

A Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2000



James S. Gilmore, III
Governor

Ronald L. Tillet
Secretary of Finance

William E. Landside
Comptroller



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INTRODUCTORY SECTION

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December 15, 2000



The Honorable James S. Gilmore, III
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

William E. Landside, CPA
Comptroller
Post Office Box 1971
Richmond, Virginia 23218

Dear Governor Gilmore:

It is my pleasure to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000, in accordance with Section 2.1-207 of the *Code of Virginia*.

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 generally accepted accounting principles (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 2000 Comprehensive Annual Financial Report is presented in three sections. The Introductory Section includes a financial overview, discussion of the Virginia economy, and organization charts for State government. The Financial Section includes the State auditor's report, audited general purpose financial statements and notes thereto, 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 State on a multi-year basis.

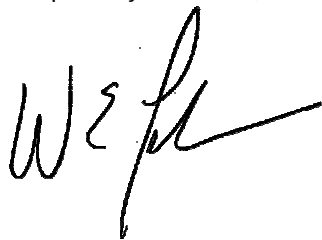
In accordance with Section 2.1-155 of the *Code of Virginia*, the Auditor of Public Accounts has audited the Commonwealth's financial statements for the year ended June 30, 2000. The audit was conducted in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the Federal Single Audit Act Amendments of 1996 and the related OMB Circular A-133 is performed at the statewide level. The Commonwealth's Single Audit Report will be issued at a later date. I would like to acknowledge the Auditor of Public Accounts' staff for their many contributions to the preparation of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth for its CAFR for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such reports must satisfy both generally accepted accounting principles 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 fourteen consecutive years (fiscal years 1986-1999). 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,

A handwritten signature in black ink, appearing to be 'W. E. P.', written in a cursive style.

Comptroller of the Commonwealth of Virginia



Financial Overview

General Fund Condition – Overall

Virginia uses the cash basis of accounting for budgetary purposes. Revenues and expenditures are recorded at the time cash is actually received or disbursed according to the provisions of the Appropriation Act. The budgetary basis financial activity of the General Fund is presented in the General Purpose Financial Statements in the Financial Section. General Fund revenue collections exceeded estimates for the tenth consecutive year.

Figure 1 shows the General Fund ending fund balances on a budgetary basis since fiscal year 1996. All of the \$1,855.3 million ending fund balance at June 30, 2000, was reserved or designated, including \$848.9 million for the Revenue Stabilization Reserve Fund, and \$938.9 million designated for other appropriation or reappropriation in fiscal year 2001.

Figure 2 shows the General Fund ending fund balances since fiscal year 1996, using the GAAP basis of accounting.

General Fund Revenues, Expenditures, and Other Financing Sources (Uses)

Figure 3 presents a detailed analysis of General Fund revenue on a budgetary basis for the year ended June 30, 2000. Prior year data is shown for comparison purposes. The overall revenue increase of 11.2 percent is attributable to favorable Individual Income and Sales and Use tax revenue collections, which reported 12.2 and 6.6 percent increases, respectively. Based on the revenue from income and sales taxes, and in accordance with Article X, Section 8 of the Constitution of Virginia, a \$187.1 million contribution to the Revenue Stabilization Fund is estimated. In accordance with past policy, the deposit resulting from FY 2000 revenues has been designated, to the extent funds are available of \$171.0 million.

Figure 4 shows General Fund expenditures by function on a budgetary basis for the year ended June 30, 2000, as compared to the prior year. Total expenditures and transfers increased by 10.4 percent over the prior year. Most areas experienced increased expenditures. For example, Individual and Family Services increased by 12.0 percent over the prior year, due to increasing health and human resources expenditures. Education increased 5.6 percent over the prior year as the result of increased support for higher education and public schools. Administration of Justice increased by 7.3 percent as a result of adding correctional facility space. General Government increased 36.8 percent over the prior year due to increasing payments to localities for car tax reimbursements.

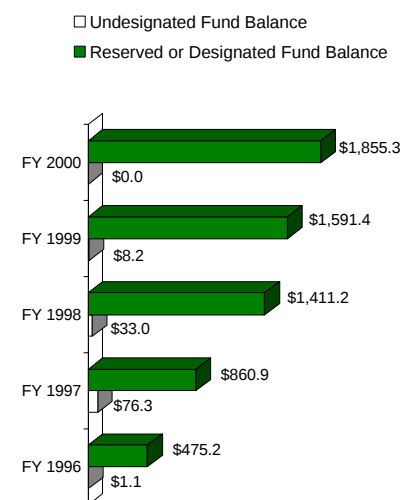
General Fund Condition - Modified Accrual Basis

Although the Commonwealth budgets and manages its financial affairs using the budgetary basis of accounting, generally accepted accounting principles require that states use the modified accrual basis of accounting to prepare financial statements. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance operations throughout the fiscal year or to liquidate liabilities at the end of the fiscal year. Expenditures are recognized when a liability occurs. The accruals recorded on the financial statements for the fiscal year ended June 30, 2000, reflect cash that will not be received or disbursed until fiscal year 2001.

**General Fund Balance – Budgetary Basis
Highlighting the Undesignated
Fund Balance**

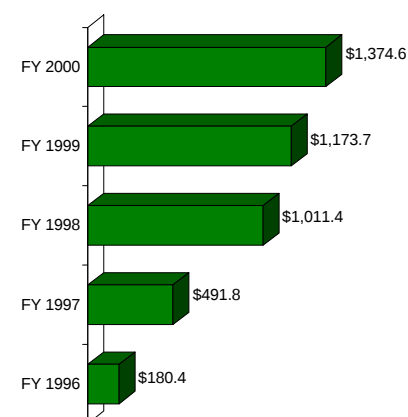
(Dollars in Millions)

Figure 1



General Fund Balance – GAAP Basis
(Dollars in Millions)

Figure 2



Analysis of General Fund Revenues and Other Financing Sources

(Budgetary Basis)

(Dollars in Thousands)

Figure 3

	FY 2000	FY 1999	Increase (Decrease) Over FY 1999	
			Amount	Percent
Taxes:				
Individual Income	\$ 6,828,906	\$ 6,087,851	\$ 741,055	12.2
Sales and Use	2,201,533	2,065,265	136,268	6.6
Corporation Income	565,909	420,421	145,488	34.6
Public Service Corporations	104,197	111,949	(7,752)	(6.9)
Premiums of Insurance				
Companies	251,074	244,910	6,164	2.5
Other	438,616	450,656	(12,040)	(2.7)
Subtotal - Taxes	10,390,235	9,381,052	1,009,183	10.8
Securities Lending Proceeds	6,656	6,757	(101)	(1.5)
Other Revenue	434,636	349,890	84,746	24.2
Total Revenues	10,831,527	9,737,699	1,093,828	11.2
Other Financing Sources:				
Transfers and Other Sources	454,575	409,240	45,335	11.1
Total Revenues and Other Financing Sources	\$ 11,286,102	\$ 10,146,939	\$ 1,139,163	11.2

Analysis of General Fund Expenditures By Function and Other Uses

(Budgetary Basis)

(Dollars in Thousands)

Figure 4

	FY 2000	FY 1999	% Increase (Decrease)	FY 2000 % of Total
General Government	\$ 809,481	\$ 591,531	36.8	7.3
Education	3,921,500	3,713,657	5.6	35.6
Transportation	232	47	393.6	0.0
Resources and Economic				
Development	205,031	200,819	2.1	1.8
Individual and Family Services	2,344,946	2,092,840	12.0	21.3
Administration of Justice	1,780,235	1,658,837	7.3	16.1
Capital Projects	40,076	32,557	23.1	0.4
Securities Lending Payments	6,346	6,496	(2.3)	0.1
Total Expenditures	9,107,847	8,296,784	9.8	82.6
Transfers and Other Uses	1,922,554	1,694,763	13.4	17.4
Total Expenditures and Transfers	\$ 11,030,401	\$ 9,991,547	10.4	100.0

Accruals of revenues and expenditures required by the modified accrual basis of accounting resulted in a decrease of \$480.7 million from the \$1,855.3 million budgetary basis General Fund balance (**Figure 5**), as reported in the August 15, 2000, Preliminary Annual Report of the Comptroller.

Proprietary Fund Operations of the Primary Government

Section 58.1-4022(D) of the *Code of Virginia* requires that the State Lottery Department transfer to the General Fund the audited balances of the State Lottery Fund, net of established reserves. The Auditor of Public Accounts has certified \$323.5 million for transfer to the General Fund for fiscal year 2000. Section 3-1.01.G of Chapter 1072, 2000 Acts of Assembly, requires that the Comptroller transfer estimated lottery balances to the General Fund prior to the end of the fiscal year.

Analysis of General Fund Balance			
Budgetary Basis versus Modified Accrual Basis			
(Dollars in Millions)			Figure 5
	FY 2000	FY 1999	Variance
Fund Balance, Budgetary Basis	\$ 1,855.3	\$ 1,599.6	\$ 255.7
Receivables, Inventory and Accrued Revenues:			
Sales Tax Receivable	218.8	234.5	(15.7)
Withholding Tax Receivable	294.3	214.8	79.5
Other Receivables (1)	83.7	125.8	(42.1)
Inventory	33.9	35.0	(1.1)
Other Accrued Items (2)	(26.8)	(30.7)	3.9
Total Accrued Receivables, Inventory and Other	603.9	579.4	24.5
Payables and Accrued Expenditures:			
Tax Refunds Payable	193.7	135.3	58.4
Deferred Credit (Estimated Tax Refunds)	356.1	357.0	(0.9)
Medicaid Claims Payable	145.6	158.6	(13.0)
Sales Tax Due to Localities	138.4	138.0	0.4
Other Accrued Items (3)	250.8	216.4	34.4
Total Payables and Accrued Expenditures	1,084.6	1,005.3	79.3
Receivables and Accrued Revenues Under			
Payables and Accrued Expenditures	(480.7)	(425.9)	(54.8)
Fund Balance, Modified Accrual Basis	\$ 1,374.6	\$ 1,173.7	\$ 200.9

(1) This includes Accounts Receivable, Interest Receivable, and Other Taxes Receivable.

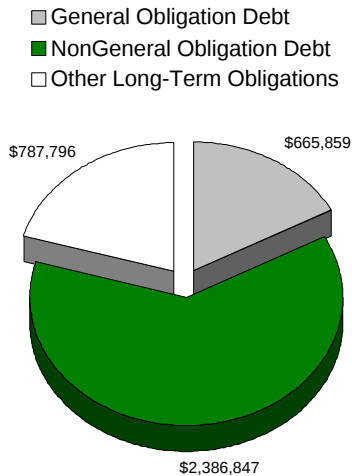
(2) This includes Lottery and ABC Profit Transfers, Decrease of Investments to Fair Value which must be recorded in accordance with GASB Statement No. 31, and Due From Other Funds.

(3) This includes Accounts Payable, ABC Profits Due to Localities, Other Payments Due to Localities, Car Tax Refund Payable, and Due To Other Funds.

Debt Administration

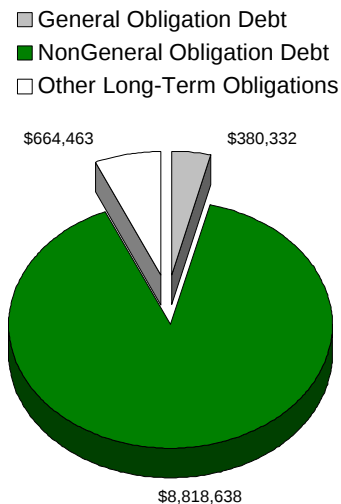
Total Outstanding Debt Primary Government June 30, 2000

(Dollars in Thousands) Figure 6



Total Outstanding Debt Component Units June 30, 2000

(Dollars in Thousands) Figure 7



Virginia is one of only nine states in the nation with a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service, Standard & Poor's Corporation, and Fitch. These ratings reflect the Commonwealth's long-standing record of sound fiscal management, its diversified economic base, and low debt ratios.

The total debt of the Commonwealth, as of June 30, 2000, was \$13.7 billion. Of that amount, \$4.6 billion (33.0 percent) was tax-supported debt. Debt is considered tax supported if State tax revenues are used or pledged for debt service payments. This includes all debt issued pursuant to Article X, Sections 9(a), 9(b) and 9(c) of the Constitution of Virginia, as well as selected Section 9(d) debt issues and other long-term obligations.

Outstanding general obligation debt backed by the full faith and credit of the Commonwealth totaled \$1.0 billion at June 30, 2000. Included is Section 9(b) debt totaling \$460.4 million for Public Facilities, and \$60.3 million for Transportation Facilities. In 1992, Virginia voters approved general obligation bond referenda authorizing the issuance of \$613 million in new Section 9(b) bonds to fund higher education, State managed mental health institutions, and parks and recreational facility capital projects, improvements, and acquisitions. Of the amount authorized, \$590.1 million has been issued as of December 15, 2000. Principal and interest payments on Public Facilities Section 9(b) debt were one-tenth of one percent of total General Fund expenditures in fiscal year 2000.

The balance of general obligation debt of \$525.5 million, also backed by the full faith and credit of the Commonwealth, consisted of Section 9(c) bonds. Revenue-producing capital projects, primarily auxiliary enterprises of colleges and universities and toll highways, service these bond payments. Holders of Section 9(c) bonds have a legal claim to general tax revenues of the Commonwealth should revenues prove to be insufficient to meet principal and interest payments. Such claims on general tax revenue have not been made.

The remaining \$3.6 billion in tax-supported debt is made up of selected Section 9(d) bonded debt and other long-term obligations. Tax-supported Section 9(d) debt totaling \$2.4 billion includes transportation debt, as well as the Virginia Port Authority, Virginia Public Building Authority, Innovative Technology Authority, Virginia Biotechnology Research Park Authority, and certain Virginia College Building Authority bonds payable. Other tax-supported long-term obligations include capital leases, certain appropriation supported bonds, installment purchases, notes payable, pension liability, and compensated absences.

None of the remaining debt of the Commonwealth, which totals \$9.1 billion, is supported by tax revenues. 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. At June 30, 2000, \$2.4 billion, or 24.0 percent, of debt not supported by taxes was considered moral obligation debt.

A detailed summary of all the debt issues may be found in Note 19, as well as in the section entitled "Debt Schedules."

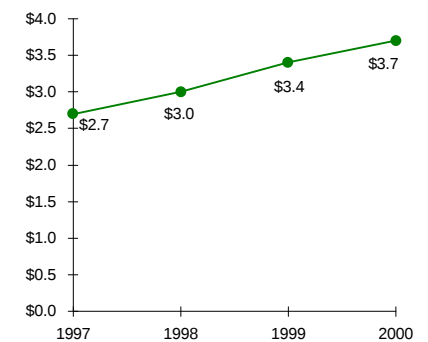
Investment Policy

The Commonwealth's primary investment objectives are safety of principal, maintenance of needed liquidity, and attaining a market rate of return throughout budgetary and economic cycles. Accordingly, investments are made in compliance with the *Code of Virginia*, with adherence to specific guidelines adopted by the Treasury Board, and with consideration given to the prevailing investment environment.

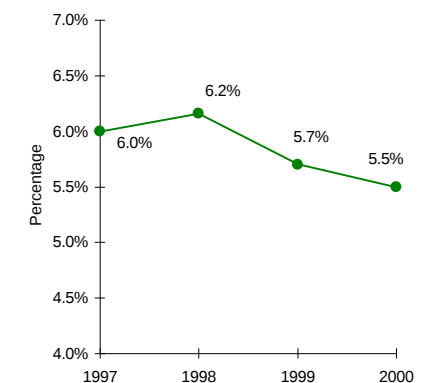
The general account of the Commonwealth is a pool of investments representing assets of a number of funds, including the general fund, various higher education operating funds, and the Commonwealth Transportation Trust Fund. These monies are invested in a variety of high quality securities including U. S. Treasury and agency securities, corporate debt securities of domestic corporations, asset-backed securities, mortgage-backed securities, AAA-rated dollar obligations of foreign governments, bankers acceptances, negotiable certificates of deposit and bank notes, repurchase agreements, and money market funds. The general account portfolio is divided into two pools, the primary liquidity pool and the total return pool. The primary liquidity pool is internally managed by Treasury staff and is the major source for disbursement requirements and operational needs of the Commonwealth. The objective of the total return pool, which is externally managed, is to generate higher total returns over a market cycle than would be generated by the primary liquidity pool. Treasury's allocation target for the overall general account asset mix is currently 75 percent for the primary liquidity pool and 25 percent for the total return pool. The average daily invested balance (**Figure 8**) for the fiscal year ended June 30, 2000, was \$3.7 billion as compared to the 1999 fiscal year average balance of \$3.4 billion. The net earnings (**Figure 10**) for fiscal year 2000 were \$203.4 million versus fiscal year 1999 earnings of \$191.4 million. The increased earnings were the result of an increase in investment balances. The reduced yield (**Figure 9**) was the result of lower yields on the externally managed total return portfolio as the fixed income market was especially hard hit during the period by six Federal Reserve rate increases totaling 175 basis points.

In addition to the general account of the Commonwealth, the Department of the Treasury manages or sponsors a number of special purpose investment pools and individual customized investment programs. The Local Government Investment Pool (LGIP) is a special purpose money market fund managed by Treasury for the benefit of public entities of the Commonwealth in the investment of their short-term funds. The LGIP enables participants to maximize their return on investments by providing a fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The State Non-Arbitrage Program (SNAP) is a program providing comprehensive investment management, accounting, and arbitrage rebate calculations for proceeds of tax-exempt financings of Virginia bond issuers. The Treasury Board contracts with an outside manager for administration of the SNAP program. The Treasury Board has adopted investment guidelines for both the LGIP and SNAP, authorizing them to invest in certain high-quality, short-term securities appropriate for money market funds. As of June 30, 2000, the LGIP balance was \$1.7 billion and the SNAP program balance was \$1.3 billion.

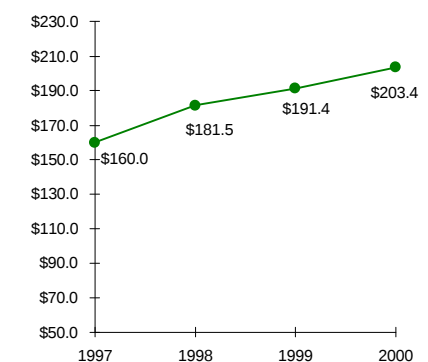
Average Daily Invested Balance
By Fiscal Year
(Dollars in Billions) **Figure 8**



Average Yield on Investments
By Fiscal Year
Figure 9



Net Earnings on Investments
By Fiscal Year
(Dollars in Millions) **Figure 10**



Risk Management

The Commonwealth maintains self-insurance programs for employee health, general (tort) liability, medical malpractice, workers' compensation, property, and automobile liability insurance. These are reported in the Internal Service Funds. The Commonwealth assumes the full risk for claims filed under the employee health insurance program and the workers' compensation program. For the other programs, the risk assumed is limited to certain amounts per occurrence.

The Commonwealth also provides employee health, errors and omissions liability, commuter rail liability, and law enforcement professional liability insurance for local governmental units throughout the Commonwealth. These programs are accounted for in the Enterprise Funds. Additional information on all risk management programs is presented in Note 18 to the Financial Statements.

Retirement Systems

The Commonwealth provides a variety of retirement plans for its employees. The majority of employees participate in one of the four defined benefit plans administered by the Commonwealth. These defined benefit plans are the Virginia Retirement System, the State Police Officers' Retirement System, the Judicial Retirement System, and the Virginia Law Officers Retirement System. Certain employees may elect to participate in selected defined contribution pension plans. Further information on the state's participation in the retirement systems can be found in Note 12 to the financial statements.

Reporting Entity

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

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, 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.

New Governmental Reporting Model Infrastructure Reporting

On June 30, 1999, the Governmental Accounting Standards Board published GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The new standard provides a new look and focus for reporting public finance in the United States and will significantly change the way state and local governments report their finances to the public. In addition, GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, extends the requirements of GASB Statement No. 34 to include the State's Institutions of Higher Education and the Community College System.

An important aspect of the new standard is the requirement to provide information about infrastructure assets. Infrastructure assets are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. It is expected that the primary focus related to infrastructure will involve the Virginia Department of Transportation. GASB Statement No. 34 requires reporting of infrastructure prospectively beginning with fiscal year 2002 and retroactive reporting of all infrastructure by fiscal year 2006.

The effective date of GASB Statements No. 34 and No. 35 is for fiscal years beginning after June 15, 2001. This means that the Statements would be effective for the Commonwealth for the fiscal year ending June 30, 2002. The Department of Accounts' (DOA) Financial Reporting Section has begun planning for the implementation of Statements No. 34 and No. 35. The plans include:

- Gaining a complete understanding of GASB Statement No. 34 reporting requirements;
- Converting the 1999, 2000, and 2001 Comprehensive Annual Financial Reports to Statement No. 34 format;
- Analyzing the reformatted reports to determine the additional information needed and revising the DOA financial statement directives to obtain the additional information;
- Conducting GASB Statement No. 34 training for state agency personnel;
- Working closely with the Auditor of Public Accounts' staff and the Virginia Department of Transportation to ensure appropriate aggregation and reporting of infrastructure;
- Working closely with the colleges and universities to aid them in conversion to Statements No. 34 and No. 35 format; and
- Obtaining GASB Statement No. 34 training and reviewing the Comprehensive Annual Financial Reports of states and municipalities that implement GASB Statement No. 34 early.

Internal Controls

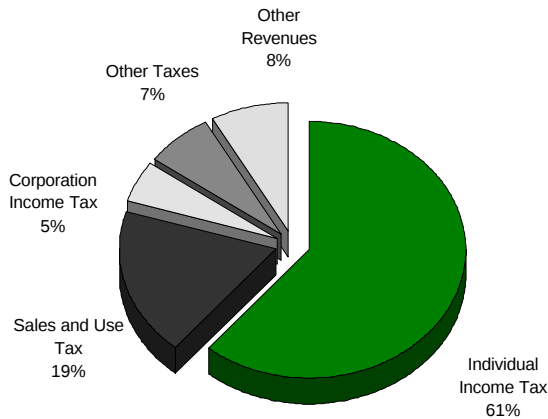
The Commonwealth's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management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

Certain budgetary controls also are maintained 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.

Financial Highlights

General Fund

Figure 11
Revenue Dollar
Fiscal Year 2000
(Budgetary Basis)

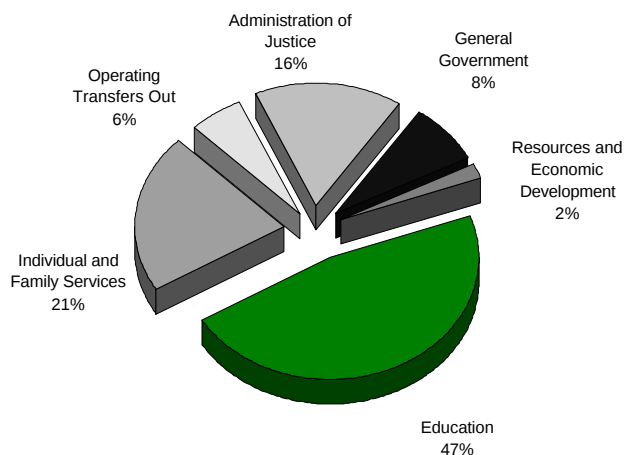


Revenues and Other Financing Sources

	<u>FY 2000</u>	<u>FY 1999</u>
Individual Income Tax	61%	60%
Sales and Use Tax	19%	20%
Corporation Income Tax	5%	4%
Other Taxes	7%	8%
Other Revenues (1)	8%	8%
Total	<u>100%</u>	<u>100%</u>

(1) Includes all Operating Transfers In and Securities Lending Proceeds.

Figure 12
Expenditure Dollar
Fiscal Year 2000
(Budgetary Basis)



Expenditures and Other Financing Uses

	<u>FY 2000</u>	<u>FY 1999</u>
Education (2)	47%	48%
Individual and Family Services	21%	21%
Operating Transfers Out (3)	6%	6%
Administration of Justice	16%	17%
General Government	8%	6%
Resources and Economic Development	2%	2%
Total	<u>100%</u>	<u>100%</u>

(2) Includes FY 2000 and FY 1999 Transfers Out to Education, 12% and 11% respectively.

(3) Includes Securities Lending Payments.

Financial Highlights

All Funds

Figure 13
Revenue Dollar
Fiscal Year 2000
(Budgetary Basis)

Revenues and Other
Financing Sources (1)

	<u>FY 2000</u>	<u>FY 1999</u>
Individual Income Tax	30%	28%
Sales and Use Tax	11%	12%
Other Taxes	13%	13%
Federal Revenues	17%	18%
Institutional Revenues	11%	12%
Other Revenues	18%	17%
Total	<u>100%</u>	<u>100%</u>

(1) Excludes operating transfers

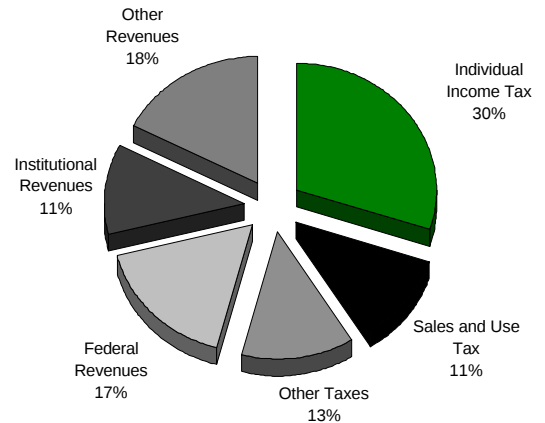
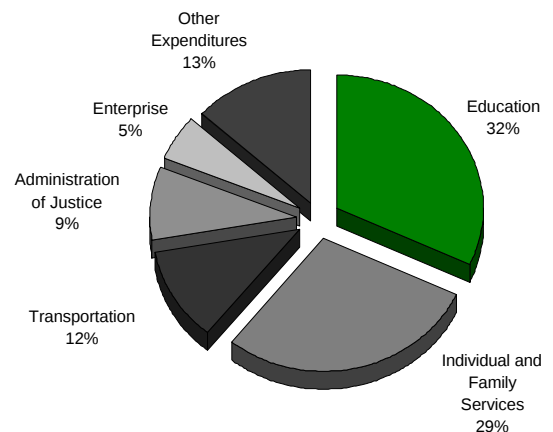


Figure 14
Expenditure Dollar
Fiscal Year 2000
(Budgetary Basis)

Expenditures and Other
Financing Uses (1)

	<u>FY 2000</u>	<u>FY 1999</u>
Education	32%	32%
Individual and Family Services	29%	28%
Transportation	12%	14%
Administration of Justice	9%	8%
Enterprise	5%	6%
Other Expenditures	13%	12%
Total	<u>100%</u>	<u>100%</u>

(1) Excludes operating transfers



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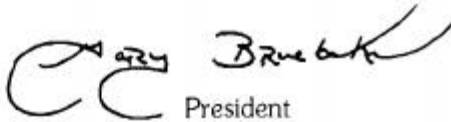
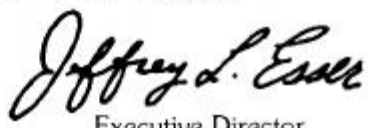
Presented to

Commonwealth of Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.




President

Executive Director

Virginia Economic Highlights

An economist at the University of Virginia's Weldon Cooper Center for Public Service prepared this review of the Virginia economy. Most of the analysis is based on measures for the past five fiscal years with emphasis on the latest year. In some cases, calendar year (CY) data are used because fiscal year (FY) data were unavailable.

FY 2000 represented another banner year for the national economy as the remarkable expansion after the 1990-91 recession continued. Virginia was a full participant in the buoyant U.S. economy.

The two measures that are the most revealing about economic conditions are employment and income. Virginia's nonagricultural payroll employment grew by 76,100 in FY 2000, a 2.3 percent increase that mirrored the strong national rate (**Figure 15**). Employment growth, although very good, was not as high as in the previous three years when the annual gains ranged from 82,000 to 99,000.

The private services sector accounted for nearly half of the net gain in jobs with the majority in the business services subsector that includes many of the State's high tech jobs. Other sectors that accounted for large numbers of new private jobs were retailing, transportation and public utilities, construction, and finance, insurance, and real estate.

Manufacturing experienced a net loss of 1,400 jobs. Although there were gains in transportation equipment and industries associated with construction, they were more

than offset by losses in the textile and apparel industries that continue to be under pressure from foreign competition. Mining, now a very small industry in Virginia, and mainly accounted for by coal, continued to decline.

In the public sector, the net increase in State government employment was only 200, but at the local level, there was a 7,900 increase. The Federal government, a large employer in Virginia, accounted for a net increase of only 200 jobs. In earlier years the Federal job count decreased. Much of this decline was attributable to a switch in Federal policy from direct employment to contracting, mainly in the private services sector. The Federal job count is restricted to civilian employees. The military continues to be an important part of the economy, mainly in Northern Virginia and the Hampton Roads area. The latest data for military employment are for CY 1998 when the total was 164,865 service personnel. From 1995 to 1998 there was a decline of 10.8 percent, higher than the U.S. decline of 8.5 percent.

Income, the other principal measure of economic conditions, performed well in FY 2000 (**Figure 16**). In the current low inflation environment much of the growth in personal income represents real gains. In FY 2000 Virginia's real personal income grew by 3.6 percent, nearly the same as the national increase of 3.7 percent. Growth in Virginia personal income was very similar to that of the nation for the FY 1995 to FY 2000 period.

Figure 15

Nonagricultural Payroll Employment

	Virginia							U.S.
	FY 2000	1999-2000	% Change					% Change
	Level (000)	Unit Change	FY 1995-1996	FY 1996-1997	FY 1997-1998	FY 1998-1999	FY 1999-2000	FY 1999-2000
Total	3,445.7	76.1	1.6%	3.1%	2.6%	3.0%	2.3%	2.3%
Mining	9.8	-0.6	-6.0%	0.9%	-0.9%	-5.5%	-5.8%	-5.3%
Construction	200.9	6.7	2.8%	7.2%	2.2%	4.0%	3.5%	5.4%
Manufacturing	396.3	-1.4	-1.1%	0.4%	1.2%	-2.2%	-0.4%	-0.9%
Transportation & public utilities	182.5	8.1	2.8%	4.0%	2.9%	2.6%	4.6%	2.9%
Wholesale trade	148.0	1.8	2.0%	1.2%	0.5%	1.4%	1.2%	2.2%
Retail trade	605.4	11.4	2.1%	2.3%	1.3%	1.8%	1.9%	1.8%
Finance, insurance, & real estate	185.2	4.2	-1.1%	3.1%	3.7%	5.4%	2.3%	1.4%
Private services	1,102.6	37.1	4.6%	6.0%	5.7%	6.6%	3.5%	3.9%
Federal government	151.3	0.2	-2.5%	-2.8%	-4.4%	-1.5%	0.1%	3.1%
State government	142.3	0.8	-5.1%	0.5%	0.2%	2.4%	0.6%	1.4%
Local government	321.4	7.9	1.2%	2.2%	2.5%	2.4%	2.5%	2.3%

Source: Bureau of Labor Statistics

Figure 16

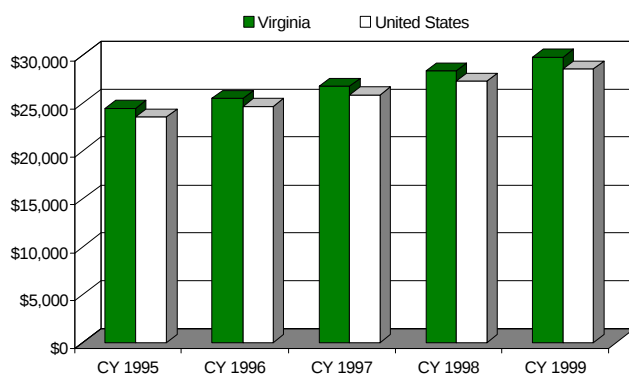
Personal Income

	\$ (Million)	Annual Growth Rates				
	FY 2000	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Personal income in current \$						
U.S. (\$ billion)	8,032,194	4.9%	5.9%	6.3%	6.0%	6.0%
Virginia (\$ million)	210,794	4.1%	6.0%	6.1%	7.1%	5.9%
Inflation, PCE chain-type index						
		2.0%	2.2%	1.4%	1.3%	2.2%
Personal income in 1996 constant \$						
U.S. (\$ billion)	7,570,400	2.9%	3.6%	4.9%	4.6%	3.7%
Virginia (\$ million)	198,675	2.1%	3.7%	4.7%	5.8%	3.6%

Source: Bureau of Economic Analysis

Figure 17

Per Capita Personal Income



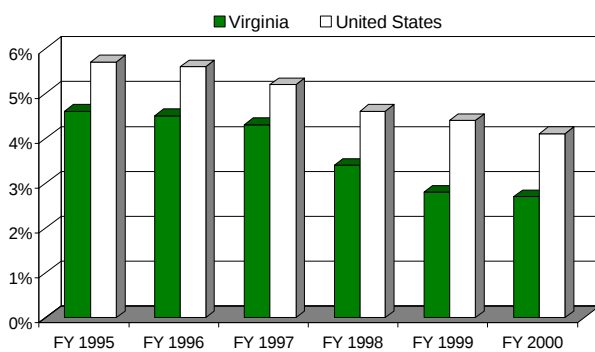
Source: Bureau of Economic Analysis

Per capita income is a broad measure of economic welfare. In CY 1999 Virginia's per capita income was \$29,789. This was 104 percent of the national average and gave the Commonwealth a ranking of fourteenth among the 50 states and the District of Columbia. Within the South Atlantic region Virginia ranked fourth among the eight states and the District of Columbia. The District of Columbia, Maryland, and Delaware had higher incomes, while Florida, Georgia, North Carolina, South Carolina, and West Virginia were lower.

In CY 1999 Virginia per capita income rose by 5.1 percent compared to the national average of 4.5 percent (**Figure 17**). This strong performance earned the State a ranking of ninth in percentage growth. Most of the State's gain was attributable to growth in net earnings – the sum of payrolls, other labor income, and proprietors' income less adjustments for social security taxes and place-of-residence.

Figure 18

Unemployment Rate



Source: Bureau of Labor Statistics

The remainder of this brief review covers several other important economic variables – unemployment, population growth, new housing unit permits, and Virginia's state sales and use tax base.

The State's unemployment rate was only 2.7 percent in FY 2000, about the minimum possible after allowing for normal frictional unemployment (**Figure 18**). This was the lowest unemployment rate achieved in the half century for which data are available. Compared to the national average, Virginia's rate was consistently lower. In the last two years the rate was two-thirds of the national rate.

Virginia's population as of July 1999 was 6.9 million, giving it a ranking of twelfth largest among the states. The Old Dominion accounted for 2.5 percent of the national total and since 1995 the annual growth rate exceeded or equaled the national rate in three of the four years (**Figure 19**). In the most recent year Virginia grew by 1.2 percent, compared to 0.9 percent for the nation.

Figure 19

Population

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
United States					
Number	262,803,276	265,228,572	267,783,607	270,248,003	272,690,813
% change		0.9%	1.0%	0.9%	0.9%
Virginia					
Number	6,601,392	6,665,491	6,732,878	6,789,225	6,872,912
% change		1.0%	1.0%	0.8%	1.2%

Source: Bureau of the Census

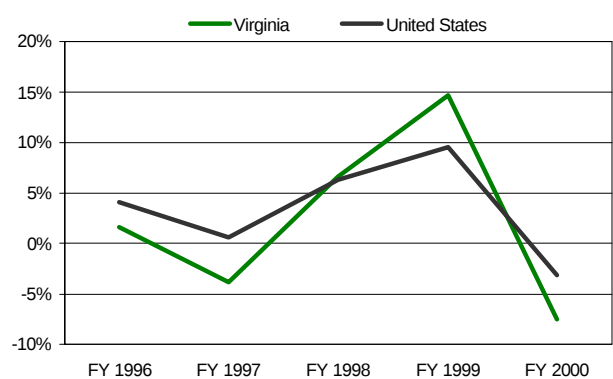
The number of permits for privately owned housing units dropped by 7.5 percent in FY 2000 (**Figure 20**). The national figure also declined, but by a lesser percentage (3.1 percent). The recent decline was a poor showing only by the standard of the previous year. The 49,706 permits issued in FY 2000 were the second highest number in the five-year period.

Virginia's state sales and use tax base is a good indicator of retail activity. The tax base includes most retail sales except those of motor fuel and motor vehicles and liquor sales by the State monopoly. In addition, the tax base includes motel and hotel sales, a category not included in national retail sales data. In FY 2000 taxable sales grew by 6 percent in current dollars and 3.7 percent in constant dollars (**Figure 21**). Although real growth was below the 4.6 percent rate achieved in FY 1999, it was still high by historical standards.

In summary, Virginia's economy, like that of the nation, showed solid performance in the first fiscal year of the new millennium. Despite slow growth in the Federal sector and losses in such traditional industries as textiles and apparel manufacturing, the State experienced strong net gains. Virginia is a leader in telecommunications, semiconductors, microelectronics, information technology, medical research and biotechnology, and chemical synthesis research. Dulles International Airport and the Hampton Roads ports are important factors in the State's increasing role as a major exporter. History, mountains, and seashore are a winning combination in attracting foreign and domestic tourist dollars. The Commonwealth has a diverse, growing economy, and it is strategically located on the eastern seaboard—strong pluses as we move into the twenty-first century.

Figure 20

New Housing Permits

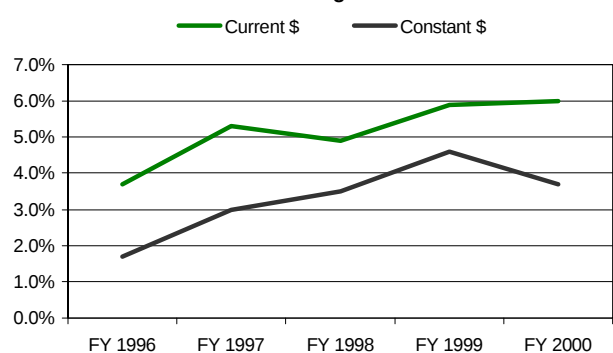


Source: Bureau of the Census

* FY 1995 data that was used for the initial year was based on average of CY's 1994 and 1995 because of the absence of monthly data for CY 1994.

Figure 21

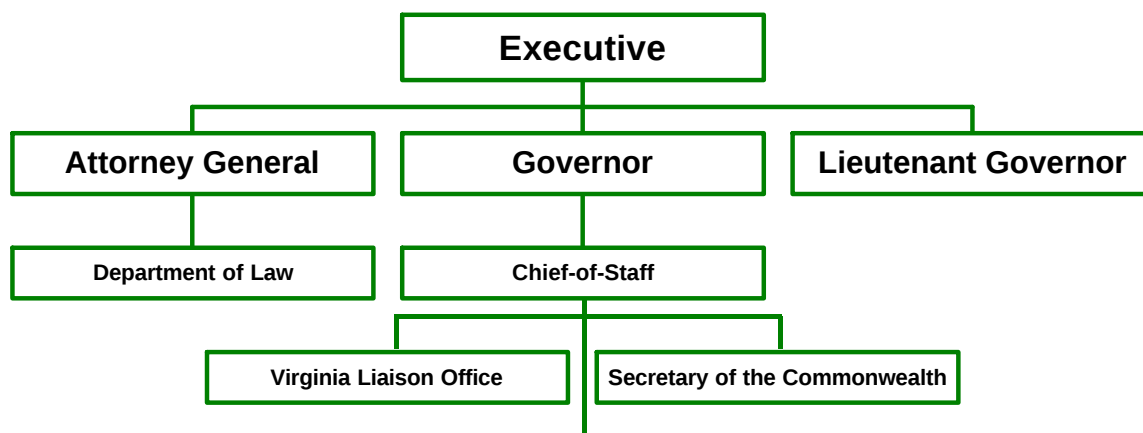
Growth Rate of Virginia Taxable Sales



Sources: Virginia Department of Taxation and the Bureau of Economic Analysis PCE Chain-type price index.



Organization of Executive Branch of Government



Secretary of Administration

Commission on Local Government
Commonwealth Competition Council
Compensation Board
Council on Human Rights
Department of Employee Relations Counselors
Department of General Services
Department of Personnel and Training
Department of Veterans' Affairs
State Board of Elections
Virginia Charitable Gaming Commission
Virginia Public Broadcasting Board
Virginia Veteran's Care Center

Secretary of Technology

Century Date Change Initiative Project Office
Department of Technology Planning
Department of Information Technology
Innovative Technology Authority
Virginia Information Providers Network
Authority

Secretary of Finance

Department of Accounts
Department of Planning and Budget
Department of the State Internal Auditor
Department of Taxation
Department of Treasury

Secretary of Commerce and Trade

Department of Agriculture & Consumer Services
Department of Business Assistance
Department of Forestry
Department of Housing and Community Development
Department of Labor and Industry
Department of Mines, Minerals and Energy
Department of Minority Business Enterprise
Department of Professional and Occupational Regulation
Milk Commission
Virginia Agricultural Council
Virginia Employment Commission
Virginia Economic Development Partnership
Virginia Racing Commission

Secretary of Health and Human Resources

Department for the Aging
Department for the Deaf and Hard of Hearing
Department for the Rights of Virginians with Disabilities
Department for the Visually Handicapped
Department of Health
Department of Health Professions
Department of Medical Assistance Services
Department of Mental Health, Mental Retardation and Substance Abuse Services
Department of Rehabilitative Services
Department of Social Services
Governor's Employment & Training Department
Virginia Board for People with Disabilities

Secretary of Public Safety

Commonwealth's Attorneys' Services Council
Department of Alcoholic Beverage Control
Department of Correctional Education
Department of Corrections
Department of Criminal Justice Services
Department of Emergency Services
Department of Fire Programs
Department of Juvenile Justice
Department of Military Affairs
Department of State Police
Virginia Parole Board

Secretary of Transportation

Department of Aviation
Department of Motor Vehicles
Department of Rail & Public Transportation
Department of Transportation
Motor Vehicle Dealer Board
Virginia Port Authority

Secretary of Education

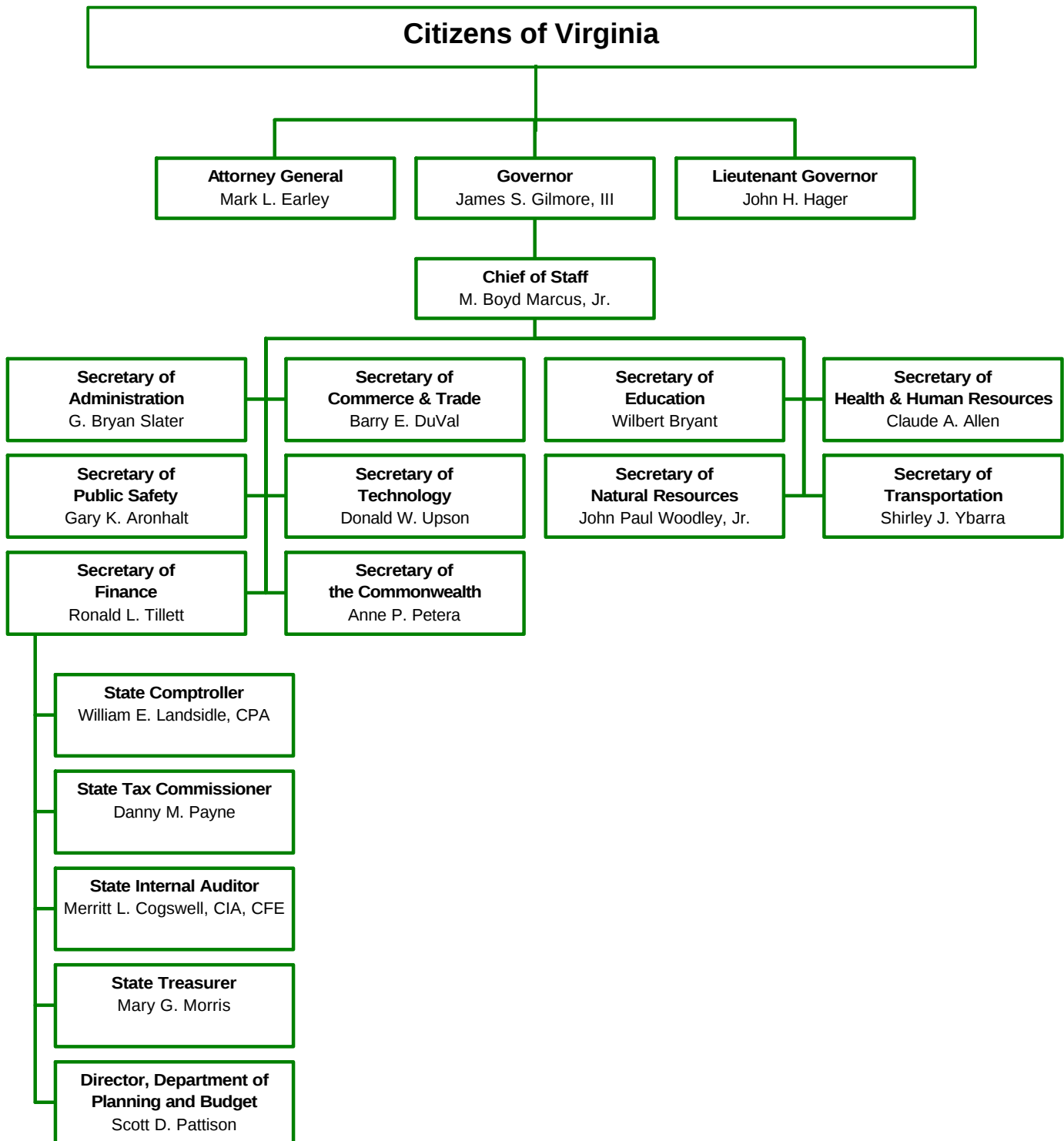
Christopher Newport University
Department of Education
Frontier Culture Museum of Virginia
George Mason University
Gunston Hall
James Madison University
Jamestown-Yorktown Foundation
The Library of Virginia
Longwood College
Mary Washington College
Norfolk State University
Old Dominion University
Radford University
Richard Bland College
Roanoke Higher Education Authority
The Science Museum of Virginia
Southwest Virginia Higher Education Center
State Council of Higher Education for Virginia
The College of William and Mary in Virginia
University of Virginia
The University of Virginia's College at Wise
The University of Virginia Hospital
Virginia Commission for the Arts
Virginia Commonwealth University
Virginia Community College System
Virginia Institute of Marine Science
Virginia Military Institute
Virginia Museum of Fine Arts
Virginia Polytechnic Institute and State University
Virginia State University

Secretary of Natural Resources

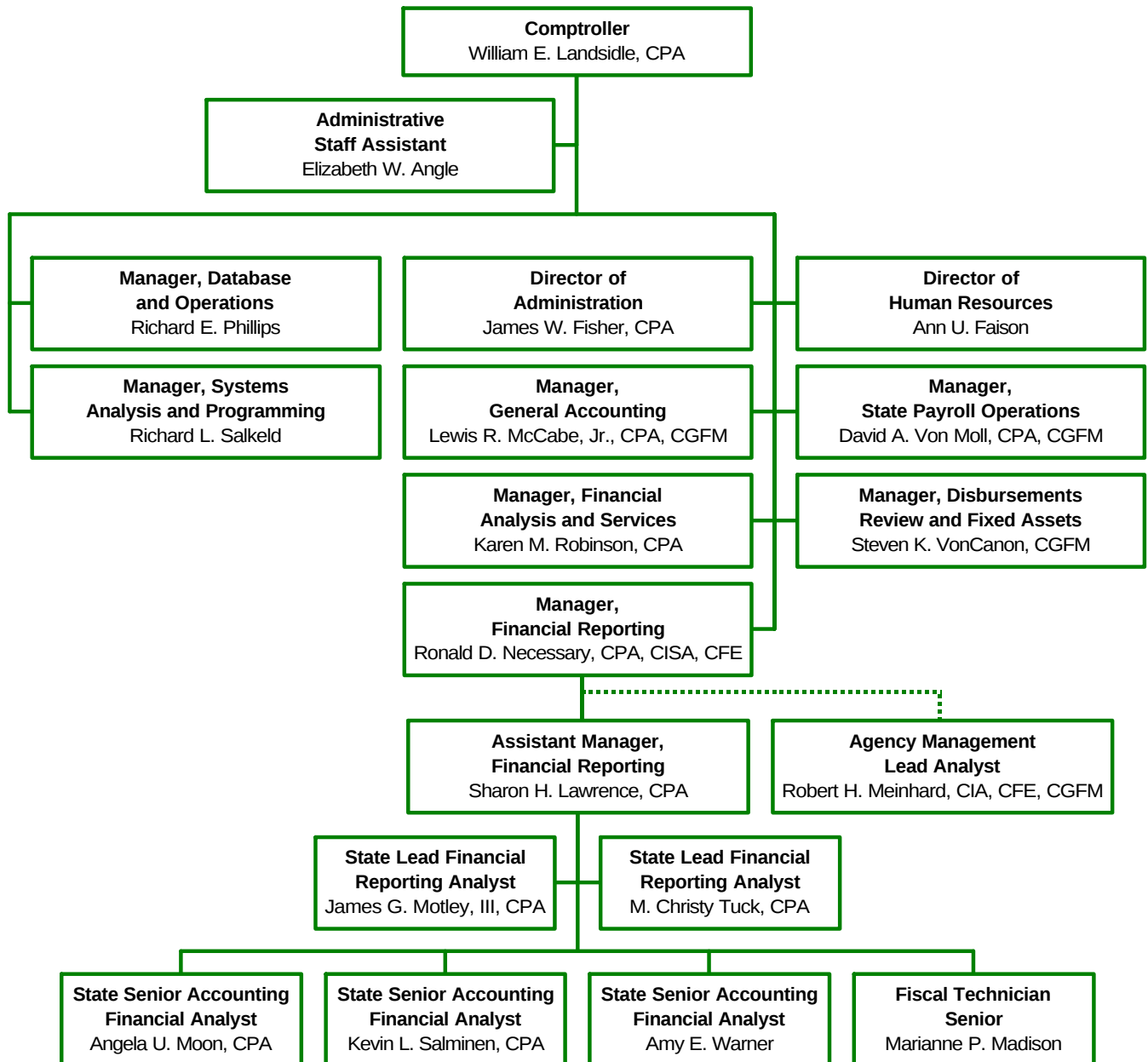
Chesapeake Bay Local Assistance Department
Chippokes Plantation Farm Foundation
Department of Conservation and Recreation
Department of Environmental Quality
Department of Game and Inland Fisheries
Department of Historic Resources
Marine Resources Commission
Virginia Museum of Natural History

Organization of Government

Selected Government Officials - Executive Branch



Organization of the Department of Accounts





FINANCIAL SECTION

Independent Auditor's Report
General Purpose Financial Statements
Combining and Individual Fund and Account Group Statements and Schedules



Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

December 13, 2000

The Honorable James S. Gilmore, III
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit and Review Commission
General Assembly Building
Richmond, Virginia

We have audited the general purpose financial statements of the Commonwealth of Virginia as of and for the year ended June 30, 2000, as listed in the Table of Contents. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain Component Units - Proprietary Funds of the Commonwealth discussed in Note 1(B) which statements reflect total assets and revenues of \$9,561,078,282 and \$1,477,090,242, respectively, as of and for the year ended June 30, 2000. In addition, we did not audit the financial statements of the State Non-Arbitrage Pool, an investment trust fund, which statements reflect total assets and net investment income of \$1,259,978,507 and \$65,057,883, respectively, as of and for the year ended June 30, 2000. The financial statements of these component units and investment trust fund were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to these amounts included for Component Units - Proprietary Funds and Investment Trust Funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Medical College of Virginia Hospitals Authority and Pocahontas Parkway Association were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Virginia as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements. The combining and individual fund and account group financial statements and schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Virginia. This information, and not the information in the Introductory and Statistical Sections, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the fund types and account groups included in the general purpose financial statements taken as a whole. We express no opinion on the information in the Introductory or Statistical Sections.

Reports on the Commonwealth's internal control and on compliance in accordance with Government Auditing Standards will be issued under separate cover in the Commonwealth of Virginia Single Audit Report.

A handwritten signature in black ink, appearing to read "Walter J. Hrusch". The signature is fluid and cursive, with a large initial "W" and a long, sweeping underline.

