

A Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020



Ralph S. Northam
Governor

Aubrey L. Layne, Jr.
Secretary of Finance

David A. Von Moll
Comptroller

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INTRODUCTORY SECTION

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



COMMONWEALTH of VIRGINIA

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RICHMOND, VIRGINIA 23218-1971

December 15, 2020

The Honorable Ralph S. Northam
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor Northam:

It is my pleasure to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020, in accordance with Section 2.2-813 of the *Code of Virginia*. This report consists of management's representations concerning the Commonwealth of Virginia's finances. Management assumes full responsibility for the completeness and reliability of all information presented. This report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). Data presented in this report is believed to be accurate in all material respects, and all disclosures that are necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

The 2020 CAFR is presented in three sections. The Introductory Section includes this transmittal letter and organization charts for state government. The Financial Section includes the State Auditor's Report, management's discussion and analysis (MD&A), audited government-wide and fund financial statements and notes thereto, required supplementary information other than MD&A, and the underlying combining and individual fund financial statements and supporting schedules. The Statistical Section sets forth selected unaudited economic, financial trend, and demographic information for the Commonwealth on a multi-year basis.

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

In accordance with Section 30-133 of the *Code of Virginia*, the Auditor of Public Accounts has audited the Commonwealth's financial statements for the year ended June 30, 2020. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the U. S. Office of Management and Budget Compliance Supplement and the related Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, is performed at the statewide level. The Commonwealth's Single Audit Report will be issued at a later date. I would like to acknowledge the Auditor of Public Accounts' staff for their many contributions to the preparation of this report.

