1.92 %

(1) As a result of the implementation of GASB Statement No. 87, *Leases*, during fiscal year 2022, the Long-term Leases Issued line item has been added beginning with fiscal year 2022. Capital Leases Issued line item data is presented for fiscal years prior to 2022.

(2) Noncapital expenditures exclude expenditures for capital outlay, which are recorded by function. The majority of these expenditures were for Transportation.

Source: Department of Accounts

	2018	2017	2016	2015	2014	2013
\$	24,319	\$ 22,963	\$ 22,296	\$ 21,557	\$ 20,499	\$ 19,400
	1,081	1,021	977	978	950	957
	233	241	267	303	325	360
	159	146	134	91	144	83
	10,537	10,392	9,885	9,727	9,681	9,913
	2,396	1,632	1,535	1,514	1,362	1,350
	38,725	36,395	35,094	34,170	32,961	32,063
	2,692	2,691	2,821	2,544	2,538	2,424
	10,129	9,816	9,373	9,372	8,970	8,886
	6,015	5,732	5,817	5,348	5,057	4,613
	926	981	915	929	912	876
	15,641	14,805	14,186	13,421	13,196	13,039
	3,044	2,875	2,801	2,690	2,724	2,566
	504	381	331	251	194	219
	433	413	424	441	421	474
	295	281	282	276	279	289
	39,679	37,975	36,950	35,272	34,291	33,386
	(954)	(1,580)	(1,856)	(1,102)	(1,330)	(1,323)
	1,913	1,731	1,673	1,706	1,661	1,625
	(1,086)	(959)	(884)	(972)	(927)	(940)
	15	8	4	7	16	22
	4	1	1	1	—	1
	1	2	1	—	—	—
	—	—	—	—	—	—
	1,280	685	274	671	273	264
	367	174	45	150	75	85
	1,062	276	76	536	277	201
	22	11	15	24	16	96
	(1,271)	(331)	(93)	(618)	(337)	(258)
	2,307	1,598	1,112	1,505	1,054	1,096
\$	1,353	\$ 18	\$ (744)	\$ 403	\$ (276)	\$ (227)
	1.95%	2.01%	2.05%	2.22%	2.21%	2.58%

## Comparison of General Fund Balance

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Last Ten Fiscal Years  
(Dollars in Millions)

Fiscal Year Ended June 30,	Fund Balance	
	Budgetary Basis	Modified Accrual Basis
2022	\$ 13,375.0	\$ 11,679.6
2021	7,505.1	7,109.0
2020	3,524.6	3,348.8
2019	2,799.3	1,602.7
2018	1,787.0	843.5
2017	1,339.9	498.4
2016	1,478.4	710.3
2015	1,759.2	848.4
2014	1,349.3	629.6
2013	1,820.6	637.9

Source: Department of Accounts



# Revenue Capacity

## Personal Income Tax Rates

Last Ten Fiscal Years  
(Dollars in Millions)

For the Fiscal Year Ended June 30,	Personal Income Tax Collections (1)	Personal Income (2)(3)	Average Effective Rate (3)(4)
2022	\$ 19,362	\$ 574,388	3.37%
2021	17,304	557,688	3.10%
2020	15,352	524,053	2.93%
2019	15,226	496,196	3.07%
2018	14,106	474,548	2.97%
2017	13,053	458,235	2.85%
2016	12,556	443,805	2.83%
2015	12,329	429,619	2.87%
2014	11,253	408,363	2.76%
2013	11,340	404,365	2.80%

(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 2013 through 2021 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 2013 through 2021

Income Tax Bracket	Tax Rate
\$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) (2)

Current Tax Year and Ten Years Ago

Income Level	Tax Year Ended December 31, 2020				Tax Year Ended December 31, 2011			
	Number of Returns	% of Total	Income Tax Liability	% of Total	Number of Returns	% of Total	Income Tax Liability	% of Total
\$100,000 and higher	904,865	22.0%	\$ 10,820,984,074	73.3%	638,613	17.5%	\$ 6,399,304,037	65.0%
\$75,000 - \$99,999	345,333	8.4%	1,324,583,466	9.0%	312,003	8.5%	1,110,777,936	11.3%
\$50,000 - \$74,999	532,349	12.9%	1,324,457,526	9.0%	478,828	13.1%	1,111,919,283	11.3%
\$25,000 - \$49,999	874,471	21.3%	1,065,633,669	7.2%	831,222	22.7%	967,682,661	9.8%
\$10,000 - \$24,999	684,529	16.6%	215,178,820	1.5%	746,647	20.4%	253,395,564	2.6%
\$9,999 and lower	774,645	18.8%	4,750,571	0.0%	649,361	17.8%	3,707,563	0.0%
<b>Total</b>	<b>4,116,192</b>	<b>100.0%</b>	<b>\$ 14,755,588,126</b>	<b>100.0%</b>	<b>3,656,674</b>	<b>100.0%</b>	<b>\$ 9,846,787,044</b>	<b>100.0%</b>

- (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 2020 is the most recent year for which data are available.