AUDITOR OF PUBLIC ACCOUNTS



General Purpose Financial Statements

Combined Balance Sheet
All Fund Types, Account Groups, and Discretely Presented Component Units

June 30, 2000

(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Cash, Cash Equivalents, and Investments (Notes 1 and 6)	\$ 2,058,996	\$ 1,446,443	\$ 12,072	\$ 42,599
Taxes, Loans, Accounts, and Other Receivables (Net)				
(Notes 1 and 7)	596,835	635,511	3	32
Due from Other Funds and Primary Government (Note 8)	3,976	17,690	-	-
Due from Component Units (Note 8)	-	-	-	-
Interfund Receivables (Note 8)	-	36,035	-	-
Interfund Loans Receivable (Notes 1 and 8)	-	356,749	-	-
Inventory (Note 1)	33,862	112,177	-	-
Restricted Assets (Note 9)	-	-	-	-
Prepaid Items (Note 1)	-	4	-	-
Other Assets (Notes 1 and 10)	1,264	1,727	-	-
Property, Plant, and Equipment (Notes 1 and 11)	-	-	-	-
Other Debits:				
Amount Available for Retirement of Long-Term Debt	-	-	-	-
Amount to be Provided for:				
Retirement of Long-Term Debt	-	-	-	-
Pension Liability	-	-	-	-
Total Assets and Other Debits	<u>\$ 2,694,933</u>	<u>\$ 2,606,336</u>	<u>\$ 12,075</u>	<u>\$ 42,631</u>
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts Payable (Note 1)	\$ 172,411	\$ 390,588	\$ -	\$ 703
Amounts Due to Other Governments	171,176	61,489	-	-
Claims Payable (Notes 1 and 18)	-	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	231,945	67,229	-	-
Long-Term Liabilities (Notes 1 and 19)	-	-	-	-
Other Liabilities (Notes 1 and 20)	378,655	159,425	536	-
Due to Other Funds and Primary Government (Note 8)	72	11,984	-	-
Due to Component Units (Note 8)	-	-	-	5,042
Interfund Payables (Note 8)	-	11,147	-	100
Interfund Loans Payable (Notes 1 and 8)	10,000	119,475	-	-
Deferred Revenue and Deferred Credit (Note 1)	356,078	96,626	-	-
Total Liabilities	<u>1,320,337</u>	<u>917,963</u>	<u>536</u>	<u>5,845</u>
Equity and Other Credits:				
Net Investment in Plant	-	-	-	-
Investment in General Fixed Assets	-	-	-	-
Contributed Capital (Note 28)	-	-	-	-
Retained Earnings:				
Reserved (Notes 1 and 32)	-	-	-	-
Unreserved (Note 1)	-	-	-	-
Fund Balances:				
Reserved (Notes 1 and 32)	711,841	519,414	11,539	-
Unreserved (Note 1)	662,755	1,168,959	-	36,786
Total Equity and Other Credits	<u>1,374,596</u>	<u>1,688,373</u>	<u>11,539</u>	<u>36,786</u>
Total Liabilities, Equity, and Other Credits	<u>\$ 2,694,933</u>	<u>\$ 2,606,336</u>	<u>\$ 12,075</u>	<u>\$ 42,631</u>

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total Primary Government (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	June 30, 2000
\$ 1,125,615	\$ 141,864	\$ 47,791,779	\$ -	\$ -	\$ 52,619,368
212,530	104,307	2,501,511	-	-	4,050,729
58	1,402	20,639	-	-	43,765
-	-	-	-	-	-
-	-	-	-	-	36,035
-	-	-	-	-	356,749
29,313	15,803	1,529	-	-	192,684
-	-	-	-	-	-
2,985	10,717	-	-	-	13,706
17,849	37	60	-	-	20,937
220,494	65,323	6,738	3,478,024	-	3,770,579
-	-	-	-	11,539	11,539
-	-	-	-	3,237,314	3,237,314
-	-	-	-	166,027	166,027
<u>\$ 1,608,844</u>	<u>\$ 339,453</u>	<u>\$ 50,322,256</u>	<u>\$ 3,478,024</u>	<u>\$ 3,414,880</u>	<u>\$ 64,519,432</u>
\$ 40,418	\$ 18,605	\$ 230,009	\$ -	\$ -	\$ 852,734
-	1,723	167,442	-	-	401,830
17,491	230,805	45,406	-	-	293,702
8,777	8,407	2,244,323	-	-	2,560,681
404,222	19,945	1,455	-	3,414,880	3,840,502
976,124	2,336	3,167,832	-	-	4,684,908
13,079	678	17,952	-	-	43,765
-	-	-	-	-	5,042
23,083	1,705	-	-	-	36,035
-	-	-	-	-	129,475
6,625	20,241	-	-	-	479,570
<u>1,489,819</u>	<u>304,445</u>	<u>5,874,419</u>	<u>-</u>	<u>3,414,880</u>	<u>13,328,244</u>
-	-	-	-	-	-
-	-	-	3,478,024	-	3,478,024
3,705	6,085	-	-	-	9,790
-	8,658	-	-	-	8,658
115,320	20,265	-	-	-	135,585
-	-	43,257,809	-	-	44,500,603
-	-	1,190,028	-	-	3,058,528
<u>119,025</u>	<u>35,008</u>	<u>44,447,837</u>	<u>3,478,024</u>	<u>-</u>	<u>51,191,188</u>
<u>\$ 1,608,844</u>	<u>\$ 339,453</u>	<u>\$ 50,322,256</u>	<u>\$ 3,478,024</u>	<u>\$ 3,414,880</u>	<u>\$ 64,519,432</u>

(Continued on next page)

Combined Balance Sheet
All Fund Types, Account Groups, and Discretely Presented Component Units *(Continued from Previous Page)*

June 30, 2000

(Dollars in Thousands)

	Component Units			Total Reporting Entity (Memorandum Only)
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 2000
Assets and Other Debits				
Assets:				
Cash, Cash Equivalents, and Investments (Notes 1 and 6)	\$ 114,695	\$ 4,061,748	\$ 3,151,071	\$ 59,946,882
Taxes, Loans, Accounts, and Other Receivables (Net)				
(Notes 1 and 7)	3,569	6,569,620	333,141	10,957,059
Due from Other Funds and Primary Government (Note 8)	-	-	5,042	48,807
Due from Component Units (Note 8)	563	-	30,135	30,698
Interfund Receivables (Note 8)	-	-	-	36,035
Interfund Loans Receivable (Notes 1 and 8)	-	119,475	-	476,224
Inventory (Note 1)	-	33,496	26,068	252,248
Restricted Assets (Note 9)	-	162,340	-	162,340
Prepaid Items (Note 1)	48	9,275	25,043	48,072
Other Assets (Notes 1 and 10)	748	19,793	49,590	91,068
Property, Plant, and Equipment (Notes 1 and 11)	553,604	666,838	5,998,085	10,989,106
Other Debits:				
Amount Available for Retirement of Long-Term Debt	9,799	-	-	21,338
Amount to be Provided for:				
Retirement of Long-Term Debt	192,892	-	-	3,430,206
Pension Liability	1,038	-	-	167,065
Total Assets and Other Debits	<u>\$ 876,956</u>	<u>\$ 11,642,585</u>	<u>\$ 9,618,175</u>	<u>\$ 86,657,148</u>
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts Payable (Note 1)	\$ 7,172	\$ 91,856	\$ 320,883	\$ 1,272,645
Amounts Due to Other Governments	-	38,211	-	440,041
Claims Payable (Notes 1 and 18)	-	4,551	-	298,253
Obligations Under Securities Lending Program (Notes 1 and 6)	4,163	1,836	14,127	2,580,807
Long-Term Liabilities (Notes 1 and 19)	203,729	8,165,851	1,493,853	13,703,935
Other Liabilities (Notes 1 and 20)	19,392	440,613	85,995	5,230,908
Due to Other Funds and Primary Government (Note 8)	-	-	-	43,765
Due to Component Units (Note 8)	-	4,549	26,149	35,740
Interfund Payables (Note 8)	-	-	-	36,035
Interfund Loans Payable (Notes 1 and 8)	-	338,338	8,411	476,224
Deferred Revenue and Deferred Credit (Note 1)	13	846	138,845	619,274
Total Liabilities	<u>234,469</u>	<u>9,086,651</u>	<u>2,088,263</u>	<u>24,737,627</u>
Equity and Other Credits:				
Net Investment in Plant	-	-	4,638,258	4,638,258
Investment in General Fixed Assets	553,604	-	-	4,031,628
Contributed Capital (Note 28)	-	1,025,777	-	1,035,567
Retained Earnings:				
Reserved (Notes 1 and 32)	-	1,091,816	-	1,100,474
Unreserved (Note 1)	-	438,341	-	573,926
Fund Balances:				
Reserved (Notes 1 and 32)	49,454	-	2,203,070	46,753,127
Unreserved (Note 1)	39,429	-	688,584	3,786,541
Total Equity and Other Credits	<u>642,487</u>	<u>2,555,934</u>	<u>7,529,912</u>	<u>61,919,521</u>
Total Liabilities, Equity, and Other Credits	<u>\$ 876,956</u>	<u>\$ 11,642,585</u>	<u>\$ 9,618,175</u>	<u>\$ 86,657,148</u>

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



Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types, Expendable Trust Fund, and
Similar Discretely Presented Component Units

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 10,334,167	\$ 1,731,343	\$ -	\$ -
Rights and Privileges	34,268	546,676	-	-
Institutional Revenue	9,123	382,342	-	-
Interest, Dividends, Rents, and Other Investment Income	145,264	81,972	698	2,483
Proceeds from Unclaimed Property	-	-	-	-
Federal Grants and Contracts	-	3,956,709	-	-
Proceeds from Securities Lending Transactions	6,656	1,865	-	-
Other (Note 21)	251,258	445,141	-	2
Total Revenues	10,780,736	7,146,048	698	2,485
Expenditures:				
Current:				
General Government	815,358	100,411	-	-
Education	3,929,358	483,821	-	-
Transportation	425	2,665,406	2	-
Resources and Economic Development	204,388	316,427	-	-
Individual and Family Services	2,336,003	3,363,091	-	-
Administration of Justice	1,779,168	126,825	-	-
Capital Outlay	38,923	26,431	-	55,500
Debt Service:				
Principal Retirement	-	-	153,245	-
Interest and Charges	-	-	137,359	-
Payments for Securities Lending Transactions	6,346	1,751	-	-
Total Expenditures	9,109,969	7,084,163	290,606	55,500
Revenues Over (Under) Expenditures	1,670,767	61,885	(289,908)	(53,015)
Other Financing Sources (Uses):				
Transfers:				
Operating Transfers In	448,434	223,425	291,520	46,459
Operating Transfers In From Primary Government	-	-	-	-
Operating Transfers In From Component Units	3,268	8,391	-	-
Operating Transfers Out	(319,594)	(248,799)	-	(20,000)
Operating Transfers Out to Primary Government	-	-	-	-
Operating Transfers Out To Component Units	(1,602,191)	(37,632)	-	(957)
Proceeds from Capital Leases	219	219	-	-
Proceeds from Sale of Bonds	-	369,303	-	20,000
Total Other Financing Sources (Uses)	(1,469,864)	314,907	291,520	45,502
Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	200,903	376,792	1,612	(7,513)
Fund Balance, July 1, as restated (Note 31)	1,173,693	1,311,581	9,927	44,299
Fund Balance, June 30	\$ 1,374,596	\$ 1,688,373	\$ 11,539	\$ 36,786

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

Fiduciary Fund Type	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
Expendable Trust	June 30, 2000	Governmental Fund	June 30, 2000
\$ 177,066	\$ 12,242,576	\$ -	\$ 12,242,576
4,604	585,548	-	585,548
23,665	415,130	-	415,130
71,176	301,593	29,408	331,001
34,903	34,903	-	34,903
-	3,956,709	113	3,956,822
71	8,592	162	8,754
34,097	730,498	100,892	831,390
345,582	18,275,549	130,575	18,406,124
7,880	923,649	72,872	996,521
4,145	4,417,324	100	4,417,424
-	2,665,833	6,113	2,671,946
58,851	579,666	50,875	630,541
186,792	5,885,886	-	5,885,886
24,313	1,930,306	-	1,930,306
129	120,983	34,097	155,080
-	153,245	6,548	159,793
-	137,359	11,022	148,381
68	8,165	154	8,319
282,178	16,822,416	181,781	17,004,197
63,404	1,453,133	(51,206)	1,401,927
10,833	1,020,671	-	1,020,671
-	-	68,886	68,886
1,509	13,168	2,929	16,097
(42,345)	(630,738)	-	(630,738)
-	-	(192)	(192)
-	(1,640,780)	(4,057)	(1,644,837)
45	483	-	483
-	389,303	-	389,303
(29,958)	(847,893)	67,566	(780,327)
33,446	605,240	16,360	621,600
1,158,953	3,698,453	72,523	3,770,976
\$ 1,192,399	\$ 4,303,693	\$ 88,883	\$ 4,392,576

**Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary Basis
General and Special Revenue Funds**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Individual and Fiduciary Income	\$ 6,868,400	\$ 6,828,906	\$ (39,494)
State Sales and Use	2,205,600	2,201,533	(4,067)
Corporation Income	481,500	565,909	84,409
Public Service Corporations	121,400	104,197	(17,203)
Motor Fuel	-	-	-
Motor Vehicle Sales and Use	-	-	-
Premiums of Insurance Companies	249,600	251,074	1,474
Other Taxes	438,700	438,616	(84)
Rights and Privileges	33,000	34,098	1,098
Institutional Revenue	8,400	9,142	742
Interest, Dividends, Rents, and Other Investment Income	134,691	150,236	15,545
Federal Grants and Contracts	-	-	-
Proceeds from Securities Lending Transactions	6,656	6,656	-
Tobacco Master Settlement	66,600	66,938	338
Other	174,100	174,222	122
Total Revenues	10,788,647	10,831,527	42,880
Expenditures:			
Current:			
General Government	823,777	809,481	14,296
Education	3,937,823	3,921,500	16,323
Transportation	238	232	6
Resources and Economic Development	225,291	205,031	20,260
Individual and Family Services	2,351,858	2,344,946	6,912
Administration of Justice	1,832,760	1,780,235	52,525
Capital Outlay	40,076	40,076	-
Payments for Securities Lending Transactions	6,346	6,346	-
Total Expenditures	9,218,169	9,107,847	110,322
Revenues Over (Under) Expenditures	1,570,478	1,723,680	153,202
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	432,608	451,307	18,699
Operating Transfers In From Component Units	3,228	3,268	40
Operating Transfers Out	(319,918)	(319,536)	382
Operating Transfers Out To Component Units	(1,604,786)	(1,603,018)	1,768
Proceeds from Sale of Bonds	-	-	-
Total Other Financing Sources (Uses)	(1,488,868)	(1,467,979)	20,889
Revenues and Other Sources Over (Under)			
Expenditures and Other Uses	81,610	255,701	174,091
Fund Balance, July 1	1,599,630	1,599,630	-
Fund Balance, June 30	\$ 1,681,240	\$ 1,855,331	\$ 174,091

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

Special Revenue Funds			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 6,868,400	\$ 6,828,906	\$ (39,494)
371,400	372,473	1,073	2,577,000	2,574,006	(2,994)
-	-	-	481,500	565,909	84,409
-	-	-	121,400	104,197	(17,203)
779,534	796,454	16,920	779,534	796,454	16,920
456,142	517,388	61,246	456,142	517,388	61,246
-	-	-	249,600	251,074	1,474
22,759	34,579	11,820	461,459	473,195	11,736
371,886	547,482	175,596	404,886	581,580	176,694
401,885	377,428	(24,457)	410,285	386,570	(23,715)
15,936	45,331	29,395	150,627	195,567	44,940
4,342,233	3,880,673	(461,560)	4,342,233	3,880,673	(461,560)
1,363	1,363	-	8,019	8,019	-
-	-	-	66,600	66,938	338
367,584	326,167	(41,417)	541,684	500,389	(41,295)
7,130,722	6,899,338	(231,384)	17,919,369	17,730,865	(188,504)
130,302	98,474	31,828	954,079	907,955	46,124
387,676	317,328	70,348	4,325,499	4,238,828	86,671
3,131,966	2,649,503	482,463	3,132,204	2,649,735	482,469
397,423	299,665	97,758	622,714	504,696	118,018
3,541,816	3,342,985	198,831	5,893,674	5,687,931	205,743
157,410	129,087	28,323	1,990,170	1,909,322	80,848
25,763	25,690	73	65,839	65,766	73
1,298	1,298	-	7,644	7,644	-
7,773,654	6,864,030	909,624	16,991,823	15,971,877	1,019,946
(642,932)	35,308	678,240	927,546	1,758,988	831,442
237,233	186,543	(50,690)	669,841	637,850	(31,991)
628	628	-	3,856	3,896	40
(190,731)	(191,178)	(447)	(510,649)	(510,714)	(65)
(37,196)	(37,632)	(436)	(1,641,982)	(1,640,650)	1,332
236,667	236,667	-	236,667	236,667	-
246,601	195,028	(51,573)	(1,242,267)	(1,272,951)	(30,684)
(396,331)	230,336	626,667	(314,721)	486,037	800,758
882,560	882,560	-	2,482,190	2,482,190	-
\$ 486,229	\$ 1,112,896	\$ 626,667	\$ 2,167,469	\$ 2,968,227	\$ 800,758

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (or Equity)
All Proprietary Fund Types, Nonexpendable Trust Funds, and
Similar Discretely Presented Component Units

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Proprietary Fund Types		
	Enterprise	Internal Service	Nonexpendable Trust Funds
Operating Revenues:			
Interest, Dividends, Rents, and Other Investment Income	\$ 34,834	\$ -	\$ 2,440
Charges for Sales and Services	1,464,449	749,654	-
Other (Note 21)	154	231	-
Total Operating Revenues	1,499,437	749,885	2,440
Operating Expenses:			
Interest Expense	22,663	-	-
Cost of Sales and Services	268,269	60,943	592
Prizes and Claims (Note 22)	600,953	501,369	-
Personal Services	78,912	40,728	-
Contractual Services	56,311	93,892	-
Supplies and Materials	3,965	6,208	-
Depreciation and Amortization (Note 23)	9,499	15,026	-
Rent, Insurance, and Other Related Charges	18,116	26,787	-
Other (Note 24)	71,601	10,705	4
Total Operating Expenses	1,130,289	755,658	596
Operating Income (Loss)	369,148	(5,773)	1,844
Nonoperating Revenues (Expenses):			
Interest, Dividends, Rents, and Other Investment Income	12,955	10,355	-
Income From Securities Lending Transactions	815	370	-
Expenses For Securities Lending Transactions	(778)	(350)	-
Other (Note 25)	820	1,451	-
Total Nonoperating Revenues (Expenses)	13,812	11,826	-
Income (Loss) Before Transfers	382,960	6,053	1,844
Transfers:			
Operating Transfers In	657	1,589	-
Operating Transfers In From Primary Government	-	-	-
Operating Transfers In From Component Units	-	-	-
Operating Transfers Out	(389,738)	(2,441)	-
Operating Transfers Out To Primary Government	-	-	-
Operating Transfers Out to Component Units	-	-	-
Total Transfers	(389,081)	(852)	-
Net Income (Loss) Before Cumulative Effect of			
Change in Accounting Principle	(6,121)	5,201	1,844
Cumulative Effect of Change in Accounting Principle (Note 29)	39,925	-	-
Net Income (Loss)	33,804	5,201	1,844
Retained Earnings/Fund Balance, July 1, as restated (Note 31)	81,516	23,722	27,873
Retained Earnings/Fund Balance, June 30	\$ 115,320	\$ 28,923	\$ 29,717

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

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
June 30, 2000	Proprietary Fund	June 30, 2000
\$ 37,274	\$ 627,716	\$ 664,990
2,214,103	718,896	2,932,999
385	255,291	255,676
2,251,762	1,601,903	3,853,665
22,663	458,338	481,001
329,804	118,170	447,974
1,102,322	44,326	1,146,648
119,640	306,274	425,914
150,203	93,389	243,592
10,173	103,506	113,679
24,525	56,799	81,324
44,903	14,245	59,148
82,310	288,942	371,252
1,886,543	1,483,989	3,370,532
365,219	117,914	483,133
23,310	6,006	29,316
1,185	55	1,240
(1,128)	(52)	(1,180)
2,271	9,030	11,301
25,638	15,039	40,677
390,857	132,953	523,810
2,246	-	2,246
-	22,388	22,388
-	1,500	1,500
(392,179)	-	(392,179)
-	(10,397)	(10,397)
-	(372)	(372)
(389,933)	13,119	(376,814)
924	146,072	146,996
39,925	(7,802)	32,123
40,849	138,270	179,119
133,111	1,391,887	1,524,998
\$ 173,960	\$ 1,530,157	\$ 1,704,117

Combined Statement of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Funds, and
Similar Discretely Presented Component Units

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Proprietary Fund Types	
	Enterprise	Internal Service
Cash Flows from Operating Activities:		
Receipts for Sales and Services	\$ 1,474,212	\$ 10,081
Receipts from Quasi-external Operating		
Transactions with Other Funds	3,373	785,198
Payments to Suppliers for Goods and Services	(288,720)	(83,333)
Payments for Quasi-external Operating		
Transactions with Other Funds	(3,870)	(11,836)
Payments for Prizes, Claims, and Loss Control (Note 34)	(718,615)	(545,184)
Payments to Employees	(77,435)	(44,830)
Other Operating Expense (Note 34)	(64,532)	(95,142)
Other Operating Revenue (Note 34)	19,578	28
Net Cash Provided by (Used for) Operating Activities	343,991	14,982
Cash Flows from Noncapital Financing Activities:		
Payment of Principal and Interest on Bonds and Notes	-	-
Proceeds from Issuance of Bonds and Notes	-	-
Operating Transfers In From Other Funds	599	1,589
Operating Transfers In From Primary Government	-	-
Operating Transfers In From Component Units	-	-
Operating Transfers Out To Other Funds	(482,780)	(2,498)
Operating Transfers Out To Primary Government	-	-
Operating Transfers Out To Component Units	-	-
Other Noncapital Financing Activities (Note 34)	77,850	1,524
Payments of Debt Issuance Costs	-	-
Net Cash Provided by (Used for)		
Noncapital Financing Activities	(404,331)	615
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Fixed Assets	(108,074)	(19,844)
Payment of Principal and Interest on Bonds and Notes	-	(6,909)
Proceeds from Sale of Bonds and Notes	-	-
Proceeds from Sale of Fixed Assets	-	554
Other Capital and Related Financing Activities (Note 34)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(108,074)	(26,199)
Cash Flows from Investing Activities:		
Purchase of Investments	(1,021,398)	(24,678)
Proceeds from Sales or Maturities of Investments	1,171,310	2,302
Investment Income on Cash, Cash Equivalents, and Investments	26,750	8,881
Net Cash Provided by (Used for) Investing Activities	176,662	(13,495)
Net Increase (Decrease) in Cash and Cash Equivalents	8,248	(24,097)
Cash and Cash Equivalents, July 1, as restated	171,691	126,684
Cash and Cash Equivalents, June 30	\$ 179,939	\$ 102,587

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

Nonexpendable Trust Funds	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
	June 30, 2000	Proprietary Fund	June 30, 2000
\$ -	\$ 1,484,293	\$ 739,010	\$ 2,223,303
-	788,571	-	788,571
(144)	(372,197)	(213,695)	(585,892)
-	(15,706)	-	(15,706)
-	(1,263,799)	(44,950)	(1,308,749)
-	(122,265)	(325,476)	(447,741)
(454)	(160,128)	(1,376,279)	(1,536,407)
14	19,620	1,404,384	1,424,004
(584)	358,389	182,994	541,383
-	-	(1,707,480)	(1,707,480)
-	-	1,081,883	1,081,883
-	2,188	-	2,188
-	-	22,388	22,388
-	-	1,500	1,500
-	(485,278)	-	(485,278)
-	-	(42,296)	(42,296)
-	-	(372)	(372)
-	79,374	(2,581)	76,793
-	-	(3,778)	(3,778)
-	(403,716)	(650,736)	(1,054,452)
-	(127,918)	(75,289)	(203,207)
-	(6,909)	(32,966)	(39,875)
-	-	481	481
-	554	366	920
-	-	2,165	2,165
-	(134,273)	(105,243)	(239,516)
(2,229)	(1,048,305)	(1,984,215)	(3,032,520)
2,491	1,176,103	2,103,171	3,279,274
330	35,961	150,387	186,348
592	163,759	269,343	433,102
8	(15,841)	(303,642)	(319,483)
269	298,644	1,092,684	1,391,328
\$ 277	\$ 282,803	\$ 789,042	\$ 1,071,845

(Continued on next page)

Combined Statement of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Funds, and
Similar Discretely Presented Component Units *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Proprietary Fund Types	
	Enterprise	Internal Service
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ 369,148	\$ (5,773)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Amortization	9,499	15,026
Interest on Bonds and Notes	11,542	-
Interest, Dividends, Rents, and Other Investment Income	(60,743)	2,193
Payment of Bond Issuance Expenses	-	-
(Gain)/Loss on Sale of Fixed Assets	-	-
Miscellaneous Nonoperating Income	1,418	-
Other Expenses	144	(67)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(1,398)	(11,322)
(Increase) Decrease in Due From Other Funds	-	347
(Increase) Decrease in Inventory	(2,233)	(545)
(Increase) Decrease in Restricted Assets	-	-
(Increase) Decrease in Prepaid Items	712	(322)
Increase (Decrease) in Accounts Payable	3,605	4,952
Increase (Decrease) in Amounts Due to Other Governments	-	1,632
Increase (Decrease) in Claims Payable	2,058	5,554
Increase (Decrease) in Due to Other Funds	101	(84)
Increase (Decrease) in Deferred Revenue	26	2,349
Increase (Decrease) in Long-Term Liabilities	1,293	951
Increase (Decrease) in Other Liabilities	8,819	91
Net Cash Provided by (Used for) Operating Activities	<u>\$ 343,991</u>	<u>\$ 14,982</u>
Reconciliation of Cash, Cash Equivalents, and Investments:		
Per the Balance Sheet:		
Cash, Cash Equivalents, and Investments	\$ 1,125,615	\$ 141,864
Cash and Travel Advances	194	37
Less:		
Agency Funds	-	-
Pension Trust Funds	-	-
Expendable Trust Funds	-	-
Investment Trust Funds	-	-
Investments with Original Maturities Greater than Three Months	945,870	39,314
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 179,939</u>	<u>\$ 102,587</u>
Noncash Investing, Capital, and Financing Activities:		
The following transactions occurred prior to the balance sheet date:		
Increase in Other Real Estate Owned		
as a Result of Loan Foreclosures	\$ -	\$ -
Installment Purchases Used to Finance Fixed Assets	-	6,107
Capital Leases Used to Finance Fixed Assets	-	-
Trade-ins of Used Equipment on New Equipment	-	-
Loans Payable Not Required to Repay	-	1,512
Total Noncash Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 7,619</u>

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

Nonexpendable Trust Funds	Total Primary Government (Memorandum Only) June 30, 2000	Component Units Proprietary Fund	Total Reporting Entity (Memorandum Only) June 30, 2000
\$ 1,844	\$ 365,219	\$ 117,914	\$ 483,133
-	24,525	56,799	81,324
-	11,542	454,586	466,128
(2,426)	(60,976)	(108,473)	(169,449)
-	-	726	726
-	-	(5)	(5)
-	1,418	(19,926)	(18,508)
-	77	26,689	26,766
-	(12,720)	(359,980)	(372,700)
-	347	-	347
-	(2,778)	4,769	1,991
-	-	(787)	(787)
-	390	3,358	3,748
(2)	8,555	(16,244)	(7,689)
-	1,632	-	1,632
-	7,612	(625)	6,987
-	17	-	17
-	2,375	1	2,376
-	2,244	881	3,125
-	8,910	23,311	32,221
\$ (584)	\$ 358,389	\$ 182,994	\$ 541,383
\$ 47,791,779	\$ 49,059,258	\$ 4,061,748	\$ 53,121,006
-	231	-	231
430,303	430,303	-	430,303
43,760,713	43,760,713	-	43,760,713
1,204,520	1,204,520	-	1,204,520
2,366,523	2,366,523	-	2,366,523
29,443	1,014,627	3,272,706	4,287,333
\$ 277	\$ 282,803	\$ 789,042	\$ 1,071,845
\$ -	\$ -	\$ 26,950	\$ 26,950
-	6,107	-	6,107
-	-	28	28
-	-	26	26
-	1,512	-	1,512
\$ -	\$ 7,619	\$ 27,004	\$ 34,623

**Combining Statement of Changes in Plan Net Assets
Pension Trust Funds**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Additions:			
Contributions:			
Member	\$ 494,296	\$ 4,114	\$ 2,196
Employer	735,733	15,056	14,935
Total Contributions	1,230,029	19,170	17,131
Investment Income:			
Interest, Dividends, and Other Investment Income	5,141,869	64,891	35,992
Securities Lending Income	117,787	1,487	825
Total Investment Income	5,259,656	66,378	36,817
Less Investment Expenses	211,717	2,672	1,482
Net Investment Income	5,047,939	63,706	35,335
Other Revenue	269	-	-
Total Additions	6,278,237	82,876	52,466
Deductions:			
Retirement Benefits	1,150,694	16,946	16,872
Refunds to Former Members	83,412	314	24
Retiree Health Insurance Credits	-	-	-
Insurance Premiums and Claims	-	-	-
Administrative Expenses	18,174	206	144
Other Expenses	-	-	-
Total Deductions	1,252,280	17,466	17,040
Net Increase	5,025,957	65,410	35,426
Net Assets Held in Trust for Pension/Postemployment Benefits July 1, as restated (Note 31)	33,964,636	429,798	239,322
June 30	\$ 38,990,593	\$ 495,208	\$ 274,748

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

Virginia Law Officers' Retirement System	Political Appointees	Postemployment Retiree Health Insurance Credit	Postemployment Group Life	Total June 30, 2000
\$ 11,438	\$ 363	\$ -	\$ 34	\$ 512,441
13,754	393	17,592	10	797,473
25,192	756	17,592	44	1,309,914
704	95	6,440	142,306	5,392,297
16	-	148	3,260	123,523
720	95	6,588	145,566	5,515,820
29	-	265	5,859	222,024
691	95	6,323	139,707	5,293,796
-	-	-	277	546
25,883	851	23,915	140,028	6,604,256
330	-	-	-	1,184,842
149	58	-	-	83,957
-	-	50,456	-	50,456
-	-	-	83,025	83,025
3	5	326	630	19,488
-	-	-	196	196
482	63	50,782	83,851	1,421,964
25,401	788	(26,867)	56,177	5,182,292
-	840	65,005	959,480	35,659,081
\$ 25,401	\$ 1,628	\$ 38,138	\$ 1,015,657	\$ 40,841,373

**Combining Statement of Changes in Plan Net Assets
Investment Trust Funds**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Local Government Investment Pool	State Non-Arbitrage Pool (SNAP)	SNAP Individual Investment Accounts	Total June 30, 2000
Operations:				
Net Investment Income	\$ 68,454	\$ 50,341	\$ 882	\$ 119,677
Distributions to Shareholders from Net Investment Income	(68,454)	(50,341)	-	(118,795)
Total Operations	-	-	882	882
Capital Share and Individual Account Transactions:				
Purchase of Investments	-	-	75,488	75,488
Shares Sold	2,447,250	681,403	-	3,128,653
Reinvested Distributions	68,454	55,070	-	123,524
Shares Redeemed	(2,422,463)	(863,048)	-	(3,285,511)
Cost of Investments Sold	-	-	(2,551)	(2,551)
Net Capital Share and Individual Account Transactions	93,241	(126,575)	72,937	39,603
Transfers:				
Maturities	-	68,360	(68,360)	-
Investment Income	-	694	(694)	-
Total Transfers	-	69,054	(69,054)	-
Increase (Decrease) in Net Assets	93,241	(57,521)	4,765	40,485
Net Assets Held in Trust for Pool Participants				
July 1	1,359,861	960,579	23,423	2,343,863
June 30	\$ 1,453,102	\$ 903,058	\$ 28,188	\$ 2,384,348

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

Note: Net asset value for the Local Government Investment Pool and the State Non-Arbitrage Pool is \$1 per share.

**Combined Statement of Changes in Fund Balances
Higher Education Fund (Discrete Component Unit)**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Total June 30, 2000
Revenues and Other Additions:	
Unrestricted Current Funds Revenues	\$ 2,187,578
Federal Grants and Contracts--Restricted	819,809
State Grants and Contracts--Restricted	42,519
Local Grants and Contracts--Restricted	21,746
Investment Income	498,743
Endowment Income	26,251
Interest on Loans Receivable	12,519
U.S. Government Advances	372
Expended for Plant Facilities (including \$134,156 charged to current funds)	363,695
Retirement of Indebtedness (including \$5,387 charged to current funds)	99,627
Proceeds from Securities Lending Transactions	18
Other Sources (Note 21)	329,447
Total Revenues and Other Additions	4,402,324
Expenditures and Other Deductions:	
Educational and General Expenditures	3,493,044
Auxiliary Enterprise Expenditures	506,271
Hospital and Independent Operations	492,933
Indirect Costs Recovered	79,098
Refunded to Grantors	1,720
Loan Cancellations	423
Administrative and Collection Costs	806
Expended for Plant Facilities (including non-capitalized expenditures of \$37,312)	266,851
Retirement of Plant Facilities	104,382
Retirement of Indebtedness	94,240
Interest on Indebtedness	55,936
Payment for Securities Lending Transactions	464
Other	23,362
Total Expenditures and Other Deductions	5,119,530
Transfers Among Funds:	
Operating Transfers In from Primary Government	1,549,508
Operating Transfers Out to Primary Government	(2,581)
Operating Transfers In from Component Units	28,549
Operating Transfers Out to Component Units	(28,549)
Total Transfers	1,546,927
Net Increase for the Year	829,721
Fund Balance, July 1	6,700,191
Fund Balance, June 30	\$ 7,529,912

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

**Combined Statement of Current Funds Revenues,
Expenditures, and Other Changes
Higher Education Fund (Discrete Component Unit)**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Current Funds		Total Year Ended June 30, 2000
	Unrestricted	Restricted	
Revenues:			
Student Tuition and Fees	\$ 849,644	\$ 10,367	\$ 860,011
Federal Grants and Contracts	66,727	749,835	816,562
State Grants and Contracts	1,652	43,773	45,425
Local Grants and Contracts	1,747	14,039	15,786
Endowment Income	11,262	35,662	46,924
Sales and Services of Educational Departments	24,439	19	24,458
Sales and Services of Auxiliary Enterprises	615,321	-	615,321
Sales and Services of Hospitals	525,436	-	525,436
Sales and Services of Independent Operations	342	79	421
Sales and Services of Vending Commissions	3,903	-	3,903
Investment Income	8,815	415	9,230
Proceeds from Securities Lending Transactions	467	-	467
Other Sources	77,823	207,630	285,453
Total Current Revenues	2,187,578	1,061,819	3,249,397
Expenditures and Mandatory Transfers:			
Educational and General:			
Instruction	1,154,383	121,051	1,275,434
Research	98,898	333,116	432,014
Public Service	57,273	63,380	120,653
Academic Support	321,694	25,503	347,197
Student Services	118,652	8,382	127,034
Institutional Support	316,035	11,641	327,676
Operation and Maintenance of Plant	219,642	1,182	220,824
Scholarships and Fellowships	54,548	587,486	642,034
Other	178	-	178
Total Educational and General	2,341,303	1,151,741	3,493,044
Mandatory Transfers for Debt Service and Other	13,650	452	14,102
Total Educational and General Expenditures and Mandatory Transfers	2,354,953	1,152,193	3,507,146
Auxiliary Enterprises:			
Operating Expenditures	502,719	3,552	506,271
Payments for Securities Lending Transactions	448	-	448
Mandatory Transfers for Debt Service and Other	68,745	-	68,745
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	571,912	3,552	575,464
Hospital and Independent Operations:			
Operating Expenditures	492,059	874	492,933
Mandatory Transfers for Debt Service and Other	20,326	-	20,326
Total Hospital and Independent Operations Expenditures and Mandatory Transfers	512,385	874	513,259
Operating Transfers In From Primary Government	(1,300,742)	(94,800)	(1,395,542)
Operating Transfers Out To Primary Government	1,352	-	1,352
Total Expenditures, Mandatory and Other Transfers	2,139,860	1,061,819	3,201,679
Other Additions (Deductions):			
Excess Restricted Receipts Over Transfers to Revenues	-	6,491	6,491
Refunded to Grantors	(1)	(641)	(642)
Nonmandatory Transfers	(41,538)	10,528	(31,010)
Net Increase in Fund Balance	\$ 6,179	\$ 16,378	\$ 22,557

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

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Notes to the Financial Statements

June 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) 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's reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and they are financially accountable to the primary government (discrete component units). The funds and account groups 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.

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 of Virginia (the "Commonwealth") for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commonwealth to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth.

- (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 unit serves or benefits the primary government almost exclusively. Financial information from these units is combined with that of the primary government. Blended component units are:

Pocahontas Parkway Association (Enterprise Funds) – The Association, a private, non-stock, nonprofit corporation was created to develop, construct, and provide financing for the Route 895 Connector Project. The Association is a blended component unit of the Department of Transportation (Primary Government) because it is fiscally dependent on the primary government and provides services entirely to the benefit of the Commonwealth. Ernst & Young, LLP audited the Association, and a separate report is available from the Association, Post Office Box 1320, Richmond, Virginia 23218.

Virginia Historic Preservation Foundation (Enterprise Funds) – The Foundation was created as a body politic and corporate to serve the Department of Historic Resources (Primary Government) by acquiring and holding properties of historical significance. The Governor appoints the seven-member Board, and the primary government is able to impose its will on the Foundation. The Director of the Department of Historic Resources is the Executive Director and controls all administrative duties of the Foundation. A trust agreement between the Board of Trustees of the Foundation, the Department of Historic Resources and the Association for the Preservation of Virginia Antiquities was made as of July 1, 1999. According to the trust agreement, the Foundation transferred the assets to the Association, until January 1, 2003, at which time the agreement may be terminated. The Association's activity is not reported in the accompanying financial statements. The administrative offices of the Foundation are located at 10 Courthouse Avenue, Petersburg, Virginia 23803. The Auditor of Public Accounts audits the Foundation as part of the Department of Historic Resources and discloses its existence in that report.

Virginia State Parks Foundation (Enterprise Funds) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (Primary Government) in the duties and responsibilities described in Subtitle I of Title 10.1 of the *Code of Virginia*. The Governor appoints the seven-member Board, and the primary government is able to impose its will on the Foundation. The administrative offices of the Foundation are located at 203 Governor Street, Suite 402, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation as part of the Department of Conservation and Recreation and discloses its existence in that report.

Virginia Public Building Authority (VPBA) (Governmental Funds) – 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 seven-member Board, and the primary government is able to impose its will on the Authority. The Auditor of Public Accounts audited the Authority, and a separate report is available from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218.

- (3) **Discrete Component Units** – Discretely presented component units are reported in a separate column in the combined 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 or incomplete. These discrete component units serve or benefit those outside of the primary government. Discretely presented component units are:

Higher Education Institutions (Higher Education Fund) – 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 State provides funding for, and construction of, major academic plant facilities for the institutions. Therefore, there is a financial benefit/burden to the primary government. The bonds issued to finance the construction of these facilities are obligations of the State. The Higher Education Institutions are: Christopher Newport University, the College of William & Mary, George Mason University, James Madison University, Longwood College, Mary Washington College, Norfolk State University, Old Dominion University, Radford University, Richard Bland College, University of Virginia, the University of Virginia's College at Wise (formerly reported as Clinch Valley College), Virginia Community College System, Virginia Commonwealth University, Virginia Military Institute, Virginia Polytechnic Institute and State University, Virginia State University, and the Virginia Institute of Marine Science. Also included are the Southwest Virginia Higher Education Center, Roanoke Higher Education Authority, and the University of Virginia Hospital. The colleges and universities are funded through State appropriations, tuition, Federal grants, and private donations and grants. The Auditor of Public Accounts audited 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 Virginia Department of Accounts, 101 North 14th Street, Richmond, Virginia 23219.

Innovative Technology Authority (ITA) (Higher Education Fund) – The Authority is granted corporate powers by the *Code of Virginia*. The Authority serves to facilitate the marketing, organization, and development of scientific research and technology by the State's institutions of higher education and private industry in the Commonwealth. The Governor appoints 12 of the 15 Board members, and there is a financial benefit/burden to the primary government. The Authority's combined financial statements include the accounts of the Center for Innovative Technology (CIT) after elimination of all significant intercompany balances and transactions. CIT is a nonstock, not-for-profit corporation, which acts as the operating arm of the Authority. The address for the administrative offices of the Authority is CIT Building, Suite 600, 2114 Rock Hill Road, Herndon, Virginia 22070. The Auditor of Public Accounts audited the Authority, and a separate report is available.

Virginia College Building Authority (VCBA) (Higher Education Fund) – 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 audited the Authority, and a separate report is available from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218.

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by State-supported colleges and universities is included in the financial statements. The 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 Commonwealth nor the Authority, but are payable solely from the revenues pledged by the respective private institution. This indebtedness, totaling \$273.4 million, is not included in the financial statements.

Other Discrete Component Units

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

Virginia Tourism Authority (Governmental Funds) – 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 the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at Post Office Box 798, 901 East Byrd Street, Richmond, Virginia 23218-0798. The Auditor of Public Accounts audited the Authority, and a separate report is available.

Virginia Tobacco Settlement Foundation (Governmental Funds) – The Authority was created as a body corporate and as a political subdivision of the Commonwealth. The Foundation was established to determine the appropriate recipients of moneys in the Virginia Tobacco Settlement Fund and to distribute moneys 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, Tenth Floor, Richmond, Virginia, 23219. The Auditor of Public Accounts audited the Authority, and a separate report is available.

Tobacco Indemnification and Community Revitalization Commission (Governmental Funds) – The Authority 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 moneys in the Tobacco Indemnification and Community Revitalization Fund. This fund is to provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and barns, lost tobacco production opportunities, and 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 lo-

cated at 701 East Franklin Street, Suite 1000, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Commission, and a separate report is available.

Virginia Outdoors Foundation (Governmental Funds) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (Primary Government) by promoting preservation and raising funds for the purchase of preservation land. The Governor appoints the seven-member Board, and the primary government can impose its will on the Foundation. The Foundation is reported as a Discrete Governmental Component Unit because it uses a GAAP reporting model other than the governmental model. The administrative offices of the Foundation are located at 203 Governor Street, Suite 316, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Foundation, and a separate report is available.

Virginia Schools for the Deaf and Blind Foundation (Governmental Funds) – The Foundation operates as a non-private educational and fund raising organization solely in connection with, and exclusively for the benefit of the Virginia Schools for the Deaf and Blind (Primary Government) and within the jurisdiction and management of the Virginia Board of Education. The Foundation is reported as a Discrete Governmental Component Unit because it uses a cash basis reporting model other than the governmental reporting model. The Foundation uses a December 31 calendar year end. The administrative offices of the Foundation are located at the Virginia Department of Education, 101 North 14th Street, Richmond, Virginia, 23219. The Auditor of Public Accounts audited the Foundation along with the audit of the Department of Education, and a separate report is available.

Virginia Port Authority (VPA) (Governmental and Proprietary Funds) – The Authority was established as a corporate body and operates to serve the citizens and promote commerce. The Governor appoints 11 of the 12 Board members, 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. The Auditor of Public Accounts audited the Authority, and a separate report is available.

A. L. Philpott Manufacturing Extension Partnership (Proprietary Funds) – The Partnership has the mission to foster regional economic prosperity by helping small to mid-sized manufacturers recognize and achieve their full market potential. The Partnership provides regional manufacturing firms with technology consulting services, access to business modernization resources, and support for interfirm

collaboration. Further, the Partnership provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. The Partnership has a 17-member Board of Trustees. The Board consists of the presidents of two public four-year institutions of higher education and one private four-year institution of higher education; three community college presidents; the director of Virginia's Center for Innovative Technology; Virginia's Secretary of Commerce and Trade; and nine citizen members appointed by the Governor. There is also a financial benefit/burden to the primary government. The administrative office is located at Patrick Henry Community College, 645 Patriot Avenue, P. O. Box 5311, Martinsville, Virginia 24115. The Auditor of Public Accounts audited the Partnership, and a separate report is available.

Virginia Resources Authority (VRA) (Proprietary Funds) – The Authority was created as a public body corporate, and operates as a political subdivision of the Commonwealth to provide financing for the construction of local water supply and wastewater treatment facilities. The Governor appoints a majority of the 10-member Board and the Executive Director of the Authority. The primary government is able to impose its will on the Authority, and there is a financial benefit/burden to the primary government. The Commonwealth does not guarantee any bonds issued by the Virginia Resources Authority. The administrative offices of the Authority are located at 707 East Main Street, Suite 1350, Richmond, Virginia 23219. Deloitte & Touche, LLP audited the Authority, and a separate report is available.

Small Business Financing Authority (SBFA) (Proprietary Funds) – The Virginia Small Business Financing Act of 1984 (Chapter 28, Title 9, *Code of Virginia*) established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 10 Board members, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority can provide financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby encouraging the investment of private capital in small businesses in the Commonwealth. Also, the Authority guarantees loans made to small businesses by banks. As of June 30, 2000, the Authority had outstanding loan guarantees totaling \$1,121,163 and had set aside \$900,000 of its total net assets of \$1,088,011 in a guaranty reserve fund to support these guarantees. The administrative offices of the Authority are located at 707 East Main Street, Suite 300, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Authority, and a separate report is available.

Virginia Equine Center Foundation (Proprietary Funds) – The Foundation was created as a body politic and corporate, and operates the Equine Center for the benefit of the equine industry. In 1992, the Commonwealth began making payments on the Equine Center Foundation debt to keep the Center from falling into default. The Governor appoints 10 of the 11 Board members, and there is a financial benefit/burden to the primary government. The address for the administrative offices of the Foundation is Post Office Box 1051, Lexington, Virginia 24450. The accounting firm of William White, Sr., CPA audited the Foundation, and a separate report is available.

Virginia Housing Development Authority (VHDA) (Proprietary Funds) – 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. 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 State is not obligated by the debt of the Authority. The Authority was created in the public interest to provide investment and stimulate construction of low-moderate income housing which benefits the citizens of the Commonwealth. The administrative offices of the Authority are located at 601 South Belvidere Street, Richmond, Virginia 23220. KPMG Peat Marwick audited the Authority, and a separate report is available.

Virginia Public School Authority (VPSA) (Proprietary Funds) – 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. Additionally, the Authority receives Literary Fund notes transferred from the State to secure bonds issued by the Authority. The Auditor of Public Accounts audited the Authority, and a separate report is available from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218.

Hampton Roads Sanitation District Commission (Proprietary Funds) – The District was established as a political subdivision of the Commonwealth and a government instrumentality. The Commission, which is the governing Board of the District, was granted corporate powers by the *Code of Virginia*. The Governor appoints the Commission members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Commission. The Commonwealth is not obligated by the

debt of the Commission. The Commission was established to benefit the inhabitants of the District and operates a sewage system for 13 localities in the Chesapeake Bay area. The address for the administrative offices of the Commission is Post Office Box 5911, Virginia Beach, Virginia 23471. Pricewaterhouse-Coopers, LLP, audited the Commission, and a separate report is available.

Virginia Biotechnology Research Park Authority (Proprietary Funds) – 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 and General Assembly appoint 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 audited the Authority, and a separate report is available.

Medical College of Virginia Hospitals Authority (MCVHA) (Proprietary Funds) – The Authority was created by the *Code of Virginia* and granted corporate powers. The Governor and General Assembly appoint nine of the 16 Board members, and there is a potential financial benefit/burden to the primary government. The Authority was established to operate the Medical College of Virginia Hospitals, which had previously been combined with the Virginia Commonwealth University (Higher Education Fund). The University transferred all assets and liabilities of the Hospitals, except real estate, to the Authority on June 30, 1997. The administrative offices are located at 401 North 12th Street, 2nd Floor, Suite 2-300, Post Office Box 980510, Richmond, Virginia 23298. Ernst & Young, LLP audited the Authority, and a separate report is available.

Wireless E-911 Service Board (Proprietary Funds) – The Board was created as a body politic and corporate and a political subdivision to establish wireless E-911 service in Virginia. The Governor appoints the seven-member Board, and the primary government is able to impose its will on the Board. The administrative offices of the Board are located at the Virginia Department of Accounts, 101 North 14th Street, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Board and a separate report is available.

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

Virginia Recreational Facilities Authority – The Authority was created as a political subdivi-

sion and instrumentality of the Commonwealth and given separate corporate powers by the *Code of Virginia*. The Governor appoints the 13 Board members. The Authority operates educational programs, tourism, and commerce in the Roanoke Valley. During the fiscal year ended June 30, 2000, the Authority received a \$500,000 payment from the Commonwealth. The address for the administrative offices of the Authority is 3900 Rutrough Road, Post Office Box 8508, Roanoke, Virginia 24014. Foti, Flynn, Lowen and Company audited the Authority, and a separate report is available.

Allegheny-Highlands Economic Development Authority – The Authority was created as a body corporate and politic, and as a political subdivision of the Commonwealth by the General Assembly. The Governor appoints a majority of the seven-member Board. The Authority was created for the benefit of the citizens of the Commonwealth, particularly those in Allegheny County, Clifton Forge, and Covington, by improving commerce, health and welfare. The address for the administrative offices of the Authority is 450 Main Street Suite 201, Post Office Box 29, Covington, Virginia 24426. Lisa H. Armentrout, CPA, audited the Authority, and a separate report is available.

Miller School of Albemarle – The School was created as an educational institution of the Commonwealth and a corporation to provide a quality education. The Governor appoints a majority of the nine-member Board. The administrative offices of the School are located at 1000 Samuel Miller Loop, Charlottesville, Virginia 22903. Hantzmon, Wieble and Company audited the School, and a separate report is available.

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 Foundation's Board of Trustees controls the Trust. Several Commonwealth officials serve as ex-officio members of the Board, and the Governor appoints twelve members. The Trust operates the Jamestown Settlement and Yorktown Victory Centers' gift shops and café, oversees investing and fund raising activities, purchases artifacts, and sponsors events. The address for the administrative offices of the Trust is Post Office Box 1607, Williamsburg, Virginia 23187-1607. Eggleston, Smith, P.C. audited the Trust, and a separate report is available.

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 seven-member Board. The administrative offices of the Program are located at 7400 Beaufont Springs Drive, Richmond, Virginia 23225. Goodman and

Company audited the Program, and a separate report is available.

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 eleven 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 Post Office Box 111, 32386 Lankford Highway, Cape Charles, Virginia 23310. PricewaterhouseCoopers, LLP, audited the Commission and a separate report is available.

C. Fund Structure

The accompanying financial statements are presented in four classifications of funds and two account groups. The fund classifications include governmental funds, proprietary funds, fiduciary funds, and the Higher Education Fund (Component Unit). Account groups are presented for general fixed assets and general long-term debt. The fund classifications and a description of each existing fund type and account group follow:

(1) Governmental Funds

Transactions related to the acquisition, use, and balances of the government's expendable financial resources received and used for those services traditionally provided by a State government, which are not accounted for in other funds, are accounted for in governmental funds. The governmental fund measurement focus is based upon determination of financial position (sources, uses, and balances of financial resources), rather than on net income determination. Governmental funds include:

- a. **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. These services include general government, legislative, public safety, judicial, health and mental health, resources and economic development, licensing and regulation, and primary and secondary education.
- b. **Special Revenue Funds** – Account for transactions related to resources received and used for restricted or specific purposes. The Special Revenue Funds include transactions related to resources used in support of public health services, social service programs, agriculture, State park services, highway maintenance and construction, and other transportation purposes.

- c. **Debt Service Funds** – Account for transactions related to resources retained and used for the payment of interest and principal on those long-term obligations recorded in the General Long-Term Debt Account Group.
- d. **Capital Projects Funds** – Account for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds. The primary resource for these funds is the proceeds of bond issues. Principal uses are for construction and improvement of State office buildings, correctional and mental health facilities, and parks.

(2) Proprietary Funds

Transactions related to commercial activities operated by the Commonwealth are accounted for in the proprietary funds. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

The activities comprising the proprietary funds include the following:

- a. **Enterprise Funds** – Account for transactions related to resources received and used for financing self-supporting activities of the Commonwealth that offer products and services on a user-charge basis to the general public.
- b. **Internal Service Funds** – Account for transactions related to the financing and sale of goods or services provided by agencies of the Commonwealth to other agencies and institutions of the Commonwealth. The goods and services furnished are charged to the recipient agency or institution to recover costs through user charges.

(3) Fiduciary Funds

Transactions related to assets held in a trust or agency capacity by the Commonwealth are accounted for in fiduciary funds. The Commonwealth's fiduciary funds include the following:

- a. **Pension Trust Funds** – Account for the transactions of Commonwealth administered retirement systems and post-employment benefits (see Notes 12 and 13, respectively).
- b. **Investment Trust Funds** – Account for the external portions of the State Non-Arbitrage Program and Local Government Investment Pools that are sponsored by the Commonwealth.

- c. **Nonexpendable Trust Funds** – Account for the transactions of the Commonwealth Health Research Fund and Mental Health Endowment Funds whose principal must be maintained intact and whose income is used to benefit the Commonwealth's citizens and mental health patients.
- d. **Expendable Trust Fund** – Accounts for the transactions of trusts whose principal and income may be used for the purposes of the trust. These trusts include those for educational programs at museums, funds for unemployment benefits, and unclaimed property receipts.
- e. **Agency Funds** – Account for amounts held in trust by the Commonwealth for others. Agency funds include those funds established to account for the collection of taxes and fees for distribution to localities and other states, employee benefits, deposits of insurance carriers, child support collections and other miscellaneous accounts.

(4) Account Groups

Account groups are used to establish accounting control over the Commonwealth's general fixed assets, the unmatured principal of its general long-term debt, and other long-term obligations of governmental funds. General fixed assets do not represent financial resources available for appropriation and expenditure, nor does the unmatured principal of general long-term debt and other long-term obligations require current appropriation and expenditure of governmental fund financial resources.

- a. **General Fixed Assets Account Group** – Accounts for fixed assets of the governmental fund types. Fixed assets of the proprietary funds, trust funds, and discrete component units are accounted for in their respective funds.
- b. **General Long-Term Debt Account Group** – Accounts for obligations that are not recorded as current liabilities in governmental funds. These obligations include unmatured and unredeemed long-term general obligation bonds payable, obligations for accrued employee sick and vacation leave, pension liability, and capital lease obligations, which are backed by the full faith and credit of the Commonwealth. Also included are obligations of the Virginia Public Building Authority (Primary Government) that are not backed by the Commonwealth, but are included in the Commonwealth's reporting entity. Unmatured long-term debt relating to obligations of the proprietary funds and similar trust funds and the discrete component units is accounted for within the respective funds.

(5) Higher Education Fund (Component Unit)

The Higher Education Fund accounts for transactions related to resources received and used for the operation of the Commonwealth's institutions of higher education and related medical teaching hospitals. The Higher Education Fund is an aggregation of the following funds:

- a. **Current Funds** – Account for resources that will be expended for operating purposes. Funds over which the governing Boards retain full control are accounted for as current unrestricted. Current restricted funds may be utilized only in accordance with externally restricted purposes.
- b. **Loan, Endowment, and Agency Funds** – Account for assets held in a fiduciary capacity.
- c. **Plant Funds** – Account for assets that have been or will be invested in property, plant, and equipment, and assets that are reserved to retire debt issued to finance plant facilities.

D. Basis of Accounting for Funds

Governmental Fund Types, Expendable Trust Fund, and Agency Funds – The accounts of the General, Special Revenue, Debt Service, Capital Projects, and Expendable Trust Funds use a current financial resources measurement focus and are presented on a modified accrual basis of accounting. Under this basis, revenues and other financial resources are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. Material revenues subject to accrual include Federal grants and income and sales taxes. Expenditures and other uses of financial resources are recognized when the related fund liability is incurred, except for items that are not planned to be liquidated with expendable available resources, such as the long-term portion of the liability for compensated absences and capital lease obligations. Agency Funds are also accounted for on a modified accrual basis, but do not recognize revenues and expenditures. Agency Funds account for assets received and disbursed by a government in its capacity as an agent for individuals, businesses, or other governments.

Proprietary Fund Types, Pension, Investment and Nonexpendable Trust Funds – The accounts of these funds use a flow of economic resources measurement focus and are presented on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when the liability is incurred. All assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary

fund-type operating statements present increases and decreases in net total assets.

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, provides governments two options for reporting their proprietary fund activities (including component units accounted for using proprietary fund accounting). All Proprietary Funds reported herein, with the exception of the Medical College of Virginia Hospitals Authority (Component Unit), the A. L. Philpott Manufacturing Extension Partnership (Component Unit), the Virginia Equine Center Foundation (Component Unit) and the Virginia Port Authority (Component Unit), apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Medical College of Virginia Hospitals Authority, the A. L. Philpott Manufacturing Extension Partnership, the Virginia Equine Center Foundation, and the Virginia Port Authority apply all of these pronouncements, and also apply all FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Higher Education Fund (Component Unit) – The accounts of this fund are presented on an accrual basis with the exception of the following:

- (1) Depreciation expense is not recorded on plant fund assets, and
- (2) Revenues and expenditures of an academic term that is conducted over a fiscal year end are reported totally in the fiscal year in which the program is predominantly conducted.

E. Budgetary Process

Budgetary amounts shown in the financial statements 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 State, 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 and Virginia Public Building Authority Funds – Special Revenue Fund. Formal budgetary integration is not employed for the Capital Projects, Debt Service Funds, and the Literary and Virginia Public Building Authority Funds – Special Revenue Funds because effective budgetary control is alternatively achieved through the General Fund and the remaining Special Revenue Funds.

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

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

F. Cash Equivalents and Investments

Cash Equivalents

Cash equivalents are investments with an original maturity of three months or less.

Investment Bases

Investments are principally comprised of monies held by proprietary fund component units, endowment funds of higher education institutions (Component Unit), Pension Trust Funds, and monies held by the State Treasurer in both the general account and other fiduciary accounts.

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

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

Investments of higher education institutions reflected in the Higher Education Fund (Component Unit) are reported at fair value, except for money market investments and investments in the Commonwealth sponsored investment pools, which are reported at amortized cost.

Derivatives

Derivative instruments are used to improve return on investments and modify risk exposures (see Note 6).

G. Receivables

Receivables in the governmental funds consist primarily of the accrual of taxes, as well as Federal revenue and receivables of the State's Medicaid program. Receivables of Trust and Agency Funds are primarily the accrual of member and employer contributions in the Pension Trust Funds and the accrual of local sales taxes in the Agency Funds. Receivables in the Proprietary Funds consist primarily of mortgage receivables and loans receivable. Receivables are recorded net of allowances for doubtful accounts (see Note 7).

H. Interfund Loans Receivable/Payable

Loans Receivable/Payable represent working capital advances from one fund to another (see Note 8).

I. Inventories

Materials and Supplies

Inventories of materials and supplies are reported as expenditures when consumed. These assets are offset by a fund balance reserve that indicates they are not available for spending. Inventories of the General, the Special Revenue, and the Expendable Trust Funds are maintained at cost using the first-in, first-out (FIFO) methodology, except for the following:

- Department of Personnel and Training (DPT)
- Virginia School for the Deaf and the Blind at Staunton (VSDBS)
- Virginia Employment Commission (VEC)
- Woodrow Wilson Rehabilitation Center (WWRC)
- Department of Conservation and Recreation (DCR)
- Department for the Visually Handicapped (DVH)
- Department of State Police (VSP)
- Virginia Department of Transportation (VDOT)
- Department of Health (VDH)

DPT inventories are recorded in the General and Other Special Revenue Funds using the FIFO methodology and are maintained based on the market methodology. VSDBS inventories are recorded in the General Fund using the last-in, first-out (LIFO) methodology based on the average cost methodology. VEC inventories are recorded in the Federal Trust Fund and are maintained based on the weighted average methodology.

WWRC, DCR and DVH inventories are recorded in the Other Special Revenue Fund. VSP inventories are recorded in the General and Other Special Revenue Funds. VDOT inventories are recorded in the Commonwealth Transportation Fund. VDH in-

ventories are recorded in the General, Other Special Revenue, and Federal Trust Funds. All of these inventories are maintained based on the average cost methodology.

Inventories maintained by the Internal Service Funds, the Virginia Museum of Fine Arts (Enterprise Fund), the Science Museum of Virginia (Enterprise Fund), the Consolidated Laboratory (Enterprise Fund), the Medical College of Virginia Hospitals Authority (Component Unit), and the Virginia Equine Center Foundation (Component Unit) are stated at the lower of cost or market using FIFO. Institutions of higher education (Component Units) use several methods for inventory valuations, including cost using FIFO, the lower of cost or market using FIFO, or weighted average methods.

The Department of Alcoholic Beverage Control (Enterprise Fund) maintains inventories at the lower of average cost or market. The Virginia Industries for the Blind (Enterprise Fund) maintain inventories using a weighted average cost methodology. Inventories maintained by the Virginia Port Authority (Component Unit) are reported using the moving average cost methodology. The Virginia Housing Development Authority (Component Unit) maintains inventories at the lower of cost or fair value. The State Lottery Department's (Enterprise Fund) inventory consists of unsold instant tickets that are valued at cost and expensed over the life of each game as it is sold to retailers.

Food Stamps

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the Commonwealth recognizes food stamp distributions as revenue and expenditures in the Federal Trust Fund – Special Revenue Funds. Revenue and expenditures are recognized when benefits are distributed. Food stamps held at June 30 totaling \$58.0 million are reported as inventory and are offset by deferred revenue.

J. Prepaid Items

Prepaid expenses for rent, insurance, and similar items reported in governmental funds are recognized when purchased.

K. Other Assets

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

L. Property, Plant, and Equipment

Fixed assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the General Fixed Assets Account Group. For financial reporting purposes, depreciation is not recorded on general fixed assets. Fixed assets of the proprietary funds are capitalized in the fund in which they are utilized and depreciated on the straight-line basis over their useful lives. Fixed as-

sets of colleges and universities are capitalized in the Higher Education Fund (Component Unit). Depreciation is not provided on these assets (see Note 11).

Fixed assets are stated at historical cost or, in some instances, estimated historical cost. Donated fixed assets are stated at fair market value at the time of donation. The Commonwealth capitalizes all property, plant, and equipment that have a cost or value greater than \$5,000 and an expected useful life of greater than two years. Selected agencies and institutions of higher education utilize a capitalization limit lower than \$5,000 for various reasons. Accordingly, reported fixed assets may include some items that cost less than \$5,000. Infrastructure, including highways, bridges, and rights-of-way, are not capitalized.

The Commonwealth capitalizes construction-in-progress when project expenditures exceed \$5,000. Interest incurred during construction is not capitalized in the General Fixed Asset Account Group. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset. 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 fixed assets are as follows:

	<u>Years</u>
Buildings	10–50
Equipment	2–20
Improvements Other than Buildings	5–20

M. Accounts Payable

Accounts payable represent amounts, including salaries and wages, owed for goods and services received prior to year-end.

N. Claims Payable

Claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable at June 30, 2000. This includes both actual claims submitted, as well as actuarially determined claims incurred but not reported. Claims relating to the Commonwealth's liability insurance programs are reported in the Risk Management – Internal Service Fund, and the Risk Management – Enterprise Fund. Also, health insurance claims incurred but not reported are actuarially determined and reported in the Health Care – Internal Service Fund and the Local Choice Health Care – Enterprise Fund (see Note 18.A. and 18.B.).

The claims payable reported in the Expendable Trust Fund reflects the amount of anticipated payments to the claimants of unclaimed property receipts.

The Medical College of Virginia Hospitals Authority (Component Unit) reports claims payable which represent health insurance claims payable at June 30, 2000. Claims expenses and liabilities arising from services rendered to Virginia Chartered Health Plan, Inc.'s (VA Chartered) (a Component Unit of the Medical College of Virginia Hospitals Authority) HMO members are reported when it is probable that services have been provided and the amount of the claim can be reasonably estimated. The claims payable at June 30, 2000, includes an estimate of claims that have been incurred but not reported. This liability is VA Chartered's best estimate based on available information.

O. Obligations Under Securities Lending Program

In accordance with GASB 28, *Accounting and Financial Reporting for Securities Lending Transactions*, liabilities resulting from these transactions have been recorded as obligations under security lending transactions.

P. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund when due. Long-term liabilities expected to be financed from the proprietary funds, trust funds, and the discrete component unit funds, as well as the related interest payments, are accounted for in those funds (see Notes 16 and 19).

Q. 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. Other amounts, such as lottery prizes and tuition benefits, will be paid over several years (see Note 20).

R. Deferred Revenue and Deferred Credit

Deferred Revenue

Deferred revenue represents monies received or revenues accrued but not earned as of June 30, 2000. The majority of this amount is reported in the Higher Education Fund (Component Unit), where it is primarily composed of revenue for student tuition accrued in advance of the semester. In the Special Revenue Funds, deferred revenue is composed primarily of Federal grant money received but not spent. In the Enterprise Funds, a majority represents unearned premiums of Risk Management and on-line ticket monies received by the State Lottery Department for which corresponding drawings have

not been held. In the Internal Service Funds, it represents primarily unearned premiums and rental income received but not spent for the Risk Management and Maintenance and Repair Funds, respectively. Deferred revenues in the proprietary component units consist primarily of the deferral of fees related to various lending activities.

Deferred Credit

The deferred credit represents the deferral of income taxes withheld for the period January through June 2000, that have not met the revenue recognition criteria and may ultimately be refunded upon the filing of income tax returns in subsequent years. This amount is estimated annually using statistical data derived from income taxes filed in previous years. Deferred credit totaling \$356.1 million is reported in the General Fund.