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

PROFILE OF THE GOVERNMENT

Reporting Entity

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

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

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

Budgetary Control

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

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

ECONOMIC REVIEW

Local Economy

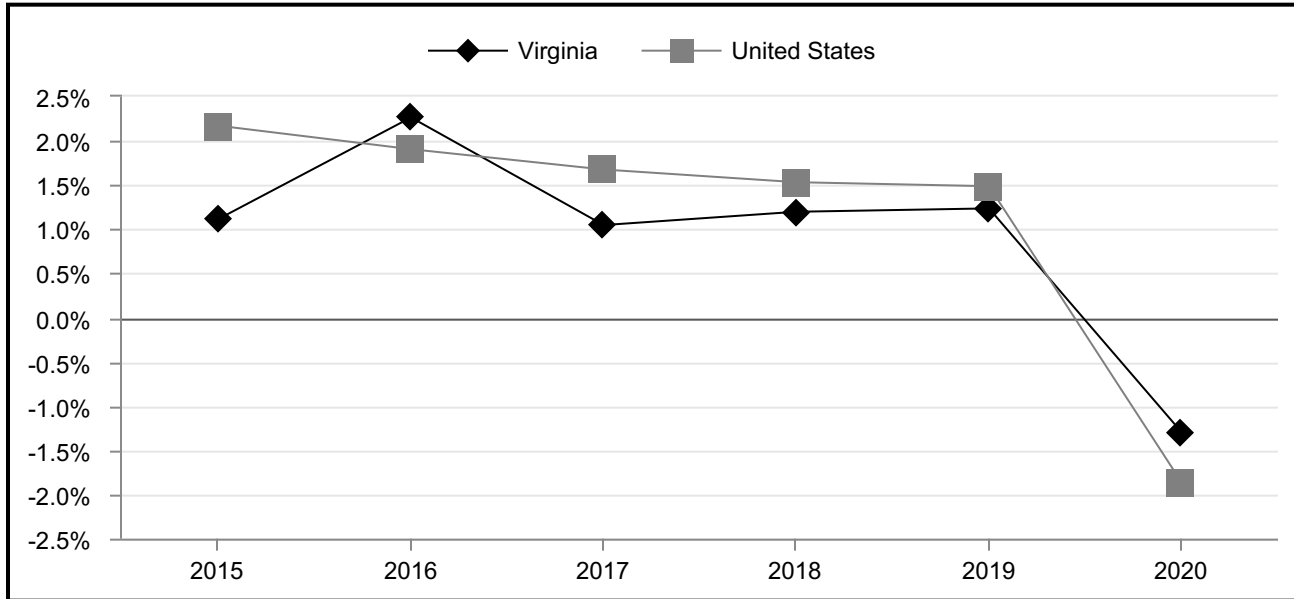
Introduction

This overview of the economy of the Commonwealth of Virginia was prepared by the Weldon Cooper Center for Public Service at the University of Virginia. In fiscal year 2020, Virginia's economy contracted for the first time in 10 years as a result of the onset of the COVID-19 pandemic. The pandemic resulted in short-term suspension of non-essential business activities, implementation of social distancing measures, consumer avoidance of travel and shopping, and supply-chain bottlenecks that had knock-on effects for other sectors. Consequently, employment shrank during the year, and the unemployment rate grew markedly throughout the Commonwealth. Personal income was buoyed, in large part, by federal transfer payments resulting from sizeable federal COVID-19 relief efforts, but state taxable sales receded for the fiscal year. The housing sector was resilient during the fiscal year, with existing home sales and building permit activity expanding and housing prices increasing. Economic growth is expected to rebound in the next fiscal year, although this outlook is predicated on an easing of the pandemic resulting from vaccine development and distribution, and adoption of appropriate federal fiscal relief policies.

Employment

Virginia nonfarm payroll employment shrank by 1.3 percent in fiscal year 2020, which was the first drop after 10 years of economic expansion (**Figure 1**). However, this growth rate was still better than the national rate of -1.9 percent, due in large part to Virginia's concentration in federal government and industries where work-at-home and telecommuting are more feasible, such as professional and business services, and lower exposure to vulnerable leisure and hospitality industries.

Figure 1
Annual Percentage Change in Nonfarm Payroll Employment
Fiscal Years 2015 – 2020



Source: U. S. Bureau of Labor Statistics

Virginia nonfarm employment fell below the 4.0 million level in fiscal year 2020 after crossing that threshold for the first time in fiscal year 2019. The state lost an estimated 51,100 jobs during the fiscal year, compared to an average of 56,275 jobs created per fiscal year from 2016 to 2019.

Figure 2 illustrates changes in Virginia's nonfarm employment by industry for fiscal years 2015 through 2020, along with the employment change between fiscal years 2019 and 2020 for Virginia and the U.S. The largest employment decreases occurred in leisure and hospitality (-34,000) and retail trade (-14,300), which have been hit hardest by business shutdowns, social distancing regulations and consumer avoidance. The education and health services sector (-5,300), state and local government (-4,700), manufacturing (-3,900), other services (-3,700), and mining and logging (-200) also saw decreases. Several sectors experienced net employment gains as a result of job additions prior to COVID-19 and consumer spending substitution during the pandemic. The professional and business services sector led by adding 5,100 jobs, while financial activities gained 3,600 jobs. Other job-creation sectors were construction (2,100); federal government (1,900); transportation and public utilities (1,800); and information (500). The decrease in retail trade employment partly reflects ongoing shifts to online spending that accelerated during the pandemic. The education and health services sector, which had experienced uninterrupted expansion for at least two decades, saw this momentum reversed for the first time by COVID-19 protective measures and consumer avoidance.