Source: Department of Taxation

## Personal Income by Industry (1) (2)

Last Ten Fiscal Years  
(Dollars in Millions)

	2022	2021	2020	2019
Farm Earnings	\$ 918	\$ 406	\$ 306	\$ 310
Agricultural/Forestry, Fishing, and Other	436	439	442	459
Mining	582	506	576	662
Construction	22,693	21,153	20,011	19,114
Manufacturing	21,062	20,358	19,581	19,182
Transportation, Warehousing, Information and Public Utilities	23,096	20,542	19,412	18,993
Wholesale Trade	13,637	12,436	11,830	11,520
Retail Trade	19,483	18,473	16,795	16,359
Finance, Insurance, Real Estate, Rental and Leasing	29,495	28,101	26,134	25,404
Services	178,247	163,684	156,895	152,664
Federal, Civilian	30,346	29,876	28,655	27,876
Military	14,581	13,255	12,344	11,725
State and Local Government	41,338	39,219	38,956	37,256
Other (3)	178,474	189,240	172,116	154,672
Total Personal Income	\$ 574,388	\$ 557,688	\$ 524,053	\$ 496,196

(1) Personal income figures for fiscal year 2022 are estimated.

(2) Amounts for fiscal years 2013 through 2021 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.

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2018	2017	2016	2015	2014	2013
\$ 421	\$ 408	\$ 423	\$ 620	\$ 733	\$ 718
472	473	470	413	351	315
626	432	261	513	756	987
18,199	17,477	16,911	16,611	15,985	15,680
18,271	17,518	17,772	18,169	17,354	16,919
17,409	17,337	17,954	18,055	17,034	16,157
11,286	10,762	10,532	10,401	9,962	9,808
15,957	15,791	15,698	15,333	14,828	14,416
24,118	22,454	21,352	19,964	19,048	20,271
146,059	139,841	134,466	129,181	123,896	123,296
26,825	25,996	25,215	24,310	23,075	23,026
12,380	13,312	12,926	12,780	12,709	12,967
36,445	35,528	34,727	33,740	32,620	31,433
146,080	140,906	135,098	129,529	120,012	118,372
<u>\$ 474,548</u>	<u>\$ 458,235</u>	<u>\$ 443,805</u>	<u>\$ 429,619</u>	<u>\$ 408,363</u>	<u>\$ 404,365</u>

**Taxable Sales by Business Class (1) (3)**Last Ten Calendar Years  
(Dollars in Millions)

	2021	2020	2019	2018
Alcoholic Beverage (4)	N/A	N/A	N/A	\$ 762
Apparel	4,990	3,658	4,996	5,061
Automotive	4,109	3,583	3,513	3,448
Food	38,320	34,473	34,320	32,935
Fuel	3,220	2,639	2,560	2,318
Furniture, Home Furnishings, and Equipment	2,496	2,088	2,251	2,228
General Merchandise	23,167	21,889	21,682	21,831
Hotels, Motels, Tourist Camps, etc.	3,088	2,126	3,989	3,857
Lumber, Building Materials, and Supply	12,181	10,894	9,775	9,567
Machinery, Equipment, and Supplies	283	242	290	290
Miscellaneous	23,765	20,344	21,524	21,215
Other Miscellaneous and Unidentifiable	3,034	2,422	2,860	2,537
<b>Total</b>	<b>\$ 118,653</b>	<b>\$ 104,358</b>	<b>\$ 107,760</b>	<b>\$ 106,049</b>
<b>Direct Sales Tax Rate (2)</b>	<b>5.3 %</b>	<b>5.3 %</b>	<b>5.3 %</b>	<b>5.3 %</b>

- (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.
- (3) Some prior year amounts may have been revised to reflect the incorporation of newly available and revised source data.
- (4) Alcoholic Beverage is included in Food starting in tax year 2019.

Source: Bureau of Economic Analysis  
Department of Taxation  
Weldon Cooper Center for Public Service, University of Virginia

2017	2016	2015	2014	2013	2012
\$ 784	\$ 658	\$ 718	\$ 676	\$ 640	\$ 559
4,986	5,049	5,001	4,918	6,668	4,918
3,234	3,238	3,159	3,024	2,945	2,860
31,908	31,564	30,627	28,972	27,924	27,150
2,221	2,144	1,967	1,864	1,880	1,899
2,338	3,222	2,840	2,663	2,645	2,180
21,643	21,686	21,917	21,693	21,852	21,568
3,738	3,590	3,452	3,238	3,098	3,107
7,739	9,123	8,865	8,589	8,513	8,112
287	292	330	303	300	357
22,179	18,888	19,067	17,994	16,031	18,287
2,520	2,225	2,273	2,270	2,088	2,321
<u>\$ 103,577</u>	<u>\$ 101,679</u>	<u>\$ 100,216</u>	<u>\$ 96,204</u>	<u>\$ 94,584</u>	<u>\$ 93,318</u>
5.3 %	5.3 %	5.3 %	5.3 %	5.3 %	5.0 %