S. Reserved Retained Earnings

Reserved retained earnings indicate that portion of retained earnings that is segregated due to specific legal requirements or other externally imposed requirements (see Note 32).

T. Unreserved Retained Earnings

Unreserved retained earnings is the accumulated earnings of proprietary activities, net of amounts established as reserved retained earnings discussed in Note 1.S. above.

U. Reserved Fund Balances

Reserved fund balances indicate that portion of fund balance that is not available to fund operations or is legally segregated for specific future use (see Note 32).

V. Unreserved, Designated Fund Balances

Designations of fund balance, as shown in Note 3, are established to reflect tentative plans for future utilization of current financial resources. It is the policy of the Commonwealth to designate the portion of fund balance set aside by the General Assembly through the Appropriation Act to fund tentative but approved future plans. Unexpended appropriations approved by the Governor to be used to fund expenditures of the ensuing fiscal year are also reflected through a designation of fund balance. It is the policy of the Commonwealth to limit such designations in the event that their accumulation and presentation would cause a negative unreserved, undesignated fund balance to occur.

W. Unreserved, Undesignated Fund Balances

The unreserved, undesignated budgetary basis fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated fund balance described in Notes 1.U. and 1.V. above.

X. Cash Management Improvement Act

Included in "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 Financial Management Service (FMS) of the U.S. Treasury. The payment is to be made on or before March 1, 2001. 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 annualized average earnings rate of 13-week Treasury bills.

Y. Eliminations

Eliminations have been incorporated into the report to eliminate intrafund transactions within the related fund type. These eliminations prevent overstatement of financial activity. Interfund balances and transactions have not been eliminated.

Z. Total Columns on Combined Statements

The presentation of component units is not meant to be a consolidation since transactions within the State entity have not been eliminated (except as noted in Note 1.Y. above), nor have fixed assets or long-term debt been reported in the applicable State account groups. However, appropriations to the component units are recorded as operating transfers out of the General Fund and as operating transfers into the Component Unit organization.

The total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Information in these columns does not present consolidated financial position, results of operations, or cash flows.

2. APPROPRIATIONS

The amounts presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – General and 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 all Special Revenue Funds:

<i>(Dollars in Thousands)</i>	General Fund (8)	Special Revenue Fund (8) (9) (10)
Appropriations (1)	\$ 10,899,599	\$ 6,301,685
Supplemental Appropriations:		
Reappropriations (2)	109,737	-
Subsequent Executive (3)	804	1,068,619
Subsequent Legislative (4)	176,324	38,400
Prior Year Reversions (5)	(12,447)	-
Deficit Loans Payable (6)	10,000	-
Transfers (7)	(1,972,194)	81,847
Appropriations, as adjusted	<u>\$ 9,211,823</u>	<u>\$ 7,490,551</u>

1. Represents the budget appropriated through Chapter 1072, 2000 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to carry forward any prior year unexpended balances (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 General Assembly to adjust the budget.
5. Prior year reversions are included in the accounting system for monitoring, but do not represent current year appropriations.
6. The Deficit Loans Payable represents loans from the Special Revenue Fund-Other to pay for Y2K efforts.
7. Represents transfers required by the Appropriation Act.
8. The General and Special Revenue appropriations as reported in the Budget/Actual statement include payments for securities lending transactions of \$6.3 million and \$1.3 million, respectively, as required by GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. These amounts are not included above.
9. The Special Revenue appropriations as reported in the Budget/Actual statement include the amount for food stamps (\$374.6 million) as required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. This amount is not included above.
10. The Special Revenue appropriations as reported in the Budget/Actual statement include expenditure reductions needed to eliminate budgetary deficits at the Department of Transportation and transfers for debt service payments. The amount above does not include these reductions of \$92.8 million.

3. GENERAL FUND ANALYSIS – BUDGETARY BASIS

The following schedule represents reservations and designations of General Fund balance on a budgetary basis as presented in the General Fund Preliminary (Unaudited) Annual Report dated August 15, 2000.

Reservations and Designations of Fund Balance General Fund, Budgetary Basis June 30, 2000

(Dollars in Thousands)

Fund Balance, June 30, 2000		\$ 1,855,331
Reserved Fund Balance:		
Revenue Stabilization Reserve Fund	\$ 574,633	
Revenue Stabilization Reserve 1999	103,346	
Payroll Reserve for July 3, 2000 Payroll	67,509	
Total Reserved Fund Balance		745,488
Unreserved Fund Balance:		
Designated:		
Amount Required for Reappropriation of 2000 Unexpended Balances:		
Mandatory Reappropriations	117,051	
Discretionary Reappropriations	34,772	
Capital Outlay	352,038	
Amount Required by Ch. 1073, 2000 Acts of Assembly	428,406	
Virginia Water Quality Improvement Fund - Part A	622	
Virginia Water Quality Improvement Fund - Part B	2,070	
Natural Disaster Sum Sufficient	3,932	
Revenue Stabilization Fund Contribution	170,952	
Total Designated Fund Balance		1,109,843
Undesignated Fund Balance, June 30, 2000		\$ -

4. BUDGETARY BASIS VS. GAAP BASIS FUND BALANCE

Since the presentation of financial data on a budgetary basis differs from that presented under generally accepted accounting principles, a schedule reconciling the fund balance on a budgetary basis at June 30, 2000, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison Budgetary Basis to GAAP Basis June 30, 2000

(Dollars in Thousands)

	General Fund	All Special Revenue Funds
Fund Balance, Budgetary Basis	\$ 1,855,331	\$ 1,112,896
Adjustments from Budget to GAAP, Undesignated:		
Accrued Revenues:		
Taxes	519,018	18,045
Tax Refunds	(206,236)	-
Other Revenue	18,390	353,234
Deferred Credit	(356,078)	-
Medicaid Payable	(145,650)	(155,884)
Accrued Expenditures	(310,179)	(179,883)
Fund Reclassification - Budget to GAAP	-	(42,101)
Literary Fund - Fund Balance (1)	-	464,783
Virginia Public Building Authority (1)	-	117,283
Fund Balance, GAAP Basis	\$ 1,374,596	\$ 1,688,373

(1) As discussed in Note 1.E., these Special Revenue funds have no approved budget.

5. REVENUE STABILIZATION FUND

The Revenue Stabilization Fund has principal and interest on deposit of \$574.6 million reserved as a part of General Fund equity. The amount on deposit cannot exceed ten percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for FY 2000, FY 1999, and FY 1998. The maximum amount allowed in FY 2000 is \$864.9 million. The FY 2001 deposit into the Revenue Stabilization Fund, which is appropriated in the amount of \$103.3 million, is also reserved. In accordance with past policy, the deposit resulting from FY 2000 revenues has been designated, to the extent funds are available. The deposit is estimated at \$187.1 million; however, only \$171.0 million is designated.

6. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2000, the carrying amount of cash for the primary government was \$(202,330,269) and the bank balance was \$139,415,018. The carrying amount of cash for the component units was \$77,454,766 and the bank balance was \$268,766,736. Cash equivalents are investments with an original maturity of three months or less.

The deposits of the primary government and the component units are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.1–359 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 percent to 100 percent of public deposits in the case of a bank and 100 percent to 110 percent for a savings institution.

Securities pledged by banks and savings institutions, under the Act, are held by an approved escrow agent for the Treasury Board. In the event a depository bank defaults or becomes insolvent, the Treasury Board first assesses the collateral of the defaulting or insolvent institution and then assesses the collateral pledged by other public depositories on a statutory based ratio to the extent necessary to satisfy the assessment against the defaulting bank. The collateral pledged by all banks is sufficient to cover the uncollateralized public deposits of any single bank. Upon default or insolvency of a savings institution, the Treasury Board assesses the institution the amount of public funds on deposit in excess of Federal insurance. The State Treasurer liquidates the necessary pledged collateral of the institution to reimburse public depositories to the extent of the institution's deposit liability to them. As a result, these deposits are considered insured.

Certain deposits are held by trustees in accordance with the Trust Subsidiary Act, Section 6.1–32.8 et seq. 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 Federal deposit insurance.

The Commonwealth is authorized, in accordance with the guidelines set forth in Section 2.1–327 et seq. of the *Code of Virginia*, to invest in the following:

- U. S. Treasury and agency securities
- Corporate debt securities of domestic corporations
- Asset-backed securities
- Mortgage-backed 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, reported as U.S. Treasury and agency securities, and asset-backed securities, reported as corporate notes, 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.

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

The Board of Trustees of the Virginia Retirement System (VRS) (Primary Government) has full power to invest and reinvest the trust funds in accordance with Section 51.1–124.30 of the *Code of Virginia*, as amended. This section requires the Board to discharge its duties solely in the interest of the beneficiaries and to invest the assets with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Board must also diversify such investments so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so.

The information presented for the external investment pools was obtained from audited financial statements. Copies of the State Non-Arbitrage Program (SNAP) report may be obtained by writing Mentor Investment Group, Riverfront Plaza, 951 East Byrd Street, Richmond, Virginia 23219. Copies of the Local Government Investment Pool (LGIP) report may be obtained by writing the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218. Participation in these pools is voluntary, except for participants who borrow

through the Virginia Public School Authority's pooled bond program and must participate in SNAP.

SNAP is an open-end management investment company registered with the Securities Exchange Commission (SEC). LGIP is not SEC-registered; however, it maintains a policy to operate in a manner consistent with SEC Rule 2a7.

Custodial Risk

Investments held by the Commonwealth at June 30, 2000, have been categorized according to the level of credit risk associated with its custodial arrangements at fiscal year end.

Credit risk, as used below, refers to the risk that the Commonwealth may not be able to obtain possession of its investments in the event of default by counterparty. The three types of credit risk are:

- Category 1, which includes investments that are insured or registered or for which securities are held by the Commonwealth or its agent in the Commonwealth's name;

- Category 2, which includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Commonwealth's name; and,
- Category 3, which includes uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent, but not in the Commonwealth's name.

Securities lent at year-end for cash collateral are presented as unclassified. Securities lent for non-cash collateral are classified according to the custodial arrangements.

The investments of the Pension Trust Funds are approximately 73.0 percent of the primary government investments that are in Category 1 and 99.6 percent of those in Category 3. Additionally, the entire amounts of Equity Index and Pooled Funds, Real Estate, Venture Capital, foreign currencies, and TBC Pooled Employee Trust Fund included in the primary government schedule are attributable to the Pension Trust Funds, and cannot be categorized because the investments are not evidenced by physical securities.

Investments - Primary Government

June 30, 2000

(Dollars in Thousands)

(Dollars in thousands)

Type of Securities	Category			Fair Value
	1	2	3	
Investments - Categorized				
U. S. Treasury and				
Agency Securities	\$ 8,295,303	\$ -	\$ 172,986	\$ 8,468,289
Common and Preferred Stocks	9,756,379	-	4,886	9,761,265
Corporate Notes	1,359,222	-	-	1,359,222
Corporate Bonds	2,233,874	-	4,492	2,238,366
Commercial Paper	1,679,744	-	-	1,679,744
Certificates of Deposit	665,297	-	-	665,297
Municipal Securities	41,703	-	-	41,703
Repurchase Agreements	198,012	-	4,097	202,109
Investments held by broker-dealers under securities loans				
VRS Separate Account	-	-	2,243,868	2,243,868
U.S. Government and Agency Securities	92,988	-	77,920	170,908
Common and Preferred Stocks	338	-	553	891
	<u>\$ 24,322,860</u>	<u>\$ -</u>	<u>\$ 2,508,802</u>	
Investments - Not categorized				
Deposits with the U. S. Treasury for Unemployment Compensation				1,065,059
Mutual, Money Market Funds				1,143,879
Foreign Currencies				41,128
Equity Index and Pooled Funds				14,245,720
Index Funds				78,966
Real Estate				1,159,949
Venture Capital				3,810,510
TBC Pooled Employee Trust Fund				1,692,678
Guaranteed Investment Contracts				162,101
Repurchase Agreements				979
Other				748,686
Component Units' Investment in Primary Government's Investment Pool				(529,477)
Component Units' Investment in Local Government's Investment Pool				(137,763)
Investments held by broker-dealers under securities loans:				
U.S. Government and Agency Securities				2,289,906
Common and Preferred Stocks				135,267
Corporate Bonds				102,574
Component Units' Securities held in a Collateral Investment Pool				(20,126)
				<u>\$ 52,821,698</u>

Investments - Component Units

June 30, 2000

(Dollars in Thousands)

Dollars in thousands)

Type of Securities	Category			Fair Value
	1	2	3	
Investments - Categorized				
U. S. Treasury and				
Agency Securities	\$ 733,048	\$ 31,421	\$ 69,704	\$ 834,173
Common and Preferred Stocks	481,404	14,817	5,675	501,896
Corporate Notes	41,967	2,497	-	44,464
Corporate Bonds	119,768	-	5,555	125,323
Commercial Paper	1,899	-	8,994	10,893
Municipal Securities	1,769,505	288	5,463	1,775,256
Repurchase Agreements	588,619	148,255	13,368	750,242
Asset Backed Securities	278,502	-	-	278,502
Agency Mortgage Backed	183,837	-	-	183,837
Money Market Instruments	-	-	5,262	5,262
Banker's Acceptance	-	-	345	345
Other	1,119	-	-	1,119
	<u>\$ 4,199,668</u>	<u>\$ 197,278</u>	<u>\$ 114,366</u>	
Investments - Not categorized				
Mutual, Money Market Funds				799,511
Real Estate				10,922
US Government Securities				5,370
Other				1,235,578
Component Units' Investment in Primary Government's Investment Pool				529,477
Component Units' Investment in Local Government's Investment Pool				137,763
Investments held by broker-dealers under securities loans:				
Securities held in a Collateral Investment Pool				<u>20,126</u>
				\$ 7,250,059

Primary Government

Securities Lending

The State Treasury's securities lending program is managed by its Master Custodian, BankersTrust, under a contract dated December 1, 1997. The enabling legislation for the securities lending program is § 2.1-328.6 of Chapter 18 Investment of Public Funds of the *Code of Virginia*, as amended. No violations of legal or contractual provisions were noted during the year. The general account participated in the securities lending program for the entire year.

All securities lending loans are on an open-ended or one-day basis and may be terminated by Treasury with a 24-hour notice. Per the contract with BankersTrust, all pledged cash and other collateral attributable to loans made on the Commonwealth's behalf shall be maintained by the Master Custody Bank, and Treasury cannot pledge or sell such collateral absent a default.

The State Treasury's contract with BankersTrust provides for loss indemnification against borrower default as a result of bankruptcy, insolvency, reorganization, liquidation, receivership or similar event. Additionally,

BankersTrust provides indemnification 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 Securities Lending Agreement. There were no losses resulting from default during the reporting period, nor recoveries of prior period losses during this reporting period.

When securities are loaned, the collateral received must be, at the time of the loan, at least 102 percent of fair value of the securities loaned and must be maintained at 100 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 has only about 70 percent in loanable securities, thus effectively capping the maximum percentage of the portfolio that may be loaned. Additionally, the general account portfolio is comprised of only 10 percent in Treasury securities, which are by far the most loanable securities. During the past fiscal year, approximately 15 percent of the lendable base of securities were on loan.

During the past year, a combination of U.S. Government (Treasury and Agency), securities and corporate securities have been loaned, with the majority of the loaned securities being U. S. Government securities. Collateral received included a combination of cash and non-cash securities, with the non-cash collateral being U.S. Agency securities.

Securities loaned for the general account as of June 30, 2000, had a reported amount of \$368,285,919 and a fair value of \$365,304,614. The fair value of the collateral received was \$377,722,944 providing for coverage of 103.4 percent. As a result, the State Treasury assumes no credit risk.

Current cash investment guidelines allow for a maximum weighted-average portfolio maturity of 45 days. At June 30, 2000, the cash reinvestment portfolio had a weighted average maturity of 21 days. Treasury's current cash reinvestment guidelines allow for investment in Government securities, AAA rated sovereign governments, commercial paper and corporate notes, negotiable certificates of deposit, certificates of deposit and time-deposits collateralized under the Virginia Security for Public Deposits Act, bankers acceptances, bank notes, repurchase agreements collateralized by U. S. Treasury and Agency issues, and registered money market funds. At June 30, 2000, cash reinvestments were as follows: \$10 million in certificates of deposit, \$128 million in corporate notes, \$84 million in commercial paper, and \$115 million in repurchase agreements collateralized by Government securities. Non-cash collateral at June 30, 2000, was approximately \$40 million in Agency securities.

Under authorization of the Board of Trustees, the VRS lends its fixed income and equity securities to various broker-dealers on a temporary basis. The program is administered through an agreement with the VRS' custodial agent bank. All security loan agreements are collateralized by cash, securities or irrevocable letter of credit issued by major banks, having a fair value equal to at least 102 percent of the fair value on domestic securities and 105 percent on international securities. Securities received as collateral cannot be pledged or sold by the VRS unless the borrower defaults. Contracts with the lending agent require them to indemnify the VRS if the borrowers fail to return the securities lent and related distributions, and the collateral is inadequate to replace the securities lent.

All security loans can be terminated on demand by either the VRS or the borrowers. The majority of loans are open loans in which the rebate is set daily, resulting in a maturity of one or two days on average for loans, although securities are often out on loan for a longer period of time. The maturity of loans generally does not match the maturity of collateral investments, which averages 122 days. At year-end, the VRS has no credit risk exposure to borrowers because the amounts the VRS owes the borrowers exceed the amounts the borrowers owe the VRS. The fair value of securities on loan at June 30, 2000, was \$2,375,499,000 and the value of collateral (cash and non-cash) was \$2,418,924,000.

Securities out on loan are included with investments on the Combining Statement of Plan Net Assets and are classified in the summary of custodial risk. The invested cash collateral is included in the statement as an asset and corresponding liability. The invested cash collateral is also classified in the summary of custodial risk.

As authorized by Section 2.1–328.6 of the *Code of Virginia*, the Virginia Lottery, through its master custodian, BankersTrust, New York, N. Y., N. A., lends securities to various security brokers and lenders on a temporary basis for a fee. Up to 100 percent of the securities may be available for loan. All security loan agreements are collateralized at loan inception at 102 percent of fair value by cash or U. S. Government obligations and adjusted to market daily to cover fair value fluctuations. As a result, management assumes no credit risk. The maturity of loans does not usually match the maturity of the collateral investments.

The Virginia Lottery does not have the ability to use cash collateral or to pledge or sell collateral securities absent borrower default. The Lottery's contract with BankersTrust provides for loss indemnification against borrower default as a result of bankruptcy, insolvency, reorganization, liquidation, receivership or similar event. There were no losses resulting from default during the reporting period, nor recoveries of prior period losses during this reporting period. At June 30, 2000, the fair value of investment account securities on loan was \$182,320,895 and the value of collateral (cash and non-cash) was \$185,967,313.

Derivative Financial Instruments

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates or financial indices. They include futures, forwards, options, or swap contracts. In addition, some traditional securities can have derivative-like characteristics such as structured notes where the return may be linked to one or more indices and asset-backed securities such as collateralized mortgage obligations which are sensitive to changes in interest rates and prepayments. Futures, forwards, options and swaps are generally not recorded on the balance sheet, whereas structured notes and asset-backed investments generally are recorded.

The VRS is a party, both directly and indirectly, to various derivative financial investments off and on the balance sheet that are used in the normal course of business to enhance returns on investments and manage risk exposure to changes in value due to fluctuations in market conditions. These investments may involve, to varying degrees, elements of credit and market risk in excess of amounts recognized on the balance sheet. Credit risk is the possibility that loss may occur from failure of a counterparty to perform according to the terms of the contract. Market risk arises due to adverse changes in market price, interest rate and foreign exchange rate fluctuations that may result in a decrease in the fair value of a financial investment and/or increase in its funding cost.

In addition to the derivative financial instruments directly held, the VRS may have indirect exposure to risk through its ownership interests in commingled investment funds that use, hold, or write derivative financial instruments. Indirect exposure may also arise from stock lending programs in which the commingled funds participate. Such programs usually reinvest a portion of their cash collateral holdings in derivative instruments. The VRS' pro rata share of the contractual or notional amounts of outstanding derivative transactions in commingled investment funds and security lending programs approximated \$162,048,000 at June 30, 2000.

Forward, Futures, and Options Contracts

Forward contracts are contracts to purchase or sell, and futures contracts are contracts to deliver or receive financial instruments, foreign currencies or commodities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange traded) and require initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled in daily cash with the exchanges. 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 due to nonperformance of counterparties to futures contracts is minimal. In contrast, forward contracts traded over-the-counter are generally negotiated between two counterparties and are subject to credit risks due to nonperformance of one of the counterparties and to market risks as a result of adverse fluctuations in market prices, interest rates and foreign exchange rates. At June 30, 2000, the VRS had purchased S & P and Russell Index futures and options on Eurodollar and Treasury bond note futures, including options on Eurodollar futures, with a fair value of \$2,414,572,000 and sold S&P Index futures and options on Eurodollar and Treasury bond and note futures, including options on these futures with a net fair value of \$55,884,000.

Options, which may be either exchange traded or negotiated directly between two counterparties over the counter, grant the holder the right, but not the obligation, to purchase or sell a financial instrument at a specified price and within a specified period of time from the 'writer' of the option. As a purchaser of options, the VRS typically pays a premium at the outset, which is reflected as an asset on the financial statements. The VRS then retains the right but not the obligation to exercise the option and purchase the underlying financial instrument. Should the option not be exercised, it would expire worthless and the premium would be recorded as a loss. A writer of options assumes the obligation to deliver or receive the underlying financial instrument on exercise of the option. Certain option contracts may involve cash settlements based on specified indices such as stock indices. As a writer of options, the VRS receives a premium at the outset, which is reflected as a liability on the financial statements and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At June 30, 2000, the VRS had written put options with a total market value of \$1,995,000, and had purchased call options with a market value of \$1,485,000.

Forward, futures and options contracts provide the VRS 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 indices in a more efficient way and at lower transaction costs. Credit risks depend on whether the contracts are exchange traded or are exercised over-the-counter. Market risks arise from adverse changes in market prices, interest rates, and foreign exchange rates.

In addition to unsettled purchases and sales, accounts receivable and accounts payable for security transactions at June 30, 2000, include receivables for deposits with brokers for securities sold short of \$1,246,715,000 and payables for securities sold short and not covered with fair values of \$1,103,286,000.

Asset-Backed Securities

In the area of on-balance sheet financial instruments with derivative-like characteristics, the VRS invests in various asset-backed securities such as collateralized mortgage obligations (CMO), principal-only strips (PO), and interest-only strips (IO) primarily to enhance returns by taking advantage of opportunities available in this sector of the securities markets. CMO securities are bonds collateralized by mortgage-backed securities and issued in several tranches that represent a reallocation of the underlying mortgage-backed securities cash flows. Both PO and IO securities are created by splitting the asset-backed securities into principal-only and interest-only portions. At June 30, 2000, the VRS held CMO securities with a fair value of \$311,350,000, and IO and PO securities with a fair value of \$10,754,000.

The credit risks on the various asset-backed securities in which the VRS invests are usually very low. Many of the securities held by the VRS are issued by quasi-U.S. governmental agencies. Others are issued by organizations with AAA or AA credit ratings. The market risk of these securities is dependent on changes in interest rates and the level of the underlying prepayments, i.e., when the mortgagors repay the underlying principal and interest.

Foreign Exchange Contracts

Foreign exchange contracts include forward, futures and options contracts and involve either the exchange of specific amounts of two currencies or the delivery of a fixed amount of a currency at a future date and specified exchange rate. Forward and futures contracts settle three or more business days from the contract date. Forward contracts are negotiated over the counter between two counterparties, while futures contracts are exchange traded. Foreign currency options, which are either negotiated between two counterparties or are exchange traded, grant the buyer the right, but not the obligation, to purchase or sell at a specified price, a stated amount of an underlying currency at a future date. At June 30, 2000, the VRS had sold foreign currency contracts with a fair value of \$661,685,000 and had purchased foreign currency contracts with a fair value of \$663,286,000.

Foreign exchange contracts are used by the VRS to effect settlements and to protect the base currency (\$US) value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of the foreign currencies. The credit risk of currency contracts that are exchange traded lies with the clearing-house of the exchange where the contracts are traded. The credit risk of currency contracts traded over-the-counter lies with the counterparty, and exposure is usually 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.

Component Units

Derivative Financial Instruments

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indices. A derivative instrument generally has one or more underlying investment, requires little or no initial net investment, and requires or permits a net settlement. In addition, some traditional securities can have derivative-like characteristics. Examples of common derivatives include, but are not limited to, futures, forwards, options or swap contracts. Although the contract or notional amount of the derivative is not recorded on the financial statements, all derivative instruments are recognized as either an asset or a liability depending on the rights or obligations of the contract measured at fair value.

The Virginia Housing Development Authority manages its interest risk on single and multi-family loan commitments through short sales of investment securities. These transactions meet the requirements for hedge accounting as all hedged items are specifically identified, probable of occurring, and highly correlated to the hedging instrument. The gain or loss from hedging transactions is recorded as an unamortized premium or discount and recognized as an adjustment to yield over the remaining life of the loan. The Authority periodically assesses correlation in order to determine the ongoing appropriateness of hedge accounting. During the year ended June 30, 2000, the Authority experienced a net loss of \$400,395 from hedging transactions settled during the year. At June 30, 2000, \$23,628,443 of short sales were outstanding which had an unrealized loss of \$727,210. The Authority's policy is to make adjustments to interest rates of loans related to such hedging

transactions to reflect the losses or gains on such hedging transactions.

The University of Virginia has exposure, both directly and indirectly, to various derivative financial instruments that are used in the normal course of business to enhance returns on investments and manage risk exposure to changes in value due to fluctuations in market conditions. These investments may involve, to varying degrees, elements of credit and market risk in excess of amounts recognized on the financial statements. Credit risk is the possibility that losses may occur from the failure of a counterparty to perform according to the terms of the agreement. The University minimizes the credit (or repayment) risk in its direct derivative instrument by entering into transactions with high quality counterparties and a legally enforceable master netting agreement. The "net" mark to market exposure represents the netting of the positive and negative exposures with the same counterparty. Market risk arises due to adverse changes in market price, interest rate and foreign exchange rate fluctuations that may result in a decrease in the market value of a financial investment and/or increases, in its funding cost. The University manages market risk by establishing and monitoring limits as to the type and degree of risk that may be undertaken.

The University has directly entered into a fair value hedge to manage returns on a portion of its endowment investments having limited liquidity. The University's fair value hedge is subject to a master netting agreement. An assessment of the effectiveness of the fair value hedge is performed at least monthly and has been highly effective in offsetting changes in fair value of the hedged items since inception.

In order to secure its obligations under the derivative instrument agreement, the counterparty required the ability to retain a perfected security interest in collateral provided from the University's endowment assets. The agreement requires the University to maintain collateral in cash or margin eligible securities in acceptable value equivalent to the greater of \$73,000,000 or the University's obligation, if any, under the agreement. At June 30, 2000, the University has made available to the counterparty more than sufficient collateral in the form of \$137,065,000 of U.S. Government securities and \$591,000 of cash. The collateral is maintained with the University's custodian in a segregated account.

7. RECEIVABLES

The following schedule details the accounts, loans, taxes, and other receivables presented in the various funds:

Schedule of Receivables

June 30, 2000

(Dollars in Thousands)

	Accounts and Loans Receivable	Taxes Receivable	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable
Primary Government:					
General Fund	\$ 245,594	\$ 517,103	\$ -	\$ (165,862)	\$ 596,835
Special Revenue Funds	812,201	4,267	2,453	(183,410)	635,511
Debt Service	3	-	-	-	3
Capital Projects	32	-	-	-	32
Enterprise Funds	209,851	-	2,679	-	212,530
Internal Service Funds	98,477	-	5,868	(38)	104,307
Trust and Agency Funds	1,133	121,556	2,389,195	(10,373)	2,501,511
Total Primary Government	<u>1,367,291</u>	<u>642,926</u>	<u>2,400,195</u>	<u>(359,683)</u>	<u>4,050,729</u>
Component Units:					
Governmental Fund	397	2,771	401	-	3,569
Proprietary Fund	5,387,422	-	1,252,684	(70,486)	6,569,620
Higher Education Fund	410,217	-	-	(77,076)	333,141
Total Discrete Component Units	<u>5,798,036</u>	<u>2,771</u>	<u>1,253,085</u>	<u>(147,562)</u>	<u>6,906,330</u>
Total Receivables	<u>\$ 7,165,327</u>	<u>\$ 645,697</u>	<u>\$ 3,653,280</u>	<u>\$ (507,245)</u>	<u>\$ 10,957,059</u>

8. INTERFUND 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.

Included in the category of due from other funds are "Due from Other Funds and Primary Government" and "Due from Component Units." Included in the category of due to other funds are "Due to Other Funds and Primary Government" and "Due to Component Units." The following schedule shows the Due from/to Other Funds as of June 30, 2000.

Schedule of Due from/to Other Funds		
June 30, 2000		
(Dollars in Thousands)		
Fund	Due From	Due To
Primary Government		
General		
General Fund	\$ 3,976	\$ 72
Special Revenue		
Commonwealth Transportation	9,716	11,679
Federal Trust	6,956	305
Other	1,018	-
Total Special Revenue	17,690	11,984
Capital Projects		
Primary Government	-	5,042
Total Capital Projects	-	5,042
Enterprise		
State Lottery Department	58	-
Department of ABC	-	2,037
Consolidated Laboratories	-	187
Department of Environmental Quality	-	1,139
Pocahontas Parkway Association	-	9,716
Total Enterprise	58	13,079
Internal Service		
Risk Management	1,400	-
Virginia Sickness and Disability	2	678
Total Internal Service	1,402	678
Pension Trust		
Virginia Retirement System	1,654	7,087
State Police Officers' Retirement System	1,472	12
Judicial Retirement System	1,434	7
Virginia Law Officers' Retirement System	67	2
Retiree Health Insurance Credit	4,114	324
Group Life	-	2,239
Total Pension Trust	8,741	9,671
Investment Trust		
Local Government Investment Pool (LGIP)	-	1,223
Total Investment Trust	-	1,223
Expendable Trust		
Expendable Trust	10,279	102
Agency		
Child Support Collections Fund	13	6,956
Optional Life Insurance Fund	1,606	-
Total Trust and Agency	20,639	17,952
Total Primary Government	43,765	48,807

(Continued on Next Page)

Schedule of Due from/to Other Funds

June 30, 2000

(Continued)

(Dollars in Thousands)

Fund	Due From	Due To
Component Units		
Governmental		
Virginia Port Authority	563	-
Total Governmental	<u>563</u>	<u>-</u>
Proprietary		
Virginia Port Authority	-	563
Medical College of Virginia Hospitals Authority	-	3,986
Total Proprietary	<u>-</u>	<u>4,549</u>
Higher Education		
College of William and Mary	661	-
University of Virginia	6,592	-
Virginia Polytechnic Institute and State University	7,308	-
Virginia Military Institute	43	-
Virginia State University	242	-
Norfolk State University	861	-
Mary Washington College	23	-
James Madison University	1,749	-
Radford University	352	-
Old Dominion University	2,784	-
Virginia Commonwealth University	9,611	-
George Mason University	764	-
Virginia Community College System	2,663	-
Non-Major Component Units	1,524	26,149
Total Higher Education	<u>35,177</u>	<u>26,149</u>
Total Component Units	<u>35,740</u>	<u>30,698</u>
Total	<u><u>\$ 79,505</u></u>	<u><u>\$ 79,505</u></u>

Interfund Receivables/Payables

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

The following schedule shows the Interfund Receivables/Payables for the Primary Government as of June 30, 2000. There were no Interfund Receivables/Payables for the Component Units as of June 30, 2000.

Interfund Receivables/Payables June 30, 2000		
<i>(Dollars in Thousands)</i>		
Fund	Interfund Receivables	Interfund Payables
Primary Government		
Special Revenue		
Federal Trust	\$ -	\$ 10,197
Dedicated	-	800
Other	36,035	150
Total Special Revenue	<u>36,035</u>	<u>11,147</u>
Capital Projects		
Primary Government	-	100
Total Capital Projects	<u>-</u>	<u>100</u>
Enterprise		
Department of ABC	-	21,583
Local Choice Health Care	-	1,500
Total Enterprise	<u>-</u>	<u>23,083</u>
Internal Service		
Central Warehouse	-	1,705
Total Internal Service	<u>-</u>	<u>1,705</u>
Total Primary Government	<u>\$ 36,035</u>	<u>\$ 36,035</u>

Interfund Loans Receivable/Payable Between Other Funds and Between Primary Government and Component Units

The \$356.7 million in Interfund Loans Receivable represents loans from the Special Revenue Fund to the General Fund, Virginia Public School Authority (Component Unit) and Higher Education (Component Unit). The General Fund loan of \$10 million was for the Department of Technology Planning to pay for the Y2K efforts.

The Literary Fund, a Special Revenue Fund, provides low interest loans to school divisions for construction, renovation, and expansion of school buildings of the cities, counties and towns of the Commonwealth. Twice a year, all permanent loans in the Literary Fund are transferred to the Virginia Public School Authority (Component Unit) for use as collateral on bonds. A loan receivable is recorded by the Literary Fund. At year-end, \$338.3 million in loans were receivable in the Special Revenue Fund and payable from the Authority.

The remaining \$8.4 million was loaned to Higher Education (Component Unit). George Mason University's loan of \$3.0 million, the College of William and Mary's loan of \$0.7 million, and the Virginia Community College System's loan of \$0.6 million were used to advance fund federally funded grant programs. Norfolk State University's loan of \$2.3 million represents the remaining balance of a loan granted by the Commonwealth of Virginia in fiscal year 1998 to cover cash deficits. Longwood

College's loan of \$1.0 million will be used for the College's housing sprinkler project. The balance of \$0.8 million is spread among various Higher Education Institutions.

The \$119.5 million in Interfund Loans Receivable represents loans from the Virginia Public School Authority to the Literary Fund. The Virginia Public School Authority makes grants to local school divisions to finance the purchase of educational technology equipment. The Authority 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 Fund.

9. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The Medical College of Virginia Hospitals Authority (Component Unit) reported restricted assets totaling \$159.9 million for debt service under a bond indenture agreement, amounts designated by the Board of Directors for capital acquisition, resources restricted under malpractice trust agreement, resources restricted by insurance regulations of the Commonwealth of Virginia, and resources restricted under the pension plan agreement. The remaining \$2.4 million is spread among the Virginia Port Authority and the Small Business Financing Authority.

10. OTHER ASSETS

The following table (reported in thousands of dollars) summarizes Other Assets as of June 30, 2000:

	Primary Government					Total Primary Government
	General	Special Revenue	Enterprise	Internal Service	Trust and Agency	June 30, 2000
Cash and Travel						
Advances	\$ 1,264	\$ 1,727	\$ 194	\$ 37	\$ 7	\$ 3,229
Unamortized Bond						
Issuance Expenses	-	-	6,651	-	-	6,651
Other Assets	-	-	11,004	-	53	11,057
Total Other Assets	<u>\$ 1,264</u>	<u>\$ 1,727</u>	<u>\$ 17,849</u>	<u>\$ 37</u>	<u>\$ 60</u>	<u>\$ 20,937</u>

	Component Units			Total Reporting Entity
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 2000
Cash and Travel				
Advances	\$ 223	\$ 6	\$ 950	\$ 4,408
Unamortized Bond				
Issuance Expenses	-	13,705	-	20,356
Other Assets	525	6,082	48,640	66,304
Total Other Assets	<u>\$ 748</u>	<u>\$ 19,793</u>	<u>\$ 49,590</u>	<u>\$ 91,068</u>

11. PROPERTY, PLANT, AND EQUIPMENT

The following schedule presents the changes in the General Fixed Assets Account Group by category for the primary government:

Schedule of Changes in General Fixed Assets				
Primary Government				
<i>(Dollars in Thousands)</i>				
	Balance July 1, 1999 (As Restated)	Acquisitions	Deductions	Balance June 30, 2000
Land	\$ 229,851	\$ 7,950	\$ (1,463)	\$ 236,338
Buildings	2,034,397	37,219	(30,454)	2,041,162
Equipment	830,728	61,867	(42,360)	850,235
Improvements Other Than Buildings	138,902	26,480	(45)	165,337
Construction in Progress	170,038	48,141	(33,227)	184,952
Total General Fixed Assets	<u>\$ 3,403,916</u>	<u>\$ 181,657</u>	<u>\$ (107,549)</u>	<u>\$ 3,478,024</u>

Note: The beginning fund balance in the General Fixed Asset Account Group was restated to reflect the following: \$1.1 million in overstated Land; \$5.6 million in overstated Buildings; and \$0.4 million in overstated Equipment. All overstatements were in Individual and Family Services. The total impact on beginning balances was \$7.1 million.

The following schedule presents the changes in the General Fixed Assets by Category for the Component Units – Governmental Fund:

Schedule of Changes in General Fixed Assets
Component Units - Governmental Fund

(Dollars in Thousands)

	Balance July 1, 1999 (As Restated)	Acquisitions	Deductions	Balance June 30, 2000
Land	\$ 96,870	\$ 101	\$ -	\$ 96,971
Buildings	55,379	617	(4,390)	51,606
Equipment	97,039	22,118	(1,366)	117,791
Improvements Other Than Buildings	216,130	7,922	(26,166)	197,886
Construction in Progress	85,178	29,511	(25,339)	89,350
Total General Fixed Assets	<u>\$ 550,596</u>	<u>\$ 60,269</u>	<u>\$ (57,261)</u>	<u>\$ 553,604</u>

Note: The beginning fund balance was restated to reflect the following: \$25,000 in overstated land and \$3,000 in understated equipment.

The following schedule details fixed assets that are recorded in funds other than those represented in the previous schedules:

**Summary of Fixed Assets in Proprietary Funds,
Fiduciary Funds, and Component Units**
June 30, 2000

(Dollars in Thousands)

	Enterprise Funds	Internal Service Funds	Trust and Agency Funds	Component Units Proprietary Fund	Higher Education Fund
Land	\$ 1,779	\$ 310	\$ -	\$ 14,257	\$ 167,040
Buildings	10,345	5,512	-	981,448	3,207,332
Equipment	75,134	139,610	6,738	247,625	1,734,775
Improvements Other Than Buildings	1	36	-	1,337	271,795
Construction in Progress	194,866	3,451	-	56,411	616,382
Livestock	-	-	-	-	761
Less:					
Accumulated Depreciation	(61,631)	(83,596)	-	(634,240)	-
Total Fixed Assets	<u>\$ 220,494</u>	<u>\$ 65,323</u>	<u>\$ 6,738</u>	<u>\$ 666,838</u>	<u>\$ 5,998,085</u>

12. RETIREMENT AND PENSION SYSTEMS

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

A. Plan Description

The Virginia Retirement System (VRS), a mixed agent and cost-sharing multiple-employer retirement plan, provides defined benefit pension plan coverage for State employees, teachers, political subdivision employees and other qualifying employees. The assets accumulated by the plan may legally be used to pay all benefits provided by the plan to any of the plan members or beneficiaries. At June 30, 2000, the VRS had 779 contributing employers. The State Police Officers' Retirement System (SPORS), the Judicial Retirement System (JRS), and the Virginia Law Officers' Retirement System (VaLORS) are single-employer defined benefit retirement plans. The SPORS provides retirement benefits to Virginia state police officers, the JRS provides retirement benefits to the Commonwealth's judiciary, and the VaLORS provides benefits to law enforcement and correctional officers other than state police officers. All retirement systems are administered by the Virginia Retirement System (System), an independent agency of the Commonwealth.

Benefit provisions and all other requirements are established by Title 51.1 of the *Code of Virginia*. All full-time, salaried, permanent employees of the Commonwealth, with the exception of certain full-time faculty and administrative staff of higher education institutions and eligible employees of the state's teaching hospital who have the option not to participate in the VRS, must participate in the VRS, SPORS, JRS, or VaLORS. Benefits vest after five years of service.

Employees are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 for participating law enforcement officers) or at age 50 with at least 30 years of service if elected by the employee (age 50 with at least 25 years of service for participating law enforcement officers). Employees who retire with a reduced benefit at age 50 with at least ten years of credited service or at age 55 (age 50 for participating law enforcement officers) with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. AFS is defined as the yearly average of the highest consecutive 36 months of salary.

Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Members of the SPORS, VaLORS and participating law enforcement officers may receive a monthly benefit supplement if they retire prior to

age 65. Members of the JRS receive weighted years of creditable service for each year of actual service for the JRS. The VRS, SPORS, VaLORS, and JRS also provide death and disability benefits. These benefit provisions and all other requirements are established by State statute.

B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the pension trust funds are prepared using the economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed, and investment income is recognized as earned by the pension plans. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investment

Investments are reported at fair value as determined by the System's master custodian, Boston Safe Deposit and Trust Company (Mellon Trust), from its Global Pricing System. This 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.

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 either daily, weekly or twice a month, and at month end. Municipal fixed income securities are priced twice a month, and options on Treasury/Government National Mortgage Association (GNMA) securities are priced at month end.

When a price 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 retirement plans have no concentrations of investments in any one organization that represent 5 percent or more of plan net assets available for benefits.

C. Funding Policy

Employer and employee contributions are required by Title 51.1 of the *Code of Virginia*. The Commonwealth pays the 5 percent of employees' annual salaries that employees are required to contribute to the retirement system.

Employer contributions by the Commonwealth to the VRS and SPORS were 6.03% and 19.2% of covered payrolls. Employer contributions by the Commonwealth to VaLORS and JRS were 6.03% and 34.25% of covered payrolls. These rates were

less than actuarially determined Annual Required Contributions (ARC), but they did meet statutory requirements. The ARC has parameters for funding automatic cost-of-living increases (COLAs) for retirees. The Commonwealth has elected the option that allows contributions to include an annual amount that would phase-in the parameters over a five-year period ending with fiscal year 2002.

D. Annual Pension Cost and Net Pension Obligation

The following table (reported in thousands of dollars) shows the Commonwealth's annual pension cost and net pension obligation to the VRS, SPORS, JRS, and VaLORS for the current and prior years.

	VRS			SPORS		
	2000	1999	1998	2000	1999	1998
Annual required contribution	\$ 208,082	\$ 217,448	\$ 195,744	\$ 18,332	\$ 16,767	\$ 11,909
Interest on net pension obligation	15,554	10,076	4,424	912	485	203
Adjustment to annual required contribution	(11,035)	(7,148)	(3,139)	(647)	(345)	(144)
Annual pension cost	212,601	220,376	197,029	18,597	16,907	11,968
Contributions made	(167,120)	(151,898)	(126,388)	(15,044)	(11,576)	(8,435)
Increase in net pension obligation	45,481	68,478	70,641	3,553	5,331	3,533
Net pension obligation, beginning of year	194,425	125,947	55,306	11,402	6,071	2,538
Net pension obligation, end of year	\$ 239,906	\$ 194,425	\$ 125,947	\$ 14,955	\$ 11,402	\$ 6,071
Percentage of annual pension cost contributed	78.6%	68.9%	64.1%	80.9%	68.5%	70.5%

	JRS			VaLORS		
	2000	1999	1998	2000	1999 (1)	1998 (1)
Annual required contribution	\$ 15,332	\$ 14,295	\$ 12,949	\$ 16,216	\$ -	\$ -
Interest on net pension obligation	364	249	104	-	-	-
Adjustment to annual required contribution	(258)	(177)	(74)	-	-	-
Annual pension cost	15,438	14,367	12,979	16,216	-	-
Contributions made	(14,935)	(12,938)	(11,166)	(13,753)	-	-
Increase in net pension obligation	503	1,429	1,813	2,463	-	-
Net pension obligation, beginning of year	4,547	3,118	1,305	-	-	-
Net pension obligation, end of year	\$ 5,050	\$ 4,547	\$ 3,118	\$ 2,463	\$ -	\$ -
Percentage of annual pension cost contributed	96.7%	90.1%	86.0%	84.8%	0.0%	0.0%

(1) VaLORS was established on July 1, 1999; therefore, no prior year data is available.

The VRS pension liability for the Virginia Economic Development Partnership (VEDP) (Component Unit) and the Virginia Tourism Authority (VTA) (Component Unit) are reported in the financial statements. However, since the Commonwealth is not considered the employer for VEDP or VTA, the Commonwealth's net pension obligation shown above at the end of the year does not include VEDP's pension liability of \$621,210 or VTA's pension liability of \$42,551.

The annual required contributions for the current year were determined by the June 30, 1996, actuarial valuation, and the most recent actuarial valuation of assets was determined at June 30, 1999. Both actuarial valuations were prepared using the entry age normal cost method. The actuarial assumptions included (a) 8.00% investment rate of return, per year compounded annually; (b) projected salary increases ranging from 4.00% to 6.15%, including a 4.00% inflation component; and (c) 3.50% per year COLA. Valuation techniques were applied to smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1999, was 27 years.

E. 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 an optional retirement plan, rather than the VRS. This optional retirement plan is authorized by the Code of Virginia and offered through the Copeland Company. This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's (5.4 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, 2000, the total contributions to this plan were \$756,572.

The plan has no concentration of investments in any one organization that represents 5.0 percent or more of the plan net assets available for benefits.

F. Higher Education Fund (Component Unit)

The Commonwealth's colleges and universities participate in the VRS, a mixed agent and cost-sharing multiple-employer retirement plan. The VRS issues a separate stand-alone report that is publicly available as previously discussed.

In addition, full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in an optional retirement annuity program, rather than the VRS. Optional Retirement Plans are authorized by the *Code of Virginia* and provide retirement and death benefits. The optional retirement annuity programs are offered through Teachers Insurance and Annuity As-

sociation – College Retirement Equities Fund (TIAA-CREF) Insurance Companies, Variable Annuity Life Insurance Company (VALIC), Fidelity Investments, Inc., Great West Life, Inc., T. Rowe Price, Inc., and Metropolitan Life. These are defined contribution programs where the retirement benefits received are based upon the Commonwealth's (5.4 percent) and employees' (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2000, the total contributions to these plans were:

TIAA-CREF	\$50,567,255
VALIC	2,785,106
Fidelity Investments	16,107,694
Great West Life	297,140
T. Rowe Price	1,276,809
Metropolitan Life	<u>51,587</u>
Total	<u>\$71,085,591</u>

The Innovative Technology Authority (ITA) has a defined contribution retirement plan covering substantially all employees. Under the plan, contributions are fixed at a percentage of each employee's compensation to pay premiums for individual retirement annuity contracts written by TIAA-CREF. Pension contributions for the plan totaled \$369,686 in 2000.

G. Other Component Units

Note 1.B. outlines the component units included in the Commonwealth's reporting entity. The Virginia Historic Preservation Foundation (Blended - Primary Government), the Virginia Public Building Authority (Blended - Primary Government), the Virginia Public School Authority, the Virginia College Building Authority, the Wireless E-911 Service Board, the Virginia State Parks Foundation, and the Virginia Schools for the Deaf and Blind Foundation have no employees. The Virginia Resources Authority has no pension plan. The Virginia Economic Development Partnership, the Small Business Financing Authority, the Hampton Roads Sanitation District Commission, the Virginia Biotechnology Research Park Authority, the A. L. Philpott Manufacturing Extension Partnership, the Virginia Outdoors Foundation, the Virginia Tourism Authority, the Tobacco Indemnification and Community Revitalization Commission, and the Virginia Tobacco Settlement Foundation contribute solely to the VRS, a mixed agent and cost-sharing multiple-employer retirement plan. The VRS issues a separate stand-alone report that is publicly available as previously discussed.

Full-time employees of the Virginia Housing Development Authority participate in a defined contribution employees' retirement savings plan administered by the Authority. This is a noncontributory plan where the Authority incurs employment retirement savings expense equal to 8.0 percent of full-time employees' compensation. Total retirement savings expense under this plan was

\$1,205,727 in fiscal year 2000. The retirement expense is fully funded as incurred; therefore, there is no unfunded future retirement liability.

The Virginia Port Authority contributes to the VRS. The Authority also sponsors two single-employer noncontributory defined benefit pension plans. The Virginia Port Authority Pension Plans are administered by the Authority and provide retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions and obligations are established and may be amended by the Board of Commissioners of the Authority. The Authority's

policy is to fund annually the minimum funding requirements of the Employee Retirement Income Security Act of 1974. The plan's financial report is audited annually and can be obtained through the Human Resource Department at the Authority.

The components of annual pension cost and pre-paid pension obligation for the first single-employer noncontributory defined benefit pension plan are as follows:

	2000	1999	1998
Service cost - benefits earned during the year	\$ 972,000	\$ 986,000	\$ 828,000
Interest cost on projected benefit obligation	1,596,000	1,484,000	1,321,000
Expected return on assets	(2,614,000)	(2,358,000)	(1,943,000)
Net amortization and deferral	<u>(363,000)</u>	<u>(136,000)</u>	<u>(211,000)</u>
Annual pension cost	(409,000)	(24,000)	(5,000)
Contributions made	<u>(193,500)</u>	<u>(192,000)</u>	<u>(598,000)</u>
Increase in prepaid pension obligation	(602,500)	(216,000)	(603,000)
Prepaid pension obligation, beginning of year	<u>(3,962,000)</u>	<u>(3,746,000)</u>	<u>(3,143,000)</u>
Prepaid pension obligation, end of year	<u>\$ (4,564,500)</u>	<u>\$ (3,962,000)</u>	<u>\$ (3,746,000)</u>

The annual pension cost for the current year was determined as part of the October 1, 1998, actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. The actuarial value of assets was determined using fair value. The discount rate and estimated rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation for 2000 were 7.5 percent and 5.0 percent, respectively. The expected long-term rate of return on assets used in determining net periodic pension cost was 8.0 percent.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2000, 1999, and 1998.

Three-Year Trend Information

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2000	\$ (409,000)	0 %	\$ (4,564,500)
1999	\$ (24,000)	0 %	\$ (3,962,000)
1998	\$ (5,000)	0 %	\$ (3,746,000)

The components of annual pension cost and pre-paid pension obligation for the second single-employer noncontributory defined benefit pension plan are as follows:

	2000
Service cost - benefits earned during the year	\$ 54,916
Interest cost on projected benefit obligation	4,848
Expected return on assets	(68)
Net amortization and deferral	<u>(580)</u>
Annual pension cost	59,116
Contributions made	(51,529)
Additional minimum liability	<u>217,541</u>
Increase in pension obligation	225,128
Pension obligation, beginning of year	<u>35,544</u>
Pension obligation, end of year	<u>\$ 260,672</u>

The annual pension cost for the current year was determined as part of the September 2000 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. Actual value of assets was determined using market value. The discount rate and estimated rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation for 2000 were 8.0 percent and 5.0 percent, respectively. The expected long-term rate of return

on assets used in determining net periodic pension cost was 8.0 percent.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2000.

Trend Information			
Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2000	\$ 59,116	87 %	\$ 260,672
1999	\$ 35,544	0 %	\$ 35,544

The Authority also sponsors two noncontributory supplemental plans covering certain key employees. The Authority's current policy is not to fund the costs of these plans. The plans had assets of \$2,153,145 and an accrued liability of \$1,995,537.

The Medical College of Virginia Hospitals Authority contributes to the VRS. The VRS issues a separate stand-alone report that is publicly available as previously discussed. Effective July 1, 1997, the Authority established the Medical College of Virginia Hospitals Authority Defined Contribution Plan (the Plan). All employees working at least 35 hours of service per week are eligible to participate in the Plan. At June 30, 2000, there were 1,993 participants in the Plan. Per the Plan document as approved by the Authority's Board of Directors, the Authority contributes 8.0 percent of the participant's salary to the Plan, up to a maximum of \$30,000. Total contributions for the year ended June 30, 2000, were approximately \$5,391,000. The Authority has the right at anytime, and without the consent of any party, to terminate the Plan in its entirety. The Authority's Board of Directors must approve any changes to the provisions of the Plan, including the contribution requirements, in writing. In addition, the Authority has reported approximately \$32.4 million as restricted assets for the Plan. The Authority has also established the Medical College of Virginia Hospitals Authority Health Care Providers Defined Contribution Plan (the HCP Plan). All persons hired as a health care provider on or after July 1, 1993, and prior to July 1, 1997, and working at least 35 hours of service per week are eligible to participate in the HCP Plan. At June 30, 2000, there were 11 participants in the HCP Plan. All significant provisions of the HCP Plan, including the contribution requirements, are similar to the Plan. Total contributions to the HCP Plan for the year ended June 30, 2000, were approximately \$47,000.

The Virginia Equine Center Foundation has a defined contribution plan which covers all full-time employees of the Foundation who have one year of service and are age twenty-one or older. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974. Contributions to the plan are discretionary and the Foundation will determine the amount to contribute

to the plan each year. Total contributions for the year ended June 30, 2000, were \$35,808.

13. OTHER EMPLOYMENT BENEFITS

In addition to the pension plans, the Commonwealth participates in two other postemployment benefit plans administered by the Virginia Retirement System. Those two plans are Group Life Insurance and Retiree Health Insurance Credit. The significant accounting policies for both plans are the same as those described in Note 12 for pension plans. A separately issued financial report that includes financial statements for each of the individual plans is publicly available. Copies may be obtained by writing to Virginia Retirement System, P. O. Box 2500, Richmond, Virginia 23218-2500.

Group Life Insurance

The Group Life Insurance Plan provides life insurance benefits for State employees, teachers, employees of political subdivisions participating in the Virginia Retirement System (VRS), State police officers, judges and other qualifying employees.

As part of this plan, the State provides life insurance benefits for retired employees in accordance with Title 51.1 of the *Code of Virginia*. To be eligible, the employee must have retired or terminated employment after age 55 and have had five years of continuous service or retired because of disability. At retirement or termination, natural death coverage starts to reduce by 2 percent each month until coverage reaches 25 percent of its value at retirement or termination.

Postemployment life insurance benefits are advance funded on an actuarially determined basis using the aggregate cost actuarial method. Rates were determined in a June 30, 1996, actuarial valuation using the same actuarial assumptions used for determining pension plan contribution rates. Retirees are not required to contribute to the group life plan. The Commonwealth's actuarially required contribution rate for the current year was 0.72 percent of payroll. This contribution covers premiums for active employees and actual death claims for retirees. Based on a statutory requirement, the Commonwealth did not make contributions during the fiscal year.

Retiree Health Insurance Credit

The Retiree Health Insurance Credit Plan provides health insurance credits against the monthly health insurance premiums for retired State employees, State police officers, and judges with at least 15 years of creditable service. Benefit provisions and eligibility requirements are established by Title 2.1 of the *Code of Virginia*.

The monthly credit amounts to \$4.00 per year of service not to exceed a maximum allowance of \$120.00. The contribution rate was determined as part of the June 30, 1996, actuarial valuation that determined the pension plan contribution rates. The Commonwealth's actuarially required contribution rate for the current year was 0.68 percent of payroll. Based on a statutory require-

ment, the Commonwealth did not make contributions during the fiscal year.

14. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Virginia Retirement System (VRS) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1, Chapter 6 et seq. of the *Code of Virginia*. The VRS 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, reconciliations, and record keeping associated with State employees' enrollment, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the VRS for investment. The plan is designed so that each participant retains investment control of his/her individual account. The investment options range from a guaranteed rate of return to an aggressive growth fund account that seeks growth of capital. 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, or unforeseeable emergency. Since the VRS has no fiduciary relationship with plan participants, plan assets of \$456.8 million are not included in the financial statements.

In addition, the Commonwealth provides a cash match under Internal Revenue Code Section 401(a) for employees participating in the deferred compensation plan who have been employed at least one year. This program was effective with the April 14, 2000, pay date. The match amount for an employee was established at 50 percent of the voluntary contributions to the deferred compensation plan with a maximum match of \$10 per pay period or \$20 per month. The fair value of assets in the cash match savings plan at June 30, 2000, was \$1.1 million, which is also excluded from the financial statements.

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

The Virginia Port Authority (VPA) (Component Unit) offers a deferred compensation plan and matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively, that cover substantially all nonunion employees with 90 days or more of service. The Plans require VPA to match employee contributions in an amount equal to 50 percent of the first 3 percent of

the participant's base pay contributed to the Plan. The Authority's total contribution to these Plans was \$233,163 for the year ended June 30, 2000.

15. COMMITMENTS

A. Construction Projects

Highway Projects

At June 30, 2000, the Department of Transportation (Primary Government) had contractual commitments of approximately \$1,681.4 million for construction of various highway projects. Funding of these future expenditures is expected to be provided as follows: (1) Federal Funds – approximately 18.6 percent or \$312.0 million, (2) State Funds – approximately 72.8 percent or \$1,223.5 million, and (3) Proceeds from Bonds – approximately 8.6 percent or \$145.9 million.

Mass Transit Projects

At June 30, 2000, the Department of Rail and Public Transportation (Primary Government) had contractual commitments of approximately \$59.9 million for various public transportation and rail preservation projects. Funding of the future expenditures is expected to be as follows: (1) Federal Funds – approximately 22 percent or \$13.0 million, and (2) State Funds – approximately 78 percent or \$46.9 million.

Port Projects

At June 30, 2000, the Virginia Port Authority (Component Unit) was committed to construction contracts totaling \$100.4 million.

Sanitation District Project

At June 30, 2000, the Hampton Roads Sanitation District Commission (Component Unit) was committed to construction programs totaling \$41.0 million.

Medical College of Virginia Project

At June 30, 2000, the Medical College of Virginia Hospitals Authority (Component Unit) was committed to construction projects totaling \$84.2 million.

Higher Education Funds

Many of the colleges and universities are committed to construction contracts. As of June 30, 2000, these commitments totaled approximately \$167.7 million.

B. Operating Leases

The Commonwealth has entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on

a month-to-month basis. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense for the primary government under these operating leases for the year ended June 30, 2000, was \$61.7 million. Rental expense for the discrete component units for the year ended June 30, 2000, was \$34.4 million. The Commonwealth has, as of June 30, 2000, the following minimum rental payments due under the above leases:

	Primary Government	Component Units	Totals
2001	\$ 49,924,300	\$ 19,583,412	\$ 69,507,712
2002	33,109,026	13,270,596	46,379,622
2003	24,641,171	10,698,648	35,339,819
2004	16,808,352	12,290,038	29,098,390
2005	11,126,229	5,352,824	16,479,053
After 2005	37,507,231	25,699,850	63,207,081
Total	<u>\$ 173,116,309</u>	<u>\$ 86,895,368</u>	<u>\$ 260,011,677</u>

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.

C. Investment Commitments – Virginia Retirement System

The Virginia Retirement System (VRS) extends investment commitments in the normal course of business, which, at June 30, 2000, amounted to \$1.5 billion.

16. ACCRUED LIABILITY FOR COMPENSATED ABSENCES

Employees accrue annual leave at a rate of four to seven hours semimonthly, depending on their length of service. The maximum accumulation is dependent upon years of service, but in no case may it exceed 336 hours.

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 calendar year revert. Individuals employed at January 1, 1999, had the option of converting to the VSDP or remaining in the original 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 original 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 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 calendar year limit at their current earnings rate.