Figure 2
Nonfarm Payroll Employment in Virginia's Industries
Fiscal Years 2015 – 2020

Industry*	Virginia Employment (000)						Change, FY 2019 to FY 2020		
							Virginia		
	2015	2016	2017	2018	2019	2020	Number (000)	Percent	U.S., Percent
Mining and logging	9.3	8.3	7.9	7.9	7.9	7.7	-0.2	-2.5%	-5.2%
Construction	180.7	187.0	190.9	196.0	201.2	203.3	2.1	1.0%	-0.2%
Manufacturing	232.8	234.0	233.8	237.1	243.2	239.3	-3.9	-1.6%	-1.7%
Wholesale trade	109.6	110.2	110.3	110.5	110.1	110.1	0.0	0.0%	-0.7%
Retail trade	412.1	418.9	419.0	416.6	410.0	395.7	-14.3	-3.5%	-3.2%
Transportation and utilities	123.1	130.1	132.0	134.2	140.3	142.1	1.8	1.3%	-2.1%
Information	70.3	68.9	68.3	68.0	67.6	68.1	0.5	0.7%	-1.6%
Financial activities	195.7	199.4	203.0	206.9	210.1	213.7	3.6	1.7%	0.9%
Professional and business services	689.4	711.1	722.2	740.5	757.8	762.9	5.1	0.7%	-0.8%
Education and health services	503.7	522.3	530.9	540.8	549.9	544.6	-5.3	-1.0%	-0.1%
Leisure and hospitality	376.1	394.7	402.5	406.6	409.8	375.8	-34.0	-8.3%	-8.6%
Other services	195.9	198.8	201.3	200.4	200.8	197.1	-3.7	-1.8%	-3.6%
Federal government	175.3	177.4	178.4	178.3	180.7	182.6	1.9	1.1%	1.8%
State government	161.1	160.5	159.6	159.6	160.3	158.5	-1.8	-1.1%	-0.9%
Local government	374.5	374.6	377.9	381.4	385.0	382.1	-2.9	-0.8%	-1.0%
Total	3,809.6	3,896.2	3,938.0	3,984.8	4,034.7	3,983.6	-51.1	-1.3%	-1.9%

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

* North American Industry Classification System (NAICS)

Figure 3 shows the annual percentage change in nonfarm employment for 10 of the 11 Metropolitan Statistical Areas (MSAs) in Virginia. The Kingsport-Bristol MSA is not included in this table because most of it is located in Tennessee and data for this indicator are not reported separately for the Virginia portion of the MSA. The Staunton-Waynesboro MSA was the only metropolitan area that saw employment growth for the fiscal year. The Charlottesville MSA, Northern Virginia MSA (the Virginia portion of the DC metropolitan area) and Winchester MSA also saw lower employment decline than the state. Employment for metropolitan areas in the West-Central portion of the state (Blacksburg-Christiansburg-Radford MSA, Lynchburg MSA, and Roanoke MSA) declined at the fastest rate. The Virginia Beach-Norfolk-Newport News MSA, Richmond MSA, and Harrisonburg MSA also lagged the state in employment growth.

Figure 3
Annual Percentage Change in Nonfarm Payroll Employment in Virginia's MSAs
 Fiscal Years 2015 – 2020

Area	2015	2016	2017	2018	2019	2020
Virginia	1.1%	2.3%	1.1%	1.2%	1.3%	-1.3%
Metropolitan areas (a)						
Blacksburg-Christiansburg-Radford	0.8%	1.7%	-0.7%	0.6%	1.3%	-3.9%
Charlottesville	3.6%	2.5%	2.0%	1.8%	1.7%	-0.2%
Harrisonburg	0.9%	2.5%	1.8%	1.3%	1.4%	-1.4%
Lynchburg	0.6%	0.9%	-0.3%	0.6%	1.2%	-2.7%
Northern Virginia	0.9%	2.7%	1.6%	1.6%	1.9%	-0.7%
Richmond	1.9%	3.1%	1.1%	1.1%	1.5%	-1.5%
Roanoke	0.3%	0.7%	-0.1%	0.0%	0.8%	-2.2%
Staunton-Waynesboro	1.2%	1.6%	0.5%	0.5%	1.8%	0.5%
Virginia Beach-Norfolk-Newport News (b)	0.4%	1.3%	0.9%	1.4%	0.8%	-2.0%
Winchester (c)	1.4%	2.6%	1.8%	1.9%	1.8%	-1.1%