## Sales Tax Revenue by Business Class (1)

Tax Year 2021 and Nine Years Ago

	Tax Year Ended December 31, 2021 (2) (3)				Tax Year Ended December 31, 2012			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Alcoholic Beverage	N/A	N/A	N/A	N/A	340	0.3%	\$ 558,570,956	0.6%
Apparel	3,939	4.1%	4,989,913,123	4.2%	3,812	3.6%	4,918,206,404	5.3%
Automotive	2,780	2.9%	4,109,250,623	3.5%	3,117	3.0%	2,860,162,107	3.1%
Food	23,579	24.2%	38,320,263,351	32.3%	21,458	20.5%	27,150,222,725	29.1%
Fuel	2,264	2.3%	3,219,746,719	2.7%	2,633	2.5%	1,899,442,642	2.0%
Furniture, Home Furnishings, and Equipment	1,913	2.0%	2,496,437,612	2.1%	3,045	2.9%	2,180,485,722	2.3%
General Merchandise	13,762	14.1%	23,167,468,334	19.5%	16,836	16.1%	21,568,411,386	23.1%
Hotels, Motels, Tourist Camps, etc.	2,265	2.3%	3,087,983,465	2.6%	2,283	2.2%	3,106,558,428	3.3%
Lumber, Building Materials, and Supply	5,247	5.4%	12,181,002,557	10.3%	5,597	5.4%	8,112,300,145	8.7%
Machinery, Equipment, and Supply	136	0.1%	283,234,570	0.2%	162	0.2%	356,536,650	0.4%
Miscellaneous	34,606	35.5%	23,764,950,220	20.0%	38,570	36.9%	18,286,595,436	19.6%
Other Miscellaneous and Unidentifiable	6,961	7.1%	3,033,641,984	2.6%	6,657	6.4%	2,320,738,952	2.5%
<b>Total</b>	<b>97,452</b>	<b>100.0%</b>	<b>\$ 118,653,892,558</b>	<b>100.0%</b>	<b>104,510</b>	<b>100.0%</b>	<b>\$ 93,318,231,553</b>	<b>100.0%</b>

- (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.
- (2) Tax year 2021 is the most recent year for which data are available.
- (3) Alcoholic Beverage is included in Food starting in tax year 2019.

Sources: 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)			
2022	\$ 231,264	\$ 7,600,566	\$ 3,376,774	\$ —	\$ 194,531	\$ 11,403,135	1.99%	\$ 1,316
2021	284,861	7,220,535	1,911,212	—	771	9,417,379	1.69%	1,097
2020	341,600	6,901,527	1,200,145	—	964	8,444,236	1.61%	982
2019	416,501	6,982,091	749,490	—	518	8,148,600	1.64%	951
2018	476,528	7,274,962	171,180	—	—	7,922,670	1.67%	934
2017	538,211	6,245,009	188,640	—	5,025	6,976,885	1.52%	824
2016	601,632	5,826,798	200,227	—	5,359	6,634,016	1.49%	789
2015	675,371	5,911,768	222,877	320,110	5,708	7,135,834	1.66%	851
2014	742,869	5,555,935	233,002	317,305	6,072	6,855,183	1.68%	823
2013	791,992	5,593,228	285,594	314,662	6,453	6,991,929	1.73%	846

- (1) Pension, compensated absences, other postemployment benefits, other liabilities, lottery prizes payable, educational 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 and the Weldon Cooper Center for Public Service at the University of Virginia. Fiscal year 2022 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 [6]	Amount Per Capita [7]
	Governmental		Higher Education [5]			
	9(b) [3]	9(c) [4]	9(c)	Total		
2022	\$ 225,600	\$ 5,664	\$ 912,817	\$ 1,144,081	5.91%	\$ 132
2021	278,221	6,640	955,729	1,240,590	7.17%	145
2020	330,934	10,666	886,837	1,228,437	8.00%	143
2019	401,873	14,628	893,106	1,309,607	8.85%	153
2018	457,764	18,764	836,874	1,313,402	9.31%	155
2017	515,468	22,743	897,018	1,435,229	11.00%	169
2016	571,915	29,717	877,118	1,478,750	11.78%	176
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%	202

[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] While these bonds are issued for and allocated to institutions, they are backed by the full faith and credit of the Commonwealth.

[6] Individual and fiduciary Income tax collections were used for this calculation.

[7] Population statistics used in this calculation are provided by the Department of Taxation and the Weldon Cooper Center for Public Service at the University of Virginia. Fiscal year 2022 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	2022	2021	2020	2019
Taxes on Income and Retail Sales:				
Individual and Fiduciary Income Tax [1]	\$ 19,361,618	\$ 17,304,476	\$ 15,351,603	\$ 14,801,986
Corporate Income Tax [2]	1,978,697	1,515,692	1,011,650	943,391
State Sales and Use Tax [3]	5,080,554	4,624,545	4,112,861	3,972,960
Total	<u>\$ 26,420,869</u>	<u>\$ 23,444,713</u>	<u>\$ 20,476,114</u>	<u>\$ 19,718,337</u>
<b>Average Tax Revenues (Three Fiscal Years)</b>	<u>\$ 23,447,232</u>	<u>\$ 21,213,055</u>	<u>\$ 19,663,064</u>	<u>\$ 18,704,493</u>