In conformance with Section C60 of GASB Codification, the monetary value of accumulated annual and sick leave and disability credits payable upon termination is included in the accompanying financial statements. In the governmental fund types, amounts to be paid from expendable available resources are recognized as fund liabilities in the applicable governmental fund types (see Note 20). Amounts not payable from expendable resources are reflected in the General Long-Term Debt Account Group (see Note 19). All amounts related to the proprietary funds, trust funds, and the discrete component units are recognized in those funds (see Notes 19 and 20). The liability at June 30, 2000, was computed using salary rates effective at that date, and represents vacation, compensatory and sick leave earned or disability credits held up to the allowable ceilings. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, an additional liability amount has been included for those employees remaining in the original sick leave program with less than 5 years of service based on the probability that they will eventually become vested. Also included in the liability is the Commonwealth's share of FICA taxes on leave balances for which employees will be compensated.

17. VIRGINIA SICKNESS AND DISABILITY PROGRAM

The Virginia Retirement System (System) administers the Virginia Sickness and Disability Program to provide income protection for absences due to sickness or disability from the first day on the job. After a seven calendar-day waiting period following the first incident of disability, eligible employees receive short-term disability benefits ranging from 60 to 100 percent of compensation up to a maximum of 125 work days, based upon months of State service. After a 180 calendar-day waiting period (125 work days of short-term disability), eligible employees receive long-term disability benefits equal to 60 percent of compensation until they return to work, until age 65 (age 60 for State police officers), or until death.

The VSDP was established on January 1, 1999, for all full-time, classified State employees, including State police officers and other State law enforcement and corrections officers, hired on or after January 1, 1999. Part-time, classified employees who work at least 20 hours a week on a salaried basis and who accrue leave are also covered. Eligible State employees and State police officers of the Commonwealth employed prior to January 1, 1999, had the option to elect to participate in the VSDP or to remain in the Commonwealth's existing disability retirement and sick leave program (see Notes 12 and 16). Eligible employees enrolled in the VSDP are not eligible for disability retirement benefits under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers Retirement System (VaLORS).

Faculty of Virginia institutions of higher education, hired or appointed on or after January 1, 1999, who elected the VRS as their retirement plan, must make an irrevocable election to participate in the VSDP or in the insti-

tution's disability program. If there is no institution program, the faculty is covered under this program.

All State agencies are required to contribute to the cost of providing long-term disability benefits. Initial contribution requirements to fund the program were determined by the System's actuary based on an estimate of the amount of the liability for disability benefits that would transfer from the VRS and SPORS to the VSDP for the anticipated new participants in the VSDP. This contribution requirement was 0.83 percent of payroll for State and VaLORS employees and 1.10 percent of payroll for State police officers during the fiscal year. The financial activity related to this program is reported in the Internal Service Fund.

18. INSURANCE

A. Self-Insurance

The Commonwealth maintains two types of self-insurance plans. The first type of self-insurance is a health care plan administered by the Department of Personnel and Training for State employees. The plan is accounted for in the Health Care – Internal Service Fund. Interfund premiums are accounted for as quasi-external transactions. At June 30, 2000, \$57.1 million is reported as the estimated claims payable for this fund. 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.N. Changes in the balances of claims liabilities (reported in thousands of dollars) during the current and prior fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
1999-2000 \$	53,357	\$ 395,332	\$ (391,605)	\$ 57,084
1998-1999 \$	54,332	\$ 355,011	\$ (355,986)	\$ 53,357

The second type of plan, risk management insurance, is administered by the Department of General Services, Division of Risk Management, and is accounted for in the Risk Management – Internal Service Fund. Interfund premiums are accounted for as quasi-external transactions. Risk management insurance includes workers' compensation, property, general (tort) liability, medical malpractice, and automobile plans. At June 30, 2000, \$173.7 million is reported as the estimated claims payable for these self-insurance plans. 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 (reported in thousands of dollars) during the current and prior fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
1999-2000 \$	171,894	\$ 51,951	\$ (50,124)	\$ 173,721
1998-1999 \$	170,488	\$ 50,760	\$ (49,354)	\$ 171,894

For workers' compensation, the Commonwealth assumes the full risk of claims filed. For tort, including general and automobile liability, liability is assumed to \$2,000,000 per occurrence. Medical malpractice liability is assumed to \$1,000,000 per occurrence. For property damage, Risk Management purchases \$400,000,000 of insurance with a \$1,000,000 deductible.

The Virginia Port Authority (Component Unit) is partially self-insured for certain workers' compensation claims. The Authority maintains insurance coverage of \$5,000,000 per claim, but is obligated to pay the first \$1,000,000 of any individual's claims per incident at June 30, 2000. The Authority is also partially self-insured for employee health coverage. The Authority is responsible for actual claim costs up to \$75,000 per individual per year. Insurance coverage is maintained for claims in excess of the individual employee limit and for aggregate claims in excess of \$1,743,499.

B. Public Entity Risk Pools

The Commonwealth administers two types of public entity risk pools for the benefit of local governmental units: health care and risk management insurance. The Local Choice Health Care plan was established to make comprehensive health care insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 209 local government units participating in the pool. This includes 25 school districts, 25 counties, 76 cities/towns, and 83 other subdivisions. This program is accounted for in the Local Choice Health Care – Enterprise Fund.

The Department of Personnel and Training, under Section 2.1–20.1 of the *Code of Virginia*, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. At June 30, 2000, \$8.5 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 General Services, Division of Risk Management administers risk management pools for errors and omissions liability insurance and law enforcement professional liability insurance in accordance with Section 2.1-526.8:1 of the *Code of Virginia*. They also administer a commuter rail liability pool for both the Northern Virginia and the Potomac & Rappahannock Transportation Commissions. These pools were established to provide an economical low-cost, internally managed alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management – Enterprise Fund. The pool is established subject to the approval of the Governor. It may be insurance, self-insurance, or any combination thereof, and must provide protection and legal defense against liability. Local participation is voluntary and open to any political subdivision. As of June 30, 2000, there were 1,427 units of local government in the pool. This includes all 135 sheriffs, 115 commonwealth attorneys, 124 clerks of the court, 39 cities, 185 towns, 95 counties, 131 treasurers, and 128 commissioners of revenue. The balance includes a large variety of boards, commissions, authorities, and special districts.

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

The pool is actuarially valued annually and is considered sound. Investment income is considered in the anticipation of premium deficiencies. No excess insurance or reinsurance is provided, but a "stability fund" is incorporated into the actuarially determined required reserves. If, however, the plan assets and reserves were to be exhausted, the members would be responsible for any deficits or liabilities.

At June 30, 2000, \$9.0 million is reported as estimated claims payable for these programs. This figure is actuarially determined for the fund in total and is reported at gross and does not reflect possible reimbursements for insurance recoveries.

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

	Local Choice Health Care		Risk Management	
	June 30, 1999	June 30, 2000	June 30, 1999	June 30, 2000
Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	\$ 8,200	\$ 8,529	\$ 8,265	\$ 6,905
Incurred Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	65,406	70,998	3,786	3,934
Changes in Provision for Insured Events of Prior Fiscal Years	-	-	(229)	986
Total Incurred Claims and Adjustment Expenses	65,406	70,998	3,557	4,920
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	65,077	71,047	439	196
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	-	-	4,639	2,922
Total Payments	65,077	71,047	5,078	3,118
Change in Provision for Discounts	-	-	161	304
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted)	\$ 8,529	\$ 8,480	\$ 6,905	\$ 9,011
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	\$ 8,529	\$ 8,480	\$ 7,364	\$ 9,816

For the liability insurance pool, local participation is voluntary and open to any political subdivision. The risk assumed by the local public entity pool for member liability is \$1,000,000 per occurrence. The commuter rail liability pool was established to fulfill the liabilities of the Commissions. As a result of the Commissions' agreement with several localities, participating localities contribute to the pool based on the number of residents riding the commuter rail and their total population. This pool assumes liability up to \$5,000,000 per occurrence, and commercial insurance has been purchased to pay larger claims subject to an annual aggregate limit of \$200,000,000.

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

Other 9(d) revenue bonds are considered non-tax supported. For this debt, the Commonwealth has no direct or indirect pledge of tax revenues. However, in some cases, the Commonwealth has made a moral obligation pledge to consider funding deficiencies in debt service reserves that may occur. These bonds are considered to be moral obligation debt.

19. 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, credit, and taxing power of the Commonwealth.

Section 9(d) bonds are revenue bonds and are not backed by the full faith, credit and taxing power of the Commonwealth. These bonds are not general obligation bonds and are not deemed to constitute a legal liability of the Commonwealth. This debt may be supported by State appropriations in whole or in part, as in the case of certain debt of the VPA (Component Unit), VPBA (Primary Government), ITA (Component Unit), and VCBA (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 State colleges and universities (Component Units). Additionally, the 9(d) Transportation Bonds (Primary Government) are payable solely from revenues or earnings, and other available sources of funds appropriated by the General Assembly. The 9(d) Pocahontas Parkway Association Bonds (Primary Government) are special, limited obligations of the Association, secured by a gross revenue pledge and payable solely from revenues prior to payment of current expenses and from monies held in certain funds and accounts held in trust.

The following schedule presents the total long-term liabilities of the Commonwealth as reported on the Combined Balance Sheet.

Total Long-Term Liabilities

June 30, 2000

(Dollars in Thousands)

Primary Government:

General Obligation Bonds (5):

General Long-Term Debt Account Group:	
9(b) Transportation Facilities	\$ 60,300
9(b) Public Facilities	460,405
9(c) Parking Facilities	11,010
9(c) Transportation Facilities (1)	134,144

Total General Obligation Bonds	665,859
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Non-General Obligation Bonds - 9(d):

Transportation Debt	943,625
Pocahontas Parkway Association Bonds (1) (4)	393,238
Virginia Public Building Authority (1)	1,049,984

Total Non-General Obligation Bonds	2,386,847
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Other Long-Term Obligations:

Pension Liability	172,780
Compensated Absences	297,716
Long-Term Capital Lease Obligations	213,314
Long-Term Regional Jail Financing Payable	59,671
Notes Payable	12,325
Installment Purchase Obligations	26,672
Other Liabilities	5,318

Total Other Long-Term Obligations	787,796
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Total Primary Government	3,840,502
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Component Units:

General Obligation Bonds (5):

Higher Education Fund - 9(c) Bonds (1)	380,332
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Total General Obligation Bonds	380,332
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Non-General Obligation Bonds:

Higher Education Institutions - 9(d) (4)	376,113
Virginia College Building Authority	272,460
Innovative Technology Authority	11,656
Virginia Port Authority (2)	197,630
Virginia Housing Development Authority (1) (3)	5,412,947
Virginia Resources Authority (1) (3)	454,179
Virginia Public School Authority (1) (3)	1,787,573
Hampton Roads Sanitation District Commission (4)	166,860
Virginia Equine Center Foundation (4)	6,305
Virginia Biotechnology Research Park Authority (6)	45,435
Medical College of Virginia Hospitals Authority 9(d)(4)	87,480

Total Non-General Obligation Bonds	8,818,638
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Other Long-Term Obligations:

Pension Liability	90,258
Compensated Absences	164,671
Long-Term Capital Lease Obligations	29,113
Notes Payable	323,831
Installment Purchase Obligations	28,009
Other Liabilities (4)	28,581

Total Other Long-Term Obligations	664,463
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Total Component Units	9,863,433
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Total Long-Term Liabilities	\$ 13,703,935
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1. Net of unamortized discounts.
2. This debt includes \$95.0 million that is not supported by taxes.
3. This debt is not supported by taxes; however, \$1.439 billion from VHDA, \$487.2 million from VPSA, and \$454.2 million from VRA is considered moral obligation debt.
4. This debt is not supported by taxes.
5. Total general obligation debt of the Commonwealth is \$1.046 billion.
6. This debt includes \$16.2 million that is not supported by taxes.

Primary Government

Transportation Facilities Bonds

Transportation Facilities Bonds include \$60,300,000 of 9(b) general obligation bonds, \$134,143,991 of 9(c) general obligation bonds, and \$943,625,000 of 9(d) revenue bonds. Principal and interest requirements for the current year totaled \$99,355,345. The Section 9(b) transportation facilities bonds represent Powhite Refunding Bonds, Series 1993A, which were issued to refund Series 1986 9(c) Transportation Facilities Bonds. The Section 9(c) Transportation Facilities Bonds were issued to fund the construction, improvement and operation of the Omer L. Hirst - Adelard L. Brault Expressway and the George P. Coleman Bridge. The Section 9(d) Transportation Facilities Bonds were issued to fund the construction of State Route 28, U.S. Route 58, the Northern Virginia Transportation District Program, and the Oak Grove Connector (Chesapeake). The interest rates for these bonds range from 2.4 percent to 7.25 percent and the issuance dates range from June 28, 1989, to December 1, 1999. The following schedules detail the annual funding requirements necessary to amortize Transportation Facilities 9(b), 9(c) and 9(d) bonds:

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

Maturity	Principal	Interest	Total
2001	\$ 3,715,000	\$ 2,935,223	\$ 6,650,223
2002	3,890,000	2,762,165	6,652,165
2003	4,115,000	2,575,993	6,690,993
2004	4,310,000	2,375,850	6,685,850
2005	4,550,000	2,160,935	6,710,935
2006-2012	39,720,000	7,681,598	47,401,598
Total	\$ 60,300,000	\$ 20,491,764	\$ 80,791,764

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

Maturity	Principal	Interest	Total
2001	\$ 9,204,000	\$ 5,808,876	\$ 15,012,876
2002	9,589,000	5,421,533	15,010,533
2003	9,804,000	5,170,570	14,974,570
2004	10,234,000	4,837,845	15,071,845
2005	10,619,000	4,479,974	15,098,974
2006-2021	92,156,000	29,876,458	122,032,458
Less:			
Unamortized Discount	(7,462,009)	-	(7,462,009)
Total	\$ 134,143,991	\$ 55,595,256	\$ 189,739,247

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

Maturity	Principal	Interest	Total
2001	\$ 26,790,000	\$ 50,942,167	\$ 77,732,167
2002	28,125,000	49,606,369	77,731,369
2003	29,550,000	48,171,159	77,721,159
2004	31,150,000	46,571,154	77,721,154
2005	32,860,000	44,883,034	77,743,034
2006-2036	795,150,000	404,092,509	1,199,242,509
Total	\$ 943,625,000	\$ 644,266,392	\$ 1,587,891,392

Pocahontas Parkway Association Bonds

The Pocahontas Parkway Association Bonds include \$168,869,843 of Series 1998A revenue bonds, \$166,106,059 of Series 1998B capital appreciation bonds, \$40,261,947 of Series 1998C capital appreciation bonds, and \$18,000,000 of Series 1998D toll road revenue bonds. These bonds were issued to finance the Route 895 Connector Toll Road Project. The interest rates on the Series 1998A bonds range from 5.0 percent to 5.5 percent and the issuance date was July 9, 1998. Interest paid on all indebtedness approximated \$9,287,000 and \$5,986,000 in fiscal years 2000 and 1999, respectively.

The Series 1998B capital appreciation bonds were issued on July 9, 1998, in the principal amount of \$148,310,626 and the maturity value of \$690,200,000. These bonds mature in annual installments on August 15, in the years 2012 through 2025 and 2029 through 2036. Series 1998B bonds were issued to yield approximately 5.50 percent to 5.95 percent. Principal accreted for the year ended June 30, 2000, was \$9,254,428

The Series 1998C capital appreciation bonds were issued on July 9, 1998, in the principal amount of \$35,867,236 and the maturity value of \$137,300,000. These bonds mature in annual installments on August 15, in the years 2005 through 2036. Series 1998C bonds were issued to yield approximately 5.40 percent to 6.25 percent. Principal accreted for the year ended June 30, 2000, was \$2,286,822.

The Series 1998D toll road revenue bonds were issued on July 9, 1998, in the principal amount of \$18,000,000 to the Commonwealth Transportation Board. The Series 1998D bond was issued in exchange for \$18,000,000 loaned to the Association for paying certain non-construction costs of the Project, and matures on August 15, 2028. The Series 1998D bond bears interest at a floating rate equal to the Department's Transportation Trust Fund Earnings Rate, compounded semiannually. The Series 1998D bond bears interest from the date that amounts are advanced from the Series 1998D Bond Proceeds Account for application to non-construction costs of the Project on the amount of such advances until paid. Also earnings on the Series 1998D Bond Proceeds Account are transferred monthly to the Department. The original proceeds disbursed for non-construction costs, as of June 30, 2000, were \$17,600,600 and accrued interest was \$1,232,075. The monthly interest rate at June 30, 2000, was 6.00 percent.

The following schedule details the annual funding requirements necessary to repay the Series 1998A, 1998B, 1998C and 1998D bonds:

9(d) POCAHONTAS PARKWAY ASSOCIATION BONDS Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2001	\$ -	\$ 9,121,250	\$ 9,121,250
2002	-	9,121,250	9,121,250
2003	-	9,121,250	9,121,250
2004	-	9,121,250	9,121,250
2005	-	9,121,250	9,121,250
2005 - 2036	1,015,200,000	156,057,875	1,171,257,875
Less:			
Unamortized Discount	(830,157)	-	(830,157)
Unaccreted Capital Appreciation Bonds	(621,131,994)	-	(621,131,994)
Total	\$ 393,237,849	\$ 201,664,125	\$ 594,901,974

Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 1993 A and B, Series 1994, Series 1996, Series 1996 refunding, Series 1997, Series 1998 refunding, and Series 1998 bonds. Series 1993, 1994, 1996, 1997, 1998, and 1999A bonds were issued to fund construction projects for higher educational institutions, mental health, and park facilities. Principal and interest requirements for the current year totaled \$55,061,039. The interest rates for these bonds range from 3.2 percent to 6.4 percent and the issuance dates range from January 1, 1993, to October 20, 1999. 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
2001	\$ 30,680,000	\$ 23,241,373	\$ 53,921,373
2002	30,720,000	21,666,859	52,386,859
2003	30,750,000	20,095,776	50,845,776
2004	30,785,000	18,513,354	49,298,354
2005	30,825,000	16,885,966	47,710,966
2006 - 2019	306,645,000	84,361,430	391,006,430
Total	\$ 460,405,000	\$ 184,764,758	\$ 645,169,758

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, Series 1991A, Series 1993B refunding bonds, Series 1996 and Series 1996 refunding bonds. Series 1991A bonds were issued to fund the State Corporation Commission and the Bank Street parking decks operated by the Department of General Services. Series 1993B bonds were issued to advance refund outstanding 1991A series bonds. Series 1996 bonds were issued to fund the renovation of the Seventh and Marshall Street parking deck. The interest rates for these bonds range from 3.5 percent to 6.0 percent and the issuance dates range from December 1, 1991, to June 6, 1996. Current year principal and interest requirements totaled \$1,240,546.

The following schedule details the annual funding requirements necessary to repay these bonds:

9(c) PARKING FACILITIES BONDS Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2001	\$ 685,000	\$ 553,791	\$ 1,238,791
2002	720,000	514,560	1,234,560
2003	765,000	479,795	1,244,795
2004	800,000	442,733	1,242,733
2005	835,000	404,809	1,239,809
2006-2016	7,205,000	1,701,589	8,906,589
Total	<u>\$ 11,010,000</u>	<u>\$ 4,097,277</u>	<u>\$ 15,107,277</u>

Virginia Public Building Authority

The Virginia Public Building Authority (VPBA) has issued Section 9(d) revenue bonds for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combination of localities under the Regional Jail Financing Program. The interest rates for these bonds range from 2.5 percent to 7.375 percent and the issuance dates range from October 31, 1988, to May 1, 1999. Current year principal and interest requirements totaled \$97,855,880. The following schedule details the annual funding requirements necessary to repay these bonds:

9(d) VIRGINIA PUBLIC BUILDING AUTHORITY BONDS Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2001	\$ 59,395,000	\$ 48,364,052	\$ 107,759,052
2002	64,500,000	46,650,708	111,150,708
2003	66,655,000	43,217,769	109,872,769
2004	70,360,000	39,599,223	109,959,223
2005	60,140,000	36,585,229	96,725,229
2006 - 2020	763,430,000	234,293,742	997,723,742
Less: Unamortized Discount	<u>(34,496,384)</u>	<u>-</u>	<u>(34,496,384)</u>
Total	<u>\$ 1,049,983,616</u>	<u>\$ 448,710,723</u>	<u>\$ 1,498,694,339</u>

Regional Jail Financing Program

The Regional Jail Financing Program of the Commonwealth of Virginia Treasury Board was created during the 1993 Session of the General Assembly to establish a method of reimbursing localities, regional jail authorities or other combination of localities for a portion of the capital and financing costs of a jail project, made pursuant to Sections 53.1-80, 53.1-81, or 53.1-82 of the *Code of Virginia*. The General Assembly, upon recommendation from the Department of Planning and Budget, may determine to reimburse localities for approved capital costs over time through a contractual Reimbursement Agreement between the localities or authority and the Treasury Board. The Board of Corrections determines the amount of reimbursable capital costs. If approved for reimbursement over time, the Treasury Board determines the amount of reimbursable financing costs and calculates the periodic reimbursement payments.

In 1996, the General Assembly adopted legislation that authorized funding of jail project reimbursements through bonds issued by the Virginia Public Building Authority (VPBA). As of June 30, 1998, all future jail reimbursements were approved for funding through the VPBA as opposed to the Treasury Board. All reimbursements, whether up front or over time, are subject to appropriation by the General Assembly. The following schedule details the annual funding requirements necessary to repay these obligations:

REGIONAL JAILS FINANCING Financial Obligations to Maturity			
Calendar Year Obligations	Capital Costs	Financing Costs	Total
2001	\$ 3,065,306	\$ 3,340,900	\$ 6,406,206
2002	3,171,184	3,230,989	6,402,173
2003	3,307,123	3,107,755	6,414,878
2004	3,433,126	2,973,790	6,406,916
2005	3,579,198	2,830,401	6,409,599
2006-2015	43,114,944	15,905,219	59,020,163
Total	<u>\$ 59,670,881</u>	<u>\$ 31,389,054</u>	<u>\$ 91,059,935</u>

Component Units

Higher Education Institution Bonds

Higher Educational 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 (in thousands):

College and university bonds backed by pledge of general revenue or revenue from specific revenue-producing capital projects	\$ 284,608
College and university debt backed exclusively by pledged revenues of an institution	91,505
Total Higher Educational Institutional 9(d) debt	<u>\$ 376,113</u>

The interest rates for these bonds range from 2.4 percent to 9.25 percent and the issuance dates range from July 17, 1973, to October 20, 1999. The following schedules detail the annual funding requirements necessary to amortize Higher Educational Institution 9(c) and 9(d) bonds:

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

Maturity	Principal	Interest	Total
2001	\$ 36,507,000	\$ 18,296,775	\$ 54,803,775
2002	34,822,000	16,693,714	51,515,714
2003	32,732,000	15,150,750	47,882,750
2004	31,647,000	13,747,221	45,394,221
2005	27,066,000	12,394,831	39,460,831
2006-2022	223,435,000	62,417,616	285,852,616
Less: Unamortized Discount	(5,877,172)	-	(5,877,172)
Total	<u>\$ 380,331,828</u>	<u>\$ 138,700,907</u>	<u>\$ 519,032,735</u>

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

Maturity	Principal	Interest	Total
2001	\$ 15,017,605	\$ 19,475,604	\$ 34,493,209
2002	15,720,404	19,048,612	34,769,016
2003	16,458,288	17,937,966	34,396,254
2004	18,456,259	17,157,877	35,614,136
2005	17,189,319	16,254,412	33,443,731
2006-2024	293,271,044	120,888,781	414,159,825
Total	<u>\$ 376,112,919</u>	<u>\$ 210,763,252</u>	<u>\$ 586,876,171</u>

9(d) VIRGINIA COLLEGE BUILDING AUTHORITY BONDS Debt Service Requirements to Maturity (Commonwealth Debt Only - See Note 1B)

Maturity	Principal	Interest	Total
2001	\$ 48,425,000	\$ 12,140,060	\$ 60,565,060
2002	44,390,000	11,122,170	55,512,170
2003	32,120,000	9,049,448	41,169,448
2004	24,140,000	7,437,172	31,577,172
2005	16,025,000	6,196,578	22,221,578
2006-2020	107,360,000	40,401,408	147,761,408
Total	<u>\$ 272,460,000</u>	<u>\$ 86,346,836</u>	<u>\$ 358,806,836</u>

Innovative Technology Authority

The Innovative Technology Authority (ITA) has issued Taxable Lease Revenue Bonds, Series 1989, and Series 1997 refunding. The Series 1989 bonds were issued to cover a portion of the costs related to the construction of a software development center and office building. Series 1997 bonds were issued to advance refund \$11.2 million of the outstanding 1989 bonds.

The 1989 bonds had an average interest rate of 10.3 percent and the 1997 bonds have an average interest rate of 7.4 percent. The bonds were issued on March 1, 1989, and May 1, 1997, respectively. The following schedule details the annual funding requirements necessary to amortize ITA bonds:

9(d) INNOVATIVE TECHNOLOGY AUTHORITY BONDS Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2001	\$ 535,000	\$ 853,288	\$ 1,388,288
2002	530,000	816,801	1,346,801
2003	625,000	780,337	1,405,337
2004	620,000	736,587	1,356,587
2005	710,000	692,691	1,402,691
2006-2014	8,636,000	3,511,460	12,147,460
Total	<u>\$ 11,656,000</u>	<u>\$ 7,391,164</u>	<u>\$ 19,047,164</u>

Governmental Funds – Discrete Component Units

Virginia Port Authority

The Virginia Port Authority (VPA) 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 4.2 percent to 6.0 percent and the issuance dates range from October 23, 1996, to April 2, 1998. Series 1998 bonds were issued to advance refund \$71.1 million of the outstanding 1988 bonds. The following schedule details the annual funding requirements necessary to amortize VPA bonds:

9(d) VIRGINIA PORT AUTHORITY DEBT Debt Service Requirements to Maturity				
Maturity	Principal	Interest	Total	
2001	\$ 10,245,000	\$ 10,583,794	\$ 20,828,794	
2002	10,710,000	10,119,979	20,829,979	
2003	11,225,000	9,612,254	20,837,254	
2004	11,760,000	9,074,200	20,834,200	
2005	12,335,000	8,499,250	20,834,250	
2006-2027	141,355,000	78,110,458	219,465,458	
Total	\$ 197,630,000	\$ 125,999,935	\$ 323,629,935	

Proprietary Funds – Discrete Component Units

The Virginia Housing Development Authority (VHDA), the Virginia Resources Authority (VRA) and the Virginia Public School Authority (VPSA) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.1 percent to 10.88 percent and the origination dates range from December 1, 1973, to March 31, 2000. The following schedules detail the annual funding requirements necessary to amortize these bonds:

9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS Debt Service Requirements to Maturity				
Maturity	Principal (1)	Interest	Total	
2001	\$ 248,386,989	\$ 326,101,019	\$ 574,488,008	
2002	189,605,922	316,028,671	505,634,593	
2003	203,522,883	306,119,901	509,642,784	
2004	207,585,602	294,433,467	502,019,069	
2005	204,432,145	282,171,813	486,603,958	
2006-2046	4,394,950,183	3,915,250,899	8,310,201,082	
Less:				
Unamortized Discount	(35,537,000)	-	(35,537,000)	
Total	\$ 5,412,946,724	\$ 5,440,105,770	\$ 10,853,052,494	

(1) The 2001 principal amount includes \$1,029 million for which long-term maturity dates have not been set.

9(d) VIRGINIA RESOURCES AUTHORITY BONDS Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2001	\$ 11,500,000	\$ 18,286,043	\$ 29,786,043
2002	13,175,000	18,020,252	31,195,252
2003	13,640,000	17,563,438	31,203,438
2004	19,320,000	17,073,630	36,393,630
2005	14,515,000	16,557,055	31,072,055
2006-2030	394,304,975	165,433,227	559,738,202
Less:			
Unamortized Discounts and Issuance Expenses	(9,842,945)	-	(9,842,945)
Unaccrued Capital Appreciation	(2,432,630)	-	(2,432,630)
Total	\$ 454,179,400	\$ 252,933,645	\$ 707,113,045

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

Maturity	Principal	Interest	Total
2001	\$ 118,245,000	\$ 93,656,069	\$ 211,901,069
2002	122,265,000	87,176,475	209,441,475
2003	120,205,000	80,896,766	201,101,766
2004	122,090,000	74,647,386	196,737,386
2005	116,505,000	68,352,520	184,857,520
2006-2020	1,219,805,000	391,974,650	1,611,779,650
Less:			
Deferral on Debt	(31,542,200)	-	(31,542,200)
Total	\$ 1,787,572,800	\$ 796,703,866	\$ 2,584,276,666

The Hampton Roads Sanitation District Commission issued bonds under a Master Trust Indenture and a Trust Agreement dated December 1, 1993, and December 1, 1995. The original interest cost for these bonds ranged from 4.5 percent to 5.07 percent. The following schedule details the annual funding requirements necessary to amortize these bonds:

HAMPTON ROADS SANITATION DISTRICT COMMISSION Debt Service Requirements to Maturity				
Maturity	Principal	Interest	Total	
2001	\$ 13,447,000	\$ 7,649,000	\$ 21,096,000	
2002	14,018,000	7,041,000	21,059,000	
2003	14,630,000	6,396,000	21,026,000	
2004	10,620,000	5,819,000	16,439,000	
2005	9,727,000	5,345,000	15,072,000	
2006-2024	104,418,000	37,036,000	141,454,000	
Total	\$ 166,860,000	\$ 69,286,000	\$ 236,146,000	

The Virginia Equine Center Foundation issued Series 1993 Industrial Development Authority (IDA) of Rockbridge County Virginia Horse Center Revenue Bonds. Coupon interest rates range from 4.0 percent to 6.4 percent. The Center also issued Series 1992 IDA of Rockbridge County Virginia Horse Center Revenue Bonds. Coupon interest rates range from 6.0 percent to 9.0 percent.

VIRGINIA EQUINE CENTER FOUNDATION			
Debt Service Requirements to Maturity			
Maturity		Principal(1)	
2001	\$	660,000	
2002		695,000	
2003		725,000	
2004		610,000	
2005		645,000	
2006-2009		2,970,000	
Total	\$	<u>6,305,000</u>	

(1) Interest information is not available.

The Virginia Biotechnology Research Park Authority issued Series 1996, 1998, 1999A, and 1999B Commonwealth of Virginia Lease Revenue bonds. Coupon interest rates range from 4.0 percent to 6.4 percent.

VIRGINIA BIOTECHNOLOGY RESEARCH PARK AUTHORITY				
Debt Service Requirements to Maturity				
Maturity		Principal	Interest	Total
2001	\$	1,580,000	\$ 2,419,842	\$ 3,999,842
2002		1,655,000	2,341,804	3,996,804
2003		1,745,000	2,258,147	4,003,147
2004		1,830,000	2,168,556	3,998,556
2005		1,935,000	2,066,788	4,001,788
2006-2019		36,690,000	14,202,650	50,892,650
Total	\$	<u>45,435,000</u>	<u>\$ 25,457,787</u>	<u>\$ 70,892,787</u>

The Medical College of Virginia Hospitals Authority issued Series 1998 bonds with interest rates of 4.30 percent to 5.25 percent. The Authority also has Series 1994 bonds that were transferred from Virginia Commonwealth University. The interest rates for these bonds range from 2.4 percent to 5.8 percent.

9(d) MEDICAL COLLEGE OF VIRGINIA HOSPITALS				
AUTHORITY BONDS				
Debt Service Requirements to Maturity				
Maturity		Principal	Interest	Total
2001	\$	5,220,000	\$ 4,119,611	\$ 9,339,611
2002		5,470,000	3,896,364	9,366,364
2003		5,695,000	3,656,260	9,351,260
2004		8,010,000	3,398,560	11,408,560
2005		2,080,000	3,178,941	5,258,941
2006-2023		61,005,000	33,696,092	94,701,092
Total	\$	<u>87,480,000</u>	<u>\$ 51,945,828</u>	<u>\$ 139,425,828</u>

Total principal outstanding at June 30, 2000, on all Component Unit bonds amounted to \$9.6 billion.

The following schedule summarizes the changes in long-term liabilities reflected in the General Long-Term Debt Account Group:

Schedule of Changes in General Long-Term Debt Account Group

(Dollars in Thousands)

	Balance July 1, 1999	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2000
Primary Government				
Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth				
General Obligation Bonds - 9(b), and 9(c):				
Public Facilities Bonds	\$ 470,930	\$ 20,125	\$ (30,650)	\$ 460,405
Parking Facilities Bonds, Series 1991A	11,660	-	(650)	11,010
Transportation Facilities Bonds (Net of Unamortized Discount of \$7,462,009)	205,376	1,487	(12,419)	194,444
Bond Anticipation Notes Payable [1]	20,000	-	(20,000)	-
Total General Obligation Bonds	707,966	21,612	(63,719)	665,859
Other Long-Term Debt:				
Pension Liability	132,685	33,342	-	166,027
Long-Term Capital Lease Obligations	220,598	483	(9,101)	211,980
Long-Term Portion of the Liability for Compensated Absences	259,801	25,037	-	284,838
Installment Purchases	16,163	1,413	(2,323)	15,253
Total Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth	1,337,213	81,887	(75,143)	1,343,957
Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth				
Non-General Obligation Bonds - 9(d)				
Transportation Facilities Bonds	736,960	238,265	(31,600)	943,625
Virginia Public Building Authority Long-Term Debt (Net of Unamortized Discount of \$34,496,384)	965,886	136,673	(52,575)	1,049,984
Long-Term Regional Jails Financing Payable	62,635	-	(2,964)	59,671
Notes Payable - Transportation	12,325	-	-	12,325
Other	2,882	2,436	-	5,318
Total Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	1,780,688	377,374	(87,139)	2,070,923
Total General Long-Term Debt Account Group [2]	\$ 3,117,901	\$ 459,261	\$ (162,282)	\$ 3,414,880

[1] The Commonwealth's policy is to refinance bond anticipation notes with long-term debt prior to the balance sheet date. Accordingly, all bond anticipation note activity is reported in the General Long Term Debt Account Group.

[2] These amounts will be provided as follows:

Amount to be Provided by the Commonwealth	\$ 1,226,310
Amount to be Provided by Other Sources	2,011,004
Amount to be Provided for Pension Liability	166,027
Amount Available for Retirement of Long-Term Debt	11,539
Total	<u>\$ 3,414,880</u>

Schedule of Changes in General Long-Term Debt Account Group

(continued)

(Dollars in Thousands)

	Balance July 1, 1999	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2000
Component Units				
Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth				
Virginia Port Authority:				
Long-Term Debt	\$ 203,360	\$ -	\$ (5,730)	\$ 197,630
Pension Liability	310	61	-	371
Installment Purchase Obligations	3,434	-	(817)	2,617
Long-Term Portion of the Liability for Compensated Absences	597	6	-	603
Other Liabilities	827	-	(13)	814
Virginia Economic Development Partnership:				
Pension Liability	524	97	-	621
Installment Purchase Obligations	379	-	(347)	32
Long-Term Portion of the Liability for Compensated Absences	806	-	(208)	598
Virginia Tourism Authority:				
Pension Liability	-	43	-	43
Installment Purchase Obligations	-	34	-	34
Long-Term Portion of the Liability for Compensated Absences	-	360	-	360
Tobacco Indemnification and Community Revitalization Commission:				
Pension Liability	-	1	-	1
Long-Term Portion of the Liability for Compensated Absences	-	3	-	3
Virginia Outdoors Foundation:				
Pension Liability	-	2	-	2
Total General Long-Term Debt Account Group [2]	\$ 210,237	\$ 607	\$ (7,115)	\$ 203,729

[2] These amounts will be provided as follows:

Amount to be Provided by Other Sources	\$ 192,892
Amount to be Provided for Pension Liability	1,038
Amount Available for Retirement of Long-Term Debt	9,799
Total	\$ 203,729

Bond Defeasance

Government Accounting Standards Board 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, 2000, there were \$415.4 million in bonds from Primary Government that have been refunded and defeased in substance from the General Long-Term Debt Account Group 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 \$304.0 million in bonds outstanding considered defeased from the Proprietary Component Unit Fund, \$50.4 million from the Higher Education Fund, and \$14.1 million from the Governmental Component Unit Fund.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, calculate and rebate arbitrage earnings to the Federal government. The U. S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulations in order for their bonds to maintain tax-exempt status. The regulations require the excess of the aggregate amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, to be rebated to the Federal government. Income earned on excess earnings is also subject to rebate. Rebate payments, if required, are due at least once every five years over the life of the bonds. Some Commonwealth bonds may be exempt from the rebate requirements if they meet statutory exceptions per the regulations. Governmental issuers may also elect, on or before the date of the bond issue, to pay a penalty in lieu of rebate if they do not meet certain expenditure schedules. If such an election is made and if such issuer meets the expenditure schedule, the issuer retains any arbitrage earnings. Rebate and penalty payments are calculated and paid by the Commonwealth as required by law on bond issues that do not meet the statutory exceptions.

Bonds issued by the Virginia Public Building Authority and the Virginia College Building Authority are issued under Article X, Section 9(d) of the Constitution of Virginia. Any amounts remitted to the Federal government for rebate liability for bonds issued under Article X, Section 9(d) are paid from excess investment earnings or from project revenues and not from the general fund of the Commonwealth. During the year, the Commonwealth did not incur any rebate liability for bonds issued by these authorities; therefore, no payments were made to the Federal government.

In most cases, rebate liability on bonds of the Virginia Public School Authority (Component Unit) is payable from local issuers whose local school bonds were purchased by the VPSA. During the year, \$160,521 was paid to the Federal government for rebate on various VPSA School Financing Bonds.

Capital Leases

The Commonwealth leases buildings and equipment under various agreements that are accounted for as capital leases. The lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

Gross minimum lease payments, together with the present value of the net minimum lease payments as of June 30, 2000, were:

	Primary Government	Component Units	Total Reporting Entity
2001	\$ 25,619,981	\$ 4,481,754	\$ 30,101,735
2002	25,043,958	3,485,398	28,529,356
2003	23,840,657	3,525,390	27,366,047
2004	23,059,482	3,239,691	26,299,173
2005	22,304,195	3,139,815	25,444,010
After 2005	238,441,181	30,256,823	268,698,004
Total Gross Minimum Lease Payments	358,309,454	48,128,871	406,438,325
Less: Amount Representing Executory Costs	4,743,926	6,047	4,749,973
Net Minimum Lease Payments	353,565,528	48,122,824	401,688,352
Less: Amount Representing Interest	140,251,884	19,009,618	159,261,502
Present Value of Net Minimum Lease Payments	\$ 213,313,644	\$ 29,113,206	\$ 242,426,850

At June 30, 2000, fixed assets purchased under capital leases were included in property, plant, and equipment as follows. The amounts are net of accumulated depreciation where applicable. For a portion of these assets, ownership will pass to the Commonwealth at the end of the lease term.

Fund/Account Group	Buildings	Equipment	Total
Primary Government:			
General Fixed Assets Account Group	\$ 238,592,942	\$ 903,997	\$ 239,496,939
Internal Service Fund	865,762	-	865,762
Total Primary Government	239,458,704	903,997	240,362,701
Component Units:			
Proprietary Higher Education Fund	-	1,639,130	1,639,130
	31,400,218	9,883,229	41,283,447
Total Component Units	31,400,218	11,522,359	42,922,577
Total Capital Lease Assets	\$ 270,858,922	\$ 12,426,356	\$ 283,285,278

Notes Payable

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

Primary Government

Transportation Note (1)	\$	12,325
Installment Notes		26,672

Total Primary Government		38,997
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Component Units

Higher Education Notes		176,016
Virginia Housing Development Authority		28,340
Virginia Public School Authority		119,475
Installment Notes		28,009

Total Component Units		351,840
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Total Notes Payable	\$	390,837
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(1) Reflected in the General Long-Term Debt Account Group.

The Transportation (Primary Government) Note listed above represents an interest free note payable to Fairfax County, Virginia, of \$4,325,000 which was issued pursuant to the State Revenue Bond Act, Article 5, Title 33.1, Code of Virginia to pay for the acquisition and construction of the Omer L. Hirst - Adelard L. Brault Expressway. This note is to be repaid on December 1, 2008. Additionally, the Virginia Department of Transportation (Primary Government) entered into an interest free note payable to Chesterfield County, Virginia, of \$8,000,000 for the repayment of the Powhite Parkway Extension Toll Road from surplus net revenues of the project prior to the retirement of all the bonds issued.

The Higher Education (Component Unit) notes payable amount of \$176,016,000 is comprised primarily of promissory notes with the Virginia College Building Authority (VCBA) to finance the construction of various higher education facilities. The principal amount of \$172,575,000 with interest rates ranging from 3.15 percent to 6.0 percent shall be paid semi-annually. The final principal payment is due in 2019. Virginia State University has a note payable of \$2,818,317, which is the result of a loan agreement with the U.S. Department of Housing and Urban Development to repair seven dormitories. The loan is to be repaid over 30 years at 3.0 percent interest per annum, and is secured by a lien on the net revenues from the ownership, operation, and use of the seven dormitories under repair. Norfolk State University has a note payable of \$174,522, which is the result of an agreement with the City of Norfolk to purchase the Brambleton Center. The loan is payable in six full scholarships each year varying from \$4,953 to \$16,998 with the final amount due in 2019. Virginia Commonwealth University has a note payable of \$447,979, which relates to the liability associated with debt financed capital projects.

The Virginia Housing Development Authority (Component Unit) notes of \$28,340,000 are issued to refund certain outstanding bonds of the Authority. The notes bear a weighted average rate of 6.88 percent and have no fixed maturity date.

The Virginia Public School Authority (Component Unit) notes of \$119,475,000 are for the School Equipment Financing Notes Educational Technology program. The note proceeds were used to make grants to school divisions for the purchase of educational technology equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund.

Installment notes 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 note is subject to funding by the General Assembly. The General Long-Term Debt Account Group represents \$15,253,387 of the total. Presented in the following tables are repayment schedules for installment notes.

Installment Purchases - Primary Government

June 30, 2000

Maturity	Principal	Interest	Total
2001	\$ 11,452,698	\$ 1,039,954	\$ 12,492,652
2002	9,228,337	503,813	9,732,150
2003	4,036,528	204,739	4,241,267
2004	1,425,727	65,665	1,491,392
2005	367,329	23,258	390,587
After 2005	161,682	6,393	168,075
Total	<u>\$ 26,672,301</u>	<u>\$ 1,843,822</u>	<u>\$ 28,516,123</u>

Installment Purchases - Component Units

June 30, 2000

Maturity	Principal	Interest	Total
2001	\$ 8,488,756	\$ 1,420,862	\$ 9,909,618
2002	6,898,554	964,320	7,862,874
2003	5,102,983	614,606	5,717,589
2004	4,545,459	334,622	4,880,081
2005	1,954,564	112,778	2,067,342
After 2005	1,018,783	42,685	1,061,468
Total	<u>\$ 28,009,099</u>	<u>\$ 3,489,873</u>	<u>\$ 31,498,972</u>

20. OTHER LIABILITIES

The following table (reported in thousands of dollars) summarizes Other Liabilities as of June 30, 2000.

	Primary Government			
	General	Special Revenue	Debt Service	Enterprise
Payable for Security Transactions	\$ -	\$ -	\$ -	\$ -
Lottery Prizes Payable	-	-	-	546,411
Due to Program Participants, Escrows, and Providers	-	-	-	416
Medicaid Payable	145,650	155,884	-	-
Children's Health Insurance Program Payable	863	1,690	-	-
Tuition Benefits Payable	-	-	-	423,067
Accrued Interest Payable	-	-	-	5,703
Tax Refunds Payable	193,705	-	-	-
Compensated Absences	528	317	-	53
Other Liabilities	-	500	495	474
Deposits Pending Distribution	85	1,034	-	-
Car Tax Refund Payable	37,824	-	-	-
Matured Debt Payable	-	-	41	-
Matured Principal and Interest Payable	-	-	-	-
Total Other Liabilities	<u>\$ 378,655</u>	<u>\$ 159,425</u>	<u>\$ 536</u>	<u>\$ 976,124</u>

	Primary Government		Total Primary Government
	Internal Service	Trust and Agency	June 30, 2000
Payable for Security Transactions	\$ 2,115	\$ 2,833,494	\$ 2,835,609
Lottery Prizes Payable	-	-	546,411
Due to Program Participants, Escrows, and Providers	-	313,545	313,961
Medicaid Payable	-	-	301,534
Children's Health Insurance Program Payable	-	-	2,553
Tuition Benefits Payable	-	-	423,067
Accrued Interest Payable	-	-	5,703
Tax Refunds Payable	-	-	193,705
Compensated Absences	-	6	904
Other Liabilities	221	14,287	15,977
Deposits Pending Distribution	-	6,500	7,619
Car Tax Refund Payable	-	-	37,824
Matured Debt Payable	-	-	41
Matured Principal and Interest Payable	-	-	-
Total Other Liabilities	<u>\$ 2,336</u>	<u>\$ 3,167,832</u>	<u>\$ 4,684,908</u>

	Component Units			Total Reporting Entity
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 2000
Payable for Security Transactions	\$ -	\$ -	\$ -	\$ 2,835,609
Lottery Prizes Payable	-	-	-	546,411
Due to Program Participants, Escrows, and Providers	-	231,758	-	545,719
Medicaid Payable	-	-	-	301,534
Children's Health Insurance Program Payable	-	-	-	2,553
Tuition Benefits Payable	-	-	-	423,067
Accrued Interest Payable	-	151,535	-	157,238
Tax Refunds Payable	-	-	-	193,705
Compensated Absences	7	-	-	911
Other Liabilities	8,235	57,309	30,657	112,178
Deposits Pending Distribution	-	6	50,592	58,217
Car Tax Refund Payable	-	-	-	37,824
Matured Debt Payable	-	-	-	41
Matured Principal and Interest Payable	11,150	5	4,746	15,901
Total Other Liabilities	<u>\$ 19,392</u>	<u>\$ 440,613</u>	<u>\$ 85,995</u>	<u>\$ 5,230,908</u>

Lottery Prizes Payable

Jackpot prizes of the Virginia Lottery are payable in 20, 25, or 26 annual installments. The first installment is paid on the day the prize is claimed. The present value of the outstanding jackpot prizes payable at June 30, 2000, is as follows:

	Balance
	June 30, 2000
Jackpot Prizes Payable:	
Due Within One Year	\$ 58,683,433
Due in Subsequent Years	720,356,567
Total	779,040,000
Less: Interest to Maturity	276,454,034
Net Present Value of Jackpot	
Prizes Payable	502,585,966
Other Prizes Payable	43,825,020
Total Lottery Prizes Payable	<u>\$ 546,410,986</u>

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 claims that will be paid from the Medicaid program in the future which relate to services provided before year end. At June 30, 2000, the estimated liability related to operations totaled \$301.5 million. Of this amount, \$145.7 million is reflected in the General Fund and \$155.8 million in the Federal Trust, Special Revenue Fund.

Children's Health Insurance Program Payable

DMAS estimates the total amount of claims that will be paid from the Children's Health Insurance program in the future which relate to services provided before year-end. At June 30, 2000, the estimated liability related to operations totaled \$2.6 million. Of this amount, \$0.9 million is reflected in the General Fund and \$1.7 million in the Federal Trust, Special Revenue Fund.

Tuition Benefits Payable

The Higher Education Tuition Trust Fund administers the Virginia Prepaid Education Program (VPEP) and the Virginia Education Savings Trust (VEST). VPEP offers contracts which, for actuarially determined amounts, provide for guaranteed full future tuition payments at State higher education institutions. The contract provisions also allow the benefits to be used for private or out-of-state institutions at a prorated amount based

upon the amounts charged by the State's higher education institutions. VEST is a savings trust investment option that allows participants to make an initial selection from among seven different investment portfolios. VEST accounts involve investment risk, including the possible loss of principal. Unlike VPEP, VEST is not backed by the Commonwealth of Virginia and investments are not guaranteed. Benefits may be used to pay for qualified higher education expenses, including tuition and fees, or the designated beneficiary at institutions nationwide.

At June 30, 2000, tuition benefits payable of \$401.3 million have been recorded for the VPEP program on the balance sheet for the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the VPEP program. In addition, a receivable in the amount of \$162.9 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.

At June 30, 2000, tuition benefits payable of \$21.8 million have been recorded for the VEST program on the balance sheet. This amount represents the market value of the pooled assets available to contributors in the program's seven portfolios. In the VEST program, contributions are recorded and distributions are valued to participant accounts based upon a daily net asset value calculated by the program's custodial bank.

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended December 31, 1999, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2000. The individual tax return filing deadline is May 1 of each year for the preceding calendar year. The corporate tax return filing deadline is the 15th day of the fourth month following the close of the corporate fiscal year.

Car Tax Refund Payable

During the year ended June 30, 1998, the General Assembly passed the Personal Property Tax Relief Act. Under the terms of this legislation, the Commonwealth will assume financial responsibility for the personal property taxes assessed by localities over a five-year period beginning in 1998. The amount reported on the balance sheet represents 47.5 percent of the 2000 personal property taxes assessed by the localities before June 30, 2000, and paid by the Commonwealth after June 30, 2000.

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

21. OTHER REVENUE

The following table (reported in thousands of dollars) summarizes Other Revenue as of June 30, 2000.

	Primary Government			
	General	Special Revenue	Capital Projects	Enterprise
Assessments and Receipts for				
Support of Special Services	\$ 307	\$ 66,621	\$ -	\$ -
Fines, Forfeitures, Court Fees,				
Penalties, and Escheats	141,976	160,628	-	-
Receipts from Cities, Counties, and Towns	9,305	97,279	-	-
Private Gifts, Grants, and Contracts	5	17,201	-	-
Sales of Property	1,146	12,771	-	-
Contributions	-	-	-	154
Pass Through Grants Received	-	-	-	-
Tobacco Master Settlement	66,938	-	-	-
Other	31,581	90,641	2	-
Total Other Revenue	<u>\$ 251,258</u>	<u>\$ 445,141</u>	<u>\$ 2</u>	<u>\$ 154</u>

	Primary Government		Total Primary Government
	Internal Service	Expendable Trust	June 30, 2000
Assessments and Receipts for			
Support of Special Services	\$ -	\$ 15,847	\$ 82,775
Fines, Forfeitures, Court Fees,			
Penalties, and Escheats	-	5,117	307,721
Receipts from Cities, Counties, and Towns	-	-	106,584
Private Gifts, Grants, and Contracts	-	1,335	18,541
Sales of Property	-	-	13,917
Contributions	-	-	154
Pass Through Grants Received	-	-	-
Tobacco Master Settlement	-	-	66,938
Other	231	11,798	134,253
Total Other Revenue	<u>\$ 231</u>	<u>\$ 34,097</u>	<u>\$ 730,883</u>

	Component Units			Total Reporting Entity
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 2000
Assessments and Receipts for				
Support of Special Services	\$ -	\$ -	\$ -	\$ 82,775
Fines, Forfeitures, Court Fees,				
Penalties, and Escheats	-	-	-	307,721
Receipts from Cities, Counties, and Towns	-	-	-	106,584
Private Gifts, Grants, and Contracts	-	-	277,836	296,377
Sales of Property	-	-	-	13,917
Contributions	-	2,310	-	2,464
Pass Through Grants Received	-	230,564	-	230,564
Tobacco Master Settlement	100,408	-	-	167,346
Other	484	22,417	51,611	208,765
Total Other Revenue	<u>\$ 100,892</u>	<u>\$ 255,291</u>	<u>\$ 329,447</u>	<u>\$ 1,416,513</u>

22. PRIZES AND CLAIMS

The following table (reported in thousands of dollars) summarizes Prizes and Claims Expense as of June 30, 2000.

			Total Primary Government	Component Units	Total Reporting Entity
	Enterprise	Internal Service	June 30, 2000	Proprietary Fund	June 30, 2000
Lottery Prize Expense	\$ 526,424	\$ -	\$ 526,424	\$ -	\$ 526,424
Insurance Claims	74,529	501,369	575,898	44,326	620,224
Total Prizes and Claims	<u>\$ 600,953</u>	<u>\$ 501,369</u>	<u>\$ 1,102,322</u>	<u>\$ 44,326</u>	<u>\$ 1,146,648</u>

23. DEPRECIATION AND AMORTIZATION

The following table (reported in thousands of dollars) summarizes Depreciation and Amortization Expense as of June 30, 2000.

			Total Primary Government	Component Units	Total Reporting Entity
	Enterprise	Internal Service	June 30, 2000	Proprietary Fund	June 30, 2000
Depreciation	\$ 9,193	\$ 15,026	\$ 24,219	\$ 54,852	\$ 79,071
Amortization	306	-	306	1,947	2,253
Total Depreciation and Amortization	<u>\$ 9,499</u>	<u>\$ 15,026</u>	<u>\$ 24,525</u>	<u>\$ 56,799</u>	<u>\$ 81,324</u>

24. OTHER EXPENSES

The following table (reported in thousands of dollars) summarizes Other Expenses as of June 30, 2000.

				Total Primary Government	Component Units	Total Reporting Entity
	Enterprise	Internal Service	Nonexpendable Trust	June 30, 2000	Proprietary Fund	June 30, 2000
Grants and Distributions to Localities	\$ 137	\$ 2,930	\$ 4	\$ 3,071	\$ 235,859	\$ 238,930
Tuition Benefits Expense	68,286	-	-	68,286	-	68,286
Expendable Equipment	1,576	3,718	-	5,294	360	5,654
Other	1,602	4,057	-	5,659	52,723	58,382
Total Other Expenses	<u>\$ 71,601</u>	<u>\$ 10,705</u>	<u>\$ 4</u>	<u>\$ 82,310</u>	<u>\$ 288,942</u>	<u>\$ 371,252</u>

25. OTHER NON-OPERATING REVENUE/EXPENSES

The following table (reported in thousands of dollars) summarizes Other Non-Operating Revenue/Expenses as of June 30, 2000.