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

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

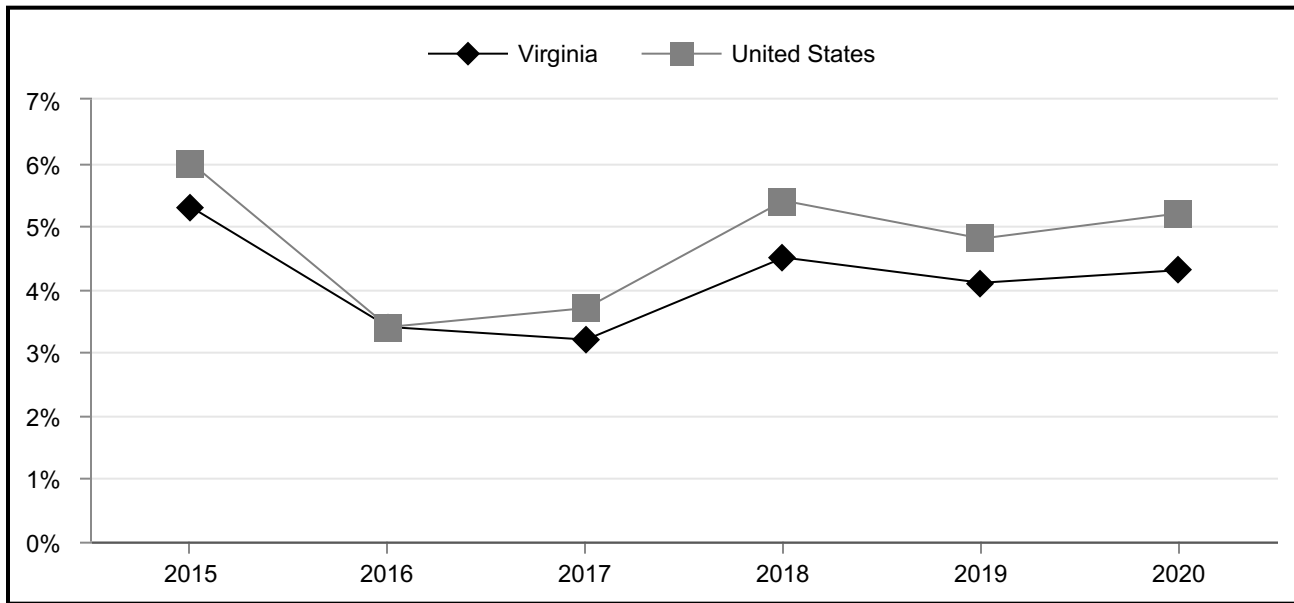
(b) Includes portion in North Carolina

(c) Includes portion in West Virginia

Personal Income

Personal income provides an important gauge of the health of Virginia's economy. It is also a key determinant of consumer spending, which accounts for nearly 70.0 percent of GDP at the national level. Furthermore, changes in personal income are also strongly correlated with state government revenues such as income tax and retail sales tax collections. As shown in **Figure 4**, state personal income growth continued at a moderate pace in fiscal year 2020 (4.3 percent), despite the pandemic. The national rate of growth was higher at 5.2 percent. This resiliency can largely be attributed to unprecedented growth in personal current transfer receipts as a result of federal pandemic assistance during the spring and summer of 2020. For example, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided enhanced unemployment compensation benefits and recovery rebates for individuals. Transfer receipts grew 21.9 percent compared to the previous five-year average of 4.8 percent. In contrast, wages and salaries, which make up the majority of total personal income, grew just 2.5 percent in fiscal year 2020, the slowest rate of growth since the Great Recession. The next largest component is dividends, interest and rent, which decreased by 0.4 percent. Among other components, supplements to wages and salaries (which includes employer contributions to employee pensions, health insurance, social security/Medicare and other benefits) grew 1.4 percent, and proprietors' income expanded by 3.4 percent.