### Section 9(a) [2] General Obligation Debt Limit [4]

Debt Issuance Limit				
(30% of 1.15 times annual tax revenues)	\$ 9,115,200	\$ 8,088,426	\$ 7,064,259	\$ 6,802,826
Less Bonds Outstanding:	—	—	—	—
Debt Issuance Margin for Section 9(a) [2]				
General Obligation Bonds	<u>\$ 9,115,200</u>	<u>\$ 8,088,426</u>	<u>\$ 7,064,259</u>	<u>\$ 6,802,826</u>
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)	\$ 26,964,317	\$ 24,395,013	\$ 22,612,524	\$ 21,510,167
Less Bonds Outstanding:**				
Public Facilities Bonds [5]	225,600	278,221	330,934	401,873
Debt Issuance Margin for Section 9(b)				
General Obligation Bonds	<u>\$ 26,738,717</u>	<u>\$ 24,116,792</u>	<u>\$ 22,281,590</u>	<u>\$ 21,108,294</u>
Debt Applicable to Limit as a % Limit	0.84 %	1.14 %	1.46 %	1.87 %

Additional Section 9(b) Debt Borrowing Restriction:

Four-year Authorization Restriction (25% of 9(b) Debt Limit)	\$ 6,741,079	\$ 6,098,753	\$ 5,653,131	\$ 5,377,542
Less 9(b) Debt authorized in past three fiscal years	—	—	—	—
Maximum Additional Borrowing Restriction (amount that may be authorized by the General Assembly)	<u>\$ 6,741,079</u>	<u>\$ 6,098,753</u>	<u>\$ 5,653,131</u>	<u>\$ 5,377,542</u>

### Section 9(c) General Obligation Debt Limit

Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	\$ 26,964,317	\$ 24,395,013	\$ 22,612,524	\$ 21,510,167
Less Bonds Outstanding:**				
Parking Facilities Bonds [5]	5,664	6,640	7,583	8,567
Transportation Facilities Bonds [5]	—	—	3,083	6,061
Higher Educational Institution Bonds [5]	912,817	955,729	886,837	893,106
Debt Issuance Margin for Section 9(c)				
General Obligation Bonds	<u>\$ 26,045,836</u>	<u>\$ 23,432,644</u>	<u>\$ 21,715,021</u>	<u>\$ 20,602,433</u>
Debt Applicable to Limit as a % Limit	3.41 %	3.94 %	3.97 %	4.22 %

\*\*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] 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

	2018	2017	2016	2015	2014	2013
\$	14,105,766	\$ 13,052,887	\$ 12,555,624	\$ 12,328,675	\$ 11,253,348	\$ 11,339,965
	861,897	826,961	764,948	831,907	757,491	796,728
	3,827,078	3,720,552	3,651,400	3,587,849	3,399,223	3,419,489
\$	18,794,741	\$ 17,600,400	\$ 16,971,972	\$ 16,748,431	\$ 15,410,062	\$ 15,556,182
\$	17,789,038	\$ 17,106,934	\$ 16,376,822	\$ 15,904,892	\$ 15,251,227	\$ 14,766,900
\$	6,484,186	\$ 6,072,138	\$ 5,855,330	\$ 5,778,209	\$ 5,316,471	\$ 5,366,883
	—	—	—	—	—	—
\$	6,484,186	\$ 6,072,138	\$ 5,855,330	\$ 5,778,209	\$ 5,316,471	\$ 5,366,883
	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
\$	20,457,393	\$ 19,672,974	\$ 18,833,345	\$ 18,290,626	\$ 17,538,911	\$ 16,981,935
	457,764	515,468	571,915	642,181	706,192	752,493
\$	19,999,629	\$ 19,157,506	\$ 18,261,430	\$ 17,648,445	\$ 16,832,719	\$ 16,229,442
	2.24 %	2.62 %	3.04 %	3.51 %	4.03 %	4.43 %
\$	5,114,348	\$ 4,918,244	\$ 4,708,336	\$ 4,572,656	\$ 4,384,728	\$ 4,245,484
	—	—	—	—	—	—
\$	5,114,348	\$ 4,918,244	\$ 4,708,336	\$ 4,572,656	\$ 4,384,728	\$ 4,245,484
\$	20,457,393	\$ 19,672,974	\$ 18,833,345	\$ 18,290,626	\$ 17,538,911	\$ 16,981,935
	9,850	11,101	15,155	16,036	17,045	17,538
	8,914	11,642	14,562	17,154	19,632	21,961
	836,874	897,018	877,118	936,857	925,086	877,858
\$	19,601,755	\$ 18,753,213	\$ 17,926,510	\$ 17,320,579	\$ 16,577,148	\$ 16,064,578
	4.18 %	4.68 %	4.82 %	5.30 %	5.48 %	5.40 %