			Total Primary Government	Component Units	Total Reporting Entity
	Enterprise	Internal Service	June 30, 2000	Proprietary Fund	June 30, 2000
Gain (Loss) on Sale of Fixed Assets	\$ -	\$ (134)	\$ (134)	\$ -	\$ (134)
Grants and Shared Revenue	-	-	-	698	698
Other	820	1,585	2,405	8,332	10,737
Total Other Non-Operating Revenue/Expenses	<u>\$ 820</u>	<u>\$ 1,451</u>	<u>\$ 2,271</u>	<u>\$ 9,030</u>	<u>\$ 11,301</u>

26. APPROPRIATION ACT TRANSFERS

Chapter 1072, 2000 Acts of Assembly, requires certain amounts to be transferred to the General Fund during the year from the nongeneral funds. Some of these transfers are to reimburse the General Fund for expenses incurred on behalf of those nongeneral funds. Other transfers are mandated in order to shift amounts from nongeneral funds to the General Fund. These Appropriation Act transfers are included in Operating Transfer activity. Following is a schedule of the major items that make up Appropriation Act Transfers (dollars in millions):

	Amount Transferred
Lottery Profits	\$ 324.3
ABC Profits	41.4
Contract Prisoners Special Revenue Fund	21.4
DGS Excess Reserves	14.5
Public School Literary Fund	10.9
DMHMRSAS Excess Revenues	6.9
Central Services Agencies	6.9
Chesapeake Bay Improvement	5.9
Other Transfers	5.3
Total Appropriation Act Transfers	<u>\$ 437.5</u>

27. SEGMENT/CONDENSED FINANCIAL INFORMATION

Segment financial information for the Commonwealth's Enterprise Funds and condensed financial information for the Commonwealth's discretely presented component units are presented in the following schedules:

Selected Segment Information - Enterprise Funds

For the Fiscal Year Ended June 30, 2000

(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Virginia Industries for the Blind	Consolidated Laboratories
Operating Revenues	\$ 972,972	\$ 315,785	\$ 4,972	\$ 74,517	\$ 8,549	\$ 1,829
Depreciation and Amortization Expense	4,208	4,854	-	-	41	54
Operating Grants	-	-	-	-	137	-
Operating Income (Loss)	323,943	38,834	(2,096)	(1,868)	(462)	(335)
Net Nonoperating Revenues (Expenses)	10,220	59	2,579	761	7	-
Operating Transfers:						
In	58	50	541	8	-	-
Out	(334,415)	(39,380)	(15,676)	-	(1)	(263)
Net Income (Loss)	(194)	(437)	(14,652)	(1,099)	(456)	(598)
Current Assets	107,400	28,276	40,115	18,467	4,827	2,218
Property, Plant, and Equipment Additions	(2,451)	(1,002)	-	-	-	-
Total Assets	561,316	42,815	40,115	18,467	5,450	2,482
Current Liabilities	115,859	37,054	14,734	10,733	856	1,302
Bonds and Other Long-Term Liabilities	446,410	7,276	-	-	223	126
Total Equity	(953)	(1,515)	25,381	7,734	4,371	1,054
Net Working Capital	(8,459)	(8,778)	25,381	7,734	3,971	916

Selected Segment Information - Enterprise Funds

For the Fiscal Year Ended June 30, 2000

(Continued)

(Dollars in Thousands)

	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway	Other	Total Enterprise Funds
Operating Revenues	\$ 93,991	\$ 9,236	\$ 13,320	\$ 4,266	\$ 1,499,437
Depreciation and Amortization Expense	23	-	306	13	9,499
Operating Grants	-	-	-	-	137
Operating Income (Loss)	20,100	1,274	(9,793)	(449)	369,148
Net Nonoperating Revenues (Expenses)	5	648	-	(467)	13,812
Operating Transfers:					
In	-	-	-	-	657
Out	(3)	-	-	-	(389,738)
Net Income (Loss)	60,027	1,922	(9,793)	(916)	33,804
Current Assets	58,909	12,442	10,531	2,177	285,362
Property, Plant, and Equipment Additions	(131)	-	(104,435)	(55)	(108,074)
Total Assets	512,749	12,442	410,778	2,230	1,608,844
Current Liabilities	5,151	2,225	30,592	121	218,627
Bonds and Other Long-Term Liabilities	423,189	664	393,238	66	1,271,192
Total Equity	84,409	9,553	(13,052)	2,043	119,025
Net Working Capital	53,758	10,217	(20,061)	2,056	66,735

Condensed Financial Information - Component Units
Governmental Fund

For the Fiscal Year Ended June 30, 2000

(Dollars in Thousands)

	Virginia Port Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Virginia Tourism Authority
Total Current Assets	\$ 70,084	\$ 2,306	\$ 1,848	\$ 921
Property, Plant, and Equipment	544,205	2,111	6,850	420
Amounts Available for Retirement of Long-Term Debt	9,799	-	-	-
Amount to be Provided for Retirement of Long-Term Debt	191,865	630	-	394
Amount to be Provided for Pension Liability	371	621	2	43
Total Assets	817,946	5,906	8,700	1,778
Total Current Liabilities	19,014	388	12	283
Total Long-Term Liabilities	202,035	1,251	2	437
Revenues	25,160	790	370	1,334
Current Expenditures	14,955	23,740	1,067	18,293
Capital Outlay Expenditures	34,097	-	-	-
Debt Service Expenditures	17,570	-	-	-
Total Transfers	27,034	24,125	800	17,597
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(14,462)	1,175	103	638

Condensed Financial Information - Component Units
Governmental Fund

For the Fiscal Year Ended June 30, 2000

(Continued)

(Dollars in Thousands)

	Virginia Tobacco Settlement Foundation	Tobacco Indemnification and Community Revitalization Commission	Virginia School for the Deaf and Blind Foundation	Total
Total Current Assets	\$ 18,362	\$ 21,332	\$ 388	\$ 115,241
Property, Plant, and Equipment	-	18	-	553,604
Amounts Available for Retirement of Long-Term Debt	-	-	-	9,799
Amount to be Provided for Retirement of Long-Term Debt	-	3	-	192,892
Amount to be Provided for Pension Liability	-	1	-	1,038
Total Assets	18,362	21,354	2,910	876,956
Total Current Liabilities	1,405	9,638	-	30,740
Total Long-Term Liabilities	-	4	-	203,729
Revenues	17,106	85,460	355	130,575
Current Expenditures	128	71,677	100	129,960
Capital Outlay Expenditures	-	-	-	34,097
Debt Service Expenditures	-	-	-	17,570
Total Transfers	-	(1,990)	-	67,566
Revenues and Other Sources Over (Under) Expenditures and Other Uses	16,957	11,694	255	16,360

Condensed Financial Information - Component Units

Proprietary Funds

For the Fiscal Year Ended June 30, 2000

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Operating Revenues	\$ 609,934	\$ 128,332	\$ 142,224	\$ 111,596
Depreciation Expense	2,984	4,404	38	-
Amortization Expense	763	-	-	-
Operating Grants	133,803	-	102,056	-
Operating Expenses	518,040	135,284	126,430	99,502
Operating Income (Loss)	91,894	(6,952)	15,794	12,094
Net Nonoperating Revenues (Expenses)	-	-	737	-
Total Transfers	-	1,128	20,449	(8,900)
Net Income (Loss)	91,894	(13,626)	36,980	3,194
Current Capital Contributions	-	844	24,404	-
Current Assets	556,870	46,630	114,263	154,641
Property, Plant and Equipment (net)	17,425	14,730	104	-
Total Assets	6,984,053	63,513	1,082,539	2,355,669
Current Liabilities	429,812	10,604	6,623	247,730
Long-Term Liabilities	5,443,547	14,129	454,205	2,083,918
Total Liabilities	5,873,359	24,733	460,828	2,331,648
Total Equity	1,110,694	38,780	621,711	24,021
Net Working Capital	127,058	36,026	107,640	(93,089)

Condensed Financial Information - Component Units

Proprietary Funds

For the Fiscal Year Ended June 30, 2000

(Continued)

(Dollars in Thousands)

	Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority
Operating Revenues	\$ 86,901	\$ 4,835	\$ 494,325	\$ 461
Depreciation Expense	26,455	826	19,765	-
Amortization Expense	-	154	995	-
Operating Grants	-	-	-	-
Operating Expenses	91,537	2,612	499,260	500
Operating Income (Loss)	(4,636)	2,223	(4,935)	(39)
Net Nonoperating Revenues (Expenses)	1,497	(869)	12,387	950
Total Transfers	-	-	-	919
Net Income (Loss)	(3,139)	1,354	7,452	1,830
Current Capital Contributions	2,165	-	-	-
Current Assets	51,982	1,677	146,655	27,202
Property, Plant and Equipment (net)	416,981	25,554	181,948	-
Total Assets	515,058	75,951	494,471	34,172
Current Liabilities	19,505	1,931	49,499	2,156
Long-Term Liabilities	158,732	60,352	97,006	-
Total Liabilities	178,237	62,283	146,505	2,156
Total Equity	336,821	13,668	347,966	32,016
Net Working Capital	32,477	(254)	97,156	25,046

Condensed Financial Information - Component Units

Proprietary Funds

For the Fiscal Year Ended June 30, 2000

(Continued)

(Dollars in Thousands)

	Wireless E-911 Service Board	Other	Total Component Units
Operating Revenues	\$ 18,113	\$ 5,182	\$ 1,601,903
Depreciation Expense	-	380	54,852
Amortization Expense	-	35	1,947
Operating Grants	-	-	235,859
Operating Expenses	5,412	5,412	1,483,989
Operating Income (Loss)	12,701	(230)	117,914
Net Nonoperating Revenues (Expenses)	676	(339)	15,039
Total Transfers	-	(477)	13,119
Net Income (Loss)	13,377	(1,046)	138,270
Current Capital Contributions	-	-	27,413
Current Assets	25,689	798	1,126,407
Property, Plant and Equipment (net)	-	10,096	666,838
Total Assets	25,689	11,470	11,642,585
Current Liabilities	-	1,169	769,029
Long-Term Liabilities	-	5,733	8,317,622
Total Liabilities	-	6,902	9,086,651
Total Equity	25,689	4,568	2,555,934
Net Working Capital	25,689	(371)	357,378

**Selected Segment Information - Component Units
Higher Education**

For the Fiscal Year Ended June 30, 2000

(Dollars in Thousands)

	College of William & Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute	Virginia State University
Total Assets	\$ 447,284	\$ 4,287,099	\$ 1,076,883	\$ 135,143	\$ 164,961
Total Liabilities	81,216	574,052	291,488	10,521	26,778
Total Fund Balance	366,068	3,713,047	785,395	124,622	138,183
Revenues and Other Additions	175,638	1,806,490	607,723	46,263	71,234
Expenditures and Other Deductions	238,910	1,360,540	833,744	55,131	92,688
Transfers Among Funds	79,710	189,322	260,883	20,344	29,730
Net Increase (Decrease) for the Year	16,438	635,272	34,862	11,476	8,276
Fund Balance, July 1	349,630	3,077,775	750,533	113,146	129,907
Fund Balance, June 30	366,068	3,713,047	785,395	124,622	138,183

**Selected Segment Information - Component Units
Higher Education**

For the Fiscal Year Ended June 30, 2000

(Continued)

(Dollars in Thousands)

	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University
Total Assets	\$ 152,670	\$ 136,327	\$ 432,170	\$ 169,226	\$ 372,777
Total Liabilities	40,677	26,199	129,408	23,579	70,899
Total Fund Balance	111,993	110,128	302,762	145,647	301,878
Revenues and Other Additions	83,499	47,986	174,396	71,635	176,074
Expenditures and Other Deductions	117,386	64,289	227,336	106,681	253,776
Transfers Among Funds	41,054	24,117	82,384	46,310	92,977
Net Increase (Decrease) for the Year	7,167	7,814	29,444	11,264	15,275
Fund Balance, July 1	104,826	102,314	273,318	134,383	286,603
Fund Balance, June 30	111,993	110,128	302,762	145,647	301,878

**Selected Segment Information - Component Units
Higher Education**

For the Fiscal Year Ended June 30, 2000

(Continued)

(Dollars in Thousands)

	Virginia Commonwealth University	George Mason University	Virginia Community College System	Non-Major Component Units	Total Higher Education
Total Assets	\$ 741,155	\$ 489,337	\$ 648,392	\$ 364,751	\$ 9,618,175
Total Liabilities	194,266	163,831	120,265	335,084	2,088,263
Total Fund Balance	546,889	325,506	528,127	29,667	7,529,912
Revenues and Other Additions	482,720	259,748	291,450	107,468	4,402,324
Expenditures and Other Deductions	629,794	363,748	574,237	201,270	5,119,530
Transfers Among Funds	188,989	116,397	317,702	57,008	1,546,927
Net Increase (Decrease) for the Year	41,915	12,397	34,915	(36,794)	829,721
Fund Balance, July 1	504,974	313,109	493,212	66,461	6,700,191
Fund Balance, June 30	546,889	325,506	528,127	29,667	7,529,912

28. CONTRIBUTED CAPITAL

Primary Government

Contributed capital is created when a residual equity transfer is received by a proprietary fund, when a general fixed asset is "transferred" to a proprietary fund, or when a grant is received that is externally restricted to capital acquisition or construction.

Contributed capital of the Enterprise Funds totaled approximately \$3.7 million. The Department of Alcoholic Beverage Control's (ABC's) contributed capital of \$1.6 million represents the total withheld from ABC profits. Virginia Industries for the Blind (VIB) reported \$1.7 million in contributed property and equipment. The Consolidated Laboratory reported \$340,000 and the State Parks Foundation – Other Enterprise Funds reported \$25,000 to provide funding for start-up expenditures.

Contributed capital of the Internal Service Funds totaled approximately \$6.1 million. Correctional Enterprises' contributed capital of \$5.8 million represents \$1.6 million in General Fund appropriations and \$4.2 million in contributed property and equipment. Information Technology's contributed capital of \$251,000 consists of \$34,000 in contributed equipment and \$217,000 of net assets transferred from their Special Revenue Fund.

Component Units

Seven component units reported contributed capital. The Virginia Port Authority reported \$3.6 million in contributed property and equipment and \$5.3 million in cash to fund equipment acquisitions, undertake construction and perform other actions that the VPA has historically undertaken at the terminals.

The Virginia Resource Authority's contributed capital consists of \$66.6 million in transfers from the Commonwealth to fund the Virginia Water Facilities Revolving Fund and \$393.2 million from the Environmental Protec-

tion Agency of the U.S. Government under the Capitalization Grants for State Revolving Funds Federal assistance program. The property and equipment in each fund is recorded at historical cost.

The Hampton Roads Sanitation District Commission reported contributed capital of \$225.9 million. This arises primarily from the United States Environmental Protection Agency and the Virginia Department of Environmental Quality construction grants, and is recognized as contributed capital when eligible expenditures have been made.

The Virginia Biotechnology Research Park Authority reported \$11.5 million in contributed capital. The Authority reported \$5.2 million in contributed capital to fund Phase I of the construction costs of the building to be utilized by the Authority. Virginia Commonwealth University contributed property worth \$3.8 million and \$2.5 million in cash was received from other sources.

The Medical College of Virginia Hospitals Authority reported \$311.8 million in contributed capital. The Authority reported \$306.0 million in contributed capital from the Virginia Commonwealth University and \$5.8 million in contributed property and buildings.

The Small Business Financing Authority reported \$1.0 million in contributed capital to provide backup for the Guaranteed Loan Program.

The Virginia Equine Center Foundation – Other Component Units reported \$5.4 million in contributed capital from the Commonwealth and \$1.3 million from other sources. Contributions from the Commonwealth are restricted to use for construction. By legislation, the General Assembly expressed its intent that no present or future appropriations be expended for operational costs of the Center.

Schedule of Changes in Contributed Capital

(Dollars in Thousands)

	Contributed Capital July 1, 1999	Contributions	Retirements	Contributed Capital June 30, 2000
Primary Government:				
Enterprise Funds:				
ABC	\$ 1,600	\$ -	\$ -	\$ 1,600
VIB	1,740	-	-	1,740
Consolidated Laboratory	340	-	-	340
Historic Preservation Foundation	260	-	(260)	-
State Parks Foundation	25	-	-	25
Total Enterprise Funds	<u>3,965</u>	<u>-</u>	<u>(260)</u>	<u>3,705</u>
Internal Service Funds:				
Information Technology	251	-	-	251
Correctional Enterprises	5,834	-	-	5,834
Total Internal Service Funds	<u>6,085</u>	<u>-</u>	<u>-</u>	<u>6,085</u>
Total Primary Government	<u>10,050</u>	<u>-</u>	<u>(260)</u>	<u>9,790</u>
Component Units:				
VPA	8,103	844	-	8,947
VRA	435,433	24,404	-	459,837
Hampton Roads Sanitation District Commission	223,756	2,165	-	225,921
Virginia Biotechnology Research Park Authority	11,526	-	-	11,526
Medical College of Virginia Hospitals Authority	311,798	-	-	311,798
Small Business Financing Authority	1,000	-	-	1,000
Virginia Equine Center Foundation	6,748	-	-	6,748
Total Component Units	<u>998,364</u>	<u>27,413</u>	<u>-</u>	<u>1,025,777</u>
Total Contributed Capital	<u>\$ 1,008,414</u>	<u>\$ 27,413</u>	<u>\$ (260)</u>	<u>\$ 1,035,567</u>

29. CHANGE IN ACCOUNTING PRINCIPLE

Primary Government

During fiscal year 2000, the Higher Education Tuition Trust Fund (Enterprise Fund) elected to change the method of accrual used to report the Fund's liability for tuition benefits payable and began accruing receivables for future payments anticipated to be made into the Virginia Prepaid Education Program. The Fund elected to accrue a receivable that reflects the actuarially determined present value of future payments anticipated to be made to the fund by account owners over a period of one to eighteen years. The fund also elected to accrue a liability that reflects the actuarially determined present value of future payments anticipated to be made from the fund to the current enrollment group over a period of one to twenty-four years. In previous years, the Fund recorded a liability for the contributions made to the program which were refundable to the participants upon request.

The cumulative effect of this change in accounting principle on retained earnings at the beginning of the year is an increase of \$39,925,448. An additional effect of this change was to increase operating revenues by \$71,715,736 and operating expenses by \$68,285,500 in the accompanying Statement of Revenues, Expenses and Changes in Retained Earnings (or Equity) for the year ended June 30, 2000.

Component Units

Effective July 1, 1999, the Virginia Port Authority (VPA) (Proprietary Fund) adopted AICPA Statement of Position 97-3, "Accounting by Insurance and Other Enterprises for Insurance-Related Assessments." As a result of this change, VPA was required to accrue a liability for probable insurance-related assessments based upon its participation in the U.S. Department of Labor's Second Injury Fund.

The cumulative effect of this change in accounting principle on retained earnings at the beginning of the year is as follows:

Accrued Department of Labor Assessment	\$ 980,000
Accrued Department of Labor assessment, noncurrent portion	<u>6,822,000</u>
Decrease in retained earnings, Beginning of year	<u>\$ 7,802,000</u>

The effect of this change was to decrease operating expenses by \$350,000 in the accompanying Statement of Revenues, Expenses and Changes in Retained Earnings (or Equity) for the year ended June 30, 2000.

30. CHANGE IN ACCOUNTING ESTIMATE

During the year ended June 30, 2000, the Virginia Port Authority (VPA) (Proprietary Fund) (Component Unit) changed its method of estimating its future liability for workers' compensation claims arising from injuries during its prior periods of self-insurance. Prior to July 1, 1999, these claims were handled by an outside administrator who provided an estimate of the Authority's future liability. During the year ended June 30, 2000, the administration of these claims was brought in-house. Concurrent with the adoption of SOP 97-3 (see Note 29), VPA developed an estimate of the liability based upon each claimant's estimated future payment stream and expected longevity. The total liability was discounted using a rate of 8.0 percent. The undiscounted liability totaled approximately \$8,370,000 at June 30, 2000. This change in accounting estimate resulted in a one-time charge to worker's compensation expense of an additional \$3,548,000 for the year ended June 30, 2000.

31. RESTATEMENT OF BEGINNING FUND BALANCES

The restatements required to correct prior year errors resulted from the following:

- The motor fuels tax receivable was reported in the Other – Special Revenue Fund in prior years, but should have been reported in the Expendable Trust Fund.
- The Department of Mental Health, Mental Retardation, and Substance Abuse Services reported an endowment as an Expendable Trust Fund in prior years. The endowment should have been reported as a Nonexpendable Trust Fund.
- The Virginia Retirement System reported optional life insurance as part of the Postemployment Group Life – Pension Trust Fund in the prior year. The optional life insurance was reported as an Agency Fund in the current year, resulting in the restatement of fund balance for the Pension Trust Fund.

The restatement required pursuant to GASB Statement No. 14, *The Financial Reporting Entity*, resulted because the primary government is recognizing the Virginia School for the Deaf and Blind Foundation as a component unit. This entity has not been included in previous years.

Restatement of Beginning Fund Balances

(Dollars in Thousands)

	Special Revenue	Trust and Agency	Component Units Governmental Funds
Balance as of June 30, 1999	\$ 1,316,457	\$ 39,186,993	\$ 69,868
Correction of Prior Year Errors	(4,876)	2,777	-
GASB 14	-	-	2,655
Balance, June 30, 1999, as restated	<u>\$ 1,311,581</u>	<u>\$ 39,189,770</u>	<u>\$ 72,523</u>

32. RETAINED EARNINGS/FUND BALANCE RESERVATIONS

Reserved fund balances at June 30, 2000, are as follows:

(Dollars in Thousands)

Reserved/ Restricted for	Primary Government			
	General Fund	Special Revenue Funds	Debt Service Fund	Internal Service
Literary Fund (constitutionally restricted for public schools)	\$ -	\$ 464,783	\$ -	\$ -
Debt Service	-	-	11,539	-
Inventory	33,862	54,175	-	-
Employees' Pension Benefits	-	-	-	-
Employees' Postemployment Healthcare Benefits	-	-	-	-
Employees' Group Life Insurance Benefits	-	-	-	-
Local Government Investment Pool (LGIP) Participants	-	-	-	-
State Non-Arbitrage Pool (SNAP) Participants	-	-	-	-
SNAP Individual Investment Accounts Participants	-	-	-	-
Commonwealth Health Research Board	-	-	-	-
Prepaid Items	-	4	-	-
Revenue Stabilization	677,979	-	-	-
VELA Loan Servicing Reserve Fund	-	-	-	-
Capital Acquisition	-	452	-	-
Administrative Services	-	-	-	-
Reserve for Construction	-	-	-	-
Reserved/Restricted Gifts, Grants, and Contracts	-	-	-	-
Loan Funds	-	-	-	-
Endowment	-	-	-	-
Health Insurance (Legislatively Restricted)	-	-	-	8,658
Total Reserved/Restricted Fund Balance	<u>\$ 711,841</u>	<u>\$ 519,414</u>	<u>\$ 11,539</u>	<u>\$ 8,658</u>

Trust and Agency Funds	Component Units		
	Governmental Fund	Proprietary Fund	Higher Education Fund
\$ -	\$ -	\$ -	\$ -
-	9,782	1,016,926	-
-	-	-	-
39,787,578	-	25,255	-
38,138	-	-	-
1,015,657	-	-	-
1,453,102	-	-	-
903,058	-	-	-
28,188	-	-	-
29,457	-	-	-
-	48	-	25,043
-	-	-	-
545	-	-	-
187	-	-	-
1,639	-	-	-
-	37,102	49,635	-
-	2,522	-	685,059
-	-	-	96,027
260	-	-	1,396,941
-	-	-	-
<u>\$ 43,257,809</u>	<u>\$ 49,454</u>	<u>\$ 1,091,816</u>	<u>\$ 2,203,070</u>

33. DEFICIT RETAINED EARNINGS – GAAP BASIS

The State Lottery Department ended the year with a deficit retained earnings of \$952,753. This was solely attributable to the net pension obligation resulting from GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. Since the Commonwealth is the employer, the Lottery does not report this liability in their individually published financial statements.

The Department of Alcoholic Beverage Control ended the year with a deficit retained earnings of \$3.1 million. This is attributable to a deficit in beginning Retained Earnings and the net pension obligation resulting from GASB Statement No. 27 as explained in the previous paragraph.

The Pocahontas Parkway Association ended the year with a deficit retained earnings balance of \$13.1 million. This is attributable to debt service and operating ex-

penses exceeding revenues and a deficit in beginning retained earnings.

The Risk Management, Internal Service Fund ended the year with a deficit retained earnings of \$114.7 million. The deficit was the result of estimated claims payable exceeding the available equity in the fund. Claims are paid on a pay-as-you-go basis. To the extent that claims exceed current resources, they will ultimately become a liability of the fund from which the claim originated.

The Virginia Equine Center Foundation (Component Unit – Other) ended the year with deficit retained earnings of \$2.7 million. The operation of the Center, along with the fund raising activities of the Foundation are intended to provide sufficient cash flows to be self-sustaining. The Foundation is dependent upon charitable giving. To date, these cash flows have been insufficient to fully support the Center.

34. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (reported in thousands) summarizes specific cash flows as of June 30, 2000.

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	<u>Proprietary Component Units</u>	<u>Total</u>
Cash Flows Resulting from:					
Payments for Prizes, Claims, and Loss Control					
Lottery Prizes	\$ (637,614)	\$ -	\$ -	\$ -	\$ (637,614)
Claims and Loss Control	(81,001)	(545,184)	-	(44,950)	(671,135)
Total	<u>\$ (718,615)</u>	<u>\$ (545,184)</u>	<u>\$ -</u>	<u>\$ (44,950)</u>	<u>\$ (1,308,749)</u>
Other Operating Expenses:					
Payments for Loans	\$ -	\$ -	\$ -	\$ (1,027,357)	\$ (1,027,357)
Program Grant Disbursements	-	-	(454)	(148,525)	(148,979)
Payments for Contractual Services	(54,052)	(94,357)	-	(91,775)	(240,184)
Payments for Mortgage Servicing Expenses	-	-	-	(8,288)	(8,288)
Escrow Payments Paid	-	-	-	(74,090)	(74,090)
Other Operating Expenses	(10,480)	(785)	-	(26,244)	(37,509)
Total	<u>\$ (64,532)</u>	<u>\$ (95,142)</u>	<u>\$ (454)</u>	<u>\$ (1,376,279)</u>	<u>\$ (1,536,407)</u>
Other Operating Revenues:					
Collections of Principal and Interest on Loans	\$ -	\$ -	\$ -	\$ 1,093,037	\$ 1,093,037
Program Grant Receipts	-	-	-	155,985	155,985
Escrow Payments Received	-	-	-	83,994	83,994
Receipts for Loan Origination and Guarantee Fees	-	-	-	9,837	9,837
Contributions Received	155	-	-	2,304	2,459
Other Operating Revenue	19,423	28	14	59,227	78,692
Total	<u>\$ 19,578</u>	<u>\$ 28</u>	<u>\$ 14</u>	<u>\$ 1,404,384</u>	<u>\$ 1,424,004</u>
Other Noncapital Financing Activities:					
Advances/Contributions from the Commonwealth	\$ (537)	\$ 1,705	\$ -	\$ -	\$ 1,168
Receipts from Taxes	90,387	-	-	-	90,387
Repayments of Advances from the Commonwealth	(12,000)	-	-	-	(12,000)
Repayments of Advances from Other Funds	-	(251)	-	-	(251)
Capital Contributed by the Federal Government	-	-	-	26,062	26,062
Other Noncapital Financing Activities	-	70	-	(28,643)	(28,573)
Total	<u>\$ 77,850</u>	<u>\$ 1,524</u>	<u>\$ -</u>	<u>\$ (2,581)</u>	<u>\$ 76,793</u>
Other Capital and Related Financing Activities:					
Capital Contributed by the Federal Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,165</u>	<u>\$ 2,165</u>

35. ON-BEHALF PAYMENTS - HIGHER EDUCATION (COMPONENT UNIT)

Higher Education recognized various foundation and association on-behalf payments for fringe benefits and salaries during fiscal year 2000 totaling \$1,621,679. This activity was recorded in Current Funds as Other Sources in the amount of \$1,371,679 and Auxiliary Enterprises Revenue in the amount of \$250,000, with a corresponding expenditure.

36. CONTINGENCIES

A. Grants and Contracts

The Commonwealth has received Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable Federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a Federal audit may become a liability of the Commonwealth.

Institutions of higher education (Component Units) and other State agencies are required to comply with various Federal regulations issued by the Office of Management and Budget, if such agencies are recipients of Federal grants, contracts, or other sponsored agreements. Failure to comply with certain requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

The U. S. Department of Health and Human Services' (DHHS) Office of the Inspector General conducted a review and indicated that the Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed over-recoveries in the Internal Service Funds. The Department of Accounts filed an appeal with the Departmental Appeals Board. In that appeal, the Commonwealth proposed an alternative methodology for determining over-recoveries. The U. S. DHHS agreed to a review of this methodology.

On April 12, 2000 the Commonwealth and the Division of Cost Allocation (DCA) reached an agreement on the full and final settlement for a total of \$10.6 million for fiscal years 1993 through 1997. The settlement included the Federal financial participation (FFP) in the principal and interest amounts relating to appropriation transfers and over-billings for internal service funds. The two parties also reached agreement to use Virginia's proposed methodology for settlement of appropriation transfers and over-recoveries for fiscal years 1998 through 2000.

On May 15, the Department of Accounts received approval of its fiscal year 2000 cost allocation plan

from the DCA. This plan is based on state fiscal year 1998 data. The approval referenced the agreed upon methodology for returning the federal share of over-recoveries and transfers to the general fund for fiscal year 1998 that amounted to \$1.7 million, and was paid in July 2000. The U. S. DHHS has not yet audited the fiscal year 2001 cost allocation plan, which is based on state fiscal year 1999 data. The Commonwealth believes this liability has the potential to total \$2.2 million as of June 30, 2000.

Virginia's combined overpayment and underpayment food stamp error rate for fiscal year 1999 was 11.85 percent. The national average combined error rate was 9.88 percent. States whose error rate exceeds the national average are subject to a penalty. Since Virginia's combined error rate exceeds the national average; the Commonwealth is subject to a cumulative potential liability of \$13.1 million. Virginia has chosen to settle this potential liability by investing in food stamp program improvement activities as allowed by the food stamp program. Payment of the \$13.1 million is contingent upon the level of payment accuracy the Commonwealth achieves during the period beginning October 1, 1997 through September 30, 2000.

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 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.

37. SUBSEQUENT EVENTS

Primary Government

Effective July 1, 2000, the Department of General Services no longer administers the Division of Risk Management that is reported in the Risk Management – Enterprise Fund and Risk Management – Internal Service Fund. The Department of Personnel and Training assumed administration of the worker's compensation insurance coverage. The Department of Treasury assumed administration of all other insurance coverage. These organizational changes had no substantive impact on the risk management program.

In November 2000, the Virginia Department of Transportation issued \$375,000,000 in Federal Highway Reimbursement Anticipation Notes (Notes), Series 2000. Net proceeds will be used to finance a portion of various construction projects. Repayment of these Notes will be from appropriations of future cost reimbursements and payments received from the Federal Highway Administration for Federal-aid projects.

Component Units

Effective July 1, 2000, the Commonwealth, with the concurrence of the Virginia Commonwealth University Board of Visitors, renamed the Medical College of Virginia Hospitals Authority (Component Unit - Proprietary) as the Virginia Commonwealth University Health System Authority (VCUHSA). Concurrently, the Virginia Commonwealth University Health System (VCUHS) was created. The VCUHS will combine the separate corporate entities of the VCUHSA and the Medical College of Virginia (MCV) Physicians with the Virginia Commonwealth University (VCU) (Component Unit – Higher Education) into a unified governance system. Financial statements issued subsequent to June 30, 2000, will include the financial activity of the VCUHSA and MCV Physicians as components of the VCU (Component Unit – Higher Education). As of June 30, 2000, the Commonwealth's financial statements do not reflect the MCV Physicians' assets of \$59.5 million, liabilities of \$21.1 million, revenues and other additions of \$132.7 or expenses and other deductions of \$132.5 million.

Subsequent to year-end, the Virginia Resources Authority closed a \$6,490,000, 3.5 percent non-interest bearing loan with the Hampton Roads Sanitation District; an \$862,184 non-interest bearing loan with the Tazewell County Public Service Authority; and a \$1,489,480 non-interest bearing loan with the Tazewell County Public Service Authority.

In August 2000, the Virginia Housing Development Authority sold \$64,385,000 Rental Housing Bonds, 2000 Series C/D/E.

In October 2000, the Virginia Resources Authority issued \$4,640,000 in Sewer System Revenue Bonds, Series 2000.

In November 2000, the Virginia Resources Authority issued \$106,685,000 in Clean Water State Revolving Fund Revenue Bonds, Series 2000.

In November 2000, the Virginia College Building Authority issued \$83,010,000 in Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2000A to finance capital projects at various higher education institutions.

In November 2000, the Virginia Public School Authority issued \$106,200,000 in School Financing Bonds (1997 Resolution), Series 2000B to purchase local school bonds to finance capital projects for public schools.

38. TOBACCO SETTLEMENT

On November 23, 1998, 46 states' Attorneys General and the major tobacco companies signed a proposed settlement that reimburses states for smoking-related medical expenses paid through Medicaid and other health care programs. Virginia could receive approximately \$4.1 billion over the next 25 years. 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 a Commission, in compliance with the Consent Decree, to help communities in Virginia hurt by the decline of tobacco.

The Commission is established for the purposes of determining the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund. The moneys 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 moneys are also to be used to revitalize tobacco dependent communities.

Additionally, the General Assembly created two special non-reverting funds. The Tobacco Settlement monies will be deposited to these funds and the General Fund. Fifty percent of the Settlement monies will be deposited into the Tobacco Indemnification and Community Revitalization Fund. Ten percent of the Settlement monies will be deposited into the Virginia Tobacco Settlement Fund. The remaining 40 percent will be deposited to the General Fund.

The General Assembly also created The Virginia Tobacco Settlement Foundation (Foundation). 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. The Virginia Tobacco Commission and the Virginia Tobacco Settlement Foundation are included in the Comprehensive Annual Financial Report as governmental component units.



Required Supplementary Information

Funding Progress for Defined Benefit Pension Plans

(Dollars in Millions)

Biennial Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) - Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
<i>Virginia Retirement System (VRS) *</i>						
1999	\$ 29,804	\$ 31,419	\$ 1,615	94.9%	\$ 9,138	17.7%
**1998	25,481	29,027	3,546	87.8%	8,638	41.1%
***1996	19,032	23,842	4,810	79.8%	7,769	61.9%
1994	14,891	20,405	5,514	73.0%	7,274	75.8%
<i>State Police Officers' Retirement System (SPORS)</i>						
1999	\$ 377	\$ 463	\$ 86	81.4%	\$ 77	111.7%
**1998	322	425	103	75.8%	65	158.5%
***1996	243	371	128	65.5%	60	213.3%
1994	201	277	76	72.6%	58	131.0%
<i>Judicial Retirement System (JRS)</i>						
1999	\$ 210	\$ 302	\$ 92	69.5%	\$ 42	219.0%
**1998	180	274	94	65.7%	39	241.0%
***1996	138	243	105	56.8%	36	291.7%
1994	115	199	84	57.8%	33	254.5%

* The Virginia Retirement System provides defined benefit pension plan coverage for State employees, teachers, political subdivision employees and other qualifying employees. VRS' actuarial calculations for the Schedule of Funding Progress Defined Benefit Pension Plans are made based on all plan participants and presented as such. Actuarial information for the VRS as it relates to the Commonwealth alone is not available.

** Change in benefit formula, unreduced early retirement age and in the actuarial amortization method.

*** Revised economic and demographic assumptions due to experience study.

Notes:	Valuation Date:	June 30, 1999
	Actuarial Cost Method:	Entry Age Normal
	Amortization Method:	Level percent, closed
	Payroll Growth Rate:	4%
	Remaining Amortization Period:	27 years
	Asset Valuation Method:	Five-Year Smoothed Market
	Actuarial Assumptions:	
	Investment Rate of Return (1)	8.00%
	Projected Salary Increases (1)	
	State Employees	4.00% to 6.15%
	Teachers	4.00% to 6.50%
	State Police	4.00% to 6.00%
	Judicial	5.00%
	Cost of Living Adjustments	3.50%

(1) Includes inflation at 4%.

Notes for Claims Development Information Tables

The tables on the following pages illustrate how the Risk Management and Health Care Claims Funds earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Funds as of the end of each of the past several years. The rows of the tables are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the Funds, including overhead and claims expense not allocable to individual claims.
3. This line shows the Funds' gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

Notes:

- (a) During fiscal year 1997, the Commonwealth implemented GASB Statement No. 30, *Risk Financing Omnibus*. The Commonwealth has no reinsurers; therefore, the ceded amounts on lines 1, 3, and 5 are zero.

Risk Management Claims Development Information

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	1991	1992	1993	1994	1995
1. Required contribution and investment revenue:					
Earned	\$ 13,253	\$ 13,715	\$ 6,873	\$ 7,267	\$ 8,763
Ceded (a)	-	-	-	-	-
Net earned	13,253	13,715	6,873	7,267	8,763
2. Unallocated expenses	218	319	308	2,621	2,300
3. Estimated incurred claims and expenses, end of policy year:					
Incurred	648	3,710	4,804	4,302	3,954
Ceded (a)	-	-	-	-	-
Net incurred	648	3,710	4,804	4,302	3,954
4. Net paid (cumulative) as of:					
End of policy year	162	423	866	622	804
One year later	1,357	1,487	2,794	1,701	2,388
Two years later	1,715	2,652	3,610	2,208	3,545
Three years later	1,878	2,847	4,072	2,922	3,854
Four years later	1,934	2,898	4,192	3,384	4,043
Five years later	2,029	2,906	4,148	3,563	44,129
Six years later	2,058	2,919	4,202	3,603	
Seven years later	2,058	2,924	4,203		
Eight years later	2,059	2,925			
Nine years later	2,059				
5. Reestimated ceded claims and expenses (a)	-	-	-	-	-
6. Reestimated incurred claims and expenses:					
End of policy year	648	3,710	4,804	4,302	3,954
One year later	2,099	2,890	5,375	3,921	4,711
Two years later	2,513	3,450	5,673	3,731	4,477
Three years later	2,318	3,086	4,722	3,590	4,458
Four years later	2,220	2,952	4,251	3,748	4,248
Five years later	2,225	2,940	4,191	3,679	4,335
Six years later	2,138	2,940	4,207	3,620	
Seven years later	2,066	2,927	4,203		
Eight years later	2,062	2,925			
Nine years later	2,062				
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	1,414	(783)	(601)	(682)	381

The Commonwealth, through its Department of General Services, Division of Risk Management, provides errors and omissions liability insurance, law enforcement professional liability insurance, and commuter rail insurance for local governmental units, which went into effect in fiscal year 1987.

	1996	1997	1998	1999	2000
\$	8,133	\$ 8,046	\$ 8,709	\$ 7,984	\$ 7,551
	-	-	-	-	-
	<u>8,133</u>	<u>8,046</u>	<u>8,709</u>	<u>7,984</u>	<u>7,551</u>
	2,557	2,225	1,192	2,324	2,563
	3,706	2,095	2,760	2,719	2,263
	-	-	-	-	-
	<u>3,706</u>	<u>2,095</u>	<u>2,760</u>	<u>2,719</u>	<u>2,263</u>
	254	286	434	439	196
	1,995	1,680	2,651	2,100	
	3,312	2,602	3,261		
	4,385	2,907			
	4,605				
	-	-	-	-	-
	3,706	2,095	2,760	2,719	2,263
	4,004	3,352	4,080	5,509	
	4,957	3,160	3,934		
	5,016	3,300			
	4,936				
	1,230	1,205	1,174	2,790	-

Health Care Claims Development Information

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	1991	1992	1993	1994	1995
1. Required contribution and investment revenue:					
Earned	\$ 27,079	\$ 35,719	\$ 41,716	\$ 48,932	\$ 40,468
Ceded (a)	-	-	-	-	-
Net earned	27,079	35,719	41,716	48,932	40,468
2. Unallocated expenses	1,648	2,328	2,401	2,288	2,428
3. Estimated incurred claims and expenses, end of policy year:					
Incurred	24,353	35,921	37,346	37,805	33,731
Ceded (a)	-	-	-	-	-
Net incurred	24,353	35,921	37,346	37,805	33,731
4. Net paid (cumulative) as of:					
End of policy year	19,841	30,530	32,403	33,704	30,177
One year later	24,353	35,921	37,346	37,805	33,731
Two years later	N/A	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A	N/A
Five years later	N/A	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		
5. Reestimated ceded claims and expenses (a)	-	-	-	-	-
6. Reestimated incurred claims and expenses:					
End of policy year	24,353	35,921	37,346	37,805	33,731
One year later	24,353	35,921	37,346	37,805	33,731
Two years later	N/A	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A	N/A
Five years later	N/A	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		
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	-	-	-	-	-

The Commonwealth, through its Department of Personnel and Training, provides health care insurance for local governmental units, which went into effect in fiscal year 1987.

1996	1997	1998	1999	2000
\$ 38,321	\$ 48,493	\$ 54,089	\$ 64,419	\$ 75,569
-	-	-	-	-
38,321	48,493	54,089	64,419	75,569
3,305	4,445	5,286	6,632	6,997
41,232	46,895	60,657	70,719	76,816
-	-	-	-	-
41,232	46,895	60,657	70,719	76,816
39,276	40,631	53,219	62,219	68,336
41,232	46,895	60,657	-	
N/A	N/A	N/A		
N/A	N/A			
N/A				
-	-	-	-	-
41,232	46,895	60,657	70,719	74,417
41,232	46,895	60,657	70,719	
N/A	N/A	N/A		
N/A	N/A			
N/A				
-	-	-	-	-



Combining and Individual Fund and Account Group Statements and Schedules



Special Revenue Funds

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

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

The Federal Trust Fund accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Trust Fund, and institutions of higher education.

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 Dedicated Special Revenue Fund accounts for revenues and expenditures associated with specific activities aimed at improving and protecting the environment.

The Other Special Revenue Fund accounts for revenues and expenditures related to local health care assistance, business and agricultural activities, and miscellaneous activities throughout the Commonwealth.

Virginia Public Building Authority Fund accounts for the receipt and disbursement of bond proceeds issued under the 1997 Master Indenture of Trust for the acquisition, construction, and operation of public buildings used by the Commonwealth and its political subdivisions.

Combining Balance Sheet
Special Revenue Funds

June 30, 2000

(Dollars in Thousands)

	Commonwealth Transportation	Federal Trust	Literary
Assets and Other Debits			
Cash, Cash Equivalents, and Investments	\$ 736,734	\$ 65,725	\$ 187,720
Taxes, Loans, Accounts, and Other Receivables (Net)	219,645	291,438	73,159
Due from Other Funds and Primary Government	9,716	6,956	-
Interfund Receivables	-	-	-
Interfund Loans Receivable	-	-	338,338
Inventory	42,109	61,768	-
Prepaid Items	4	-	-
Other Assets	1,324	88	-
Total Assets	<u>\$ 1,009,532</u>	<u>\$ 425,975</u>	<u>\$ 599,217</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	\$ 204,997	\$ 142,323	\$ 206
Amounts Due to Other Governments	46,321	15,168	-
Obligations Under Securities Lending Program	34,530	2,365	14,753
Other Liabilities	188	157,608	-
Due to Other Funds and Primary Government	11,679	305	-
Interfund Payables	-	10,197	-
Interfund Loans Payable	-	-	119,475
Deferred Revenue and Deferred Credit	844	94,243	-
Total Liabilities	<u>298,559</u>	<u>422,209</u>	<u>134,434</u>
Fund Balance:			
Reserved	42,113	3,766	464,783
Unreserved	668,860	-	-
Total Fund Balance	<u>710,973</u>	<u>3,766</u>	<u>464,783</u>
Total Liabilities and Fund Balance	<u>\$ 1,009,532</u>	<u>\$ 425,975</u>	<u>\$ 599,217</u>

Dedicated	Other	Virginia Public Building Authority	Total
			June 30, 2000
\$ 210,768	\$ 128,760	\$ 116,736	\$ 1,446,443
8,940	41,695	634	635,511
-	1,018	-	17,690
-	36,035	-	36,035
-	18,411	-	356,749
165	8,135	-	112,177
-	-	-	4
65	250	-	1,727
<u>\$ 219,938</u>	<u>\$ 234,304</u>	<u>\$ 117,370</u>	<u>\$ 2,606,336</u>
\$ 6,851	\$ 36,124	\$ 87	\$ 390,588
-	-	-	61,489
13,226	2,355	-	67,229
1,064	565	-	159,425
-	-	-	11,984
800	150	-	11,147
-	-	-	119,475
192	1,347	-	96,626
22,133	40,541	87	917,963
165	8,587	-	519,414
197,640	185,176	117,283	1,168,959
197,805	193,763	117,283	1,688,373
<u>\$ 219,938</u>	<u>\$ 234,304</u>	<u>\$ 117,370</u>	<u>\$ 2,606,336</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Commonwealth Transportation	Federal Trust	Literary
Revenues:			
Taxes	\$ 1,700,823	\$ -	\$ -
Rights and Privileges	393,236	260	208
Institutional Revenue	-	-	-
Interest, Dividends, Rents, and Other Investment Income	34,811	857	30,156
Federal Grants and Contracts	516,502	3,439,595	-
Proceeds from Securities Lending Transactions	845	30	502
Other	86,663	32,349	117,997
Total Revenues	2,732,880	3,473,091	148,863
Expenditures:			
Current:			
General Government	1,456	32,999	-
Education	2,293	308,658	150,704
Transportation	2,644,577	6,903	-
Resources and Economic Development	1,406	114,446	-
Individual and Family Services	-	2,959,692	-
Administration of Justice	6,172	31,557	-
Capital Outlay	15,767	4,144	-
Payments for Securities Lending Transactions	779	29	479
Total Expenditures	2,672,450	3,458,428	151,183
Revenues Over (Under) Expenditures	60,430	14,663	(2,320)
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	71,340	1,291	36,882
Operating Transfers In From Component Units	1	191	7,763
Operating Transfers Out	(132,983)	(5,640)	(10,882)
Operating Transfers Out To Component Units	(28,354)	(8,076)	-
Proceeds from Capital Leases	144	50	-
Proceeds from Sale of Bonds	236,667	-	-
Total Other Financing Sources (Uses)	146,815	(12,184)	33,763
Revenues and Other Sources Over			
Expenditures and Other Uses	207,245	2,479	31,443
Fund Balance, July 1, as restated	503,728	1,287	433,340
Fund Balance, June 30	\$ 710,973	\$ 3,766	\$ 464,783

<u>Dedicated</u>	<u>Other</u>	<u>Virginia Public Building Authority</u>	<u>Total June 30, 2000</u>
\$ 8,963	\$ 21,557	\$ -	\$ 1,731,343
51,598	101,374	-	546,676
58	382,284	-	382,342
9,270	4,747	2,131	81,972
-	612	-	3,956,709
438	50	-	1,865
41,952	166,180	-	445,141
112,279	676,804	2,131	7,146,048
19,239	45,888	829	100,411
3	22,163	-	483,821
2,649	11,277	-	2,665,406
97,837	102,738	-	316,427
28,936	374,463	-	3,363,091
8,199	80,897	-	126,825
-	5,828	692	26,431
417	47	-	1,751
157,280	643,301	1,521	7,084,163
(45,001)	33,503	610	61,885
77,574	36,338	-	223,425
-	436	-	8,391
(12,888)	(39,667)	(46,739)	(248,799)
(719)	(483)	-	(37,632)
-	25	-	219
-	-	132,636	369,303
63,967	(3,351)	85,897	314,907
18,966	30,152	86,507	376,792
178,839	163,611	30,776	1,311,581
\$ 197,805	\$ 193,763	\$ 117,283	\$ 1,688,373

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budgetary Basis
Special Revenue Funds**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Commonwealth Transportation		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes			
State Sales and Use	\$ 371,400	\$ 372,473	\$ 1,073
Motor Fuel	779,534	796,454	16,920
Motor Vehicle Sales and Use	456,142	517,388	61,246
Other	-	4,083	4,083
Rights and Privileges	195,759	392,920	197,161
Institutional Revenue	-	-	-
Interest, Dividends, Rents, and Other Investment Income	4,584	30,514	25,930
Federal Grants and Contracts	711,779	498,304	(213,475)
Proceeds from Securities Lending Transactions	845	845	-
Other	92,825	85,143	(7,682)
Total Revenues	2,612,868	2,698,124	85,256
Expenditures:			
Current:			
General Government	1,599	1,452	147
Education	2,608	2,279	329
Transportation	3,107,136	2,628,696	478,440
Resources and Economic Development	2,327	1,374	953
Individual and Family Services	-	-	-
Administration of Justice	6,787	6,138	649
Capital Outlay	15,923	15,850	73
Payments for Securities Lending Transactions	805	805	-
Total Expenditures	3,137,185	2,656,594	480,591
Revenues Over (Under) Expenditures	(524,317)	41,530	565,847
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	124,571	71,340	(53,231)
Operating Transfers In From Component Units	1	1	-
Operating Transfers Out	(133,084)	(132,983)	101
Operating Transfers Out To Component Units	(28,354)	(28,354)	-
Proceeds from Sale of Bonds	236,667	236,667	-
Total Other Financing Sources (Uses)	199,801	146,671	(53,130)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(324,516)	188,201	512,717
Fund Balance, July 1	548,702	548,702	-
Fund Balance, June 30	\$ 224,186	\$ 736,903	\$ 512,717

Federal Trust			Dedicated		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,896	9,004	108
114	117	3	55,907	52,210	(3,697)
-	-	-	53	58	5
137	836	699	6,569	9,260	2,691
3,630,320	3,381,778	(248,542)	-	-	-
30	30	-	438	438	-
34,949	36,369	1,420	42,145	38,938	(3,207)
3,665,550	3,419,130	(246,420)	114,008	109,908	(4,100)
37,859	33,246	4,613	20,112	19,422	690
323,834	293,106	30,728	33,506	5	33,501
9,366	6,805	2,561	3,273	2,699	574
123,788	98,002	25,786	152,266	97,080	55,186
3,109,965	2,940,749	169,216	35,610	29,148	6,462
44,710	31,278	13,432	10,539	8,254	2,285
3,681	3,681	-	121	121	-
29	29	-	417	417	-
3,653,232	3,406,896	246,336	255,844	157,146	98,698
12,318	12,234	(84)	(141,836)	(47,238)	94,598
1,123	1,291	168	76,201	77,574	1,373
191	191	-	-	-	-
(5,556)	(5,640)	(84)	(13,327)	(12,888)	439
(8,076)	(8,076)	-	(719)	(719)	-
-	-	-	-	-	-
(12,318)	(12,234)	84	62,155	63,967	1,812
-	-	-	(79,681)	16,729	96,410
-	-	-	179,358	179,358	-
\$ -	\$ -	\$ -	\$ 99,677	\$ 196,087	\$ 96,410

(Continued on next page)

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budgetary Basis**

Special Revenue Funds (Continued from Previous Page)

For the Fiscal Year Ended June 30, 2000

(Dollars in Thousands)

	Other		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes			
State Sales and Use	\$ -	\$ -	\$ -
Motor Fuel	-	-	-
Motor Vehicle Sales and Use	-	-	-
Other	13,863	21,492	7,629
Rights and Privileges	120,106	102,235	(17,871)
Institutional Revenue	401,832	377,370	(24,462)
Interest, Dividends, Rents, and Other Investment Income	4,646	4,721	75
Federal Grants and Contracts	134	591	457
Proceeds from Securities Lending Transactions	50	50	-
Other	197,665	165,717	(31,948)
Total Revenues	738,296	672,176	(66,120)
Expenditures:			
Current:			
General Government	70,732	44,354	26,378
Education	27,728	21,938	5,790
Transportation	12,191	11,303	888
Resources and Economic Development	119,042	103,209	15,833
Individual and Family Services	396,241	373,088	23,153
Administration of Justice	95,374	83,417	11,957
Capital Outlay	6,038	6,038	-
Payments for Securities Lending Transactions	47	47	-
Total Expenditures	727,393	643,394	83,999
Revenues Over (Under) Expenditures	10,903	28,782	17,879
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	35,338	36,338	1,000
Operating Transfers In From Component Units	436	436	-
Operating Transfers Out	(38,764)	(39,667)	(903)
Operating Transfers Out To Component Units	(47)	(483)	(436)
Proceeds from Sale of Bonds	-	-	-
Total Other Financing Sources (Uses)	(3,037)	(3,376)	(339)
Revenue and Other Sources Over (Under)			
Expenditures and Other Uses	7,866	25,406	17,540
Fund Balance, July 1	154,500	154,500	-
Fund Balance, June 30	\$ 162,366	\$ 179,906	\$ 17,540

Total Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 371,400	\$ 372,473	\$ 1,073
779,534	796,454	16,920
456,142	517,388	61,246
22,759	34,579	11,820
371,886	547,482	175,596
401,885	377,428	(24,457)
15,936	45,331	29,395
4,342,233	3,880,673	(461,560)
1,363	1,363	-
367,584	326,167	(41,417)
7,130,722	6,899,338	(231,384)
130,302	98,474	31,828
387,676	317,328	70,348
3,131,966	2,649,503	482,463
397,423	299,665	97,758
3,541,816	3,342,985	198,831
157,410	129,087	28,323
25,763	25,690	73
1,298	1,298	-
7,773,654	6,864,030	909,624
(642,932)	35,308	678,240
237,233	186,543	(50,690)
628	628	-
(190,731)	(191,178)	(447)
(37,196)	(37,632)	(436)
236,667	236,667	-
246,601	195,028	(51,573)
(396,331)	230,336	626,667
882,560	882,560	-
\$ 486,229	\$ 1,112,896	\$ 626,667



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 General Long-Term Debt Account Group.

Primary Government accounts for the payment of principal and interest on bonds used to acquire, construct, or improve parks, highways, and correctional, mental health, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for the payment of principal and interest on bonds used to acquire, construct, and operate public buildings used by the Commonwealth and its political subdivisions.

**Combining Balance Sheet
Debt Service Funds**

June 30, 2000

(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 2000
Assets:			
Cash, Cash Equivalents, and Investments	\$ 11,382	\$ 690	\$ 12,072
Taxes, Loans, Accounts, and Other Receivables (Net)	-	3	3
Total Assets	\$ 11,382	\$ 693	\$ 12,075
Liabilities and Fund Balance:			
Liabilities:			
Other Liabilities	\$ 41	\$ 495	\$ 536
Total Liabilities	41	495	536
Fund Balances:			
Reserved	11,341	198	11,539
Total Liabilities and Fund Balance	\$ 11,382	\$ 693	\$ 12,075

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 2000
Revenues:			
Interest, Dividends, Rents, and Other Investment Income	\$ 686	\$ 12	\$ 698
Total Revenues	686	12	698
Expenditures:			
Current:			
Transportation	2	-	2
Debt Service:			
Principal Retirement	100,670	52,575	153,245
Interest and Charges	92,137	45,222	137,359
Total Expenditures	192,809	97,797	290,606
Revenues Under Expenditures	(192,123)	(97,785)	(289,908)
Other Financing Sources:			
Transfers:			
Operating Transfers In	193,631	97,889	291,520
Total Other Financing Sources	193,631	97,889	291,520
Revenues and Other Sources			
Over Expenditures	1,508	104	1,612
Fund Balance, July 1	9,833	94	9,927
Fund Balance, June 30	\$ 11,341	\$ 198	\$ 11,539



Capital Project Funds

The Capital Project Funds are maintained to account for resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds.

Primary Government accounts for the financial resources used to acquire, construct, or improve parks and correctional, mental health, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for financial resources used to acquire, construct, and operate public buildings used by the Commonwealth and its political subdivisions.

**Combining Balance Sheet
Capital Project Funds**

June 30, 2000

(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 2000
Assets:			
Cash, Cash Equivalents, and Investments	\$ 13,547	\$ 29,052	\$ 42,599
Taxes, Loans, Accounts, and Other Receivables (Net)	-	32	32
Total Assets	<u>\$ 13,547</u>	<u>\$ 29,084</u>	<u>\$ 42,631</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	\$ 162	\$ 541	\$ 703
Due to Component Units	5,042	-	5,042
Interfund Payables	100	-	100
Total Liabilities	<u>5,304</u>	<u>541</u>	<u>5,845</u>
Fund Balance:			
Unreserved	8,243	28,543	36,786
Total Liabilities and Fund Balance	<u>\$ 13,547</u>	<u>\$ 29,084</u>	<u>\$ 42,631</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Project Funds

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 2000
Revenues:			
Interest, Dividends, Rents, and Other Investment Income	\$ 1,043	\$ 1,440	\$ 2,483
Other	1	1	2
Total Revenues	1,044	1,441	2,485
Expenditures:			
Capital Outlay	3,905	51,595	55,500
Total Expenditures	3,905	51,595	55,500
Revenues Under Expenditures	(2,861)	(50,154)	(53,015)
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	-	46,459	46,459
Operating Transfers Out	(20,000)	-	(20,000)
Operating Transfers Out To Component Units	-	(957)	(957)
Proceeds from Sale of Bonds	20,000	-	20,000
Total Other Financing Sources	-	45,502	45,502
Revenues and Other Sources			
Under Expenditures and Other Uses	(2,861)	(4,652)	(7,513)
Fund Balance, July 1	11,104	33,195	44,299
Fund Balance, June 30	<u>\$ 8,243</u>	<u>\$ 28,543</u>	<u>\$ 36,786</u>



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.

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

The Department of Alcoholic Beverage Control operates facilities for the distribution and sale of distilled spirits and wine.

Risk Management accounts for pooled resources received and used by the Department of General Services for financing local government insurance programs. This includes Local Entities Bond Insurance, Public Officials Insurance, Law Enforcement Insurance, and Commuter Rail Insurance.

The Local Choice Health Care Program, directed by the Department of Personnel and Training, administers a health care plan for the employees of participating local governments.

The Virginia Industries for the Blind manufactures products for sale to governments, certain private organizations, and the general public.

The Consolidated Laboratory provides drinking water testing services and a newborn screening program.

The Higher Education Tuition Trust Fund administers the Virginia Prepaid Education Program and the Virginia Education Savings Trust.

The Department of Environmental Quality accounts for the Title V program that offers services to the general public.

The Pocahontas Parkway Association accounts for the Route 895 Connector Project. The Association is a blended component unit of the Department of Transportation (Primary Government).

Other includes:

- **Virginia Museum of Fine Arts**, which accounts for gift shop and food service activities;
- **Division of Legislative Services**, which accounts for sales of the Virginia Register, a publication which lists all proposed and final state agency regulations;
- **Science Museum of Virginia**, which accounts for gift shop activities;
- **Virginia Historic Preservation Foundation**, which acquires and sells properties of historical significance;
- **Virginia State Parks Foundation**, which solicits gifts and grants for the benefit of state parks; and,
- **Virginia School for the Deaf and Blind – Staunton**, which accounts for the Student Center activity.