Figure 4
Annual Percentage Change in Personal Income
 Fiscal Years 2015 – 2020

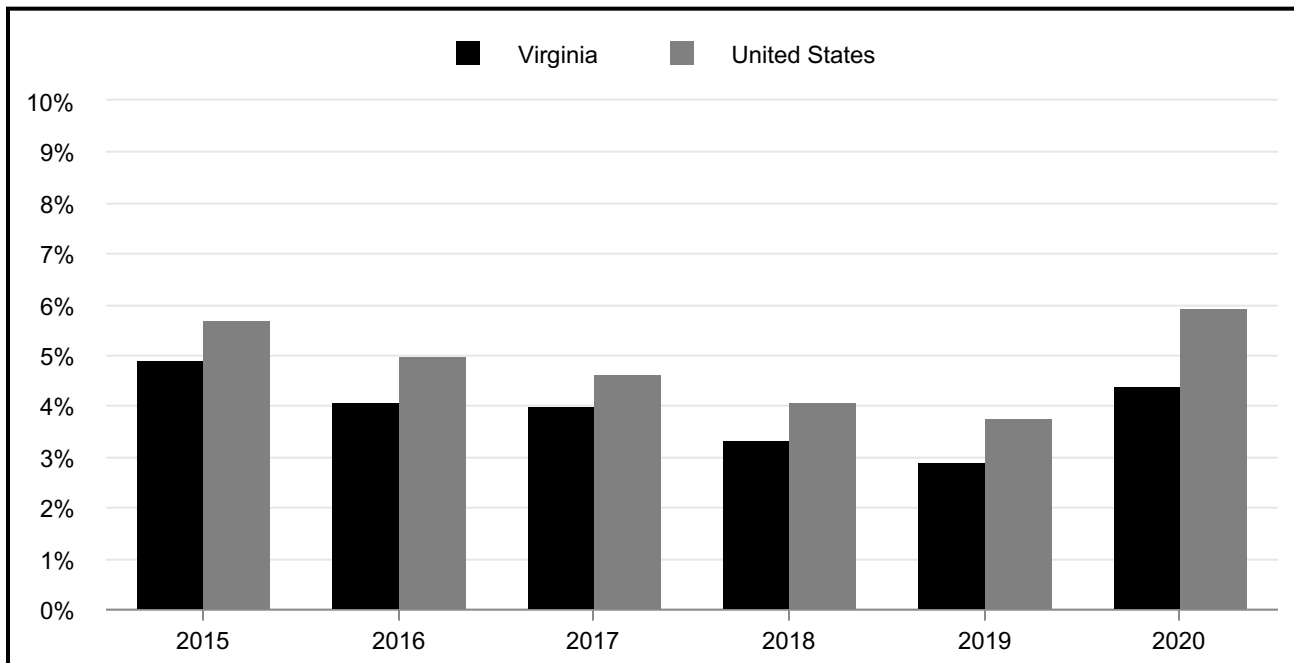


Source: U.S. Bureau of Economic Analysis

Unemployment

Virginia's labor markets began to unwind with the onset of COVID-19. As economic activity fell abruptly in the second quarter of 2020, the seasonally adjusted state unemployment rate reached 11.2 percent in April before declining to 8.4 percent on June 30. However, **Figure 5** shows that the state unemployment rate for fiscal year 2020 rose a more modest 4.4 percent from 2.9 percent the fiscal year before. In comparison, the national rate increased from 3.8 percent to 5.9 percent over the same period, reflecting a slightly larger economic downturn for the nation at large.