**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	Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements (3) (4)		Coverage
						Principal	Interest	
<b>Primary Government Revenue Bonds:</b>								
<b>Route 460 Funding Corporation of</b>	<b>2022</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>—</b>
<b>Virginia (4) (5)</b>	<b>2021</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>(Series 2012A and 2012B CAB)</b>	<b>2020</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	2019	—	—	—	—	—	—	—
	2018	—	—	—	—	—	—	—
	2017	—	—	—	—	—	—	—
	2016	1,261	—	436	825	—	—	—
	2015	(20,991)	—	524	(21,515)	—	11,726	(1.83)
	2014	(8,958)	—	448	(9,406)	—	12,084	(0.78)
	2013	—	—	130	(130)	—	—	—

- (1) The Route 460 Funding Corporation of Virginia was restated due to the implementation of GASB Statement No. 65 in fiscal year 2014.
- (2) Operating expenses are exclusive of principal and interest.
- (3) Includes principal and interest of revenue bonds only. Does not include debt defeasance transactions.
- (4) This entity was established in fiscal year 2013. No debt service payments were required during fiscal year 2013.
- (5) The Route 460 Funding Corporation of Virginia continuing operations ceased during fiscal year 2016.

Source: Department of Accounts

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## Demographic and Economic Information

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## Schedule of Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population In Thousands (1)	Personal Income In Thousands (2)(3)	Per Capita Income (3)	Public Primary and Secondary School Enrollment	Unemployment Rate
2022	8,667	\$ 574,386,657	\$ 66,273	1,263,342	2.8 %
2021	8,582	557,685,940	64,983	1,251,970	4.3 %
2020	8,603	524,053,454	60,915	1,252,756	4.4 %
2019	8,566	496,195,033	57,926	1,298,083	2.9 %
2018	8,481	474,548,074	55,954	1,290,513	3.3 %
2017	8,470	458,236,340	54,101	1,293,049	4.0 %
2016	8,412	443,805,708	52,759	1,267,591	4.1 %
2015	8,383	429,618,856	51,249	1,279,773	4.9 %
2014	8,326	408,362,586	49,047	1,273,211	5.2 %
2013	8,260	404,365,136	48,955	1,264,880	5.6 %

(1) Population figures are estimated.

(2) Personal income amount for fiscal year 2022 is estimated.

(3) PY Personal income and per capita income amounts for 2013 - 2021 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

Sources: Virginia Department of Education - School Enrollment  
Virginia Department of Taxation - Population 2018-2022  
Virginia Employment Commission - Unemployment Rate  
U.S. Bureau of Economic Analysis - Personal Income  
Weldon Cooper Center at UVA - Population 2013-2017

## Principal Employers (1)

Current Year and Nine Years Ago (2)

Employer	2021	2012
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	5
Postal Service	6	7
Food Lion	7	6
County of Fairfax	8	8
HCA Virginia Health System	9	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 2021 is the most recent information available.

(3) Previous ranking not available.

Source: Virginia Employment Commission



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## Operating Information

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**State Employees by Function (1)**

Last Ten Fiscal Years

	2022	2021	2020	2019
<b>General Government</b>				
Virginia Information Technologies Agency	218	211	189	203
Department of Taxation	812	796	806	854
Department of General Services	585	606	635	623
All other	2,329	2,023	1,796	1,791
<b>Education</b>				
Colleges and Universities	60,678	65,859	65,167	68,350
All other	2,783	2,603	2,344	2,805
<b>Transportation</b>				
Department of Transportation	7,516	7,567	7,558	7,661
Department of Motor Vehicles	2,079	2,182	2,094	2,137
All other	312	323	352	342
<b>Resources and Economic Development</b>				
Department of Conservation & Recreation	976	913	751	1,076
Department of Environmental Quality	796	769	787	789
All other	3,526	3,342	2,940	2,889
<b>Individual and Family Services</b>				
Department of Health	3,159	3,255	3,370	3,445
Behavioral Health Agencies	5,044	5,165	5,556	5,808
All other	5,490	5,678	5,492	5,410
<b>Administration of Justice</b>				
Department of State Police	2,687	2,761	2,744	2,704
Department of Juvenile Justice	1,671	1,792	1,866	1,883
Correctional Facilities	7,957	8,511	9,448	9,424
All other	8,195	7,722	6,780	6,654
<b>Business-type Activities</b>				
Alcoholic Beverage Control	3,726	3,650	2,375	2,280
Virginia Lottery	361	325	301	296
All other	134	125	119	113
State Total (2)	121,034	126,178	123,470	127,537

(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

2018	2017	2016	2015	2014	2013
208	207	213	260	263	270
856	846	862	855	877	873
591	596	594	608	614	621
1,746	1,760	1,730	1,675	1,663	1,677
65,079	66,305	64,450	56,777	56,086	55,223
2,323	2,853	2,714	2,634	2,663	2,662
7,745	7,806	7,601	7,372	7,365	7,212
2,016	2,074	2,078	2,023	2,040	1,999
331	330	317	263	198	193
1,125	1,103	1,130	1,106	747	1,165
797	803	814	826	822	779
2,997	2,991	2,935	2,957	2,950	2,898
3,431	3,559	3,408	3,565	3,593	3,646
5,971	6,285	6,628	7,378	7,629	8,314
5,444	5,509	5,539	5,505	5,545	5,804
2,675	2,654	2,725	2,773	2,792	2,779
1,876	1,934	2,057	2,086	2,339	2,405
9,433	9,436	9,731	9,272	9,922	9,738
6,577	6,538	6,552	6,505	6,579	6,606
2,355	1,682	2,737	2,294	2,272	2,182
279	279	285	284	279	275
102	100	96	100	94	84
123,957	125,650	125,196	117,118	117,332	117,405