Combining Balance Sheet
Enterprise Funds

June 30, 2000

(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Assets				
Cash, Cash Equivalents, and Investments	\$ 519,794	\$ 56	\$ 40,024	\$ 2,314
Taxes, Loans, Accounts, and Other Receivables (Net)	27,172	2,288	41	16,043
Due From Other Funds and Primary Government	58	-	-	-
Inventory	2,364	24,883	-	-
Prepaid Items	1,910	920	-	110
Other Assets	5	130	50	-
Property, Plant, and Equipment (Net)	10,013	14,538	-	-
Total Assets	<u>\$ 561,316</u>	<u>\$ 42,815</u>	<u>\$ 40,115</u>	<u>\$ 18,467</u>
Liabilities and Equity				
Liabilities:				
Accounts Payable	\$ 10,152	\$ 13,165	\$ 241	\$ 578
Claims Payable	-	-	9,011	8,480
Obligations Under Securities Lending Program	1,025	24	2,241	175
Long-Term Liabilities	2,508	7,275	-	-
Other Liabilities	546,411	52	-	-
Due to Other Funds and Primary Government	-	2,037	-	-
Interfund Payables	-	21,583	-	1,500
Deferred Revenue and Deferred Credit	2,173	194	3,241	-
Total Liabilities	<u>562,269</u>	<u>44,330</u>	<u>14,734</u>	<u>10,733</u>
Equity:				
Contributed Capital	-	1,600	-	-
Retained Earnings (Deficit)				
Unreserved	(953)	(3,115)	25,381	7,734
Total Equity	<u>(953)</u>	<u>(1,515)</u>	<u>25,381</u>	<u>7,734</u>
Total Liabilities and Equity	<u>\$ 561,316</u>	<u>\$ 42,815</u>	<u>\$ 40,115</u>	<u>\$ 18,467</u>

Virginia Industries for the Blind	Consolidated Laboratory	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway Association	Other	Total June 30, 2000
\$ 2,240	\$ 2,032	\$ 348,503	\$ 12,433	\$ 196,735	\$ 1,484	\$ 1,125,615
1,134	128	164,109	9	1,477	129	212,530
-	-	-	-	-	-	58
1,452	58	-	-	-	556	29,313
-	-	-	-	45	-	2,985
1	-	-	-	17,655	8	17,849
623	264	137	-	194,866	53	220,494
<u>\$ 5,450</u>	<u>\$ 2,482</u>	<u>\$ 512,749</u>	<u>\$ 12,442</u>	<u>\$ 410,778</u>	<u>\$ 2,230</u>	<u>\$ 1,608,844</u>
\$ 440	\$ 98	\$ 365	\$ 144	\$ 15,173	\$ 62	\$ 40,418
-	-	-	-	-	-	17,491
-	-	4,370	942	-	-	8,777
223	126	122	664	393,238	66	404,222
416	-	423,483	-	5,703	59	976,124
-	187	-	1,139	9,716	-	13,079
-	-	-	-	-	-	23,083
-	1,017	-	-	-	-	6,625
1,079	1,428	428,340	2,889	423,830	187	1,489,819
1,740	340	-	-	-	25	3,705
2,631	714	84,409	9,553	(13,052)	2,018	115,320
4,371	1,054	84,409	9,553	(13,052)	2,043	119,025
<u>\$ 5,450</u>	<u>\$ 2,482</u>	<u>\$ 512,749</u>	<u>\$ 12,442</u>	<u>\$ 410,778</u>	<u>\$ 2,230</u>	<u>\$ 1,608,844</u>

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
Enterprise Funds

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Operating Revenues:				
Interest, Dividends, Rents, and Other Investment Income	\$ -	\$ -	\$ -	\$ -
Charges for Sales and Services	972,972	315,785	4,972	74,517
Other	-	-	-	-
Total Operating Revenues	972,972	315,785	4,972	74,517
Operating Expenses:				
Interest Expense	-	-	-	-
Cost of Sales and Services	60,004	200,875	-	-
Prizes and Claims	526,424	-	5,141	69,388
Personal Services	17,331	47,910	-	-
Contractual Services	33,410	10,064	-	6,997
Supplies and Materials	1,834	1,337	-	-
Depreciation and Amortization	4,208	4,854	-	-
Rent, Insurance, and Other Related Charges	5,738	9,902	1,927	-
Other	80	2,009	-	-
Total Operating Expenses	649,029	276,951	7,068	76,385
Operating Income (Loss)	323,943	38,834	(2,096)	(1,868)
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income	8,846	20	2,574	760
Income From Securities Lending Transactions	505	59	101	11
Expenses For Securities Lending Transactions	(481)	(59)	(96)	(10)
Other	1,350	39	-	-
Total Nonoperating Revenues (Expenses)	10,220	59	2,579	761
Income (Loss) Before Transfers	334,163	38,893	483	(1,107)
Transfers:				
Operating Transfers In	58	50	541	8
Operating Transfers Out	(334,415)	(39,380)	(15,676)	-
Total Transfers	(334,357)	(39,330)	(15,135)	8
Net Income (Loss) Before Cumulative Effect of				
Change in Accounting Principle	(194)	(437)	(14,652)	(1,099)
Cumulative Effect of Change in Accounting Principle	-	-	-	-
Net Income (Loss)	(194)	(437)	(14,652)	(1,099)
Retained Earnings (Deficit), July 1	(759)	(2,678)	40,033	8,833
Retained Earnings (Deficit), June 30	<u><u>\$ (953)</u></u>	<u><u>\$ (3,115)</u></u>	<u><u>\$ 25,381</u></u>	<u><u>\$ 7,734</u></u>

Virginia Industries for the Blind	Consolidated Laboratory	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway Association	Other	Total June 30, 2000
\$ -	\$ -	\$ 21,514	\$ -	\$ 13,320	\$ -	\$ 34,834
8,549	1,829	72,477	9,236	-	4,112	1,464,449
-	-	-	-	-	154	154
8,549	1,829	93,991	9,236	13,320	4,266	1,499,437
-	-	-	-	22,663	-	22,663
4,903	-	-	-	-	2,487	268,269
-	-	-	-	-	-	600,953
3,233	893	1,096	7,314	-	1,135	78,912
487	336	4,264	634	-	119	56,311
-	564	16	14	-	200	3,965
41	54	23	-	306	13	9,499
152	315	82	-	-	-	18,116
195	2	68,410	-	144	761	71,601
9,011	2,164	73,891	7,962	23,113	4,715	1,130,289
(462)	(335)	20,100	1,274	(9,793)	(449)	369,148
6	-	-	646	-	103	12,955
-	-	106	32	-	1	815
-	-	(101)	(30)	-	(1)	(778)
1	-	-	-	-	(570)	820
7	-	5	648	-	(467)	13,812
(455)	(335)	20,105	1,922	(9,793)	(916)	382,960
-	-	-	-	-	-	657
(1)	(263)	(3)	-	-	-	(389,738)
(1)	(263)	(3)	-	-	-	(389,081)
(456)	(598)	20,102	1,922	(9,793)	(916)	(6,121)
-	-	39,925	-	-	-	39,925
(456)	(598)	60,027	1,922	(9,793)	(916)	33,804
3,087	1,312	24,382	7,631	(3,259)	2,934	81,516
\$ 2,631	\$ 714	\$ 84,409	\$ 9,553	\$ (13,052)	\$ 2,018	\$ 115,320

**Combining Statement of Cash Flows
Enterprise Funds**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Cash Flows from Operating Activities:				
Receipts for Sales and Services	\$ 981,271	\$ 310,645	\$ 4,725	\$ 80,007
Receipts from Quasi-external Operating Transactions with Other Funds	-	-	-	-
Payments to Suppliers for Goods and Services	(64,896)	(214,092)	(1,806)	-
Payments for Quasi-external Operating Transactions with Other Funds	(1,744)	(1,477)	-	-
Payments for Prizes, Claims, and Loss Control	(637,614)	-	(2,986)	(78,015)
Payments to Employees	(17,059)	(47,242)	-	-
Other Operating Expense	(33,410)	(8,587)	-	(6,420)
Other Operating Revenue	1,350	4,821	-	-
Net Cash Provided by (Used for) Operating Activities	227,898	44,068	(67)	(4,428)
Cash Flows from Noncapital Financing Activities:				
Transfers In From Other Funds	-	50	541	8
Transfers Out to Other Funds	(335,198)	(131,639)	(15,676)	-
Other Noncapital Financing Activities	(12,000)	88,350	-	1,500
Net Cash Provided by (Used for) Noncapital Financing Activities	(347,198)	(43,239)	(15,135)	1,508
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(2,451)	(1,002)	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(2,451)	(1,002)	-	-
Cash Flows from Investing Activities:				
Purchase of Investments	(32,738)	-	-	-
Proceeds from Sales or Maturities of Investments	151,011	-	-	-
Investment Income on Cash, Cash Equivalents, and Investments	8,870	-	2,578	243
Net Cash Provided by (Used for) Investing Activities	127,143	-	2,578	243
Net Increase (Decrease) in Cash and Cash Equivalents	5,392	(173)	(12,624)	(2,677)
Cash and Cash Equivalents, July 1	10,795	335	50,457	4,816
Cash and Cash Equivalents, June 30	\$ 16,187	\$ 162	\$ 37,833	\$ 2,139

Virginia Industries for the Blind	Consolidated Laboratory	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway Association	Other	Total June 30, 2000
\$ 5,016	\$ 1,969	\$ 76,778	\$ 9,279	\$ -	\$ 4,522	\$ 1,474,212
3,373	-	-	-	-	-	3,373
(4,398)	(667)	(93)	(10)	-	(2,758)	(288,720)
-	(388)	(261)	-	-	-	(3,870)
-	-	-	-	-	-	(718,615)
(3,159)	(864)	(1,017)	(6,925)	-	(1,169)	(77,435)
(831)	(348)	(4,106)	(606)	(9,287)	(937)	(64,532)
-	-	-	-	13,252	155	19,578
1	(298)	71,301	1,738	3,965	(187)	343,991
-	-	-	-	-	-	599
(1)	(263)	(3)	-	-	-	(482,780)
-	-	-	-	-	-	77,850
(1)	(263)	(3)	-	-	-	(404,331)
-	-	(131)	-	(104,435)	(55)	(108,074)
-	-	(131)	-	(104,435)	(55)	(108,074)
-	-	(971,034)	-	(17,626)	-	(1,021,398)
-	-	901,196	-	119,103	-	1,171,310
-	-	14,275	647	-	137	26,750
-	-	(55,563)	647	101,477	137	176,662
-	(561)	15,604	2,385	1,007	(105)	8,248
2,241	2,593	81,749	9,106	8,002	1,597	171,691
\$ 2,241	\$ 2,032	\$ 97,353	\$ 11,491	\$ 9,009	\$ 1,492	\$ 179,939

(Continued on next page)

Combining Statement of Cash Flows
Enterprise Funds (Continued from Previous Page)

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 323,943	\$ 38,834	\$ (2,096)	\$ (1,868)
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization	4,208	4,854	-	-
Interest on Bonds and Notes	-	-	-	-
Interest, Dividends, Rents, and Other Investment Income	(38,037)	-	-	-
Miscellaneous Nonoperating Income	1,350	60	-	-
Other Expenses	-	-	-	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	8,131	(408)	(12)	(3,089)
(Increase) Decrease in Inventory	(553)	(1,975)	-	-
(Increase) Decrease in Prepaid Items	623	(7)	96	-
Increase (Decrease) in Accounts Payable	819	2,073	79	577
Increase (Decrease) in Claims Payable	-	-	2,106	(48)
Increase (Decrease) in Due to Other Funds	-	-	-	-
Increase (Decrease) in Deferred Revenue	169	(31)	(240)	-
Increase (Decrease) in Long-Term Liabilities	399	668	-	-
Increase (Decrease) in Other Liabilities	(73,154)	-	-	-
Net Cash Provided by (Used for)				
Operating Activities	<u>\$ 227,898</u>	<u>\$ 44,068</u>	<u>\$ (67)</u>	<u>\$ (4,428)</u>
Reconciliation of Cash, Cash				
Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	\$ 519,794	\$ 56	\$ 40,024	\$ 2,314
Cash and Travel Advances	5	130	50	-
Less: Investments with Original Maturities				
Greater than Three Months	<u>503,612</u>	<u>24</u>	<u>2,241</u>	<u>175</u>
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 16,187</u>	<u>\$ 162</u>	<u>\$ 37,833</u>	<u>\$ 2,139</u>

Virginia Industries for the Blind	Consolidated Laboratory	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway Association	Other	Total June 30, 2000
\$ (462)	\$ (335)	\$ 20,100	\$ 1,274	\$ (9,793)	\$ (449)	\$ 369,148
41	54	23	-	306	13	9,499
-	-	-	-	11,542	-	11,542
-	-	(22,243)	-	(463)	-	(60,743)
8	-	-	-	-	-	1,418
-	-	-	-	144	-	144
(167)	(72)	(6,452)	42	385	244	(1,398)
157	(21)	-	-	-	159	(2,233)
-	-	-	-	-	-	712
(32)	6	119	130	-	(166)	3,605
-	-	-	-	-	-	2,058
-	(78)	-	179	-	-	101
-	128	-	-	-	-	26
41	20	54	113	-	(2)	1,293
415	-	79,700	-	1,844	14	8,819
\$ 1	\$ (298)	\$ 71,301	\$ 1,738	\$ 3,965	\$ (187)	\$ 343,991
\$ 2,240	\$ 2,032	\$ 348,503	\$ 12,433	\$ 196,735	\$ 1,484	\$ 1,125,615
1	-	-	-	-	8	194
-	-	251,150	942	187,726	-	945,870
\$ 2,241	\$ 2,032	\$ 97,353	\$ 11,491	\$ 9,009	\$ 1,492	\$ 179,939



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.

Department of Information Technology accounts for the installation and maintenance of the State government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; and the development of automated systems.

Virginia Correctional Enterprises accounts for the manufacturing activities of the State's correctional facilities.

Health Care accounts for the health insurance programs provided to State employees.

Division of Fleet Management accounts for the Commonwealth's motor vehicle pool.

Maintenance and Repair accounts for services outside the scope of normal maintenance or custodial services provided to agencies by the Bureau of Facilities Management.

Central Warehouse accounts for supplies purchased for and used by State agencies.

Risk Management accounts for the insurance programs provided to State agencies and institutions.

Virginia Sickness and Disability accounts for the income protection provided to State employees for absences caused by sickness or disability.

Other includes:

- **State Surplus Property**, which accounts for the transfer and sale of State-owned surplus property;
- **Federal Surplus Property**, which accounts for the transfer and sale of Federally-owned surplus property;
- **The Office of Graphic Communications**, which accounts for the Commonwealth's graphic design division;
- **The Consolidated Laboratory**, which accounts for the Commonwealth's water testing services; and,
- **Property Disposal Service**, which accounts for the disposal of State-owned property.

Combining Balance Sheet
Internal Service Funds

June 30, 2000

(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Assets				
Cash, Cash Equivalents, and Investments	\$ 4,734	\$ 5,510	\$ 11,879	\$ 819
Taxes, Loans, Accounts, and Other Receivables (Net)	13,822	3,041	76,978	2,090
Due from Other Funds and Primary Government	-	-	-	-
Inventory	-	10,867	-	-
Prepaid Items	2,078	-	6,840	-
Other Assets	8	3	-	-
Property, Plant, and Equipment (Net)	26,002	5,192	-	28,323
Total Assets	<u>\$ 46,644</u>	<u>\$ 24,613</u>	<u>\$ 95,697</u>	<u>\$ 31,232</u>
Liabilities and Equity				
Liabilities:				
Accounts Payable	\$ 8,056	\$ 1,449	\$ 2,487	\$ 561
Amounts Due to Other Governments	-	-	-	-
Claims Payable	-	-	57,084	-
Obligations Under Securities Lending Program	-	-	900	-
Long-Term Liabilities	14,353	3,259	-	196
Other Liabilities	-	-	-	-
Due to Other Funds and Primary Government	-	-	-	-
Interfund Payable	-	-	-	-
Deferred Revenue and Deferred Credit	166	-	-	-
Total Liabilities	<u>22,575</u>	<u>4,708</u>	<u>60,471</u>	<u>757</u>
Equity:				
Contributed Capital	251	5,834	-	-
Retained Earnings (Deficit)				
Reserved	-	-	8,658	-
Unreserved	23,818	14,071	26,568	30,475
Total Equity	<u>24,069</u>	<u>19,905</u>	<u>35,226</u>	<u>30,475</u>
Total Liabilities and Equity	<u>\$ 46,644</u>	<u>\$ 24,613</u>	<u>\$ 95,697</u>	<u>\$ 31,232</u>

Maintenance and Repair	Central Warehouse	Risk Management	Virginia Sickness and Disability	Other	Total
					June 30, 2000
\$ 6,035	\$ 421	\$ 78,945	\$ 32,657	\$ 864	\$ 141,864
681	2,376	2,274	2,818	227	104,307
-	-	1,400	2	-	1,402
253	4,644	-	-	39	15,803
-	-	1,799	-	-	10,717
-	-	25	-	1	37
829	3,874	13	-	1,090	65,323
\$ 7,798	\$ 11,315	\$ 84,456	\$ 35,477	\$ 2,221	\$ 339,453
\$ 831	\$ 2,003	\$ 3,011	\$ 70	\$ 137	\$ 18,605
91	-	1,632	-	-	1,723
-	-	173,721	-	-	230,805
-	-	5,834	1,673	-	8,407
1,493	169	168	-	307	19,945
-	-	91	2,169	76	2,336
-	-	-	678	-	678
-	1,705	-	-	-	1,705
5,289	-	14,731	-	55	20,241
7,704	3,877	199,188	4,590	575	304,445
-	-	-	-	-	6,085
-	-	-	-	-	8,658
94	7,438	(114,732)	30,887	1,646	20,265
94	7,438	(114,732)	30,887	1,646	35,008
\$ 7,798	\$ 11,315	\$ 84,456	\$ 35,477	\$ 2,221	\$ 339,453

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
Internal Service Funds

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Operating Revenues:				
Charges for Sales and Services	\$ 102,705	\$ 35,325	\$ 458,723	\$ 11,120
Other	-	-	28	203
Total Operating Revenues	102,705	35,325	458,751	11,323
Operating Expenses:				
Cost of Sales and Services	-	25,900	-	-
Prizes and Claims	-	-	446,598	-
Personal Services	23,948	3,274	-	854
Contractual Services	56,283	625	28,517	1,097
Supplies and Materials	366	345	-	2,402
Depreciation and Amortization	9,769	954	-	3,936
Rent, Insurance, and Other Related Charges	8,042	118	-	61
Other	3,014	424	-	31
Total Operating Expenses	101,422	31,640	475,115	8,381
Operating Income (Loss)	1,283	3,685	(16,364)	2,942
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income	(536)	(325)	4,739	-
Income From Securities Lending Transactions	-	-	120	-
Expenses For Securities Lending Transactions	-	-	(114)	-
Other	16	1,592	-	(91)
Total Nonoperating Revenues (Expenses)	(520)	1,267	4,745	(91)
Income (Loss) Before Transfers	763	4,952	(11,619)	2,851
Transfers:				
Operating Transfers In	30	-	-	1
Operating Transfers Out	(31)	(67)	(8)	-
Total Transfers	(1)	(67)	(8)	1
Net Income (Loss)	762	4,885	(11,627)	2,852
Retained Earnings (Deficit), July 1	23,056	9,186	46,853	27,623
Retained Earnings (Deficit), June 30	<u>\$ 23,818</u>	<u>\$ 14,071</u>	<u>\$ 35,226</u>	<u>\$ 30,475</u>

Maintenance and Repair	Central Warehouse	Risk Management	Virginia Sickness and Disability	Other	Total
					June 30, 2000
\$ 21,404	\$ 38,176	\$ 51,875	\$ 25,317	\$ 5,009	\$ 749,654
-	-	-	-	-	231
21,404	38,176	51,875	25,317	5,009	749,885
-	35,043	-	-	-	60,943
-	-	50,124	4,647	-	501,369
7,147	1,196	985	369	2,955	40,728
4,116	1,972	208	218	856	93,892
2,215	55	17	-	808	6,208
112	54	3	-	198	15,026
6,873	427	10,482	9	775	26,787
4,050	100	2,867	75	144	10,705
24,513	38,847	64,686	5,318	5,736	755,658
(3,109)	(671)	(12,811)	19,999	(727)	(5,773)
-	-	-	-	-	-
-	-	3,921	2,526	30	10,355
-	-	192	58	-	370
-	-	(183)	(53)	-	(350)
-	-	-	(51)	(15)	1,451
-	-	3,930	2,480	15	11,826
(3,109)	(671)	(8,881)	22,479	(712)	6,053
96	4	1,176	-	282	1,589
(3)	-	(2,236)	-	(96)	(2,441)
93	4	(1,060)	-	186	(852)
(3,016)	(667)	(9,941)	22,479	(526)	5,201
3,110	8,105	(104,791)	8,408	2,172	23,722
\$ 94	\$ 7,438	\$ (114,732)	\$ 30,887	\$ 1,646	\$ 28,923

**Combining Statement of Cash Flows
Internal Service Funds**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Cash Flows from Operating Activities:				
Receipts for Sales and Services	\$ 2,572	\$ 666	\$ -	\$ -
Receipts from Quasi-external Operating Transactions with Other Funds	101,384	35,413	498,888	11,562
Payments to Suppliers for Goods and Services	(10,621)	(17,782)	-	(833)
Payments for Quasi-external Operating Transactions with Other Funds	(1,214)	(2,265)	-	(1,569)
Payments for Prizes, Claims, and Loss Control	-	-	(492,755)	-
Payments to Employees	(23,356)	(8,143)	-	(835)
Other Operating Expense	(54,739)	(2,577)	(28,125)	(1,721)
Other Operating Revenue	-	-	28	-
Net Cash Provided by (Used for) Operating Activities	14,026	5,312	(21,964)	6,604
Cash Flows for Noncapital Financing Activities:				
Operating Transfers In from Other Funds	30	-	-	1
Operating Transfers Out to Other Funds	(31)	(67)	(8)	-
Other Noncapital Financing Activities	-	120	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(1)	53	(8)	1
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(7,028)	(1,687)	-	(8,456)
Payment of Principal and Interest on Bonds and Notes	(5,950)	(555)	-	-
Proceeds from Sale of Fixed Assets	24	-	-	530
Net Cash Used for Capital and Related Financing Activities	(12,954)	(2,242)	-	(7,926)
Cash Flows from Investing Activities:				
Purchase of Investments	-	-	-	-
Proceeds from Sales or Maturities of Investments	-	-	-	-
Investment Income on Cash, Cash Equivalents, and Investments	-	-	2,553	-
Net Cash Provided by (Used for) Investing Activities	-	-	2,553	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,071	3,123	(19,419)	(1,321)
Cash and Cash Equivalents, July 1	3,671	2,390	30,398	2,140
Cash and Cash Equivalents, June 30	\$ 4,742	\$ 5,513	\$ 10,979	\$ 819

					Total June 30, 2000
Maintenance and Repair	Central Warehouse	Risk Management	Virginia Sickness and Disability	Other	
\$ 74	\$ 5,510	\$ -	\$ -	\$ 1,259	\$ 10,081
22,381	33,790	52,146	25,517	4,117	785,198
(7,713)	(33,858)	(11,015)	-	(1,511)	(83,333)
(5,776)	(766)	(111)	-	(135)	(11,836)
-	-	(47,722)	(4,707)	-	(545,184)
(7,062)	(1,161)	(973)	(419)	(2,881)	(44,830)
(4,176)	(2,378)	(226)	(337)	(863)	(95,142)
-	-	-	-	-	28
(2,272)	1,137	(7,901)	20,054	(14)	14,982
96	4	1,176	-	282	1,589
(3)	-	(2,293)	-	(96)	(2,498)
(386)	1,454	306	-	30	1,524
(293)	1,458	(811)	-	216	615
-	(2,175)	-	-	(498)	(19,844)
(404)	-	-	-	-	(6,909)
-	-	-	-	-	554
(404)	(2,175)	-	-	(498)	(26,199)
-	-	-	(24,678)	-	(24,678)
-	-	-	2,302	-	2,302
-	-	3,929	2,399	-	8,881
-	-	3,929	(19,977)	-	(13,495)
(2,969)	420	(4,783)	77	(296)	(24,097)
9,004	1	77,919	-	1,161	126,684
\$ 6,035	\$ 421	\$ 73,136	\$ 77	\$ 865	\$ 102,587

(Continued on next page)

Combining Statement of Cash Flows
Internal Service Funds *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	<u>Information Technology</u>	<u>Correctional Enterprises</u>	<u>Health Care</u>	<u>Fleet Management</u>
Reconciliation of Operating Income to Net Cash Provided				
by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 1,283	\$ 3,685	\$ (16,364)	\$ 2,942
Adjustments to Reconcile Operating Income to Net Cash				
Provided by (Used for) Operating Activities:				
Depreciation and Amortization	9,769	954	-	3,936
Interest, Dividends, Rents and Other Investment Income	-	-	2,193	-
Other Expenses	-	(67)	-	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	1,179	897	(14,007)	265
(Increase) Decrease in Due From Other Funds	-	-	-	-
(Increase) Decrease in Inventory	-	(572)	-	-
(Increase) Decrease in Prepaid Items	(592)	-	-	-
Increase (Decrease) in Accounts Payable	1,723	254	2,487	(566)
Increase (Decrease) in Amounts Due to Other Governments	-	-	-	-
Increase (Decrease) in Claims Payable	-	-	3,727	-
Increase (Decrease) in Due to Other Funds	-	(6)	-	-
Increase (Decrease) in Deferred Revenue	72	-	-	-
Increase (Decrease) in Long-Term Liabilities	592	167	-	27
Increase (Decrease) in Other Liabilities	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 14,026</u>	<u>\$ 5,312</u>	<u>\$ (21,964)</u>	<u>\$ 6,604</u>
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	\$ 4,734	\$ 5,510	\$ 11,879	\$ 819
Cash and Travel Advances	8	3	-	-
Less:				
Investments with Original Maturities Greater than Three Months	-	-	900	-
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 4,742</u>	<u>\$ 5,513</u>	<u>\$ 10,979</u>	<u>\$ 819</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the balance sheet date:				
Installment Purchases Used to Finance Fixed Assets	4,774	571	-	-
Loans Payable Not Required to Repay	-	1,512	-	-
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 4,774</u>	<u>\$ 2,083</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Maintenance and Repair</u>	<u>Central Warehouse</u>	<u>Risk Management</u>	<u>Virginia Sickness and Disability</u>	<u>Other</u>	<u>Total June 30, 2000</u>
\$ (3,109)	\$ (671)	\$ (12,811)	\$ 19,999	\$ (727)	\$ (5,773)
112	54	3	-	198	15,026
-	-	-	-	-	2,193
-	-	-	-	-	(67)
555	1,164	(1,718)	(201)	544	(11,322)
-	-	-	347	-	347
16	(76)	-	-	87	(545)
-	-	270	-	-	(322)
(426)	643	897	(60)	-	4,952
-	-	1,632	-	-	1,632
-	-	1,827	-	-	5,554
-	-	-	(78)	-	(84)
488	-	1,934	-	(145)	2,349
92	23	19	(7)	38	951
-	-	46	54	(9)	91
<u>\$ (2,272)</u>	<u>\$ 1,137</u>	<u>\$ (7,901)</u>	<u>\$ 20,054</u>	<u>\$ (14)</u>	<u>\$ 14,982</u>
\$ 6,035	\$ 421	\$ 78,945	\$ 32,657	\$ 864	\$ 141,864
-	-	25	-	1	37
-	-	5,834	32,580	-	39,314
<u>\$ 6,035</u>	<u>\$ 421</u>	<u>\$ 73,136</u>	<u>\$ 77</u>	<u>\$ 865</u>	<u>\$ 102,587</u>
762	-	-	-	-	6,107
-	-	-	-	-	1,512
<u>\$ 762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,619</u>

Trust and Agency Funds

Pension Trust Funds

Pension Trust Funds reflect the activities of the retirement systems and postemployment benefits administered by the Virginia Retirement System (VRS) for the Commonwealth.

The Virginia Retirement System provides retirement benefits to Commonwealth employees and teachers.

The State Police Officers' Retirement System provides retirement benefits to Virginia state police officers.

The Judicial Retirement System provides retirement benefits to the Commonwealth's judiciary.

The Virginia Law Officers' Retirement System provides retirement benefits to correctional officers, capital police officers, university police officers, and game wardens.

Political Appointees provides optional retirement benefits to selected officials and administrative staff.

Retiree Health Insurance Credit Post Employment Benefit Fund accounts for the State provided health insurance credits which offset a portion of the retirees' monthly insurance premiums.

Group Life Insurance Post Employment Benefit Fund provides life insurance coverage to members of the retirement systems.

Investment Trust Funds

Investment Trust Funds reflect the external portions of the investment pools sponsored by the Commonwealth.

Local Government Investment Pool (LGIP) helps local governmental entities maximize their rate of return by commingling their resources for investment purposes.

Virginia State Non-Arbitrage Program (SNAP) provides investment vehicles for local governmental entities to invest bond proceeds to ensure compliance with the Internal Revenue Code of 1986, as amended.

Individual Investment Accounts represent the aggregate activity of SNAP accounts which are established for specific local governmental entities.

Nonexpendable Trust Funds

Nonexpendable Trust Funds are funds whose principal must remain intact.

Commonwealth Health Research Fund provides financial grants for human health research benefiting the Commonwealth's citizens.

Mental Health Endowment Funds provide funds for the welfare of patients in mental health facilities.

Expendable Trust Fund

An Expendable Trust Fund is one whose principal and income may be expended in the course of its designated operations.

Expendable Trust includes unemployment funds, unclaimed property receipts, and funds used for educational programs at museums.

Agency Funds

Agency Funds report those funds for which the State acts solely in a custodial capacity. A description of the funds is presented below.

Funds for the Collection of Taxes and Fees account for taxes and fees collected by the Commonwealth to be distributed to localities or other states. The beginning balance of this fund was restated by \$2.1 million due to a prior year error.

Employee Benefits Fund accounts for undistributed withholdings for employee benefits.

Mined Land Deposits Fund accounts for reimbursable deposits, including both cash and securities, from mining companies to ensure reclamation of mined lands.

Deposits of Insurance Carriers Fund accounts for security deposits of insurance carriers as protection to the policy holders of the Commonwealth.

Inmate and Ward Trust Fund accounts for the savings of inmates and wards of the Departments of Corrections and Juvenile Justice.

Child Support Collections Fund accounts for court-ordered child support payments that flow through the Department of Social Services.

Mental Health Patient Trust Fund accounts for the savings of patients in the Commonwealth's mental health facilities.

Optional Life Insurance Fund accounts for optional life insurance payments collected from employees as a supplement to the state's basic life insurance plan. The beginning balance of this fund has been restated by \$4.8 million due to a prior year error.

Comptroller's Debt Setoff Fund accounts for monies withheld from vendors to offset debts owed the Commonwealth by those vendors. In previous years, this fund was reported in Miscellaneous.

Miscellaneous Funds include:

- **Federal Aviation Fund**, which accounts for federal monies received by the Commonwealth to reimburse localities for the expansion and improvement of airport systems;
- **Legal Settlement Fund**, which accounts for receipts from court judgments that are deposited and subsequently distributed to the appropriate injured parties;
- **Milk Commission Fund**, which accounts for deposits of farmers to offset delivery expenses and losses incurred;
- **Woodrow Wilson Rehabilitation Center**, which accounts for funds for students;
- **Virginia School for the Deaf and the Blind**, which accounts for funds used to establish new activities for students;
- **Virginia Department of Transportation**, which accounts for funds used for transportation conferences;
- **Department of Agriculture and Consumer Services**, which accounts for funds used for consumer protection; and,
- **Department of State Police**, which accounts for assets seized in drug raids.

Combining Balance Sheet
All Trust and Agency Funds

June 30, 2000

(Dollars in Thousands)

	Pension Trust Funds						
	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Virginia Law Officers' Retirement System	Political Appointees	Postemployment Retiree Health Insurance Credit Fund	Postemployment Group Life
Assets							
Cash, Cash Equivalents, and Investments	\$ 41,751,564	\$ 529,718	\$ 293,580	\$ 25,667	\$ 1,628	\$ 41,280	\$ 1,117,276
Taxes, Loans, Accounts, and Other Receivables (Net)	2,261,587	27,833	15,702	2,809	-	2,182	59,029
Due from Other Funds and Primary Government	1,654	1,472	1,434	67	-	4,114	-
Inventory	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
Property, Plant, and Equipment (Net)	6,723	-	-	-	-	-	-
Total Assets	\$ 44,021,528	\$ 559,023	\$ 310,716	\$ 28,543	\$ 1,628	\$ 47,576	\$ 1,176,305
Liabilities and Fund Equity							
Liabilities:							
Accounts Payable	\$ 179,367	\$ 2,351	\$ 1,902	\$ 163	\$ -	\$ 4,321	\$ 1,934
Amounts Due to Other Governments	-	-	-	-	-	-	-
Claims Payable	-	-	-	-	-	-	26,850
Obligations Under Securities Lending Program	2,139,326	27,144	15,048	1,315	-	2,115	57,251
Long-Term Liabilities	1,419	6	-	-	-	5	25
Other Liabilities	2,703,736	34,302	19,011	1,662	-	2,673	72,349
Due to Other Funds and Primary Government	7,087	12	7	2	-	324	2,239
Total Liabilities	5,030,935	63,815	35,968	3,142	-	9,438	160,648
Fund Equity:							
Fund Balance:							
Reserved	38,990,593	495,208	274,748	25,401	1,628	38,138	1,015,657
Unreserved	-	-	-	-	-	-	-
Total Fund Equity	38,990,593	495,208	274,748	25,401	1,628	38,138	1,015,657
Total Liabilities and Fund Equity	\$ 44,021,528	\$ 559,023	\$ 310,716	\$ 28,543	\$ 1,628	\$ 47,576	\$ 1,176,305

Total	Investment Trust Funds				Non-Expendable Trust Funds	Expendable Trust Funds	Agency Funds	Total June 30, 2000
	Local Government Investment Pool	State Non-Arbitrage Pool (SNAP)	SNAP Individual Investment Accounts	Total				
\$ 43,760,713	\$ 1,442,429	\$ 896,057	\$ 28,037	\$ 2,366,523	\$ 29,720	\$ 1,204,520	\$ 430,303	\$ 47,791,779
2,369,142	11,896	7,435	151	19,482	-	35,906	76,981	2,501,511
8,741	-	-	-	-	-	10,279	1,619	20,639
-	-	-	-	-	-	1,529	-	1,529
-	-	53	-	53	-	7	-	60
6,723	-	-	-	-	-	15	-	6,738
<u>\$ 46,145,319</u>	<u>\$ 1,454,325</u>	<u>\$ 903,545</u>	<u>\$ 28,188</u>	<u>\$ 2,386,058</u>	<u>\$ 29,720</u>	<u>\$ 1,252,256</u>	<u>\$ 508,903</u>	<u>\$ 50,322,256</u>
\$ 190,038	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 37,704	\$ 2,264	\$ 230,009
-	-	-	-	-	-	3,507	163,935	167,442
26,850	-	-	-	-	-	15,817	2,739	45,406
2,242,199	-	-	-	-	-	2,124	-	2,244,323
1,455	-	-	-	-	-	-	-	1,455
2,833,733	-	487	-	487	-	603	333,009	3,167,832
9,671	1,223	-	-	1,223	-	102	6,956	17,952
5,303,946	1,223	487	-	1,710	3	59,857	508,903	5,874,419
40,841,373	1,453,102	903,058	28,188	2,384,348	29,717	2,371	-	43,257,809
-	-	-	-	-	-	1,190,028	-	1,190,028
40,841,373	1,453,102	903,058	28,188	2,384,348	29,717	1,192,399	-	44,447,837
<u>\$ 46,145,319</u>	<u>\$ 1,454,325</u>	<u>\$ 903,545</u>	<u>\$ 28,188</u>	<u>\$ 2,386,058</u>	<u>\$ 29,720</u>	<u>\$ 1,252,256</u>	<u>\$ 508,903</u>	<u>\$ 50,322,256</u>

**Combining Statement of Plan Net Assets
Pension Trust Funds**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Virginia Law Officers' Retirement System	Political Appointees
Assets					
Cash	\$ 101,000	\$ 1,255	\$ 696	\$ 60	\$ -
Receivables					
Contributions	131,975	825	734	1,500	-
Interest and Dividends	131,145	1,664	922	81	-
Receivable for Security					
Transactions	1,914,696	24,294	13,464	1,177	-
Other Receivables	83,771	1,050	582	51	-
Total Receivables	2,261,587	27,833	15,702	2,809	-
Due from Other Funds					
and Primary Government	1,654	1,472	1,434	67	-
Investments					
Bonds and Mortgage Securities	9,477,577	120,252	66,645	5,827	175
Stocks	9,330,086	118,380	65,608	5,736	1,453
Fixed Income Commingled Funds	676,781	8,587	4,759	416	-
Index and Pooled Funds	13,582,007	172,328	95,508	8,350	-
Real Estate	1,105,906	14,032	7,777	680	-
Venture Capital	3,632,976	46,095	25,547	2,234	-
Short-term Investments	1,705,905	21,645	11,996	1,049	-
Total Investments	39,511,238	501,319	277,840	24,292	1,628
Collateral on Loaned Securities	2,139,326	27,144	15,044	1,315	-
Furniture and Equipment	6,723	-	-	-	-
Total Assets	44,021,528	559,023	310,716	28,543	1,628
Liabilities					
Retirement Benefits Payable	106,112	1,448	1,438	67	-
Refunds Payable	6,389	67	-	55	-
Accounts Payable and					
Accrued Expenses	66,866	836	464	41	-
Compensated Absences					
Payable	907	-	-	-	-
Insurance Premiums and					
Claims Payable	-	-	-	-	-
Payable for Security					
Transactions	2,703,497	34,302	19,011	1,662	-
Pension Liability	512	6	-	-	-
Other Payables	239	-	-	-	-
Obligations Under Securities					
Lending Program	2,139,326	27,144	15,048	1,315	-
Due to Other Funds	7,087	12	7	2	-
Total Liabilities	5,030,935	63,815	35,968	3,142	-
Net Assets Held in Trust					
for Pension/Postemployment					
Benefits	\$ 38,990,593	\$ 495,208	\$ 274,748	\$ 25,401	\$ 1,628

Postemployment Retiree Health Insurance Credit Fund	Postemployment Group Life	Total June 30, 2000
\$ 98	\$ 2,648	\$ 105,757
77	1,255	136,366
130	3,510	137,452
1,893	51,240	2,006,764
82	3,024	88,560
2,182	59,029	2,369,142
4,114	-	8,741
9,371	253,634	9,933,481
9,225	249,686	9,780,174
669	18,112	709,324
13,430	363,473	14,235,096
1,093	29,596	1,159,084
3,592	97,224	3,807,668
1,687	45,652	1,787,934
39,067	1,057,377	41,412,761
2,115	57,251	2,242,195
-	-	6,723
47,576	1,176,305	46,145,319
-	-	109,065
18	170	6,699
4,303	1,764	74,274
-	-	907
-	26,850	26,850
2,673	72,349	2,833,494
5	25	548
-	-	239
2,115	57,251	2,242,199
324	2,239	9,671
9,438	160,648	5,303,946
\$ 38,138	\$ 1,015,657	\$ 40,841,373

**Combining Statement of Plan Net Assets
Investment Trust Funds**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Local Government Investment Pool	State Non-Arbitrage Pool (SNAP)	SNAP Individual Investment Accounts	Total June 30, 2000
Assets				
Cash, Cash Equivalents, and Investments	\$ 1,442,429	\$ 896,057	\$ 28,037	\$ 2,366,523
Interest and Dividends Receivable	11,896	7,435	151	19,482
Other Assets	-	53	-	53
Total Assets	1,454,325	903,545	28,188	2,386,058
Liabilities				
Other Liabilities	-	487	-	487
Due to Other Funds	1,223	-	-	1,223
Total Liabilities	1,223	487	-	1,710
Net Assets Held in Trust for Pool Participants	\$ 1,453,102	\$ 903,058	\$ 28,188	\$ 2,384,348

Note: Net asset value for the Local Government Investment Pool and the State Non-Arbitrage Pool is \$1 per share.



**Combining Balance Sheet
Nonexpendable Trust Funds**

June 30, 2000

(Dollars in Thousands)

	Commonwealth Health Research Board	Mental Health Endowment Funds	Total June 30, 2000
Assets and Other Debits			
Assets:			
Cash, Cash Equivalents, and Investments	\$ 29,460	\$ 260	\$ 29,720
Total Assets and Other Debits	\$ 29,460	\$ 260	\$ 29,720
Liabilities, Equity, and Other Credits			
Liabilities:			
Accounts Payable	\$ 3	\$ -	\$ 3
Total Liabilities	3	-	3
Equity and Other Credits:			
Fund Balances:			
Reserved	29,457	260	29,717
Total Equity and Other Credits	29,457	260	29,717
Total Liabilities, Equity, and Other Credits	\$ 29,460	\$ 260	\$ 29,720

Combining Revenues, Expenses, and Changes in Fund Balances
Nonexpendable Trust Funds

June 30, 2000

(Dollars in Thousands)

	Commonwealth Health Research Board	Mental Health Endowment Funds	Total June 30, 2000
Operating Revenues:			
Interest, Dividends, Rents, and Other Investment Income	\$ 2,426	\$ 14	\$ 2,440
Total Operating Revenues	2,426	14	2,440
Operating Expenses:			
Cost of Sales and Services	592	-	592
Other	-	4	4
Total Operating Expenses	592	4	596
Operating Income	1,834	10	1,844
Net Income	1,834	10	1,844
Fund Balance, July 1, as restated	27,623	250	27,873
Fund Balance, June 30	\$ 29,457	\$ 260	\$ 29,717

**Combining Statement of Cash Flows
Nonexpendable Trust Funds**

June 30, 2000

(Dollars in Thousands)

	Commonwealth Health Research Board	Mental Health Endowment Funds	Total June 30, 2000
Cash Flows from Operating Activities:			
Payments to Suppliers for Goods and Services	\$ (144)	\$ -	\$ (144)
Other Operating Expense	(450)	(4)	(454)
Other Operating Revenue	-	14	14
Net Cash Provided by (Used for) Operating Activities	(594)	10	(584)
Cash Flows from Investing Activities:			
Purchase of Investments	(2,229)	-	(2,229)
Proceeds from Sales or Maturities of Investments	2,491	-	2,491
Investment Income on Cash, Cash Equivalents, and Investments	330	-	330
Net Cash Provided by (Used for) Investing Activities	592	-	592
Net Increase (Decrease) in Cash and Cash Equivalents	(2)	10	8
Cash and Cash Equivalents, July 1, as restated	19	250	269
Cash and Cash Equivalents, June 30	\$ 17	\$ 260	\$ 277
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ 1,834	\$ 10	\$ 1,844
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Interest, Dividends, Rents, and Other Investment Income	(2,426)	-	(2,426)
Increase (Decrease) in Accounts Payable	(2)	-	(2)
Net Cash Provided by (Used for) Operating Activities	(594)	10	(584)
Reconciliation of Cash, Cash Equivalents, and Investments:			
Per the Balance Sheet:			
Cash, Cash Equivalents, and Investments	\$ 29,460	\$ 260	\$ 29,720
Less:			
Investments with Original Maturities Greater than Three Months	29,443	-	29,443
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 17	\$ 260	\$ 277

Combining Statement of Changes in Assets and Liabilities
All Agency Funds

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Restated Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Funds for the Collection of Taxes and Fees				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 89,482	\$ 859,379	\$ 857,574	\$ 91,287
Taxes, Loans, Accounts, and Other Receivables (Net)	71,296	76,232	71,295	76,233
Total Assets	\$ 160,778	\$ 935,611	\$ 928,869	\$ 167,520
Liabilities:				
Amounts Due to Other Governments	\$ 157,800	\$ 921,526	\$ 915,569	\$ 163,757
Other Liabilities	2,978	14,085	13,300	3,763
Total Liabilities	\$ 160,778	\$ 935,611	\$ 928,869	\$ 167,520
Employee Benefits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 922	\$ 113,266	\$ 112,197	\$ 1,991
Total Assets	\$ 922	\$ 113,266	\$ 112,197	\$ 1,991
Liabilities:				
Accounts Payable	\$ 922	\$ 113,266	\$ 112,197	\$ 1,991
Total Liabilities	\$ 922	\$ 113,266	\$ 112,197	\$ 1,991
Mined Land Deposits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 5,104	\$ 682	\$ 1,759	\$ 4,027
Total Assets	\$ 5,104	\$ 682	\$ 1,759	\$ 4,027
Liabilities:				
Other Liabilities	\$ 5,104	\$ 682	\$ 1,759	\$ 4,027
Total Liabilities	\$ 5,104	\$ 682	\$ 1,759	\$ 4,027
Deposits of Insurance Carriers Fund				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 289,693	\$ 106,672	\$ 94,152	\$ 302,213
Total Assets	\$ 289,693	\$ 106,672	\$ 94,152	\$ 302,213
Liabilities:				
Other Liabilities	\$ 289,693	\$ 106,672	\$ 94,152	\$ 302,213
Total Liabilities	\$ 289,693	\$ 106,672	\$ 94,152	\$ 302,213
Inmate/Ward Trust Fund				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 3,365	\$ 354	\$ 25	\$ 3,694
Taxes, Loans, Accounts, and Other Receivables (Net)	589	-	96	493
Total Assets	\$ 3,954	\$ 354	\$ 121	\$ 4,187
Liabilities:				
Accounts Payable	\$ 142	\$ 57	\$ 3	\$ 196
Other Liabilities	3,812	207	28	3,991
Total Liabilities	\$ 3,954	\$ 264	\$ 31	\$ 4,187

(Continued on next page)

Combining Statement of Changes in Assets and Liabilities
All Agency Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2000

(Dollars in Thousands)

	Restated Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Child Support Collections Fund				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 16,317	\$ 397,013	\$ 392,357	\$ 20,973
Due from Other Funds	30	13	30	13
Total Assets	<u>\$ 16,347</u>	<u>\$ 397,026</u>	<u>\$ 392,387</u>	<u>\$ 20,986</u>
Liabilities:				
Other Liabilities	\$ 8,224	\$ 397,039	\$ 391,233	\$ 14,030
Due to Other Funds	8,123	6,956	8,123	6,956
Total Liabilities	<u>\$ 16,347</u>	<u>\$ 403,995</u>	<u>\$ 399,356</u>	<u>\$ 20,986</u>
Mental Health Patient Trust Fund				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 2,145	\$ 50	\$ -	\$ 2,195
Total Assets	<u>\$ 2,145</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 2,195</u>
Liabilities:				
Other Liabilities	\$ 2,145	\$ 50	\$ -	\$ 2,195
Total Liabilities	<u>\$ 2,145</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 2,195</u>
Optional Life Insurance Fund				
Assets:				
Cash, Cash Equivalents, and Investments	\$ -	\$ 15,932	\$ 14,799	\$ 1,133
Due from Other Funds	4,802	-	3,196	1,606
Total Assets	<u>\$ 4,802</u>	<u>\$ 15,932</u>	<u>\$ 17,995</u>	<u>\$ 2,739</u>
Liabilities:				
Claims Payable	\$ 2,863	\$ -	\$ 124	\$ 2,739
Due to Other Funds	1,939	-	1,939	-
Total Liabilities	<u>\$ 4,802</u>	<u>\$ -</u>	<u>\$ 2,063</u>	<u>\$ 2,739</u>
Comptroller's Debt Setoff Fund				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 1,821	\$ 9,408	\$ 9,877	\$ 1,352
Total Assets	<u>\$ 1,821</u>	<u>\$ 9,408</u>	<u>\$ 9,877</u>	<u>\$ 1,352</u>
Liabilities:				
Other Liabilities	\$ 1,821	\$ 9,408	\$ 9,877	\$ 1,352
Total Liabilities	<u>\$ 1,821</u>	<u>\$ 9,408</u>	<u>\$ 9,877</u>	<u>\$ 1,352</u>

	Restated Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Miscellaneous				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 1,467	\$ 3,725	\$ 3,754	\$ 1,438
Taxes, Loans, Accounts, and Other Receivables (Net)	146	178	69	255
Total Assets	<u>\$ 1,613</u>	<u>\$ 3,903</u>	<u>\$ 3,823</u>	<u>\$ 1,693</u>
Liabilities:				
Accounts Payable	\$ 105	\$ -	\$ 28	\$ 77
Amounts Due to Other Governments	41	514	377	178
Other Liabilities	1,467	3,362	3,391	1,438
Total Liabilities	<u>\$ 1,613</u>	<u>\$ 3,876</u>	<u>\$ 3,796</u>	<u>\$ 1,693</u>
Totals-All Agency Funds				
Assets:				
Cash, Cash Equivalents, and Investments	\$ 410,316	\$ 1,506,481	\$ 1,486,494	\$ 430,303
Taxes, Loans, Accounts, and Other Receivables (Net)	72,031	76,410	71,460	76,981
Due from Other Funds	4,832	13	3,226	1,619
Total Assets	<u>\$ 487,179</u>	<u>\$ 1,582,904</u>	<u>\$ 1,561,180</u>	<u>\$ 508,903</u>
Liabilities:				
Accounts Payable	\$ 1,169	\$ 113,323	\$ 112,228	\$ 2,264
Amounts Due to Other Governments	157,841	922,040	915,946	163,935
Claims Payable	2,863	-	124	2,739
Other Liabilities	315,244	531,505	513,740	333,009
Due to Other Funds	10,062	6,956	10,062	6,956
Total Liabilities	<u>\$ 487,179</u>	<u>\$ 1,573,824</u>	<u>\$ 1,552,100</u>	<u>\$ 508,903</u>



Component Units

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

Governmental Fund

The Virginia Port Authority is empowered to maintain and operate Virginia's harbors and ports.

The Virginia Economic Development Partnership works to enhance and increase the Commonwealth's commerce and trade.

Virginia Outdoors Foundation promotes preservation and fund raising for the purchase of preservation land.

Virginia Tourism Authority promotes tourism and film production industries of the Commonwealth.

Virginia Tobacco Settlement Foundation determines the appropriate recipients of moneys in the Virginia Tobacco Settlement Fund.

Tobacco Indemnification and Community Revitalization Commission determines the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund.

Virginia School for the Deaf and Blind Foundation operates exclusively for the benefit of the Virginia Schools for the Deaf and Blind.

Proprietary Funds

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

The Virginia Port Authority operates marine and inland terminals in Newport News, Norfolk, Portsmouth, and Front Royal, Virginia.

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

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

The Hampton Roads Sanitation District Commission operates a sewage system for 13 localities in the Chesapeake Bay Area.

The Virginia Biotechnology Research Park Authority assists in the development of a biotechnology research park.

The Medical College of Virginia Hospitals Authority operates the Medical College of Virginia Hospitals and provides graduate medical education.

The Small Business Financing Authority assists small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses.

Wireless E-911 Service Board assists in the establishment of wireless E-911 service in Virginia localities.

Other includes:

- **The A. L. Philpott Manufacturing Extension Partnership**, which promotes industrial expansion by providing consulting services to manufacturers; and,
- **The Virginia Equine Center Foundation**, which operates the Equine Center for the benefit of the equine industry.

The Higher Education Fund accounts for the resources received and used in the operation of the Commonwealth's institutions of higher education and medical teaching hospitals.

Included in this Fund are:

The College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science
University of Virginia, including the University of Virginia College at Wise (formerly reported as Clinch Valley College), and the University of Virginia Hospital
Virginia Polytechnic Institute and State University
Virginia Military Institute
Virginia State University
Norfolk State University
Mary Washington College
James Madison University
Radford University

Old Dominion University
Virginia Commonwealth University
George Mason University
Virginia Community College System

Also included are Nonmajor Component Units:
Christopher Newport University
Virginia College Building Authority
Innovative Technology Authority
Southwest Virginia Higher Education Center
Roanoke Higher Education Authority
Longwood College

Combining Balance Sheet
Component Units - Governmental Funds

June 30, 2000

(Dollars in Thousands)

	Virginia Port Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation
Assets			
Cash, Cash Equivalents, and Investments	\$ 67,688	\$ 1,995	\$ 1,830
Taxes, Loans, Accounts, and Other Receivables (Net)	3,168	53	16
Due from Component Units	563	-	-
Prepaid Items	-	43	2
Other Assets	287	453	-
Property, Plant, and Equipment	544,205	2,111	6,850
Other Debits:			
Amount Available for Retirement of Long-Term Debt	9,799	-	-
Amount to be Provided for:			
Retirement of Long-Term Debt	191,865	630	-
Pension Liability	371	621	2
Total Assets	<u>\$ 817,946</u>	<u>\$ 5,906</u>	<u>\$ 8,700</u>
Liabilities and Equity			
Liabilities:			
Accounts Payable	\$ 6,448	\$ 381	\$ 12
Obligations Under Securities Lending Program	1,155	-	-
Long-Term Liabilities	202,035	1,251	2
Other Liabilities	11,411	7	-
Deferred Revenue and Deferred Credit	-	-	-
Total Liabilities	<u>221,049</u>	<u>1,639</u>	<u>14</u>
Fund Equity:			
Investment in General Fixed Assets	544,205	2,111	6,850
Fund Balances:			
Reserved	46,884	43	2
Unreserved	<u>5,808</u>	<u>2,113</u>	<u>1,834</u>
Total Fund Equity	<u>596,897</u>	<u>4,267</u>	<u>8,686</u>
Total Liabilities and Equity	<u>\$ 817,946</u>	<u>\$ 5,906</u>	<u>\$ 8,700</u>

Virginia Tourism Authority	Virginia Tobacco Settlement Foundation	Tobacco Indemnification and Community Revitalization Commission	Virginia School for the Deaf and Blind Foundation	Totals June 30, 2000
\$ 578	\$ 18,362	\$ 21,332	\$ 2,910	\$ 114,695
332	-	-	-	3,569
-	-	-	-	563
3	-	-	-	48
8	-	-	-	748
420	-	18	-	553,604
-	-	-	-	9,799
394	-	3	-	192,892
43	-	1	-	1,038
\$ 1,778	\$ 18,362	\$ 21,354	\$ 2,910	\$ 876,956
\$ 270	\$ 13	\$ 48	\$ -	\$ 7,172
-	1,392	1,616	-	4,163
437	-	4	-	203,729
-	-	7,974	-	19,392
13	-	-	-	13
720	1,405	9,642	-	234,469
420	-	18	-	553,604
3	-	-	2,522	49,454
635	16,957	11,694	388	39,429
1,058	16,957	11,712	2,910	642,487
\$ 1,778	\$ 18,362	\$ 21,354	\$ 2,910	\$ 876,956

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Units - Governmental Funds

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	Virginia Port Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation
Revenues:			
Interest, Dividends, Rents and Other Investment Income	\$ 24,983	\$ 601	\$ 135
Federal Grants and Contracts	-	113	-
Proceeds from Securities Lending Transactions	36	-	-
Other	141	76	235
Total Revenues	25,160	790	370
Expenditures:			
Current:			
General Government	-	-	1,067
Education	-	-	-
Transportation	6,113	-	-
Resources and Economic Development	8,842	23,740	-
Capital Outlay	34,097	-	-
Debt Service:			
Principal Retirement	6,548	-	-
Interest and Charges	11,022	-	-
Payments for Securities Lending Transactions	34	-	-
Total Expenditures	66,656	23,740	1,067
Revenues Over (Under) Expenditures	(41,496)	(22,950)	(697)
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In From Primary Government	28,354	21,568	800
Operating Transfers In From Component Units	372	2,557	-
Operating Transfers Out to Primary Government	(192)	-	-
Operating Transfers Out to Component Units	(1,500)	-	-
Total Other Financing Sources (Uses)	27,034	24,125	800
Revenues and Other Sources			
Over (Under) Expenditures and Other Uses	(14,462)	1,175	103
Fund Balance, July 1, as restated	67,154	981	1,733
Fund Balance, June 30	\$ 52,692	\$ 2,156	\$ 1,836

Virginia Tourism Authority	Virginia Tobacco Settlement Foundation	Tobacco Indemnification and Community Revitalization Commission	Virginia School for the Deaf and Blind Foundation	Totals June 30, 2000
\$ 1,302	\$ 349	\$ 1,683	\$ 355	\$ 29,408
-	-	-	-	113
-	22	104	-	162
32	16,735	83,673	-	100,892
1,334	17,106	85,460	355	130,575
-	-	-	-	-
-	128	71,677	-	72,872
-	-	-	100	100
-	-	-	-	6,113
18,293	-	-	-	50,875
-	-	-	-	34,097
-	-	-	-	6,548
-	-	-	-	11,022
-	21	99	-	154
18,293	149	71,776	100	181,781
(16,959)	16,957	13,684	255	(51,206)
-	-	-	-	-
18,154	-	10	-	68,886
-	-	-	-	2,929
-	-	-	-	(192)
(557)	-	(2,000)	-	(4,057)
17,597	-	(1,990)	-	67,566
-	-	-	-	-
638	16,957	11,694	255	16,360
-	-	-	2,655	72,523
\$ 638	\$ 16,957	\$ 11,694	\$ 2,910	\$ 88,883

Combining Balance Sheet
Component Units - Proprietary Funds

June 30, 2000

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Assets				
Cash, Cash Equivalents, and Investments	\$ 1,744,343	\$ 17,345	\$ 255,104	\$ 1,878,948
Taxes, Loans, Accounts, and Other Receivables (Net)	5,193,483	17,069	827,313	354,238
Interfund Loans Receivable	-	-	-	119,475
Inventory	22,659	6,451	-	-
Restricted Assets	-	2,153	-	-
Prepaid Items	-	5,514	18	-
Other Assets	6,143	251	-	3,008
Property, Plant, and Equipment (Net)	17,425	14,730	104	-
Total Assets	\$ 6,984,053	\$ 63,513	\$ 1,082,539	\$ 2,355,669
Liabilities and Equity				
Liabilities:				
Accounts Payable	\$ 61,276	\$ 3,300	\$ 121	\$ 32
Amounts Due to Other Governments	-	-	-	38,211
Claims Payable	-	-	-	-
Obligations Under Securities Lending Program	-	-	-	-
Long-Term Liabilities	5,443,547	14,129	454,205	1,907,048
Other Liabilities	368,536	6,741	5,883	48,019
Due to Component Units	-	563	-	-
Interfund Loans Payable	-	-	-	338,338
Deferred Revenue and Deferred Credit	-	-	619	-
Total Liabilities	5,873,359	24,733	460,828	2,331,648
Equity:				
Contributed Capital	-	8,947	459,837	-
Retained Earnings (Deficit)				
Reserved	889,457	-	117,264	-
Unreserved	221,237	29,833	44,610	24,021
Total Equity	1,110,694	38,780	621,711	24,021
Total Liabilities and Equity	\$ 6,984,053	\$ 63,513	\$ 1,082,539	\$ 2,355,669

Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 2000
\$ 81,678	\$ 1,541	\$ 31,623	\$ 26,882	\$ 23,299	\$ 985	\$ 4,061,748
15,074	45,825	106,998	6,970	2,390	260	6,569,620
-	-	-	-	-	-	119,475
-	-	4,376	-	-	10	33,496
-	-	159,873	314	-	-	162,340
1,325	2	2,409	-	-	7	9,275
-	3,029	7,244	6	-	112	19,793
416,981	25,554	181,948	-	-	10,096	666,838
<u>\$ 515,058</u>	<u>\$ 75,951</u>	<u>\$ 494,471</u>	<u>\$ 34,172</u>	<u>\$ 25,689</u>	<u>\$ 11,470</u>	<u>\$ 11,642,585</u>
\$ 3,430	\$ 112	\$ 23,311	\$ -	\$ -	\$ 274	\$ 91,856
-	-	-	-	-	-	38,211
-	-	4,551	-	-	-	4,551
-	-	-	1,836	-	-	1,836
170,979	61,932	107,602	-	-	6,409	8,165,851
3,828	74	7,055	320	-	157	440,613
-	-	3,986	-	-	-	4,549
-	-	-	-	-	-	338,338
-	165	-	-	-	62	846
<u>178,237</u>	<u>62,283</u>	<u>146,505</u>	<u>2,156</u>	<u>-</u>	<u>6,902</u>	<u>9,086,651</u>
225,921	11,526	311,798	1,000	-	6,748	1,025,777
59,840	-	25,255	-	-	-	1,091,816
51,060	2,142	10,913	31,016	25,689	(2,180)	438,341
<u>336,821</u>	<u>13,668</u>	<u>347,966</u>	<u>32,016</u>	<u>25,689</u>	<u>4,568</u>	<u>2,555,934</u>
<u>\$ 515,058</u>	<u>\$ 75,951</u>	<u>\$ 494,471</u>	<u>\$ 34,172</u>	<u>\$ 25,689</u>	<u>\$ 11,470</u>	<u>\$ 11,642,585</u>

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
Component Units - Proprietary Funds

June 30, 2000

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Operating Revenues:				
Interest, Dividends, Rents, and Other Investment Income	\$ 467,906	\$ -	\$ 45,463	\$ 111,514
Charges for Sales and Services	2,672	128,332	-	-
Other	139,356	-	96,761	82
Total Operating Revenues	609,934	128,332	142,224	111,596
Operating Expenses:				
Interest Expense	336,995	-	22,989	97,132
Cost of Sales and Services	11,694	56,662	-	-
Prizes and Claims	-	-	-	-
Personal Services	20,368	57,728	821	-
Contractual Services	-	10,230	212	1,422
Supplies and Materials	-	4,683	-	-
Depreciation and Amortization	3,747	4,404	38	-
Rent, Insurance, and Other Related Charges	11,433	1,405	-	-
Other	133,803	172	102,370	948
Total Operating Expenses	518,040	135,284	126,430	99,502
Operating Income (Loss)	91,894	(6,952)	15,794	12,094
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income	-	-	-	-
Income From Securities Lending Transactions	-	-	-	-
Expenses For Securities Lending Transactions	-	-	-	-
Other	-	-	737	-
Total Nonoperating Revenues (Expenses)	-	-	737	-
Income (Loss) Before Transfers	91,894	(6,952)	16,531	12,094
Transfers:				
Operating Transfers In From Primary Government	-	-	20,449	-
Operating Transfers In From Component Units	-	1,500	-	-
Operating Transfers Out To Primary Government	-	-	-	(8,900)
Operating Transfers Out to Component Units	-	(372)	-	-
Total Transfers	-	1,128	20,449	(8,900)
Net Income (Loss) Before Cumulative Effect of				
Change in Accounting Principle	91,894	(5,824)	36,980	3,194
Cumulative Effect of Change in Accounting Principle	-	(7,802)	-	-
Net Income (Loss)	91,894	(13,626)	36,980	3,194
Retained Earnings (Deficit), July 1	1,018,800	43,459	124,894	20,827
Retained Earnings (Deficit), June 30	<u>\$ 1,110,694</u>	<u>\$ 29,833</u>	<u>\$ 161,874</u>	<u>\$ 24,021</u>

Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 2000
\$ -	\$ 2,490	\$ -	\$ 343	\$ -	\$ -	\$ 627,716
83,331	-	484,552	118	18,113	1,778	718,896
3,570	2,345	9,773	-	-	3,404	255,291
86,901	4,835	494,325	461	18,113	5,182	1,601,903
-	-	1,222	-	-	-	458,338
49,478	-	-	-	-	336	118,170
-	-	44,326	-	-	-	44,326
6,398	450	217,909	334	1	2,265	306,274
-	188	79,687	20	-	1,630	93,389
9,206	-	89,489	-	-	128	103,506
26,455	980	20,760	-	-	415	56,799
-	959	-	21	-	427	14,245
-	35	45,867	125	5,411	211	288,942
91,537	2,612	499,260	500	5,412	5,412	1,483,989
(4,636)	2,223	(4,935)	(39)	12,701	(230)	117,914
(3,882)	(869)	9,172	1,248	676	(339)	6,006
-	-	-	55	-	-	55
-	-	-	(52)	-	-	(52)
5,379	-	3,215	(301)	-	-	9,030
1,497	(869)	12,387	950	676	(339)	15,039
(3,139)	1,354	7,452	911	13,377	(569)	132,953
-	-	-	919	-	1,020	22,388
-	-	-	-	-	-	1,500
-	-	-	-	-	(1,497)	(10,397)
-	-	-	-	-	-	(372)
-	-	-	919	-	(477)	13,119
(3,139)	1,354	7,452	1,830	13,377	(1,046)	146,072
-	-	-	-	-	-	(7,802)
(3,139)	1,354	7,452	1,830	13,377	(1,046)	138,270
114,039	788	28,716	29,186	12,312	(1,134)	1,391,887
\$ 110,900	\$ 2,142	\$ 36,168	\$ 31,016	\$ 25,689	\$ (2,180)	\$ 1,530,157

**Combining Statement of Cash Flows
Component Units - Proprietary Funds**

June 30, 2000

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Cash Flows from Operating Activities:				
Receipts for Sales and Services	\$ 34,781	\$ 128,146	\$ -	\$ -
Payments to Suppliers for Goods and Services	(19,343)	(63,300)	(192)	(912)
Payments for Prizes, Claims, and Loss Control	-	-	-	-
Payments to Employees	(19,993)	(57,970)	(863)	-
Other Operating Expense	(919,436)	(10,230)	(144,172)	(194,042)
Other Operating Revenue	1,021,580	-	92,557	267,978
Net Cash Provided by (Used for) Operating Activities	97,589	(3,354)	(52,670)	73,024
Cash Flows from Noncapital Financing Activities:				
Payment of Principal and Interest on Bonds and Notes	(1,429,471)	-	(44,993)	(233,016)
Proceeds from Issuance of Bonds and Notes	667,665	-	152,675	261,543
Operating Transfers In From Primary Government	-	-	20,449	-
Operating Transfers In From Component Units	-	1,500	-	-
Operating Transfers Out To Primary Government	-	-	-	(40,799)
Operating Transfers Out to Component Units	-	(372)	-	-
Other Noncapital Nonfinancing Activities	-	-	26,062	(28,643)
Payments of Debt Issuance Costs	(3,778)	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(765,584)	1,128	154,193	(40,915)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(1,560)	(2,691)	(94)	-
Payment of Principal and Interest on Bonds and Notes	(2,330)	-	-	-
Proceeds from Sale of Bonds and Notes	-	-	-	-
Proceeds from Sale of Fixed Assets	-	297	69	-
Other Capital and Related Financing Activities	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(3,890)	(2,394)	(25)	-
Cash Flows from Investing Activities:				
Purchase of Investments	(1,421,426)	(6,823)	(134,898)	(2,899)
Proceeds from Sales or Maturities of Investments	1,666,434	-	1,564	1,119
Investment Income on Cash, Cash Equivalents, and Investments	98,909	881	12,065	5,260
Net Cash Provided by (Used for) Investing Activities	343,917	(5,942)	(121,269)	3,480
Net Increase (Decrease) in Cash and Cash Equivalents	(327,968)	(10,562)	(19,771)	35,589
Cash and Cash Equivalents, July 1	842,497	17,455	123,573	45,173
Cash and Cash Equivalents, June 30	<u>\$ 514,529</u>	<u>\$ 6,893</u>	<u>\$ 103,802</u>	<u>\$ 80,762</u>

Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 2000
\$ 82,367	\$ 2,364	\$ 471,752	\$ 118	\$ 17,684	\$ 1,798	\$ 739,010
(39,889)	(837)	(88,110)	-	-	(1,112)	(213,695)
-	-	(44,950)	-	-	-	(44,950)
(27,295)	(447)	(216,297)	(334)	(1)	(2,276)	(325,476)
-	(379)	(99,792)	(1,181)	(5,411)	(1,636)	(1,376,279)
8,949	2,388	6,611	995	-	3,326	1,404,384
24,132	3,089	29,214	(402)	12,272	100	182,994
-	-	-	-	-	-	(1,707,480)
-	-	-	-	-	-	1,081,883
-	-	-	919	-	1,020	22,388
-	-	-	-	-	-	1,500
-	-	-	-	-	(1,497)	(42,296)
-	-	-	-	-	-	(372)
-	-	-	-	-	-	(2,581)
-	-	-	-	-	-	(3,778)
-	-	-	919	-	(477)	(650,736)
(19,255)	(3,736)	(47,838)	-	-	(115)	(75,289)
(21,099)	(1,506)	(7,004)	-	-	(1,027)	(32,966)
481	-	-	-	-	-	481
-	-	-	-	-	-	366
2,165	-	-	-	-	-	2,165
(37,708)	(5,242)	(54,842)	-	-	(1,142)	(105,243)
(57,432)	-	(360,737)	-	-	-	(1,984,215)
65,466	-	368,562	-	-	26	2,103,171
5,085	103	26,150	1,228	677	29	150,387
13,119	103	33,975	1,228	677	55	269,343
(457)	(2,050)	8,347	1,745	12,949	(1,464)	(303,642)
8,345	3,591	16,415	23,301	10,350	1,984	1,092,684
\$ 7,888	\$ 1,541	\$ 24,762	\$ 25,046	\$ 23,299	\$ 520	\$ 789,042

(Continued on next page)

Combining Statement of Cash Flows
Component Units - Proprietary Funds (continued from Previous Page)

June 30, 2000

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Reconciliation of Operating Income to Net Cash Provided				
by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 91,894	\$ (6,952)	\$ 15,794	\$ 12,094
Adjustments to Reconcile Operating Income to Net Cash				
Provided by (Used for) Operating Activities:				
Depreciation and Amortization	3,747	4,404	38	-
Interest on Bonds and Notes	336,996	-	21,958	94,410
Interest, Dividends, Rents, and Other Investment Income	(89,812)	(881)	(13,228)	(5,259)
Payment of Bond Issuance Expenses	-	-	-	726
Loss (Gain) on Sale of Fixed Assets	-	4	(9)	-
Miscellaneous Nonoperating Income (Expense)	-	-	736	(26,041)
Other Expenses	-	356	-	850
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(259,338)	1,267	(78,114)	(5,963)
(Increase) Decrease in Inventory	6,775	166	-	-
(Increase) Decrease in Restricted Assets	-	(787)	-	-
(Increase) Decrease in Prepaid Items	-	(423)	-	-
Increase (Decrease) in Accounts Payable	(9,856)	(3,697)	60	(118)
Increase (Decrease) in Claims Payable	-	-	-	-
Increase (Decrease) in Deferred Revenue	-	-	74	-
Increase (Decrease) in Long-Term Liabilities	499	127	26	-
Increase (Decrease) in Other Liabilities	16,684	3,062	(5)	2,325
Net Cash Provided by (Used for) Operating Activities	<u>\$ 97,589</u>	<u>\$ (3,354)</u>	<u>\$ (52,670)</u>	<u>\$ 73,024</u>
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	\$ 1,744,343	\$ 17,345	\$ 255,104	\$ 1,878,948
Less:				
Investments with Original Maturities Greater than Three Months	1,229,814	10,452	151,302	1,798,186
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 514,529</u>	<u>\$ 6,893</u>	<u>\$ 103,802</u>	<u>\$ 80,762</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the balance sheet date:				
Increase in Other Real Estate Owned				
as a Result of Loan Foreclosures	\$ 26,950	\$ -	\$ -	\$ -
Capital Leases Used to Finance Fixed Assets	-	-	28	-
Trade-ins of Used Equipment on New Equipment	-	26	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 26,950</u>	<u>\$ 26</u>	<u>\$ 28</u>	<u>\$ -</u>

Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 2000
\$ (4,636)	\$ 2,223	\$ (4,935)	\$ (39)	\$ 12,701	\$ (230)	\$ 117,914
26,455	980	20,760	-	-	415	56,799
-	-	1,222	-	-	-	454,586
-	-	707	-	-	-	(108,473)
-	-	-	-	-	-	726
-	-	-	-	-	-	(5)
5,379	-	-	-	-	-	(19,926)
-	-	25,762	(279)	-	-	26,689
(350)	(86)	(16,812)	(84)	(429)	(71)	(359,980)
-	-	(2,175)	-	-	3	4,769
-	-	-	-	-	-	(787)
(228)	13	3,998	-	-	(2)	3,358
(1,932)	39	(714)	-	-	(26)	(16,244)
-	-	(625)	-	-	-	(625)
-	(85)	-	-	-	12	1
96	-	135	-	-	(2)	881
(652)	5	1,891	-	-	1	23,311
\$ 24,132	\$ 3,089	\$ 29,214	\$ (402)	\$ 12,272	\$ 100	\$ 182,994
\$ 81,678	\$ 1,541	\$ 31,623	\$ 26,882	\$ 23,299	\$ 985	\$ 4,061,748
73,790	-	6,861	1,836	-	465	3,272,706
\$ 7,888	\$ 1,541	\$ 24,762	\$ 25,046	\$ 23,299	\$ 520	\$ 789,042
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,950
-	-	-	-	-	-	28
-	-	-	-	-	-	26
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,004

**Combining Balance Sheet
Higher Education Fund**

June 30, 2000

(Dollars in Thousands)

	College of William and Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute
Assets				
Cash, Cash Equivalents, and Investments	\$ 82,026	\$ 2,355,645	\$ 193,395	\$ 27,258
Taxes, Loans, Accounts, and Other				
Receivables (Net)	6,399	162,624	45,122	2,001
Due from Other Funds and Primary Government	660	-	-	39
Due from Component Units	1	6,592	7,308	4
Inventory	562	11,948	6,147	1,988
Prepaid Items	-	5,080	10,900	801
Other Assets	169	2,047	209	11
Property, Plant, and Equipment	357,467	1,743,163	813,802	103,041
Total Assets	<u>\$ 447,284</u>	<u>\$ 4,287,099</u>	<u>\$ 1,076,883</u>	<u>\$ 135,143</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$ 20,993	\$ 104,382	\$ 67,182	\$ 1,301
Obligations Under Securities Lending Program	750	3,642	899	228
Long-Term Liabilities	54,444	369,643	202,344	5,776
Other Liabilities	652	36,198	3,631	2,648
Due to Component Units	-	-	-	-
Interfund Loans Payable	700	675	-	-
Deferred Revenue and Deferred Credit	3,677	59,512	17,432	568
Total Liabilities	<u>81,216</u>	<u>574,052</u>	<u>291,488</u>	<u>10,521</u>
Fund Equity:				
Unrestricted	(3,952)	138,558	(2,253)	1,823
Restricted	7,940	131,107	17,777	713
U.S. Government Grants Refundable	2,413	15,359	14,124	1,118
University Funds--Restricted	523	13,213	365	324
Life Income and Annuity	-	31,999	92	-
Endowment	33,299	784,337	357	4,447
Quasi-endowment--Unrestricted	3,118	528,016	504	1,878
Quasi-endowment--Restricted	4,553	424,473	47,400	15,281
Unexpended	27,858	202,756	14,703	-
Renewals and Replacements	345	39,568	5,561	3,925
Retirement of Indebtedness	273	1,860	31,885	-
Net Investment in Plant	289,698	1,401,801	654,880	95,113
Total Fund Equity	<u>366,068</u>	<u>3,713,047</u>	<u>785,395</u>	<u>124,622</u>
Total Liabilities and Fund Equity	<u>\$ 447,284</u>	<u>\$ 4,287,099</u>	<u>\$ 1,076,883</u>	<u>\$ 135,143</u>

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
\$ 20,795	\$ 8,976	\$ 27,712	\$ 55,903	\$ 28,440	\$ 52,067	\$ 109,539
3,722	5,257	1,097	5,261	3,978	12,646	43,648
31	-	-	-	25	-	2,154
211	861	23	1,749	327	2,784	7,457
279	5	592	1,234	534	550	204
783	825	-	2,477	-	296	2,082
71	18	24	48	-	-	45,367
139,069	136,728	106,879	365,498	135,922	304,434	530,704
\$ 164,961	\$ 152,670	\$ 136,327	\$ 432,170	\$ 169,226	\$ 372,777	\$ 741,155
\$ 5,127	\$ 622	\$ 2,794	\$ 22,487	\$ 10,887	\$ 4,551	\$ 36,398
460	171	110	2,130	1,641	1,718	410
17,439	31,414	18,010	96,983	7,907	59,171	148,424
1,025	5,669	3,849	2,261	354	423	2,243
-	-	-	-	-	-	-
-	2,280	-	-	-	-	173
2,727	521	1,436	5,547	2,790	5,036	6,618
26,778	40,677	26,199	129,408	23,579	70,899	194,266
3,805	(1,951)	(1,634)	(3,487)	(2,079)	20,402	18,507
1,045	1,540	3,191	1,087	172	4,171	18,057
586	1,577	641	2,384	2,892	4,023	19,716
315	676	194	661	629	739	4,141
-	-	-	-	-	-	-
2,508	-	16,229	245	-	4,838	3,043
362	-	-	-	-	6,977	8,377
1,793	-	1,232	-	-	531	17,590
36	4,571	6,882	5,242	2,518	6,778	17,486
19,952	1,562	-	11,956	12,709	2,186	-
41	385	27	10	-	-	(598)
107,740	103,633	83,366	284,664	128,806	251,233	440,570
138,183	111,993	110,128	302,762	145,647	301,878	546,889
\$ 164,961	\$ 152,670	\$ 136,327	\$ 432,170	\$ 169,226	\$ 372,777	\$ 741,155

(Continued on next page)

Combining Balance Sheet
Higher Education Fund (Continued from Previous Page)

June 30, 2000

(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 2000
Assets				
Cash, Cash Equivalents, and Investments	\$ 35,959	\$ 64,201	\$ 89,155	\$ 3,151,071
Taxes, Loans, Accounts, and Other				
Receivables (Net)	13,466	9,530	18,390	333,141
Due from Other Funds and Primary Government	586	229	1,318	5,042
Due from Component Units	178	2,434	206	30,135
Inventory	167	1,424	434	26,068
Prepaid Items	1,174	266	359	25,043
Other Assets	1,013	143	470	49,590
Property, Plant, and Equipment	436,794	570,165	254,419	5,998,085
Total Assets	\$ 489,337	\$ 648,392	\$ 364,751	\$ 9,618,175
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$ 8,089	\$ 27,317	\$ 8,753	\$ 320,883
Obligations Under Securities Lending Program	1,162	7	799	14,127
Long-Term Liabilities	120,474	78,539	283,285	1,493,853
Other Liabilities	17,289	3,492	6,261	85,995
Due to Component Units	-	-	26,149	26,149
Interfund Loans Payable	3,000	554	1,029	8,411
Deferred Revenue and Deferred Credit	13,817	10,356	8,808	138,845
Total Liabilities	163,831	120,265	335,084	2,088,263
Fund Equity:				
Unrestricted	(14,946)	(14,487)	812	139,118
Restricted	514	1,810	728	189,852
U.S. Government Grants Refundable	2,691	3,300	1,929	72,753
University Funds--Restricted	-	1,213	281	23,274
Life Income and Annuity	-	-	-	32,091
Endowment	-	14	2,510	851,827
Quasi-endowment--Unrestricted	-	191	43	549,466
Quasi-endowment--Restricted	-	170	-	513,023
Unexpended	19,486	51,959	13,049	373,324
Renewals and Replacements	608	5,002	7,665	111,039
Retirement of Indebtedness	783	-	1,221	35,887
Net Investment in Plant	316,370	478,955	1,429	4,638,258
Total Fund Equity	325,506	528,127	29,667	7,529,912
Total Liabilities and Fund Equity	\$ 489,337	\$ 648,392	\$ 364,751	\$ 9,618,175



**Combining Statement of Changes in Fund Balances
Higher Education Fund**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	College of William and Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute
Revenues and Other Additions:				
Unrestricted Current Funds Revenues	\$ 110,881	\$ 827,438	\$ 291,579	\$ 23,545
Federal Grants and Contracts--Restricted	17,575	191,381	155,370	3,179
State Grants and Contracts--Restricted	3,191	5,476	12,906	38
Local Grants and Contracts--Restricted	174	-	11,754	-
Investment Income	1,009	486,219	4,878	1,249
Endowment Income	696	22,180	1,651	313
Interest on Loans Receivable	65	889	291	24
U.S. Government Advances	22	40	-	43
Expended for Plant Facilities (including \$ 134,156 charged to current funds)	19,975	101,503	56,092	7,459
Retirement of Indebtedness (including \$ 5,387 charged to current funds)	4,427	18,159	14,579	846
Proceeds from Securities Lending Transactions	-	-	-	-
Other Sources	17,623	153,205	58,623	9,567
Total Revenues and Other Additions	175,638	1,806,490	607,723	46,263
Expenditures and Other Deductions:				
Educational and General Expenditures	164,183	680,714	633,068	32,689
Auxiliary Enterprise Expenditures	44,456	82,605	93,353	13,467
Hospital and Independent Operations	-	449,709	-	-
Indirect Costs Recovered	3,741	37,006	14,149	18
Refunded to Grantors	34	738	-	-
Loan Cancellations	24	96	-	-
Administrative and Collection Costs	185	58	184	1
Expended for Plant Facilities (including non-capitalized expenditures of \$37,312)	14,811	43,298	30,424	6,949
Retirement of Plant Facilities	3,007	31,848	37,553	442
Retirement of Indebtedness	4,295	18,159	14,506	845
Interest on Indebtedness	2,255	15,556	8,095	235
Payment for Securities Lending Transactions	21	111	32	4
Other	1,898	642	2,380	481
Total Expenditures and Other Deductions	238,910	1,360,540	833,744	55,131
Transfers Among Funds:				
Operating Transfers In from Primary Government	79,823	186,555	256,673	20,344
Operating Transfers Out to Primary Government	(113)	(436)	-	-
Operating Transfers In from Component Units	-	3,203	4,210	-
Operating Transfers Out to Component Units	-	-	-	-
Total Transfers	79,710	189,322	260,883	20,344
Net Increase (Decrease) for the Year	16,438	635,272	34,862	11,476
Fund Balance, July 1	349,630	3,077,775	750,533	113,146
Fund Balance, June 30	\$ 366,068	\$ 3,713,047	\$ 785,395	\$ 124,622

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
\$ 31,610	\$ 41,530	\$ 34,363	\$ 129,110	\$ 51,691	\$ 89,541	\$ 212,105
29,095	36,982	1,174	7,290	6,893	53,504	171,821
842	1,311	311	1,447	479	121	9,052
184	44	10	-	-	-	1,239
627	30	949	44	9	779	668
44	-	615	12	-	-	736
54	110	18	57	78	103	500
-	-	-	-	2	-	-
6,412	931	5,675	27,429	11,012	18,037	39,125
1,462	1,946	1,835	6,246	899	4,735	8,838
-	-	-	-	-	-	-
904	615	3,036	2,761	572	9,254	38,636
71,234	83,499	47,986	174,396	71,635	176,074	482,720
70,589	97,250	36,835	127,677	68,438	213,340	490,502
14,341	15,429	16,695	61,511	26,931	19,776	38,271
-	-	667	-	-	-	42,557
231	565	-	450	265	-	15,704
-	25	-	13	-	352	-
18	-	6	-	30	23	62
35	65	-	26	4	-	4
5,008	74	5,000	23,437	8,572	13,125	24,182
110	528	157	4,599	1,150	94	1,651
1,462	1,929	1,835	6,246	899	4,735	8,151
637	1,325	876	3,278	168	2,184	6,233
16	4	5	76	50	62	16
241	192	2,213	23	174	85	2,461
92,688	117,386	64,289	227,336	106,681	253,776	629,794
30,010	41,839	22,122	81,951	41,445	92,429	188,984
(476)	(810)	(23)	-	(45)	(72)	-
196	25	2,018	433	4,910	620	5
-	-	-	-	-	-	-
29,730	41,054	24,117	82,384	46,310	92,977	188,989
8,276	7,167	7,814	29,444	11,264	15,275	41,915
129,907	104,826	102,314	273,318	134,383	286,603	504,974
\$ 138,183	\$ 111,993	\$ 110,128	\$ 302,762	\$ 145,647	\$ 301,878	\$ 546,889

(Continued on next page)

Combining Statement of Changes in Fund Balances
Higher Education Fund (Continued from Previous Page)

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 2000
Revenues and Other Additions:				
Unrestricted Current Funds Revenues	\$ 141,259	\$ 150,556	\$ 52,370	\$ 2,187,578
Federal Grants and Contracts--Restricted	66,731	72,532	6,282	819,809
State Grants and Contracts--Restricted	1,185	5,383	777	42,519
Local Grants and Contracts--Restricted	544	3,920	3,877	21,746
Investment Income	324	865	1,093	498,743
Endowment Income	-	4	-	26,251
Interest on Loans Receivable	50	83	10,197	12,519
U.S. Government Advances	26	190	49	372
Expended for Plant Facilities (including \$ 134,156 charged to current funds)	17,548	42,719	9,778	363,695
Retirement of Indebtedness (including \$ 5,387 charged to current funds)	12,790	7,837	15,028	99,627
Proceeds from Securities Lending Transactions	-	-	18	18
Other Sources	19,291	7,361	7,999	329,447
Total Revenues and Other Additions	259,748	291,450	107,468	4,402,324
Expenditures and Other Deductions:				
Educational and General Expenditures	270,580	515,269	91,910	3,493,044
Auxiliary Enterprise Expenditures	45,539	8,851	25,046	506,271
Hospital and Independent Operations	-	-	-	492,933
Indirect Costs Recovered	5,386	1,436	147	79,098
Refunded to Grantors	156	345	57	1,720
Loan Cancellations	19	34	111	423
Administrative and Collection Costs	58	105	81	806
Expended for Plant Facilities (including non-capitalized expenditures of \$37,312)	6,671	33,794	51,506	266,851
Retirement of Plant Facilities	16,838	5,536	869	104,382
Retirement of Indebtedness	11,675	4,475	15,028	94,240
Interest on Indebtedness	5,906	805	8,383	55,936
Payment for Securities Lending Transactions	40	1	26	464
Other	880	3,586	8,106	23,362
Total Expenditures and Other Deductions	363,748	574,237	201,270	5,119,530
Transfers Among Funds:				
Operating Transfers In from Primary Government	115,886	305,611	85,836	1,549,508
Operating Transfers Out to Primary Government	-	(327)	(279)	(2,581)
Operating Transfers In from Component Units	511	12,418	-	28,549
Operating Transfers Out to Component Units	-	-	(28,549)	(28,549)
Total Transfers	116,397	317,702	57,008	1,546,927
Net Increase (Decrease) for the Year	12,397	34,915	(36,794)	829,721
Fund Balance, July 1	313,109	493,212	66,461	6,700,191
Fund Balance, June 30	\$ 325,506	\$ 528,127	\$ 29,667	\$ 7,529,912



**Combining Statement of Current Funds Revenues,
Expenditures, and Other Changes – Unrestricted
Higher Education Fund**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	College of William and Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute
Revenues:				
Student Tuition and Fees	\$ 53,707	\$ 156,384	\$ 149,310	\$ 9,586
Federal Grants and Contracts	2,964	32,486	11,279	-
State Grants and Contracts	443	117	235	-
Local Grants and Contracts	3	27	129	-
Endowment Income	208	10,245	116	94
Sales and Services of Educational Departments	17	8,415	8,438	19
Sales and Services of Auxiliary Enterprises	45,936	108,670	110,858	10,930
Sales and Services of Hospitals	-	482,430	-	-
Sales and Services of Independent Operations	-	-	-	342
Sales and Services of Vending Commissions	-	-	-	220
Investment Income	576	-	1,491	59
Proceeds from Securities Lending Transactions	22	117	34	4
Other Sources	7,005	28,547	9,689	2,291
Total Current Revenues	110,881	827,438	291,579	23,545
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	58,468	165,102	188,066	9,756
Research	11,672	13,161	45,122	50
Public Service	6	9,653	35,724	997
Academic Support	21,875	68,596	41,411	3,338
Student Services	4,712	17,147	13,559	1,654
Institutional Support	16,278	50,264	31,513	3,583
Operation and Maintenance of Plant	9,633	33,861	35,831	2,726
Scholarships and Fellowships	7,940	16,343	12,635	444
Other	-	-	-	-
Total Educational and General	130,584	374,127	403,861	22,548
Mandatory Transfers for Debt Service and Other	136	4,968	2,719	37
Total Educational and General Expenditures and Mandatory Transfers	130,720	379,095	406,580	22,585
Auxiliary Enterprises:				
Operating Expenditures	42,015	82,152	93,353	13,461
Payment for Securities Lending Transactions	21	111	32	4
Mandatory Transfers for Debt Service and Other	5,436	7,636	13,747	-
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	47,472	89,899	107,132	13,465
Hospital and Independent Operations:				
Operating Expenditures	-	449,502	-	-
Mandatory Transfers for Debt Service and Other	-	20,326	-	-
Total Hospital and Independent Operations Expenditures and Mandatory Transfers	-	469,828	-	-
Operating Transfers In From Primary Government	(64,362)	(154,039)	(226,847)	(12,353)
Operating Transfers Out To Primary Government	113	436	-	-
Total Expenditures, Mandatory and Other Transfers	113,943	785,219	286,865	23,697
Other Additions (Deductions):				
Refunded to Grantors	-	-	-	-
Nonmandatory Transfers	82	(17,459)	(4,601)	712
Net Increase (Decrease) in Fund Balance	\$ (2,980)	\$ 24,760	\$ 113	\$ 560

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
\$ 13,155	\$ 20,508	\$ 14,983	\$ 50,502	\$ 20,033	\$ 54,650	\$ 87,693
231	503	30	374	251	40	13,666
-	29	-	88	8	34	210
-	4	-	-	-	-	59
51	-	-	14	-	-	533
10	-	66	-	17	-	6,043
17,217	19,911	18,362	77,154	30,803	33,034	44,437
-	-	-	-	-	-	43,006
-	-	-	-	-	-	-
-	-	-	-	92	-	-
202	72	304	-	152	-	2,117
17	4	6	76	52	65	17
727	499	612	902	283	1,718	14,324
31,610	41,530	34,363	129,110	51,691	89,541	212,105
15,144	27,049	17,406	63,978	34,147	76,198	159,428
374	476	352	214	-	500	11,737
1,328	338	167	409	14	442	3,020
2,928	4,103	3,510	16,434	5,835	27,988	43,763
2,618	3,719	3,007	5,422	3,770	6,378	7,878
6,518	13,638	4,736	10,668	7,491	17,709	28,979
8,453	6,107	4,094	12,125	6,567	9,843	28,413
297	644	22	975	244	3,507	6,245
-	-	-	-	-	-	-
37,660	56,074	33,294	110,225	58,068	142,565	289,463
165	42	439	517	104	336	2,364
37,825	56,116	33,733	110,742	58,172	142,901	291,827
14,148	15,269	16,679	61,511	26,931	19,776	38,271
16	4	5	76	50	62	16
1,365	2,683	2,012	7,325	480	5,112	7,331
15,529	17,956	18,696	68,912	27,461	24,950	45,618
-	-	-	-	-	-	42,557
-	-	-	-	-	-	-
-	-	-	-	-	-	42,557
(24,172)	(34,220)	(17,220)	(57,432)	(36,874)	(81,478)	(156,362)
476	-	-	-	-	-	-
29,658	39,852	35,209	122,222	48,759	86,373	223,640
-	-	-	-	-	-	-
(789)	(454)	(38)	(6,252)	(3,272)	(8,880)	2,425
\$ 1,163	\$ 1,224	\$ (884)	\$ 636	\$ (340)	\$ (5,712)	\$ (9,110)

(Continued on next page)

**Combining Statement of Current Funds Revenues,
Expenditures, and Other Changes – Unrestricted
Higher Education Fund** *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 2000
Revenues:				
Student Tuition and Fees	\$ 73,079	\$ 126,951	\$ 19,103	\$ 849,644
Federal Grants and Contracts	3,928	975	-	66,727
State Grants and Contracts	-	488	-	1,652
Local Grants and Contracts	33	1,492	-	1,747
Endowment Income	-	1	-	11,262
Sales and Services of Educational Departments	330	1,018	66	24,439
Sales and Services of Auxiliary Enterprises	57,024	12,986	27,999	615,321
Sales and Services of Hospitals	-	-	-	525,436
Sales and Services of Independent Operations	-	-	-	342
Sales and Services of Vending Commissions	-	3,591	-	3,903
Investment Income	-	670	3,172	8,815
Proceeds from Securities Lending Transactions	42	1	10	467
Other Sources	6,823	2,383	2,020	77,823
Total Current Revenues	141,259	150,556	52,370	2,187,578
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	101,883	208,234	29,524	1,154,383
Research	2,532	-	12,708	98,898
Public Service	1,107	2,750	1,318	57,273
Academic Support	22,786	50,452	8,675	321,694
Student Services	9,786	34,211	4,791	118,652
Institutional Support	27,475	84,758	12,425	316,035
Operation and Maintenance of Plant	12,778	41,771	7,440	219,642
Scholarships and Fellowships	3,817	1,065	370	54,548
Other	-	-	178	178
Total Educational and General	182,164	423,241	77,429	2,341,303
Mandatory Transfers for Debt Service and Other	1,333	-	490	13,650
Total Educational and General Expenditures and Mandatory Transfers	183,497	423,241	77,919	2,354,953
Auxiliary Enterprises:				
Operating Expenditures	45,500	8,851	24,802	502,719
Payment for Securities Lending Transactions	40	1	10	448
Mandatory Transfers for Debt Service and Other	13,512	46	2,060	68,745
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	59,052	8,898	26,872	571,912
Hospital and Independent Operations:				
Operating Expenditures	-	-	-	492,059
Mandatory Transfers for Debt Service and Other	-	-	-	20,326
Total Hospital and Independent Operations Expenditures and Mandatory Transfers	-	-	-	512,385
Operating Transfers In From Primary Government	(99,490)	(281,140)	(54,753)	(1,300,742)
Operating Transfers Out To Primary Government	-	327	-	1,352
Total Expenditures, Mandatory and Other Transfers	143,059	151,326	50,038	2,139,860
Other Additions (Deductions):				
Refunded to Grantors	(1)	-	-	(1)
Nonmandatory Transfers	(159)	(2,770)	(83)	(41,538)
Net Increase (Decrease) in Fund Balance	\$ (1,960)	\$ (3,540)	\$ 2,249	\$ 6,179



**Combining Statement of Current Funds Revenues,
Expenditures, and Other Changes – Restricted
Higher Education Fund**

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	College of William and Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute
Revenues:				
Student Tuition and Fees	\$ -	\$ 10,367	\$ -	\$ -
Federal Grants and Contracts	14,724	158,374	143,757	3,205
State Grants and Contracts	2,659	5,429	12,581	28
Local Grants and Contracts	160	-	11,424	-
Endowment Income	682	30,492	2,746	515
Sales and Services of Educational Departments	-	-	-	19
Sales and Services of Independent Operations	-	-	-	-
Investment Income	-	-	-	2
Other Sources	13,189	85,460	46,090	5,809
Total Current Revenues	31,414	290,122	216,598	9,578
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	4,265	46,166	9,908	836
Research	18,871	133,455	79,047	87
Public Service	-	14,352	32,113	80
Academic Support	422	10,509	2,404	383
Student Services	57	1,084	774	495
Institutional Support	42	849	5,967	80
Operation and Maintenance of Plant	60	218	8	30
Scholarships and Fellowships	9,882	99,954	98,986	8,150
Total Educational and General	33,599	306,587	229,207	10,141
Mandatory Transfers for Debt Service and Other	-	217	120	-
Total Educational and General Expenditures and Mandatory Transfers	33,599	306,804	229,327	10,141
Auxiliary Enterprises:				
Operating Expenditures	2,441	453	-	6
Total Auxiliary Enterprise Expenditures	2,441	453	-	6
Hospital and Independent Operations:				
Operating Expenditures	-	207	-	-
Total Hospital and Independent Operations Expenditures	-	207	-	-
Operating Transfers In From Primary Government	(4,626)	(17,342)	(12,729)	(569)
Total Expenditures, Mandatory and Other Transfers	31,414	290,122	216,598	9,578
Other Additions (Deductions):				
Excess (Deficit) Restricted Receipts Over (Under)				
Transfers to Revenues	(574)	6,206	(3,129)	(355)
Refunded to Grantors	(34)	(129)	-	-
Nonmandatory Transfers	177	5,989	3,402	290
Net Increase (Decrease) in Fund Balance	\$ (431)	\$ 12,066	\$ 273	\$ (65)

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29,311	36,250	1,206	7,114	6,262	53,307	155,405
844	846	321	1,522	411	886	11,307
31	66	10	-	-	-	1,247
23	-	615	10	-	-	577
-	-	-	-	-	-	-
-	-	79	-	-	-	-
4	-	324	-	-	-	-
304	234	272	2,231	392	9,307	21,573
30,517	37,396	2,827	10,877	7,065	63,500	190,109
376	1,455	109	473	246	2,676	22,722
3,230	3,500	320	1,064	-	2,197	64,420
3,117	796	399	6,163	14	502	1,157
677	2,718	224	2,569	3,394	551	1,100
707	780	20	273	49	716	322
718	215	-	37	47	1,040	872
488	4	-	3	-	-	107
23,616	31,708	2,469	6,870	6,620	63,093	110,339
32,929	41,176	3,541	17,452	10,370	70,775	201,039
-	-	(21)	-	-	(106)	(243)
32,929	41,176	3,520	17,452	10,370	70,669	200,796
193	160	16	-	-	-	-
193	160	16	-	-	-	-
-	-	667	-	-	-	-
-	-	667	-	-	-	-
(2,605)	(3,940)	(1,376)	(6,575)	(3,305)	(7,169)	(10,687)
30,517	37,396	2,827	10,877	7,065	63,500	190,109
(504)	891	(44)	(139)	424	(603)	3,377
-	(18)	-	-	-	-	-
224	-	39	-	(68)	2,280	(1,369)
\$ (280)	\$ 873	\$ (5)	\$ (139)	\$ 356	\$ 1,677	\$ 2,008

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**Combining Statement of Current Funds Revenues,
Expenditures, and Other Changes – Restricted
Higher Education Fund** *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 2000
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 2000
Revenues:				
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ 10,367
Federal Grants and Contracts	62,840	71,786	6,294	749,835
State Grants and Contracts	1,203	4,653	1,083	43,773
Local Grants and Contracts	503	495	103	14,039
Endowment Income	-	2	-	35,662
Sales and Services of Educational Departments	-	-	-	19
Sales and Services of Independent Operations	-	-	-	79
Investment Income	-	-	85	415
Other Sources	16,325	4,292	2,152	207,630
Total Current Revenues	80,871	81,228	9,717	1,061,819
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	7,152	24,327	340	121,051
Research	25,150	-	1,775	333,116
Public Service	2,224	108	2,355	63,380
Academic Support	108	16	428	25,503
Student Services	149	2,825	131	8,382
Institutional Support	25	1,309	440	11,641
Operation and Maintenance of Plant	-	2	262	1,182
Scholarships and Fellowships	53,608	63,441	8,750	587,486
Total Educational and General	88,416	92,028	14,481	1,151,741
Mandatory Transfers for Debt Service and Other	388	-	97	452
Total Educational and General Expenditures and Mandatory Transfers	88,804	92,028	14,578	1,152,193
Auxiliary Enterprises:				
Operating Expenditures	39	-	244	3,552
Total Auxiliary Enterprise Expenditures	39	-	244	3,552
Hospital and Independent Operations:				
Operating Expenditures	-	-	-	874
Total Hospital and Independent Operations Expenditures	-	-	-	874
Operating Transfers In From Primary Government	(7,972)	(10,800)	(5,105)	(94,800)
Total Expenditures, Mandatory and Other Transfers	80,871	81,228	9,717	1,061,819
Other Additions (Deductions):				
Excess (Deficit) Restricted Receipts Over (Under)				
Transfers to Revenues	718	430	(207)	6,491
Refunded to Grantors	(155)	(248)	(57)	(641)
Nonmandatory Transfers	(733)	14	283	10,528
Net Increase (Decrease) in Fund Balance	\$ (170)	\$ 196	\$ 19	\$ 16,378

General Fixed Assets Account Group Schedules

The General Fixed Assets Account Group accounts for the land, buildings, improvements, and equipment of the Primary Government's governmental funds. Fixed assets of the proprietary fund types and similar trust funds are accounted for within those funds. Fixed assets of all discrete component units are accounted for within those funds.

Schedule of General Fixed Assets by Category and Source

June 30, 2000

(Dollars in Thousands)

General Fixed Assets:

Land	\$	236,338
Buildings		2,041,162
Equipment		850,235
Improvements Other Than Buildings		165,337
Construction in Progress		184,952
Total General Fixed Assets	\$	<u>3,478,024</u>

Investments in General Fixed Assets From:

Capital Lease Obligations	\$	239,497
General Obligation Bonds		139,292
Federal Grants		76,051
General Fund Revenues		942,123
Special Revenue Fund Revenues		857,165
Virginia Public Building Authority Funds		1,106,409
Gifts and Donations		48,220
Local Funds		4,779
Other Funds		64,488
Total Investment in General Fixed Assets, at Cost	\$	<u>3,478,024</u>

General Fixed Assets by Category



Schedule of General Fixed Assets by Function

June 30, 2000

(Dollars in Thousands)

Function	Land	Buildings	Improvements Other Than Buildings	Equipment	Total
General Government	\$ 11,070	\$ 77,404	\$ 266	\$ 27,983	\$ 116,723
Education	6,153	113,903	919	29,211	150,186
Transportation	29,672	278,761	71	429,606	738,110
Resources and Economic Development	69,310	67,445	25,524	69,436	231,715
Individual and Family Services	16,218	284,321	9,049	94,111	403,699
Administration of Justice	30,795	157,551	6,786	165,911	361,043
Capital Projects	73,120	1,061,777	122,722	33,977	1,291,596
Total General Fixed Assets Allocated to Projects	<u>\$ 236,338</u>	<u>\$ 2,041,162</u>	<u>\$ 165,337</u>	<u>\$ 850,235</u>	3,293,072
Construction in Progress					<u>184,952</u>
Total General Fixed Assets					<u>\$ 3,478,024</u>

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 2000

(Dollars in Thousands)

Function	General Fixed Assets July 1, 1999 (As Restated)	Acquisitions	Deductions	General Fixed Assets June 30, 2000
General Government	\$ 112,857	\$ 5,475	\$ (1,609)	\$ 116,723
Education	149,032	1,594	(440)	150,186
Transportation	709,545	44,271	(15,706)	738,110
Resources and Economic Development	228,752	5,807	(2,844)	231,715
Individual and Family Services	403,990	10,281	(10,572)	403,699
Administration of Justice	354,422	20,625	(14,004)	361,043
Capital Projects	1,275,280	45,463	(29,147)	1,291,596
Construction in Progress	<u>170,038</u>	<u>48,141</u>	<u>(33,227)</u>	<u>184,952</u>
Total General Fixed Assets	<u>\$ 3,403,916</u>	<u>\$ 181,657</u>	<u>\$ (107,549)</u>	<u>\$ 3,478,024</u>

Note: The beginning fund balance in the General Fixed Asset Account Group was restated to reflect the following: \$1.1 million in overstated Land; \$5.6 million in overstated Buildings; and \$0.4 million in overstated Equipment. All overstatements were in Individual and Family Services. The total impact on beginning balances was \$7.1 million.



Debt Schedules

Summary Schedule - Total Debt of the Commonwealth

Last Five Fiscal Years

(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2000	1999	1998	1997	1996
Tax-Supported Debt:					
Primary Government:					
General Obligation Bonds (4):					
Section 9(a) Bonds	\$ -	\$ -	\$ 67,215	\$ 70,460	\$ 71,155
Section 9(b) Bonds	520,705	534,765	441,265	468,650	399,180
Section 9(c) Bonds (1)	145,154	153,201	160,887	167,808	176,675
Bond Anticipation Notes Payable	-	20,000	60,000	-	-
Subtotal - General Obligation Bonds	665,859	707,966	729,367	706,918	647,010
Non-General Obligation Bonds:					
Section 9(d) Bonds (1)	1,993,609	1,702,846	1,699,356	1,635,839	1,344,831
Other Long-Term Debt (2)	787,796	736,981	667,201	541,466	614,099
Total Primary Government	3,447,264	3,147,793	3,095,924	2,884,223	2,605,940
Component Units:					
General Obligation Bonds (4):					
Section 9(c) Bonds (1)	380,332	387,963	406,560	433,944	407,295
Bond Anticipation Notes Payable	-	13,000	4,000	-	-
Subtotal - General Obligation Bonds	380,332	400,963	410,560	433,944	407,295
Non-General Obligation Bonds:					
Section 9(d) Bonds (1)	415,966	397,305	369,335	304,110	178,090
Other Long-Term Debt (2)	312,051	275,896	247,862	192,567	158,616
Total Component Units	1,108,349	1,074,164	1,027,757	930,621	744,001
Total Tax-Supported Debt	4,555,613	4,221,957	4,123,681	3,814,844	3,349,941
Debt Not Supported by Taxes:					
Primary Government:					
Pocahontas Parkway Association Bonds	393,238	381,706	-	-	-
Total Primary Government	393,238	381,706	-	-	-
Component Units:					
Section 9(d) Moral Obligation Bonds	2,380,299	2,345,038	2,238,614	2,256,673	1,955,056
Section 9(d) Other Debt	376,113	390,738	325,725	334,835	385,730
Other Long-Term Debt (3)	5,998,672	6,157,445	5,473,070	4,685,240	4,144,496
Total Component Units	8,755,084	8,893,221	8,037,409	7,276,748	6,485,282
Total Debt Not Supported by Taxes	9,148,322	9,274,927	8,037,409	7,276,748	6,485,282
Total Debt of the Commonwealth	\$ 13,703,935	\$ 13,496,884	\$ 12,161,090	\$ 11,091,592	\$ 9,835,223

(1) Net of unamortized discounts, premiums and/or issuance expenses.

(2) Includes capital lease obligations, notes payable, installment purchase obligations, pension liability, and the long-term portion of the liability for compensated absences.

(3) Includes notes payable.

(4) Total General Obligation Debt for the fiscal year ended:

	2000	1999	1998	1997	1996
Section 9(a) Debt:					
Transportation Facilities Bonds	\$ -	\$ -	\$ 67,215	\$ 70,460	\$ 71,155
Section 9(b) Debt:					
Transportation Facilities Bonds	60,300	63,835	-	-	-
Public Facilities Bonds	460,405	470,930	441,265	468,650	399,180
Subtotal 9(b) Debt	520,705	534,765	441,265	468,650	399,180
Section 9(c) Debt:					
Higher Educational Institution Bonds	380,332	387,963	406,560	433,944	407,295
Transportation Facilities Bonds	134,144	141,541	148,607	154,948	163,265
Parking Facilities Bonds	11,010	11,660	12,280	12,860	13,410
Subtotal 9(c) Debt	525,486	541,164	567,447	601,752	583,970
Bond Anticipation Notes Payable	-	33,000	64,000	-	-
Total General Obligation Debt	\$ 1,046,191	\$ 1,108,929	\$ 1,139,927	\$ 1,140,862	\$ 1,054,305

Tax-Supported Debt

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2000	1999	1998	1997	1996
Primary Government:					
General Obligation Debt (3):					
Section 9(a) Debt					
Transportation Facilities	\$ -	\$ -	\$ 67,215	\$ 70,460	\$ 71,155
Section 9(b) Debt					
Transportation Facilities	60,300	63,835	-	-	-
Public Facilities	460,405	470,930	441,265	468,650	399,180
Subtotal Section 9(b) Debt	520,705	534,765	441,265	468,650	399,180
Section 9(c) Debt					
Parking Facilities	11,010	11,660	12,280	12,860	13,410
Transportation Facilities (1)	134,144	141,541	148,607	154,948	163,265
Subtotal Section 9(c) Debt	145,154	153,201	160,887	167,808	176,675
Bond Anticipation Notes Payable	-	20,000	60,000	-	-
Subtotal General Obligation Debt	665,859	707,966	729,367	706,918	647,010
Non-General Obligation Debt:					
Section 9(d) Debt:					
Transportation Debt (1)	943,625	736,960	756,700	733,235	567,100
Virginia Public Building Authority (1)	1,049,984	965,886	942,656	902,604	777,731
Subtotal Section 9(d) Debt	1,993,609	1,702,846	1,699,356	1,635,839	1,344,831
Other Long-Term Obligations:					
Transportation Notes Payable	12,325	12,325	12,325	12,325	12,325
Liability for Federal Retiree Taxes	-	-	-	66,006	128,700
Regional Jail Construction	59,671	62,635	65,510	102,897	106,799
Long-Term Capital Lease Obligations	213,314	221,999	225,941	97,647	112,160
Installment Purchase Obligations (2)	26,672	27,457	9,514	11,486	10,964
Compensated Absences	297,716	271,576	266,117	251,105	243,151
Pension Liability	172,780	138,107	87,794	-	-
Other Liabilities	5,318	2,882	-	-	-
Subtotal Other Long-Term Obligations	787,796	736,981	667,201	541,466	614,099
Total Primary Government	3,447,264	3,147,793	3,095,924	2,884,223	2,605,940
Component Units:					
General Obligation Bonds (3):					
Section 9(c) Debt					
Higher Educational Institutions (1)	380,332	387,963	406,560	433,944	407,295
Bond Anticipation Notes Payable	-	13,000	4,000	-	-
Subtotal General Obligation Debt	380,332	400,963	410,560	433,944	407,295
Non-General Obligation Debt:					
Section 9(d) Debt:					
Virginia Port Authority	102,655	106,805	108,085	114,025	97,180
Innovative Technology Authority	11,656	12,195	12,630	13,055	12,100
Virginia College Building Authority	272,460	248,190	217,620	146,030	68,810
Virginia Biotechnology Research Park Authority	29,195	30,115	31,000	31,000	-
Subtotal Section 9(d) Debt	415,966	397,305	369,335	304,110	178,090
Other Long-Term Obligations:					
Long-Term Capital Lease Obligations	29,113	24,216	26,016	23,256	3,791
Installment Purchase Obligations (2)	28,009	26,714	25,687	26,018	20,721
Compensated Absences	164,671	152,177	148,488	143,293	134,104
Pension Liability	90,258	72,789	47,671	-	-
Subtotal Other Long-Term Obligations	312,051	275,896	247,862	192,567	158,616
Total Component Units	1,108,349	1,074,164	1,027,757	930,621	744,001
Total Tax-Supported Debt	\$ 4,555,613	\$ 4,221,957	\$ 4,123,681	\$ 3,814,844	\$ 3,349,941

(1) Net of unamortized discounts.

(2) Reflected as Notes Payable in Footnote 19, Long-Term Liabilities.

(3) See Note 4 on previous page.

Debt Not Supported by Taxes

Last Five Fiscal Years

(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2000	1999	1998	1997	1996
Primary Government:					
Other Long-Term Debt:					
Pocahontas Parkway Association Bonds	\$ 393,238	\$ 381,706	\$ -	\$ -	\$ -
Total Primary Government	393,238	381,706	-	-	-
Component Units:					
Section 9(d) Moral Obligation Debt: (1)					
Virginia Housing Development Authority	1,438,838	1,503,910	1,333,427	1,179,782	1,094,525
Virginia Public School Authority (1991 Resolution)	487,282	514,487	542,373	739,140	536,900
Virginia Resources Authority	454,179	326,641	362,814	337,751	323,631
Subtotal Section 9(d) Moral Obligation Debt	2,380,299	2,345,038	2,238,614	2,256,673	1,955,056
Section 9(d) Other Debt:					
Higher Educational Institutions:					
Auxiliary Enterprise Revenue Bonds	284,608	295,458	229,675	235,515	136,477
Teaching Hospitals Revenue Bonds	91,505	95,280	96,050	99,320	148,480
Virginia Housing Development Authority	-	-	-	-	100,773
Subtotal Section 9(d) Other Debt	376,113	390,738	325,725	334,835	385,730
Other Long-Term Debt:					
Virginia Housing Development Authority (1) (2)	4,002,449	4,364,424	3,953,095	3,514,719	3,095,781
Hampton Roads Sanitation District	166,860	179,752	191,012	197,346	151,452
Virginia Equine Center	6,305	6,930	7,530	8,090	8,625
Virginia Biotechnology Research Park Authority	16,240	16,750	-	-	-
Virginia Public School Authority (2) (3)	1,419,766	1,269,793	1,113,206	812,162	831,635
Virginia Port Authority	94,975	96,555	98,065	98,065	-
Medical College of Virginia Hospitals Authority	87,480	93,040	33,705	39,605	-
Notes Payable	176,016	112,187	76,457	15,253	57,003
Other Long-Term Debt	28,581	18,014	-	-	-
Subtotal Other Long-Term Debt	5,998,672	6,157,445	5,473,070	4,685,240	4,144,496
Subtotal Section 9(d) and Other Debt	6,374,785	6,548,183	5,798,795	5,020,075	4,530,226
Total Component Units	8,755,084	8,893,221	8,037,409	7,276,748	6,485,282
Total Debt Not Supported by Taxes	\$ 9,148,322	\$ 9,274,927	\$ 8,037,409	\$ 7,276,748	\$ 6,485,282

(1) Net of unamortized discounts, premiums, and/or issuance expenses.

(2) Includes notes payable and/or installment purchases.

(3) As restated per GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*.

Authorized and Unissued Tax-Supported Debt

June 30, 2000

(Dollars in Thousands)

	As of July 1, 1999	New Debt Authorized	Debt Issued (1)	Other Adjust- ments	As of June 30, 2000
Section 9(b) Debt (Primary Government):					
Higher Educational Institution Bonds	\$ 30,616	\$ -	\$ 20,125	\$ (10,491)	\$ -
Mental Health Facilities Bonds	2,273	-	-	(2,273)	-
Park and Recreational Facilities Bonds	10,100	-	-	(10,100)	-
Subtotal Section 9(b) Debt	<u>42,989</u>	<u>-</u>	<u>20,125</u>	<u>(22,864)</u>	<u>-</u>
Section 9(c) Debt (Primary Government):					
Higher Educational Institution Bonds	64,312	114,157	25,290	(21,416)	131,763
Subtotal Section 9(c) Debt	<u>64,312</u>	<u>114,157</u>	<u>25,290</u>	<u>(21,416)</u>	<u>131,763</u>
Section 9(d) Debt:					
Primary Government:					
Transportation Contract Revenue Bonds (Route 28)	54,092	-	-	-	54,092
Transportation Contract Revenue Bonds (Route 58)	307,373	-	204,945	-	102,428
Transportation Contract Revenue Bonds (Northern Virginia Transportation District Fund Program)	210,200	-	33,320	-	176,880
Component Units:					
Virginia Biotechnology Research Park Authority	-	48,000	-	-	48,000
Virginia Public Building Authority (Projects)	64,831	-	15,000	-	49,831
Virginia Public Building Authority (Jails)	120,136	27,730	117,720	-	30,146
Virginia College Building Authority (21st Century)	37,664	2,235	14,645	-	25,254
Virginia College Building Authority (Equipment Lease Program)	47,543	99,144	46,255	(1,288)	99,144
Capital Lease Revenue Financings	-	68,195	9,115	9,115	68,195
Subtotal Section 9(d) Debt	<u>841,839</u>	<u>245,304</u>	<u>441,000</u>	<u>7,827</u>	<u>653,970</u>
Total Authorized and Unissued					
Tax-Supported Debt	<u>\$ 949,140</u>	<u>\$ 359,461</u>	<u>\$ 486,415</u>	<u>\$ (36,453)</u>	<u>\$ 785,733</u>

(1) Exclusive of financing expenses and capitalized interest costs.

Tax-Supported Debt - Annual Debt Service Requirements (1)

June 30, 2000

(Dollars in Thousands)

Fiscal Year Ending June 30	General Obligation Debt Sections 9(b), and 9(c)			Other Tax-Supported Debt Sections 9(d) (2)		
	Principal	Interest	Total	Principal	Interest	Total
2001	\$ 80,791	\$ 50,835	\$ 131,626	\$ 144,700	\$ 119,218	\$ 263,918
2002	79,741	47,060	126,801	147,530	114,780	262,310
2003	78,166	43,571	121,737	139,415	107,337	246,752
2004	77,776	39,919	117,695	137,235	99,972	237,207
2005	73,895	36,328	110,223	121,235	93,451	214,686
2006	72,775	32,828	105,603	116,005	87,773	203,778
2007	72,590	29,361	101,951	121,415	82,357	203,772
2008	74,010	25,687	99,697	127,020	76,743	203,763
2009	69,799	22,030	91,829	126,525	70,816	197,341
2010	65,825	18,852	84,677	126,885	64,864	191,749
2011	63,012	15,554	78,566	125,120	58,929	184,049
2012	58,545	12,410	70,955	131,950	52,617	184,567
2013	51,530	9,641	61,171	124,800	46,113	170,913
2014	41,075	7,060	48,135	114,100	39,828	153,928
2015	36,785	5,098	41,883	114,365	33,749	148,114
2016	27,650	3,213	30,863	117,670	27,631	145,301
2017	14,350	1,807	16,157	113,765	21,451	135,216
2018	7,255	1,090	8,345	101,290	15,780	117,070
2019	5,610	718	6,328	73,470	10,702	84,172
2020	3,800	428	4,228	45,935	6,917	52,852
2021	3,995	233	4,228	37,160	4,481	41,641
2022	556	30	586	16,915	2,678	19,593
2023	-	-	-	15,520	1,754	17,274
2024	-	-	-	16,370	900	17,270
Subtotal	1,059,531	403,753	1,463,284	2,456,395	1,240,841	3,697,236
Less:						
Unamortized Discount	(13,339)	-	(13,339)	(34,496)	-	(34,496)
Total	\$ 1,046,192	\$ 403,753	\$ 1,449,945	\$ 2,421,899	\$ 1,240,841	\$ 3,662,740

(1) Does not include debt service on capital lease, installment purchase obligations, and bond anticipation notes payable.

(2) Includes principal amount of \$2,001,981, which includes Transportation Notes Payable of \$12,325 for the primary government.