## Operating Indicators by Function

Last Ten Fiscal Years

	2022	2021	2020
<b>General Government</b>			
<b>Virginia Department of Taxation</b>			
Number of Returns Processed (calendar year) (1)	Not yet available	8,530,643	8,248,902
<b>Education</b>			
<b>State Council of Higher Education</b>			
Number of Students Enrolled at State-supported Colleges and Universities	517,438	524,932	525,335
<b>Department of Education</b>			
Number of Public Primary and Secondary School Enrollment	1,263,342	1,251,970	1,252,756
<b>Resources and Economic Development</b>			
<b>Department of Environmental Quality</b>			
Number of Permits Issued	6,153	3,407	6,550
Number of Inspections Conducted	4,714	5,153	3,904
<b>Department of Housing and Community Development</b>			
Number of Housing Units Improved to Define Standards through Housing Programs	2,307	2,108	2,602
<b>Department of Agriculture and Consumer Services</b>			
Number of Food Inspections Conducted	8,924	8,528	8,244
Number of Weights/Measure Equipment Inspected	91,987	102,366	103,047
<b>Department of Forestry</b>			
Number of Firefighters Trained in Forest Fire Control	597	237	139
<b>Individual and Family Services</b>			
<b>Office of Children's Services</b>			
Number of Youth Served	14,489	14,589	15,285
<b>Department for Aging and Rehabilitative Services</b>			
Number of Medicare Recipients	1,595,943	1,565,504	1,742,473
<b>Department of Medical Assistance Services</b>			
Number of Medicaid Recipients	1,938,378	1,761,460	1,644,569
<b>Department of Behavioral Health and Developmental Services (2)</b>			
Number of Patients Served	1,642	1,831	1,902
Number of Beds Used	2,289	2,132	2,202
<b>Department of Social Services</b>			
Average Number of Households Receiving Food Stamps	413,334	377,121	348,551
Number of Households Receiving Child Support Enforcement Assistance	220,161	226,681	235,548
<b>Department of Health</b>			
Number of WIC Participants	1,446,205	191,387	190,746
Number of Childhood Immunizations Administered	1,321,443	82,402	218,571
<b>Administration of Justice</b>			
<b>Supreme Court</b>			
Number of Criminal Trials (calendar year)	495,056	520,867	646,416
Number of Civil Trials (calendar year)	901,639	950,357	1,340,592
Number of Traffic Hearings (calendar year)	1,085,734	1,038,540	1,649,266
<b>Compensation Board</b>			
Number of Constitutional Officers Receiving Financial Support	653	653	653
<b>Department of State Police</b>			
Number of Traffic Citations Issued (calendar year)	287,305	249,979	344,414
Number of Arrests (calendar year)	14,307	15,549	17,916
<b>Department of Corrections</b>			
Number of Inmates	25,847	24,179	27,239

2019	2018	2017	2016	2015	2014	2013
8,183,057	7,935,274	7,842,664	7,849,647	7,746,235	7,575,225	7,520,463
521,471	521,444	524,340	528,673	534,280	537,370	539,025
1,298,083	1,290,513	1,293,049	1,267,591	1,279,773	1,273,211	1,264,880
3,020	2,719	5,393	2,564	7,173	5,890	1,750
5,971	6,095	8,706	7,962	7,848	8,307	9,044
3,333	2,413	3,614	3,031	3,491	3,677	7,396
9,986	9,576	9,175	8,246	5,583	8,886	10,441
101,551	98,643	83,558	79,876	82,355	76,342	62,488
794	707	982	892	1,178	1,233	1,197
15,645	15,233	15,042	16,135	15,700	15,025	13,516
1,628,702	1,492,436	1,420,405	1,358,179	1,328,435	1,203,462	1,244,136
1,486,511	1,310,815	1,300,028	1,319,227	1,255,960	1,177,922	1,046,790
1,944	1,982	2,058	2,104	2,229	2,269	2,455
2,255	2,306	2,448	2,619	2,813	2,822	3,071
343,417	354,783	372,773	391,632	411,768	451,640	453,244
292,176	302,984	304,565	310,933	314,377	320,942	347,729
196,435	201,461	223,931	239,711	249,499	244,181	267,465
1,287,433	1,319,475	1,410,886	1,371,582	1,534,373	1,675,572	1,736,396
639,056	640,340	642,593	642,216	686,795	699,270	720,630
1,317,267	1,290,994	1,166,949	1,166,073	1,171,042	1,232,899	1,264,219
1,622,583	1,659,637	1,622,252	1,714,779	1,903,845	1,887,252	1,891,207
652	651	652	649	650	649	651
456,318	479,208	495,404	592,670	644,218	686,812	588,307
20,130	19,565	20,872	22,320	20,608	21,777	19,611
29,938	29,912	29,991	30,038	30,258	30,275	29,803