		Total	
Principal	Interest	Total	
\$ 225,491	\$ 170,053	\$ 395,544	
227,271	161,840	389,111	
217,581	150,908	368,489	
215,011	139,891	354,902	
195,130	129,779	324,909	
188,780	120,601	309,381	
194,005	111,718	305,723	
201,030	102,430	303,460	
196,324	92,846	289,170	
192,710	83,716	276,426	
188,132	74,483	262,615	
190,495	65,027	255,522	
176,330	55,754	232,084	
155,175	46,888	202,063	
151,150	38,847	189,997	
145,320	30,844	176,164	
128,115	23,258	151,373	
108,545	16,870	125,415	
79,080	11,420	90,500	
49,735	7,345	57,080	
41,155	4,714	45,869	
17,471	2,708	20,179	
15,520	1,754	17,274	
16,370	900	17,270	
3,515,926	1,644,594	5,160,520	
(47,835)	-	(47,835)	
\$ 3,468,091	\$ 1,644,594	\$ 5,112,685	

Tax-Supported Debt - Detail of Long-Term Indebtedness

June 30, 2000

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
General Obligation Debt					
Section 9(b) Debt (Primary Government):					
Transportation Facilities Bonds					
Series 1993 Refunding	\$ 74,255	\$ 63,835	\$ (3,535)	\$ 60,300	07/01/00-11
Total Transportation Facilities Bonds	74,255	63,835	(3,535)	60,300	
Public Facilities Bonds					
Series 1993	200,000	115,000	(10,000)	105,000	12/01/01-13
Series 1994	163,900	57,365	(8,195)	49,170	06/01/01-06
Series 1996 Refunding	64,390	63,065	(365)	62,700	06/01/01-15
Series 1996	49,775	42,320	(2,485)	39,835	06/01/01-16
Series 1997	97,045	86,835	(5,105)	81,730	06/01/01-16
Series 1998 Refunding	50,990	50,230	(330)	49,900	06/01/01-13
Series 1998	59,235	56,115	(3,115)	53,000	06/01/01-17
Series 1999	20,125	-	19,070	19,070	06/01/01-18
Total Public Facilities Bonds	705,460	470,930	(10,525)	460,405	
Total Section 9(b) Debt	779,715	534,765	(14,060)	520,705	
Section 9(c) Debt					
Higher Educational Institution Bonds (Component Units)					
Series 1979 Bonds					
James Madison University					
Dormitory Complex	3,695	1,640	(145)	1,495	06/01/01-09
Subtotal Series 1979 Bonds	3,695	1,640	(145)	1,495	
Series 1981 Bonds					
Virginia Commonwealth University					
Low-Rise Dormitory	4,932	2,507	(175)	2,332	06/01/01-11
Subtotal Series 1981 Bonds	4,932	2,507	(175)	2,332	
Series 1983 Bonds					
Old Dominion University					
Powhatan Field Apartments, Phase II	3,636	2,100	(120)	1,980	06/01/01-13
Mid-Rise Dormitory	3,500	2,020	(120)	1,900	06/01/01-13
Virginia Commonwealth University					
Low-Rise Dormitory	4,050	2,335	(135)	2,200	06/01/01-13
Subtotal Series 1983 Bonds	11,186	6,455	(375)	6,080	
Series 1984 Bonds					
Virginia Commonwealth University					
Dormitory Renovation	2,890	890	(170)	720	06/01/01-04
Subtotal Series 1984 Bonds	2,890	890	(170)	720	
Series 1989 Bonds					
George Mason University					
Residence Hall III	10,697	7,058	(519)	6,539	06/01/01-09
Humanities III	9,400	6,202	(457)	5,745	06/01/01-09
Longwood College					
Parking Facility	1,100	492	(86)	406	06/01/01-04
Parapet Wall Repairs	370	166	(29)	137	06/01/01-04
Air Conditioning Repairs	125	56	(10)	46	06/01/01-04
Telecommunications	1,500	671	(117)	554	06/01/01-04
University of Virginia					
Student Health Center	1,300	858	(63)	795	06/01/01-09
Virginia Polytechnic Institute and State University					
Telecommunications	16,000	7,163	(1,255)	5,908	06/01/01-04
Subtotal Series 1989 Bonds	40,492	22,666	(2,536)	20,130	

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1990 Bonds					
George Mason University					
Judge Advocate General School	6,265	4,665	(265)	4,400	06/01/01-10
Subtotal Series 1990 Bonds	6,265	4,665	(265)	4,400	
Series 1991 Bonds					
George Mason University					
Parking Lots	550	135	(65)	70	06/01/01
Norfolk State University					
Cafeteria	4,055	570	(180)	390	06/01/01-11
Residence Hall	9,320	1,305	(410)	895	06/01/01-11
Old Dominion University					
Webb Center	6,855	935	(295)	640	06/01/01-11
University of Virginia					
Student Housing	13,760	1,930	(605)	1,325	06/01/01-11
Virginia Commonwealth University					
Student Commons	3,040	765	(370)	395	06/01/01
Virginia Polytechnic Institute and State University					
Dormitory and Dining	5,015	685	(215)	470	06/01/01-11
Parking	4,220	575	(180)	395	06/01/01-11
Student Center	3,260	445	(140)	305	06/01/01-11
College of William and Mary					
Graduate Dormitory	7,075	990	(310)	680	06/01/01-11
Subtotal Series 1991 Bonds	57,150	8,335	(2,770)	5,565	
Series 1992 Bonds					
College of William and Mary					
Dormitory Renovations	1,365	445	(55)	390	06/01/01-13
University Center	10,455	2,270	(405)	1,865	06/01/01-13
University of Virginia					
Central Grounds Parking	11,595	3,870	(475)	3,395	06/01/01-13
Clinch Valley Dormitory	705	160	(30)	130	06/01/01-12
Dining Facility	4,795	3,090	(290)	2,800	06/01/01-12
HSC Parking	1,635	530	(65)	465	06/01/01-13
West Scott Stadium Parking	1,195	385	(45)	340	06/01/01-13
Virginia Polytechnic Institute and State University					
Dormitory	2,680	865	(105)	760	06/01/01-13
Dormitory Repairs	2,790	900	(110)	790	06/01/01-13
Residence Hall	4,990	1,085	(195)	890	06/01/01-13
Longwood College					
Student Housing	4,755	845	(195)	650	06/01/01-12
Mary Washington College					
Residence Hall	3,305	720	(130)	590	06/01/01-13
James Madison University					
Student Activities	7,275	1,585	(285)	1,300	06/01/01-13
Virginia Commonwealth University					
Dormitory Renovations	3,180	1,030	(125)	905	06/01/01-13
Housing Repairs	1,320	305	(55)	250	06/01/01-12
MCV Parking Deck	8,205	1,780	(320)	1,460	06/01/01-13
Christopher Newport University					
Dormitory Project	7,970	880	(160)	720	06/01/01-22
George Mason University					
Parking Structure	5,045	2,330	(535)	1,795	06/01/01-03
Student Union II Addition	2,535	450	(105)	345	06/01/01-12
VCCS/Northern Virginia Community College					
NVCC Parking Deck	3,010	540	(125)	415	06/01/01-12
Subtotal Series 1992 Bonds	88,805	24,065	(3,810)	20,255	

(Continued on next page)

Tax-Supported Debt - Detail of Long-Term Indebtedness (Continued from Previous Page)

June 30, 2000

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1992 Refunding Bonds					
University of Virginia					
Clinch Valley Student Union	410	155	(50)	105	06/01/01-02
Student Housing	3,626	1,594	(387)	1,207	06/01/01-03
Student Activity Center	428	277	(38)	239	06/01/01-05
Observatory Dining Hall	672	431	(60)	371	06/01/01-05
Newcomb Hall Addition	2,030	891	(217)	674	06/01/01-03
Sponsor's Hall Addition	1,399	897	(125)	772	06/01/01-05
Virginia Military Institute					
Auditorium and Athletic Facility	3,119	1,172	(370)	802	06/01/01-02
Longwood College					
French Dormitory	479	184	(60)	124	06/01/01-02
James Madison University					
Convocation Center	5,074	2,232	(542)	1,690	06/01/01-03
Warren Campus Center	2,582	1,656	(240)	1,416	06/01/01-05
Radford University					
Recreation and Convocation Center	2,427	910	(289)	621	06/01/01-02
Old Dominion University					
Powhatan Field Apartments	384	150	(50)	100	06/01/01-02
Gresham Dormitory Renovation	880	387	(93)	294	06/01/01-03
Mid-Rise Dormitory	4,352	1,910	(464)	1,446	06/01/01-03
Virginia Commonwealth University					
VCU Parking Deck E	1,926	1,231	(175)	1,056	06/01/01-05
MCV Gymnasium	591	223	(70)	153	06/01/01-02
Academic Campus Parking	3,188	1,197	(380)	817	06/01/01-02
George Mason University					
University Union	4,679	1,758	(559)	1,199	06/01/01-02
Residence Halls	5,498	2,058	(645)	1,413	06/01/01-02
Field House	3,401	1,279	(405)	874	06/01/01-02
Physical Education Project	9,757	6,198	(879)	5,319	06/01/01-05
Parking Lot IX	644	415	(60)	355	06/01/01-05
Residence Hall II	1,538	985	(142)	843	06/01/01-05
Subtotal Series 1992 Refunding Bonds	59,084	28,190	(6,300)	21,890	
Series 1993 Bonds					
College of William and Mary					
Graduate Dormitory	205	90	(20)	70	06/01/01-03
Graduate University Center	205	165	(10)	155	06/01/01-13
Graduate Dormitory Renovation	610	480	(25)	455	06/01/01-13
Mary Washington College					
Telecommunications	4,340	3,525	(185)	3,340	06/01/01-13
James Madison University					
Primary Electrical Upgrade	405	180	(40)	140	06/01/01-03
Residence Facility	5,260	4,140	(215)	3,925	06/01/01-13
George Mason University					
University Center	21,460	18,585	(790)	17,795	06/01/01-15
Subtotal Series 1993 Bonds	32,485	27,165	(1,285)	25,880	

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1993 Refunding Bonds					
College of William and Mary					
Tyler Hall Renovation	819	717	(65)	652	06/01/01-08
Randolph Residences 89B Refunded Portion	1,412	1,343	(15)	1,328	06/01/01-09
Telecommunications 89B Refunded Portion	1,148	1,081	(15)	1,066	06/01/01-04
Randolph Residences 89R Refunded Portion	1,133	532	(258)	274	06/01/01
Graduate Housing	4,424	4,269	(34)	4,235	06/01/01-11
Cary Field	380	179	(88)	91	06/01/01
Telecommunications 90B Refunded Portion	162	153	(2)	151	06/01/01-05
University of Virginia					
Clinch Valley Housing	253	193	(47)	146	06/01/01-03
Clinch Valley Housing	176	132	(31)	101	06/01/01-03
Clinch Valley Housing	106	51	(1)	50	06/01/01-04
Heater/Chiller Replacement	795	765	(7)	758	06/01/01-10
North Grounds Recreation Center	1,504	459	(224)	235	06/01/01
Clinch Valley Housing 89R Refunded Portion	264	179	(45)	134	06/01/01-03
Medical Center	850	428	(202)	226	06/01/01
Food Service	392	199	(93)	106	06/01/01
Hospital Parking Garage	3,520	2,551	(317)	2,234	06/01/01-06
Student Housing	8,592	8,292	(66)	8,226	06/01/01-11
Virginia Polytechnic Institute and State University					
Student Activities Center	10,885	9,525	(875)	8,650	06/01/01-08
Parking Renovations	2,569	2,479	(19)	2,460	06/01/01-11
Special Purpose Housing	4,763	1,460	(713)	747	06/01/01
Squires Student Center	1,988	1,918	(15)	1,903	06/01/01-11
Dormitory and Dining Renovation	3,050	2,944	(23)	2,921	06/01/01-11
Squires Center Renovation	942	906	(8)	898	06/01/01-10
Norfolk State University					
Health and ROTC Building	506	242	-	242	06/01/01-04
Residence Hall 90B Refunded Portion	2,668	2,567	(22)	2,545	06/01/01-10
Cafeteria Renovation	2,530	2,442	(20)	2,422	06/01/01-11
Residence Hall 91A Refunded Portion	5,813	5,610	(44)	5,566	06/01/01-11
Health and ROTC Bldg. 89R Refunded Portion	1,219	800	(191)	609	06/01/01-03
Longwood College					
Residence Halls Renovation	155	71	(1)	70	06/01/01-04
Physical Education Building	258	129	(66)	63	06/01/01
Housing Repairs	294	283	(3)	280	06/01/01-10
Renovation	370	244	(61)	183	06/01/01-03
Mary Washington College					
Student Activity Center	2,170	1,570	(196)	1,374	06/01/01-06
Residence Hall	1,998	1,923	(17)	1,906	06/01/01-10
Willard Hall	722	363	(175)	188	06/01/01
James Madison University					
Dormitory	516	253	(1)	252	06/01/01-04
Student Residence Hall	2,789	2,430	(223)	2,207	06/01/01-08
Dormitory - 138 Bed	431	207	(1)	206	06/01/01-04
Stadium Seating	484	232	-	232	06/01/01-04
Dormitory 89R Refunded Portion	2,297	1,504	(365)	1,139	06/01/01-03
Stadium Seating	1,168	764	(184)	580	06/01/01-03
Gibbons Hall Renovation	1,802	1,734	(15)	1,719	06/01/01-10
Telecommunications	2,321	711	(347)	364	06/01/01
Radford University					
Norwood Hall Renovation	1,144	827	(104)	723	06/01/01-06

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Tax-Supported Debt - Detail of Long-Term Indebtedness (Continued from Previous Page)

June 30, 2000

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1993 Refunding Bonds (continued)					
Old Dominion University					
Athletic Renovation	836	403	-	403	06/01/01-04
Property at 43rd and Hampton	297	258	(23)	235	06/01/01-08
Life Science Building Parking	282	136	-	136	06/01/01-04
Rogers Hall Renovation	314	152	(1)	151	06/01/01-04
Webb Center Addition	4,174	4,029	(32)	3,997	06/01/01-11
Powhatan Field	940	473	(227)	246	06/01/01-01
Rogers Hall	764	504	(122)	382	06/01/01-03
Athletic Renovation	2,027	1,331	(320)	1,011	06/01/01-03
Life Science Park	685	448	(106)	342	06/01/01-03
Athletic Facility	4,062	3,908	(34)	3,874	06/01/01-10
Multi-Level Parking	3,196	3,075	(27)	3,048	06/01/01-10
Virginia Commonwealth University					
Low-Rise Dormitory, Phase II	304	147	(1)	146	06/01/01-04
Student Commons	1,443	686	(1)	685	06/01/01-04
VCU Low Rise Dormitory	213	104	(51)	53	06/01/01-01
Student Commons	3,447	2,257	(543)	1,714	06/01/01-03
Low Rise Dormitory	719	469	(112)	357	06/01/01-03
Christopher Newport University					
Campus Center	463	228	(1)	227	06/01/01-04
Christopher Newport Track	80	35	-	35	06/01/01-04
Dormitory Project	3,570	3,535	(10)	3,525	06/01/01-22
Campus Center	1,117	733	(178)	555	06/01/01-03
Christopher Newport Track 89R Refunded Portion	185	123	(29)	94	06/01/01-03
George Mason University					
Parking Lot VIII	176	86	-	86	06/01/01-04
Parking Lot #10	367	267	(33)	234	06/01/01-06
Residence Halls II	4,249	3,086	(383)	2,703	06/01/01-06
Security Information Building	211	154	(17)	137	06/01/01-06
Parking Lot	427	280	(67)	213	06/01/01-03
Residence Halls IV	7,449	7,167	(63)	7,104	06/01/01-10
Subtotal Series 1993 Refunding Bonds	123,779	99,735	(7,580)	92,155	
Series 1994 Bonds					
Christopher Newport University					
Dormitory/Dining	2,435	425	(50)	375	06/01/01-21
College of William and Mary					
Dormitory Renovation	230	70	(10)	60	06/01/01-14
Dormitory Phase II	3,165	905	(105)	800	06/01/01-15
George Mason University					
Telecommunications	3,770	2,520	(360)	2,160	06/01/01-05
James Madison University					
Primary Electric	890	525	(95)	430	06/01/01-04
Tidewater Community College					
VCCS-TCC Parking Project	1,685	1,000	(175)	825	06/01/01-04
Subtotal Series 1994 Bonds	12,175	5,445	(795)	4,650	
Series 1995 Bonds					
College of William and Mary					
Underground Utility	1,535	1,385	(55)	1,330	06/01/01-16
George Mason University					
Prince William Site and Parking	2,115	1,575	(195)	1,380	06/01/01-06
University of Virginia					
Student Residence Facility	4,890	4,415	(175)	4,240	06/01/01-16
Newcomb Hall Expansion	10,855	9,790	(385)	9,405	06/01/01-16

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1995 Bonds (continued)					
Virginia State University					
Foster Hall	2,305	1,870	(135)	1,735	06/01/01-10
Langston Hall	2,575	2,085	(150)	1,935	06/01/01-10
Dorm Renovation	2,685	2,175	(155)	2,020	06/01/01-10
Subtotal Series 1995 Bonds	26,960	23,295	(1,250)	22,045	
Series 1996 Bonds					
College of William and Mary					
Dormitory Repairs	1,650	1,495	(55)	1,440	06/01/01-16
Longwood College					
Dining Hall	5,485	5,125	(190)	4,935	06/01/01-16
Virginia Commonwealth University					
Visitors Deck	3,350	3,045	(115)	2,930	06/01/01-16
Virginia State University					
Jones Dining Hall	2,525	2,270	(85)	2,185	06/01/01-16
Subtotal Series 1996 Bonds	13,010	11,935	(445)	11,490	
Series 1996 Refunding Bonds					
Christopher Newport University					
Dormitory and Dining 1994	1,892	1,854	(10)	1,844	06/01/01-21
College of William and Mary					
Dormitory 1994	118	115	(1)	114	06/01/01-14
Dormitory Phase II 1994	1,751	1,712	(10)	1,702	06/01/01-15
Graduate Housing 1991A	395	384	(3)	381	06/01/01-03
Randolph Residence 1989B	203	101	(101)	-	
Telecommunication 1989B	452	228	(228)	-	
Telecommunication 1990B	69	66	(31)	35	06/01/01
George Mason University					
Residence Hall IV 1990B	1,117	1,074	(524)	550	06/01/01
Parking Lot 1990B	16	16	(16)	-	
James Madison University					
Gibbons Hall Renovation 1990B	270	260	(129)	131	06/01/01
Longwood College					
Housing Repairs 1990B	42	41	(21)	20	06/01/01
Mary Washington College					
Residence Hall 1990B	302	290	(144)	146	06/01/01
Norfolk State University					
Cafeteria Renovation 1991A	230	223	(2)	221	06/01/01-03
Residence Hall 1990B	402	387	(190)	197	06/01/01
Residence Hall 1991A	523	508	(4)	504	06/01/01-03
Old Dominion University					
Athletic Facility, Phase I 1990B	614	590	(287)	303	06/01/01
Webb Center Addition 1991A	374	363	(3)	360	06/01/01-03
Multilevel Parking 1990B	482	463	(226)	237	06/01/01
University of Virginia					
Heater/ Chiller Replacement 1990B	122	117	(57)	60	06/01/01
Student Housing 1991A	774	752	(6)	746	06/01/01-03
Virginia Polytechnic Institute and State University					
Dormitory and Dining Renovation 1991A	272	265	(3)	262	06/01/01-03
Parking Renovation 1991A	230	223	(2)	221	06/01/01-03
Squire Center Renovation 1990B	143	137	(66)	71	06/01/01
Squire Student Center 1991A	176	171	(1)	170	06/01/01-03
Subtotal Series 1996 Refunding Bonds	10,969	10,340	(2,065)	8,275	

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Tax-Supported Debt - Detail of Long-Term Indebtedness (Continued from Previous Page)

June 30, 2000

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1997 Bonds					
College of William and Mary					
Utility System	2,000	1,875	(65)	1,810	06/01/01-17
Dormitory Repairs	3,390	3,185	(115)	3,070	06/01/01-17
Dormitory Renovation Phase II	760	710	(25)	685	06/01/01-17
Virginia Polytechnic Institute and State University					
Parking Auxiliary Project	1,550	1,455	(50)	1,405	06/01/01-17
Residence Hall	15,895	15,375	(545)	14,830	06/01/01-17
James Madison University					
Dining Hall Renovation	1,330	1,250	(45)	1,205	06/01/01-17
Residence Hall	11,625	10,905	(390)	10,515	06/01/01-17
Student Services	6,200	5,815	(205)	5,610	06/01/01-17
Virginia Commonwealth University					
Academic Parking Deck	12,280	11,880	(420)	11,460	06/01/01-17
Subtotal Series 1997 Bonds	55,030	52,450	(1,860)	50,590	
Series 1998 Refunding Bonds					
Christopher Newport University					
Dormitory and Dining 1994	170	167	(1)	166	06/01/01-08
Dormitory and Dining 1992C	3,260	3,208	(24)	3,184	06/01/01-15
College of William and Mary					
University Center 1992C	6,617	6,523	(41)	6,482	06/01/01-13
Dormitory 1992D	701	692	(4)	688	06/01/01-13
Dormitory 1994	33	32	-	32	06/01/01-08
Dormitory Phase II 1994	362	356	(4)	352	06/01/01-08
George Mason University					
Student Union II 1992A	1,572	1,551	(9)	1,542	06/01/01-12
James Madison University					
Student Activities 1992C	4,599	4,534	(29)	4,505	06/01/01-13
Longwood College					
Student Housing 1992A	2,949	2,910	(16)	2,894	06/01/01-12
Mary Washington College					
Residence Hall 1992C	2,094	2,065	(14)	2,051	06/01/01-13
Northern Virginia Community College					
NVCC Parking Deck 1992A	1,869	1,844	(10)	1,834	06/01/01-12
University of Virginia					
Central Ground Parking 1992D	6,146	6,065	(34)	6,031	06/01/01-13
HSC Parking 1992D	843	831	(4)	827	06/01/01-13
CVC Dormitory 1992C	409	403	(2)	401	06/01/01-12
West Scott Stadium 1992D	614	606	(4)	602	06/01/01-13
Virginia Commonwealth University					
MCV Parking 1992C	5,198	5,124	(33)	5,091	06/01/01-13
Dormitory Renovations 1992D	1,636	1,614	(9)	1,605	06/01/01-13
Housing Repairs 1992C	755	744	(6)	738	06/01/01-12
Virginia Polytechnic Institute and State University					
Dormitory 1992D	1,380	1,362	(8)	1,354	06/01/01-13
Residence Hall 1992C	3,158	3,113	(20)	3,093	06/01/01-13
Dormitory Repairs 1992C	1,440	1,421	(8)	1,413	06/01/01-13
Subtotal Series 1998 Refunding Bonds	45,805	45,165	(280)	44,885	

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1998 Bonds					
College of William and Mary					
Dormitory Renovation	6,390	6,125	(210)	5,915	06/01/01-18
Virginia Polytechnic Institute and State University					
Dining Hall	3,255	3,120	(105)	3,015	06/01/01-18
Virginia State University					
Jones Dining Hall	1,045	1,000	(35)	965	06/01/01-18
James Madison University					
Dining Facilities Renovation	1,080	1,035	(35)	1,000	06/01/01-18
George Mason University					
Arl-Metro Parking	1,915	1,740	(160)	1,580	06/01/01-18
Subtotal Series 1998 Bonds	13,685	13,020	(545)	12,475	
Series 1999 Bonds					
University of Virginia					
Residence Hall - Wise	4,665	-	4,665	4,665	06/01/01-19
Virginia Polytechnic Institute and State University					
Dining Hall HVAC	1,800	-	1,800	1,800	06/01/01-19
Longwood College					
Dining Hall	3,020	-	2,880	2,880	06/01/01-19
Residence Hall Improvements	2,825	-	2,695	2,695	06/01/01-19
Christopher Newport College					
Residence Hall II	12,980	-	12,980	12,980	06/01/01-19
Subtotal Series 1999 Bonds	25,290	-	25,020	25,020	
Subtotal Higher Educational Institution Bonds					
	633,687	387,963	(7,631)	380,332	
Transportation Facilities Bonds (Primary Government)					
Series 1989, Dulles Toll Road	34,348	22,391	(1,647)	20,744	06/01/00-09
Series 1993, Dulles Refunding	24,845	23,865	(205)	23,660	06/01/00-07
Series 1994, Coleman Bridge	43,315	7,735	(920)	6,815	06/01/00-06
Series 1996, Dulles Toll Road	45,235	41,075	(1,540)	39,535	06/01/00-16
Series 1996, Coleman Bridge Refunding	34,750	34,145	(165)	33,980	06/01/00-21
Series 1996, Dulles Refunding	9,475	9,240	(2,895)	6,345	06/01/00-01
Series 1998, Coleman Bridge Refunding	3,135	3,090	(25)	3,065	06/01/00-08
Subtotal Transportation Facilities Bonds	195,103	141,541	(7,397)	134,144	
Parking Facilities Bonds (Primary Government)					
Series 1991 A	10,895	965	(470)	495	06/01/00-01
Series 1993 Refunding	6,630	6,400	(50)	6,350	06/01/00-11
Series 1996	3,495	3,175	(120)	3,055	06/01/00-16
Series 1996 Refunding	1,160	1,120	(10)	1,110	06/01/00-03
Subtotal Parking Facilities Bonds	22,180	11,660	(650)	11,010	
Total Section 9(c) Debt	850,970	541,164	(15,678)	525,486	
Bond Anticipation Notes Payable (BANS)					
Primary Government	60,000	20,000	(20,000)	-	
Higher Education Institutions	4,000	13,000	(13,000)	-	
Subtotal BANS	64,000	33,000	(33,000)	-	
Total General Obligation Debt	1,694,685	1,108,929	(62,738)	1,046,191	

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Tax-Supported Debt - Detail of Long-Term Indebtedness (Continued from Previous Page)

June 30, 2000

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
Non-General Obligation Debt					
Section 9(d) Debt					
Virginia Public Building Authority Bonds (Primary Government)					
Series 1988 A (1)	163,445	10,790	(10,790)	-	
Series 1991 A	70,065	8,680	(2,725)	5,955	08/01/00-01
Series 1992 A Refunding	112,870	56,675	(10,130)	46,545	08/01/00-03
Series 1992 B	94,335	88,277	(705)	87,572	08/01/00-10
Accreted Principal	-	21,584	3,953	25,537	08/01/00-10
Series 1992 C	173,865	37,730	(6,845)	30,885	08/01/00-03
Series 1993 A	60,995	49,865	(2,550)	47,315	08/01/00-13
Series 1994 A	79,220	21,415	(2,570)	18,845	08/01/00-05
Series 1995	187,410	172,800	(7,865)	164,935	08/01/00-16
Series 1996 A	97,430	95,740	(685)	95,055	08/01/00-15
Series 1997 A	152,885	148,315	(4,750)	143,565	08/01/00-17
Series 1998 A Refunding	147,000	144,670	(1,950)	142,720	08/01/00-13
Series 1998 B	40,425	40,425	(1,010)	39,415	08/01/00-18
Series 1999 A	68,920	68,920	-	68,920	08/01/00-19
Series 1999 B	27,730	-	27,730	27,730	08/01/00-14
Series 2000 A	104,990	-	104,990	104,990	08/01/01-20
Total Virginia Public Building Authority					
Bonds	<u>1,581,585</u>	<u>965,886</u>	<u>84,098</u>	<u>1,049,984</u>	
Virginia College Building Authority Bonds (Component Unit)					
Equipment Leasing Program					
Series 1995	24,680	10,625	(5,275)	5,350	08/01/00
Series 1996	25,150	15,805	(5,030)	10,775	08/01/00-01
Series 1997	38,905	23,690	(7,515)	16,175	02/01/01-02
Series 1998	38,875	32,925	(6,610)	26,315	02/01/01-03
21st Century College Program					
Series 1996	53,160	50,865	(1,800)	49,065	08/01/00-16
Series 1998	54,785	54,785	(1,855)	52,930	08/01/00-17
Series 1999	59,495	59,495	(8,545)	50,950	02/01/01-19
Series 2000	60,900	-	60,900	60,900	02/01/01-20
Total Virginia College Building Authority					
Bonds	<u>355,950</u>	<u>248,190</u>	<u>24,270</u>	<u>272,460</u>	
Transportation Debt (Primary Government)					
Route 28 Refunding Bonds	111,680	95,575	(2,815)	92,760	
Transportation Revenue Bonds (U.S. Route 58)	504,455	371,965	184,995	556,960	
Northern Virginia Transportation District Program	265,760	238,500	25,225	263,725	
Oak Grove Connector (Chesapeake)	33,075	30,920	(740)	30,180	
Total Section 9(d) Transportation Debt	<u>914,970</u>	<u>736,960</u>	<u>206,665</u>	<u>943,625</u>	
Virginia Port Authority Debt (Component Unit)					
Series 1996	38,300	35,790	(1,335)	34,455	
Refunding Series 1998	71,015	71,015	(2,815)	68,200	
Total Virginia Port Authority Debt	<u>109,315</u>	<u>106,805</u>	<u>(4,150)</u>	<u>102,655</u>	
Innovative Technology Authority Debt (Component Unit)					
Series 1989	13,300	-	-	-	
Series 1997	13,300	12,195	(539)	11,656	
Total Innovative Technology Authority Debt	<u>26,600</u>	<u>12,195</u>	<u>(539)</u>	<u>11,656</u>	
Virginia Biotechnology Research Park Authority (Component Unit)					
Series 1996	-	30,115	(920)	29,195	
Total Section 9(d) Debt	<u>2,988,420</u>	<u>2,100,151</u>	<u>309,424</u>	<u>2,409,575</u>	

Series	Amount Issued	Outstanding June 30, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Maturity
Non-General Obligation Debt					
Other Long-Term Obligations					
Capital Leases	-	246,215	(3,788)	242,427	
Installment Purchase Obligations	-	54,171	510	54,681	
Transportation Notes Payable	-	12,325	-	12,325	
Regional Jail Construction Liability	-	62,635	(2,964)	59,671	
Compensated Absences	-	423,753	38,634	462,387	
Pension Liability	-	210,896	52,142	263,038	
Other	-	2,882	2,436	5,318	
Total Other Long-Term Obligations	-	1,012,877	86,970	1,099,847	
Total Non-General Obligation Debt	2,988,420	3,113,028	396,394	3,509,422	
Total Tax-Supported Debt	\$ 4,683,105	\$ 4,221,957	\$ 333,656	\$ 4,555,613	

(1) As restated per GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.



STATISTICAL SECTION

The financial presentations included in this section provide comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented are intended to give users of the financial statements, as well as the investment community, a better historical perspective and assessment of the current financial status and trends of the Commonwealth.

Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

Ten-Year Schedule of Revenues - Budgetary Basis
All Funds by Source

For Fiscal Year Ended June 30
(Dollars in Millions)

	2000	1999	1998	1997
Tax Revenues:				
Individual and Fiduciary Income	\$ 6,829	\$ 6,088	\$ 5,405	\$ 4,736
Sales and Use	2,574	2,410	2,240	2,134
Motor Fuels	827	806	775	752
Corporation Income	566	420	451	432
Public Service Corporations	104	112	102	126
Payroll-Unemployment Compensation	149	138	155	224
Motor Vehicle Sales and Use	492	436	394	384
Gross Premiums of Insurance Companies	251	245	237	219
Alcoholic Beverage - Sales Tax	70	64	61	59
Deeds, Contracts, Wills, and Suits	146	158	127	103
Beer and Beverage Excise	41	40	39	38
Estate	150	154	122	92
Tobacco Products	15	16	16	16
Bank Stock	12	13	8	9
Wine and Spirits / ABC Liter	7	7	7	7
Other Taxes	97	84	77	61
Total Tax Revenues	12,330	11,191	10,216	9,392
Other Revenues:				
Federal and Other Grants, Donations, and Federal				
Revenue Sharing	3,912	3,657	3,412	3,178
Institutional Revenue	2,551	2,472	2,330	2,554
Sales of Property and Commodities	988	946	870	905
Rights and Privileges	607	569	544	515
Interest, Dividends, and Rents	455	444	425	391
Fines, Forfeitures, Costs, Penalties, and Escheats	217	217	197	181
Assessments - Special Services	737	632	580	508
Other Revenues	1,018	752	671	866
Total Other Revenues	10,485	9,689	9,029	9,098
Total Revenues	\$ 22,815	\$ 20,880	\$ 19,245	\$ 18,490
Percentage Increase				
Over Previous Year	9.3%	8.5%	4.1%	7.6%

Includes all Governmental, Proprietary, and Higher Education Funds

Source: Department of Accounts

1996	1995	1994	1993	1992	1991
\$ 4,301	\$ 4,028	\$ 3,812	\$ 3,585	\$ 3,321	\$ 3,236
2,010	1,935	1,795	1,680	1,574	1,560
729	688	695	659	640	632
402	376	312	371	276	279
116	109	119	98	102	96
260	287	256	203	157	126
370	354	321	267	238	230
218	208	196	180	175	158
59	57	57	59	59	59
95	85	115	100	84	72
39	38	39	36	38	39
69	78	83	49	49	47
16	16	15	15	15	15
8	7	6	5	4	5
7	6	6	5	5	5
34	59	55	46	42	37
8,733	8,331	7,882	7,358	6,779	6,596
3,055	3,024	2,806	2,683	2,466	2,137
2,445	2,348	2,219	2,154	1,954	1,720
807	780	787	767	770	810
488	510	486	471	470	440
362	317	235	235	217	287
159	166	152	145	103	98
509	541	567	97	47	42
621	544	501	460	624	650
8,446	8,230	7,753	7,012	6,651	6,184
\$ 17,179	\$ 16,561	\$ 15,635	\$ 14,370	\$ 13,430	\$ 12,780
3.7%	5.9%	8.8%	7.0%	5.1%	7.7%

Ten-Year Schedule of Expenditures - Budgetary Basis
All Funds by Function and Object

For Fiscal Year Ended June 30
(Dollars in Millions)

	2000	1999	1998	1997
Expenditures by Function:				
Education	\$ 7,058	\$ 6,622	\$ 5,941	\$ 5,568
Administration of Justice	1,914	1,745	1,550	1,387
Individual and Family Services	6,385	5,888	5,594	5,562
Resources and Economic Development	673	624	539	482
Transportation	2,797	2,867	2,573	2,449
General Government	1,880	1,514	1,174	1,088
Enterprises	1,230	1,198	1,140	1,085
Capital Projects	428	444	553	460
Total Expenditures	<u>\$ 22,365</u>	<u>\$ 20,902</u>	<u>\$ 19,064</u>	<u>\$ 18,081</u>
Expenditures by Object:				
Personal Services	\$ 5,196	\$ 4,818	\$ 4,418	\$ 4,197
Medical and Other Contractual Services	4,869	4,482	4,142	3,975
Supplies and Materials	890	841	826	920
Transfer Payments	8,454	7,781	6,818	6,368
Debt Service	390	336	309	306
Rent, Insurance, and Other Related Charges	995	924	886	821
Land, Equipment, and Other Fixed Assets	1,567	1,716	1,662	1,488
Other	4	4	3	6
Total Expenditures	<u>\$ 22,365</u>	<u>\$ 20,902</u>	<u>\$ 19,064</u>	<u>\$ 18,081</u>
Percentage Increase				
Over Previous Year	7.0%	9.6%	5.4%	5.2%

Includes all Governmental, Proprietary, and Higher Education Funds

Source: Department of Accounts

1996	1995	1994	1993	1992	1991
\$ 5,195	\$ 5,067	\$ 4,758	\$ 4,599	\$ 4,325	\$ 4,333
1,326	1,250	1,143	1,070	1,034	1,020
5,445	5,316	5,047	4,860	4,439	3,989
480	501	419	381	389	405
2,330	2,265	1,833	1,670	1,812	1,907
1,008	1,037	893	398	382	397
1,065	1,034	1,012	957	941	885
332	355	277	167	208	190
<u>\$ 17,181</u>	<u>\$ 16,825</u>	<u>\$ 15,382</u>	<u>\$ 14,102</u>	<u>\$ 13,530</u>	<u>\$ 13,126</u>
\$ 4,241	\$ 4,274	\$ 4,053	\$ 3,781	\$ 3,776	\$ 3,826
3,698	3,495	3,034	2,847	2,503	2,288
820	776	785	736	692	662
6,025	5,857	5,477	5,309	5,014	4,811
255	244	203	157	173	141
816	842	781	367	346	351
1,320	1,332	1,028	884	1,005	1,070
6	5	21	21	21	(23)
<u>\$ 17,181</u>	<u>\$ 16,825</u>	<u>\$ 15,382</u>	<u>\$ 14,102</u>	<u>\$ 13,530</u>	<u>\$ 13,126</u>
2.1%	9.4%	9.1%	4.2%	3.1%	6.7%

Ten-Year Schedule of Revenues - Budgetary Basis
General Governmental Revenues by Source

For Fiscal Year Ended June 30
(Dollars in Millions)

	2000	1999	1998	1997
Tax Revenues:				
Individual and Fiduciary Income	\$ 6,829	\$ 6,088	\$ 5,405	\$ 4,736
Sales and Use	2,574	2,410	2,240	2,134
Motor Fuels	794	778	759	722
Corporation Income	566	420	451	432
Public Service Corporations	104	112	102	126
Motor Vehicle Sales and Use	492	436	394	384
Gross Premiums of Insurance Companies	251	245	237	219
Alcoholic Beverage Sales Tax	70	64	61	59
Deeds, Contracts, Wills, and Suits	146	158	127	4
Beer and Beverage Excise	41	40	39	38
Estate	150	154	122	92
Tobacco Products	15	16	16	16
Bank Stock	12	13	8	9
Wine and Spirits / ABC Liter	7	7	7	7
Other Taxes	58	52	44	142
Total Tax Revenues	12,109	10,993	10,012	9,120
Other Revenues:				
Federal and Other Grants, Donations, and Federal				
Revenue Sharing	3,459	3,264	3,035	2,821
Institutional Revenue	439	376	331	309
Sales of Property and Commodities	91	91	71	103
Rights and Privileges	577	541	516	499
Interest, Dividends, and Rents	169	166	136	149
Fines, Forfeitures, Costs, Penalties and Escheats	162	163	148	135
Assessments - Special Services	52	48	37	34
Other Revenues	875	589	536	671
Total Other Revenues	5,824	5,238	4,810	4,721
Total Revenues	\$ 17,933	\$ 16,231	\$ 14,822	\$ 13,841
Percentage Increase				
Over Previous Year	10.5%	9.5%	7.1%	8.5%

Includes all Governmental Funds.

Source: Department of Accounts

1996	1995	1994	1993	1992	1991
\$ 4,301	\$ 4,028	\$ 3,812	\$ 3,585	\$ 3,321	\$ 3,236
2,010	1,935	1,795	1,680	1,574	1,560
715	679	686	650	633	624
402	376	312	371	276	279
116	109	119	98	102	96
370	354	321	267	238	230
218	208	196	180	175	158
59	57	57	59	59	59
95	85	115	100	84	72
39	38	39	38	38	39
69	78	83	48	49	47
16	16	15	15	15	15
8	7	6	5	4	5
7	6	6	5	5	5
16	41	41	33	34	29
8,441	8,017	7,603	7,134	6,607	6,454
2,705	2,664	2,374	2,194	2,074	1,872
346	331	312	306	287	271
7	9	8	8	9	80
475	486	463	452	451	422
116	104	75	66	61	61
122	121	116	109	64	62
34	33	33	30	40	35
505	394	383	366	537	549
4,310	4,142	3,764	3,531	3,523	3,352
\$ 12,751	\$ 12,159	\$ 11,367	\$ 10,665	\$ 10,130	\$ 9,806
4.9%	7.0%	6.6%	5.3%	3.3%	5.3%

Ten-Year Schedule of Expenditures - Budgetary Basis
General Governmental Expenditures by Function and Object

For Fiscal Year Ended June 30
(Dollars in Millions)

	2000	1999	1998	1997
Expenditures by Function:				
Education	\$ 4,353	\$ 4,125	\$ 3,614	\$ 3,432
Administration of Justice	1,898	1,730	1,537	1,377
Individual and Family Services	5,609	5,105	4,800	4,541
Resources and Economic Development	614	574	502	447
Transportation	2,585	2,634	2,377	2,272
General Government	1,175	791	525	498
Enterprises	94	92	81	76
Capital Projects	354	363	477	378
Total Expenditures	<u>\$ 16,682</u>	<u>\$ 15,414</u>	<u>\$ 13,913</u>	<u>\$ 13,021</u>
Expenditures by Object:				
Personal Services	\$ 2,698	\$ 2,472	\$ 2,255	\$ 2,042
Medical and Other Contractual Services	4,137	3,802	3,517	3,352
Supplies and Materials	390	366	375	404
Transfer Payments	7,721	6,979	6,010	5,700
Debt Service	297	260	235	225
Rent, Insurance, and Other Related Charges	249	216	209	186
Land, Equipment, and Other Fixed Assets	1,194	1,322	1,315	1,114
Other	(4)	(3)	(3)	(2)
Total Expenditures	<u>\$ 16,682</u>	<u>\$ 15,414</u>	<u>\$ 13,913</u>	<u>\$ 13,021</u>
Percentage Increase Over Previous Year	8.2%	10.8%	6.9%	6.4%

Includes all Governmental Funds.

Source: Department of Accounts

1996	1995	1994	1993	1992	1991
\$ 3,145	\$ 3,056	\$ 2,852	\$ 2,800	\$ 2,614	\$ 2,647
1,318	1,241	1,135	1,062	1,026	1,012
4,413	4,319	3,970	3,747	3,380	3,129
445	461	396	367	375	391
2,124	2,070	1,736	1,587	1,683	1,796
459	463	408	352	345	372
69	71	43	35	30	33
267	289	223	125	155	127
<u>\$ 12,240</u>	<u>\$ 11,970</u>	<u>\$ 10,763</u>	<u>\$ 10,075</u>	<u>\$ 9,608</u>	<u>\$ 9,507</u>
\$ 2,103	\$ 2,150	\$ 2,035	\$ 1,913	\$ 1,946	\$ 2,066
3,105	2,929	2,515	2,363	2,049	1,864
340	324	314	262	237	239
5,337	5,187	4,820	4,622	4,347	4,290
181	166	120	81	57	70
222	212	188	182	188	191
953	1,003	769	651	783	827
(1)	(1)	2	1	1	(40)
<u>\$ 12,240</u>	<u>\$ 11,970</u>	<u>\$ 10,763</u>	<u>\$ 10,075</u>	<u>\$ 9,608</u>	<u>\$ 9,507</u>
2.3%	11.2%	6.8%	4.9%	1.1%	5.0%

Computation of Legal Debt Limit and Margin

For Revenues Collected Through June 30, 2000

(Dollars in Thousands)

	Fiscal Year Ended June 30,		
	2000	1999	1998
Tax Revenues Required for Computation			
Taxes on Income and Retail Sales:			
Individual and Fiduciary Income Tax and Estate Tax [1]	\$ 6,829,587	\$ 6,087,888	\$ 5,405,850
Corporate Income Tax [2]	565,909	420,421	450,780
State Sales and Use Tax [3]	2,201,533	2,065,265	1,919,216
Total	<u>\$ 9,597,029</u>	<u>\$ 8,573,574</u>	<u>\$ 7,775,846</u>
Average Tax Revenues for the Three Fiscal Years			<u>\$ 8,648,816</u>
Section 9(a)(2) General Obligation Debt Limit [4]			
Debt Limit (30% of 1.15 times annual tax revenues for fiscal year 2000)			\$ 3,310,975
Less Bonds Outstanding:			
Debt Margin for Section 9(a)(2) General Obligation Bonds			<u>\$ 3,310,975</u>
Section 9(b) General Obligation Debt Limit			
Debt Limit (1.15 times average tax revenues for three fiscal years as calculated above)			\$ 9,946,139
Less Bonds Outstanding:**			
Public Facilities Bonds	\$ 460,405		
Transportation Facilities Refunding Bonds [6]	60,300		
Bond Anticipation Notes	-		520,705
Debt Margin for Section 9(b) General Obligation Bonds			<u>\$ 9,425,434</u>
Additional Section 9(b) Debt Borrowing Restriction:			
Four-year Authorization Restriction (25% of 9(b) Debt Limit)			\$ 2,486,535
Less 9(b) Debt authorized in past three fiscal years			
Maximum Additional Borrowing Restriction (amount that could be authorized by the General Assembly)			<u>\$ 2,486,535</u>
Section 9(c) General Obligation Debt Limit			
Debt Limit (1.15 times average tax revenues for three fiscal years as calculated above)			\$ 9,946,139
Less Bonds Outstanding:**			
Parking Facilities Bonds	\$ 11,010		
Transportation Facilities Bonds [5]	134,144		
Higher Educational Institution Bonds [5]	380,332		
Bond Anticipation Notes	-		525,486
Debt Margin for Section 9(c) General Obligation Bonds			<u>\$ 9,420,653</u>

**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) Net of unamortized discount.

(6) These bonds refunded certain Section 9(c) debt, and because the Governor did not certify the feasibility of the refinanced project, it must be applied against the Section 9(b) Debt Limit.

Sources: Department of Accounts, Department of Treasury

Ratio of General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

(Amounts in Thousands Except Per Capita)

For the Fiscal Year Ended June 30,	Population	General Obligation Debt (1)	General Long-Term Debt Per Capita
2000	6,929	\$ 1,046,191	\$ 151
1999	6,858	1,108,929	162
1998	6,784	1,139,927	167
1997	6,739	1,140,862	169
1996	6,663	1,054,305	158
1995	6,596	963,304	146
1994	6,522	791,842	121
1993	6,421	816,883	127
1992	6,259	582,713	93
1991	6,218	542,629	87

(1) Includes 9(a), 9(b) and 9(c) debt, net of unamortized discounts and bond anticipation notes payable.

Sources: Virginia Employment Commission
Department of Accounts

**Percentage of Annual Debt Service Expenditures for Governmental Debt to Total Expenditures
All Governmental Fund Types**

Last Ten Fiscal Years

(Dollars in Thousands)

For the Fiscal Year Ended June 30,	Debt Service (1)	Total Expenditures (2)	Percentage
2000	\$ 308,174	\$ 16,722,019	1.84 %
1999	323,634	15,431,118	2.10
1998	287,971	14,167,795	2.03
1997	271,140	13,636,962	1.99
1996	206,885	12,103,923	1.71
1995	150,513	11,873,282	1.27
1994	146,972	10,809,573	1.36
1993	107,078	10,422,319	1.03
1992	96,308	9,480,167	1.02
1991	101,816	9,268,998	1.10

(1) Includes principal and interest payments related to general bonded debt reflected in the General Long-Term Debt Account Group and Governmental Component Units. The principal outstanding at June 30, 2000 was \$2.7 billion.

(2) Includes General, Special Revenue, Debt Service, Capital Projects Funds, and Governmental Component Units.

Source: Department of Accounts

Schedule of Revenue Bond Coverage (1)
Higher Education Section 9(d) Long-Term Debt
(Discrete Component Units)

Last Ten Fiscal Years

(Dollars in Thousands Except Coverage)

	For the Fiscal Year Ended June 30,	Current Unrestricted Beginning Balance (2)	Current Unrestricted Gross Revenues (2)	Current Unrestricted Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements	Coverage
Virginia Commonwealth University	2000	\$ 32,353	\$ 375,912	\$ 371,263	\$ 37,002	\$ 4,878	7.59
	1999	29,381	372,266	358,473	43,174	4,209	10.26
	1998	30,849	336,835	334,318	33,366	3,563	9.36
	1997	180,008	728,116	699,581	208,543	957	217.91
	1996	156,136	673,639	637,376	192,399	6,079	31.65
	1995	150,564	644,391	631,785	163,170	8,831	18.48
	1994	156,818	633,457	632,316	157,959	10,069	15.69
	1993	122,158	629,163	576,710	174,611	10,069	17.34
	1992	100,488	603,092	569,410	134,170	10,068	13.33
	1991	83,498	558,570	522,570	119,498	10,066	11.87
University of Virginia	2000	\$ 128,167	\$ 981,040	\$ 903,124	\$ 206,083	\$ 18,829	10.94
	1999	134,601	921,043	861,269	194,375	14,061	13.82
	1998	133,683	904,027	832,901	204,809	14,051	14.58
	1997	153,000	830,731	771,806	211,925	14,057	15.08
	1996	147,556	783,722	728,665	202,613	13,834	14.65
	1995	124,076	742,152	666,479	199,749	13,559	14.73
	1994	101,930	712,071	648,479	165,522	13,197	12.54
	1993	83,494	684,552	613,380	154,666	11,806	13.10
	1992	61,490	650,955	579,517	132,928	11,946	11.13
	1991	49,741	602,446	554,696	97,491	11,972	8.14
Virginia Polytechnic Institute and State University	2000	\$ 9,919	\$ 518,426	\$ 494,931	\$ 33,414	\$ 7,412	4.51
	1999	11,892	488,100	471,574	28,418	7,413	3.83
	1998	12,280	453,227	437,879	27,628	5,709	4.84
	1997	18,118	421,073	407,384	31,807	2,110	15.07
	1996	756	396,893	367,269	30,380	1,531	19.84
	1995	7,668	388,410	382,017	14,061	1,554	9.05
	1994	13,321	377,546	373,109	17,758	3,034	5.85
	1993	14,334	355,781	344,370	25,745	2,935	8.77
	1992	11,885	353,426	344,132	21,179	1,652	12.82
	1991	147	350,301	332,507	17,941	1,674	10.72
Norfolk State University	2000	\$ 1,315	\$ 75,692	\$ 71,823	\$ 5,184	\$ 901	5.75
	1999	(7,801)	71,392	61,250	2,341	902	2.60
	1998	(5,289)	63,094	60,596	(2,791)	902	(3.09)
	1997	(1,370)	61,787	62,841	(2,424)	552	(4.39)
	1996	349	59,097	58,750	696	174	4.00
	1995	2,773	55,870	54,751	3,892	174	22.37
	1994	5,630	56,098	55,109	6,619	174	38.04
	1993	5,548	79,202	73,776	10,974	174	63.07
	1992	5,675	51,708	49,936	7,447	279	26.67
	1991	4,829	55,688	51,450	9,067	363	24.99

	For the Fiscal Year Ended June 30,	Current Unrestricted Beginning Balance (2)	Current Unrestricted Gross Revenues (2)	Current Unrestricted Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements	Coverage
James Madison University	2000	\$ (810)	\$ 186,516	\$ 171,158	\$ 14,548	\$ 1,706	8.53
	1999	130	185,181	171,850	13,461	1,708	7.88
	1998	(2,971)	163,018	149,244	10,803	1,712	6.31
	1997	1,868	149,340	142,846	8,362	1,714	4.88
	1996	1,114	132,593	121,341	12,366	1,712	7.22
	1995	2,216	125,028	115,890	11,354	1,712	6.63
	1994	5,144	115,625	107,242	13,527	247	54.77
	1993	4,178	109,708	103,116	10,770	248	43.43
	1992	3,753	106,700	100,706	9,747	248	39.33
	1991	1,873	102,914	94,684	10,103	247	40.82
Virginia College Building Authority (3)	2000	\$ 1,399	\$ 11,334	\$ 363	\$ 12,370	\$ 4,662	2.65
	1999	937	9,597	537	9,997	8,764	1.14
	1998	141	8,017	7,174	984	4,637	0.21
	1997	138	3,622	3,619	141	2,408	0.06
	1996	264	2,401	125	2,540	2,226	1.14
	1995	797	2,239	406	2,630	2,365	1.11
	1994	411	2,591	212	2,790	2,378	1.17
	1993	(1,808)	4,979	3	3,168	2,749	1.15
	1992	14,682	8,372	788	22,266	2,353	9.46
	1991	11,073	9,319	576	19,816	5,134	3.86

(1) Coverage relates to Higher Education 9(d) Revenue Bonds. The outstanding principal of this debt at June 30, 2000, was \$648,572,919 and the outstanding interest was \$297,110,088.

(2) This balance is taken from individual institution's financial statements.

(3) Includes interest payment only.

Sources: Department of the Treasury; Department of Accounts.

Schedule of Revenue Bond Coverage
Selected Discrete Component Units

Last Ten Fiscal Years

(Dollars in Thousands Except Coverage)

	For the Fiscal Year Ended June 30,	Beginning Balance	Gross Revenues	Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements (1)	Coverage
Virginia Housing Development Authority	2000	\$ 1,018,800	\$ 609,934	\$ 181,045	\$ 1,447,689	\$ 1,136,786	1.27
	1999	935,251	579,194	169,286	1,345,159	927,030	1.45
	1998	839,564	565,345	161,631	1,243,278	800,168	1.55
	1997	745,233	514,345	158,700	1,100,878	350,348	3.14
	1996	667,221	493,305	155,575	1,004,951	318,092	3.16
	1995	600,086	335,697	33,664	902,119	272,342	3.31
	1994	543,590	311,782	28,186	827,186	846,695	0.98
	1993	488,321	325,475	24,316	789,480	710,527	1.11
	1992	440,045	331,160	282,884	488,321	88,515	5.52
	1991	392,328	330,929	283,212	440,045	91,200	4.83
Virginia Education Loan Authority (3)	2000	\$ -	\$ -	\$ -	\$ -	\$ N/A	N/A
	1999	-	-	-	-	N/A	N/A
	1998	-	-	-	-	N/A	N/A
	1997	-	769	-	769	N/A	N/A
	1996	70,259	16,922	6,576	80,605	80,532	1.00
	1995	75,433	39,721	19,477	95,677	66,739	1.43
	1994	77,924	35,724	14,270	99,378	54,426	1.83
	1993	80,333	34,631	11,467	103,497	97,269	1.06
	1992	82,689	38,756	41,112	80,333	49,280	1.63
	1991	90,294	47,406	55,011	82,689	33,810	2.45
Virginia Resources Authority	2000	\$ 124,894	\$ 142,224	\$ 103,441	\$ 163,677	\$ 41,055	3.99
	1999	94,809	110,816	72,926	132,699	45,259	2.93
	1998	72,478	117,222	78,950	110,750	34,885	3.17
	1997	58,481	85,837	51,443	92,875	33,915	2.74
	1996	46,209	97,125	63,584	79,750	37,189	2.14
	1995	37,290	31,658	1,196	67,752	33,716	2.01
	1994	30,915	29,929	1,545	59,299	26,813	2.21
	1993	23,161	27,730	1,401	49,490	22,457	2.20
	1992	17,718	22,905	17,462	23,161	4,565	5.07
	1991	11,467	23,246	16,995	17,718	4,330	4.09

(1) Beginning in 1993, includes principal, interest and amortization expenses for all entities.

(2) Beginning in 1993, excludes interest expense.

(3) The Virginia Education Loan Authority defeased all debt during fiscal year 1996.

Sources: Department of the Treasury; Department of Accounts.

Schedule of Revenue Bond Coverage
Other Section 9(d) Long-Term Debt

Last Ten Fiscal Years

(Dollars in Thousands Except Coverage)

	For the Fiscal Year Ended June 30,	Beginning Balance	Gross Revenues (1)	Operating Expenditures (2)	Net Available for Debt Service	Debt Service Requirements (3)	Coverage
Primary Government:							
Virginia Public Building Authority	2000	\$ 64,065	\$ 3,584	\$ 53,116	\$ 14,533	\$ 97,797	0.15
(Series 1988A, 1989A, 1991A, 1992A-C,	1999	78,795	3,896	83,375	(684)	93,069	(0.01)
1993A, 1994A, 1995, 1996A, 1997A,	1998	150,464	7,460	136,914	21,010	83,301	0.25
1998A Refunding, 1998B, and 1999A)	1997	182,702	79,218	192,723	69,197	121,101	0.57
	1996	108,552	73,678	124,522	57,708	59,431	0.97
	1995	106,103	60,138	82,972	83,269	53,785	1.55
	1994	134,523	142,779	85,900	191,402	50,788	3.77
	1993	60,640	148,840	106,753	102,727	36,061	2.85
	1992	89,702	147,015	149,615	87,102	26,462	3.29
	1991	58,614	113,764	54,327	118,051	28,349	4.16
Transportation Facilities	2000	\$ 156,876	\$ 27,412	\$ 133,635	\$ 50,653	\$ 77,169	0.66
Route 28, Route 58, Northern Virginia	1999	283,203	25,066	156,691	151,578	60,470	2.51
Transportation District, and Oak Grove	1998	345,299	28,042	129,493	243,848	57,916	4.21
Connector (Chesapeake)	1997	236,711	21,169	104,183	153,697	56,186	2.74
	1996	177,162	147,547	110,651	214,058	45,146	4.74
	1995	163,484	15,913	33,904	145,493	31,068	4.68
	1994	187,357	36,735	30,362	193,730	31,070	6.24
	1993	108,176	26,399	35,947	98,628	24,074	4.10
	1992	188,849	33,104	47,236	174,717	27,335	6.39
	1991	260,218	69,756	78,815	251,159	27,333	9.19
Pocahontas Parkway Association (4)	2000	\$ (3,259)	\$ 13,320	\$ 17,385	\$ (7,324)	\$ 9,287	(0.79)
(Series 1998A-D)	1999	-	18,013	15,544	2,469	5,728	0.43
Component Units:							
Innovative Technology Authority	2000	\$ 4,691	\$ 2,721	\$ -	\$ 7,412	\$ 1,424	5.21
(Series 1989 and 1997)	1999	3,388	2,732	-	6,120	1,364	4.49
	1998	2,224	2,528	-	4,752	1,391	3.42
	1997	1,808	1,807	-	3,615	1,544	2.34
	1996	1,596	1,756	-	3,352	1,464	2.29
	1995	1,304	1,756	-	3,060	1,484	2.06
	1994	1,031	1,757	-	2,788	1,504	1.85
	1993	750	1,785	-	2,535	1,478	1.72
	1992	467	1,826	-	2,293	1,543	1.49
	1991	-	1,827	-	1,827	1,360	1.34
Virginia Port Authority (5)	2000	\$ 67,154	\$ 25,160	\$ 49,086	\$ 43,228	\$ 17,570	2.46
(Series 1992A, 1993, 1996, 1997,	1999	93,565	28,677	66,680	55,562	15,648	3.55
1997 Refunding, and 1998 Refunding)	1998	130,870	19,434	59,387	90,917	21,279	4.27
	1997	40,727	16,498	68,094	(10,869)	15,921	(0.68)
	1996	42,666	6,633	35,198	14,101	16,192	0.87
	1995	41,615	6,162	28,236	19,541	17,858	1.09
	1994	45,589	6,217	32,454	19,352	18,277	1.06
	1993	83,140	36,911	24,765	95,286	43,699	2.18
	1992	73,503	43,317	28,744	88,076	13,360	6.59
	1991	86,521	49,639	41,343	94,817	20,128	4.71

(1) Gross Revenues include loan principal collections.

(2) Operating Expenditures are exclusive of principal and interest.

(3) Includes principal and interest of revenue bonds only. It does not include debt defeasance transactions.

(4) Ten years of data not available. This is a new entity established in 1999.

(5) Beginning in 1994, reflects governmental component unit data only.

Sources: Department of the Treasury; Department of Accounts

Schedule of Bank Deposits (1)

Last Ten Years
(Dollars in Millions)

<u>As of June 30,</u>	<u>Bank Deposits</u>
1999	\$ 72,055
1998	71,317
1997	68,568
1996	65,061
1995	61,204
1994	57,549
1993	56,034
1992	55,272
1991	55,059
1990	53,308

(1) Includes only amounts deposited in insured commercial banks by corporations, governments, and individuals. Deposit information is not available for 2000.

Source: Federal Deposit Insurance Corporation Web Site, www.fdic.gov.

Application of Unclaimed Property Funds (1)

<u>Year Ending June 30,</u>	<u>Total Available Funds (2)</u>	<u>Payment of Claims</u>	<u>Operating Expenses</u>	<u>Transfers to Literary Fund</u>
2000	\$ 43,416,355	\$ 14,070,772	\$ 3,345,583	\$ 26,000,000
1999	48,186,240	14,563,124	2,923,116	30,700,000
1998	38,533,882	8,202,961	3,330,921	27,000,000
1997	55,166,195	8,205,998	3,760,197	43,200,000
1996	33,985,781	5,551,113	2,934,668	25,500,000
1995	32,673,816	5,378,659	2,295,157	25,000,000
1994	24,270,294	3,740,568	2,529,726	18,000,000
1993	27,613,422	6,369,882	1,743,540	19,500,000
1992	27,327,523	8,487,808	1,839,715	17,000,000
1991	26,348,389	4,658,492	1,689,897	20,000,000
1990	18,561,132	5,020,054	1,541,078	12,000,000
1962-1989	96,427,595	11,796,423	8,308,949	76,322,223
	<u>\$ 472,510,624</u>	<u>\$ 96,045,854</u>	<u>\$ 36,242,547</u>	<u>\$ 340,222,223</u>

- (1) Under Unclaimed Property law, the Commonwealth receives abandoned securities and tangible personal property. These are not introduced into the accounting system until converted to cash. As of June 30, 2000, securities with a market value of approximately \$51 million and 9,753 inventoried lots of unappraised tangible property were in the Treasurer's custody. The Treasurer is custodian of these items until claimed by the rightful owners or heirs, except that the Treasurer can and does periodically convert these items into cash.
- (2) Total available funds represent the beginning balance plus receipts minus amounts carried forward into the next fiscal year.

Source: Department of the Treasury

Application of Escheat Receipts

Last Ten Fiscal Years

<u>Year Ending June 30,</u>	<u>Total Receipts</u>	<u>Expenses (1)</u>	<u>Transfers to Literary Fund</u>
2000	\$ 192,490	\$ 146,156	\$ 46,334
1999	126,589	149,071	(22,482)
1998	502,972	460,267	42,705
1997	1,227,184	499,171	728,013
1996	781,712	868,652	(86,940)
1995	1,238,000	676,000	562,000
1994	967,000	537,000	430,000
1993	1,222,000	961,000	261,000
1992	1,078,000	976,000	102,000
1991	887,000	745,000	142,000
Total	\$ 8,222,947	\$ 6,018,317	\$ 2,204,630

(1) Expenses include delinquent taxes paid to localities, refunds to original owners, heirs, or purchasers, and other expenses directly related to the escheat process.

Source: Department of the Treasury

Schedule of Demographic Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (In Thousands) (1)</u>	<u>Per Capita Income (2)</u>	<u>Public Primary and Secondary School Enrollment</u>	<u>Unemployment Rate</u>
2000	6,929	\$ 30,400	1,121,780	2.7 %
1999	6,858	28,000	1,110,843	2.8
1998	6,784	26,700	1,110,815	3.4
1997	6,739	25,400	1,092,090	4.4
1996	6,663	24,400	1,076,653	4.4
1995	6,596	23,062	1,067,669	4.6
1994	6,522	22,021	1,047,222	5.1
1993	6,421	21,624	996,241	5.3
1992	6,259	20,560	1,014,570	6.2
1991	6,218	20,047	998,463	5.1

(1) Population figures for 1998-2000 are estimates.

(2) Per capita income has been revised and is reflected in current dollars.

Sources: Virginia Department of Education
Virginia Department of Taxation
Virginia Employment Commission
Center for Public Service, University of Virginia

Schedule of Miscellaneous Statistics

June 30, 2000

Adoption of Virginia Constitution	1776
Form of Government	Legislative, Executive, Judicial
Land Area (square miles)	40,767
Miles of State Highways	66,644

State Police Protection:

Number of Stations	73
Number of State Police	1,800

Higher Education (Universities, Colleges, and Community Colleges):

Number of Separate Institutions	88
Number of Educators	9,996
Number of Students	369,104

Recreation:

Number of State Parks, Natural Areas, and Historic Sites	63
Area of State Parks, Natural Areas, and Historic Sites (acres)	80,068
Number of State Forests	15
Area of State Forests (acres)	50,869

Classified State Employees	101,103
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Sources: Department of Forestry

Department of Personnel and Training

Department of State Police

Department of Transportation

Library of Virginia

State Council of Higher Education

Virginia Department of Conservation and Recreation, Division of Parks and Recreation

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