Continued on next page

**Operating Indicators by Function** (Continued from previous page)

Last Ten Fiscal Years

	2022	2021	2020
<b>Business-type Activities</b>			
<b>Virginia Lottery</b>			
Number of Plays Sold - Pick 3	349,713,514	390,284,730	336,933,331
Number of Plays Sold - Pick 4	361,898,368	376,114,441	322,440,569
Number of Plays Sold - Cash 5	34,840,052	38,667,449	32,195,638
Number of Plays Sold - Mega Millions	92,599,907	129,473,910	89,763,948
Number of Plays Sold - Win for Life (3)	—	—	—
Number of Plays Sold - Decades of Dollars (3)	—	—	—
Number of Plays Sold - Millionaire Raffle	10,000,000	10,000,000	7,500,000
Number of Plays Sold - Powerball	133,446,065	103,409,694	76,072,327
Number of Plays Sold - Bank A Million (4)	10,025,841	11,419,108	11,710,004
Number of Plays Sold - Money Ball (5) (6)	—	—	—
Number of Plays Sold - Cash 4 Life (5)	29,459,358	31,254,468	27,400,930
Number of Plays Sold - Print 'n Play (7)	56,972,703	61,746,903	75,470,085
Number of Tickets Sold - Instant Tickets	1,325,071,263	1,302,108,413	1,166,776,472
Number of Tickets Sold - iLottery Instants (8)	1,279,177,631	758,328,065	2,341,949
Number of Tickets Sold - Keno (9)	46,962,415	46,168,831	—
Number of Tickets Sold - iLottery Raffle (10)	500,000	—	—
Number of Tickets Sold - Cash Pop (10)	21,748,148	—	—
<b>Virginia College Savings Plan</b>			
Number of Prepaid529 contract holders	46,338	53,493	57,952
Number of Tuition Track Portfolio accounts (11)	5,762	2,542	—
<b>Virginia Employment Commission</b>			
Number of Individuals Receiving Unemployment Benefits	9,370	352,124	1,088,208
New Unemployment Benefit Claims	301,095	800,443	1,020,588

- (1) Information for fiscal year 2022 is not yet available.
- (2) 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 de-emphasized over time. Their inpatient census will continue to decline in the future. Approximately \$500 million of community funding (state and Federal dollars) each fiscal year supports 40 community services boards across the Commonwealth. These entities serve approximately 200,000 to 300,000 Virginians each year.
- (3) Win for Life and Decades for Dollars ended during fiscal year 2015; therefore, information for fiscal year 2016 and thereafter is not available.
- (4) Bank A Million began during fiscal year 2016; therefore, information for fiscal year 2015 and prior years is not available.
- (5) Money Ball and Cash 4 Life began during fiscal year 2015; therefore, information for fiscal year 2014 and prior years is not available.
- (6) Money Ball ended during fiscal year 2016; therefore, information for fiscal year 2017 and thereafter is not available.
- (7) Fast Play Bingo was renamed Print 'n Play during fiscal year 2017.
- (8) iLottery Instants, formerly called Digital E-games, are available through the Lottery Mobile App and began during fiscal year 2019; therefore, information for fiscal year 2018 and prior is not available.
- (9) Keno is a new game that began during fiscal year 2021; therefore, information for fiscal year 2020 and prior is not available.
- (10) iLottery Raffle and Cash Pop are new games that began during fiscal year 2022; therefore information for fiscal year 2021 and prior is not available.
- (11) Tuition Track Portfolio is a new portfolio option in fiscal year 2021; therefore, information for fiscal year 2020 and prior is not available.

2019	2018	2017	2016	2015	2014	2013
329,229,522	296,627,276	276,560,578	272,748,955	272,253,482	265,144,318	253,682,839
326,360,467	302,727,557	291,852,118	279,841,494	268,645,030	244,143,030	232,184,205
33,818,907	33,202,456	31,427,856	30,419,782	29,895,533	30,114,799	28,302,849
166,953,172	130,782,622	84,351,249	87,404,430	94,283,607	115,298,827	89,518,093
—	—	—	—	2,979,902	14,870,716	15,950,166
—	—	—	—	9,365,110	12,236,092	13,243,504
7,500,000	7,491,580	6,600,000	6,600,000	6,600,000	6,600,000	6,945,500
125,460,795	110,388,116	112,705,215	163,892,079	96,580,238	113,724,880	145,690,841
13,184,754	13,282,492	13,460,880	14,520,460	—	—	—
—	—	—	2,616,104	16,766,958	—	—
18,174,238	15,241,200	15,314,148	19,037,030	3,812,708	—	—
50,562,452	45,434,462	39,890,998	29,243,465	24,205,141	20,095,274	16,581,338
1,221,921,293	1,184,641,974	1,117,709,151	1,100,574,151	1,018,488,394	988,592,675	887,139,810
399,969	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
62,514	63,073	64,072	65,101	66,364	70,490	68,637
—	—	—	—	—	—	—
64,932	66,632	75,012	87,685	92,762	115,155	127,091
134,411	141,554	160,952	185,558	202,040	253,310	284,218

Sources: State Council of Higher Education, Department of Social Services, Compensation Board, Department of Education, Department of Agriculture & Consumer Services, Department of Forestry, Department of Transportation, Virginia Lottery, Virginia College Savings Plan, Virginia Employment Commission, Department of Environmental Quality, Department of Housing and Community Development, Comprehensive Services for at-Risk Youth and Families, Department of Medical Assistance Services, Department of Behavioral Health and Developmental Services, Department of Health, Supreme Court, Department of State Police, Department of Corrections, Department of Aging and Rehabilitative Services

## Capital Asset Statistics by Function (1)

Last Ten Fiscal Years

	2022	2021	2020
<b>General Government</b>			
<b>Department of General Services</b>			
Number of Buildings	55	54	66
Total Square Footage of Buildings	5,530,005	5,254,727	5,321,474
Vehicles	11,242	12,000	12,585
<b>Education</b>			
<b>State Council of Higher Education</b>			
Campuses of In-State Institutions	267	266	245
Campuses of Out-of-State Institutions	89	82	91
<b>Transportation</b>			
<b>Department of Transportation</b>			
Bridges Maintained (1)	Not yet available	13,192	13,176
State Maintained Highway Lane Miles (calendar year) (1)	Not yet available	72,998	72,861
Vehicles	5,994	6,339	6,726
Number of Buildings (2)	3,484	3,492	3,509
Total Square Footage of Buildings	8,534,739	8,570,188	8,415,994
<b>Resources and Economic Development</b>			
<b>Department Conservation &amp; Recreation</b>			
State Parks	39	39	39
Acres of State Parks (in thousands)	72	71	74
Natural Area Preserves	42	42	42
Acres of Natural Area Preserves (in thousands)	33	33	31
Historic Sites	3	3	3
Acres of Historic Sites (in thousands)	0.3	0.3	0.3
Number of Buildings (3)	1,478	1,480	1,415
Total Square Footage of Buildings	3,106,293	3,079,760	2,813,096
<b>Department of Forestry</b>			
State Forests	26	26	24
Buildings	266	297	295
Total Square Footage of Buildings	547,010	603,102	600,602
<b>Individual and Family Services</b>			
<b>Department of Behavioral Health and Developmental Services</b>			
Number of Buildings	349	374	392
Total Square Footage of Buildings	5,182,410	5,133,281	5,409,231
<b>Administration of Justice</b>			
<b>Department of State Police</b>			
Number of Stations	67	67	67
Number of Buildings	142	142	142
Total Square Footage of Buildings	682,663	682,663	682,663
<b>Department of Corrections</b>			
Number of Buildings	1,818	1,842	1,871
Total Square Footage of Buildings	12,099,218	12,279,524	12,129,118
<b>Business-type Activities</b>			
<b>Alcoholic Beverage Control</b>			
Number of Buildings	25	25	23
Total Square Footage of Buildings	1,593,451	1,585,193	1,174,901

(1) Information not yet available for fiscal year 2022.

(2) Includes storage sheds

(3) Includes cabins



2019	2018	2017	2016	2015	2014	2013
65	66	66	64	65	63	62
5,301,474	5,351,754	5,351,754	4,901,754	5,032,991	5,026,991	4,961,416
13,425	14,021	14,920	14,519	14,669	14,769	14,424
265	258	255	246	231	276	252
117	120	134	129	132	146	142
13,167	13,175	13,106	13,101	13,098	13,089	13,049
72,681	72,522	72,397	75,096	72,210	72,089	71,937
6,992	7,401	7,567	7,754	7,503	7,768	7,762
3,520	3,533	3,485	3,489	3,492	3,488	3,501
8,427,682	8,346,916	8,264,527	8,262,042	8,269,556	8,158,974	8,119,018
39	39	39	39	39	37	37
74	73	73	73	71	68	67
39	39	39	39	39	39	39
31	33	35	34	34	34	35
3	3	3	3	3	3	3
0.3	0.3	0.3	0.3	0.3	0.3	0.3
1,417	1,405	1,359	1,359	1,360	1,345	1,345
2,816,696	2,789,799	2,562,851	2,562,851	2,583,309	2,560,662	2,560,662
24	24	24	23	23	23	23
295	295	295	295	295	295	295
600,602	600,602	600,602	600,602	600,602	600,602	600,602
392	394	407	407	409	409	408
5,409,231	5,413,168	5,568,709	5,568,709	5,571,068	5,534,625	5,523,762
67	67	66	66	65	65	65
147	147	147	147	147	147	148
685,109	685,109	685,109	685,109	685,109	685,109	681,987
1,857	1,854	1,849	1,858	1,823	1,843	1,881
12,107,287	12,165,957	12,082,187	12,105,357	11,826,751	11,799,780	11,889,055
23	23	23	24	24	24	24
1,174,901	1,174,901	1,174,901	1,180,501	1,180,501	1,180,501	1,180,501

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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