Figure 5
Civilian Unemployment Rate
 Fiscal Years 2015 – 2020



Source: U.S. Bureau of Labor Statistics

Figure 6 shows unemployment rates for Virginia's metropolitan and non-metropolitan regions. Declines were widespread with every region experiencing significant increases in its unemployment rate in fiscal year 2020. The metropolitan area unemployment average increased to 4.3 percent from 2.8 percent the fiscal year before, with above state-wide averages experienced by Virginia Beach-Norfolk-Newport News MSA (4.9 percent) followed by Kingsport-Bristol MSA (4.8 percent), Blacksburg-Christiansburg-Radford MSA, Lynchburg MSA, and Richmond MSA (4.6 percent). The nonmetropolitan unemployment rate increased to 5.1 percent from 3.6 percent in fiscal year 2019.

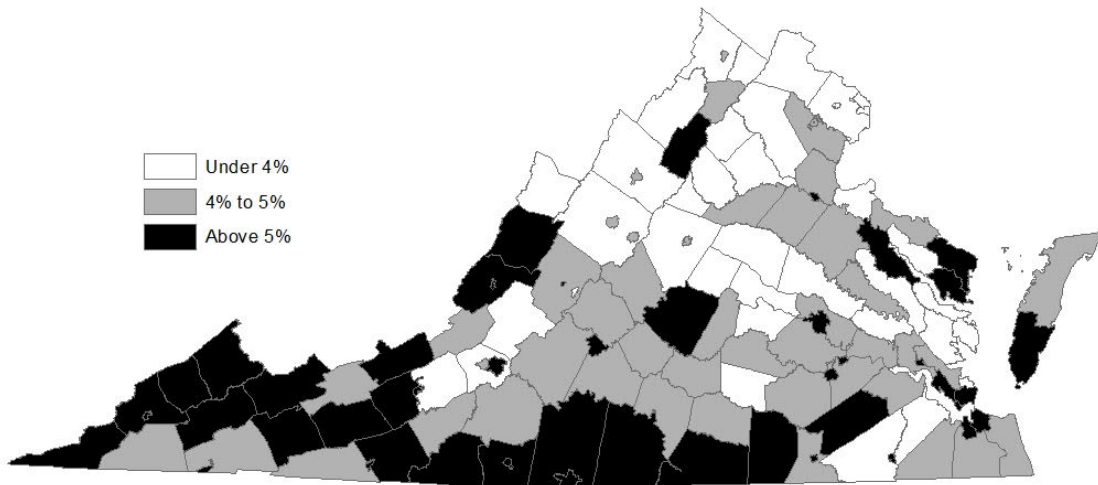
Figure 6
Civilian Unemployment Rate for Virginia's MSAs
Fiscal Years 2015 – 2020

Area	2015	2016	2017	2018	2019	2020
Virginia	4.9%	4.1%	4.0%	3.3%	2.9%	4.4%
Metropolitan Areas	4.7%	4.0%	3.9%	3.2%	2.8%	4.3%
Blacksburg-Christiansburg-Radford	5.1%	4.4%	4.8%	3.6%	3.1%	4.6%
Charlottesville	4.4%	3.6%	3.6%	3.0%	2.7%	4.0%
Harrisonburg	5.0%	4.1%	4.0%	3.3%	2.9%	4.1%
Kingsport-Bristol	5.5%	4.7%	4.6%	3.7%	3.4%	4.8%
Lynchburg	5.4%	4.5%	4.6%	3.9%	3.3%	4.6%
Northern Virginia	4.1%	3.4%	3.3%	2.8%	2.5%	3.9%
Richmond	5.1%	4.3%	4.1%	3.5%	3.1%	4.6%
Roanoke	4.9%	4.0%	4.0%	3.4%	2.9%	4.4%
Staunton-Waynesboro	4.7%	3.9%	3.8%	3.2%	2.7%	3.9%
Virginia Beach-Norfolk-Newport News	5.4%	4.7%	4.5%	3.7%	3.2%	4.9%
Winchester	4.7%	3.9%	3.6%	3.1%	2.8%	4.0%
Non-metropolitan Areas	6.5%	5.5%	5.2%	4.2%	3.6%	5.1%

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

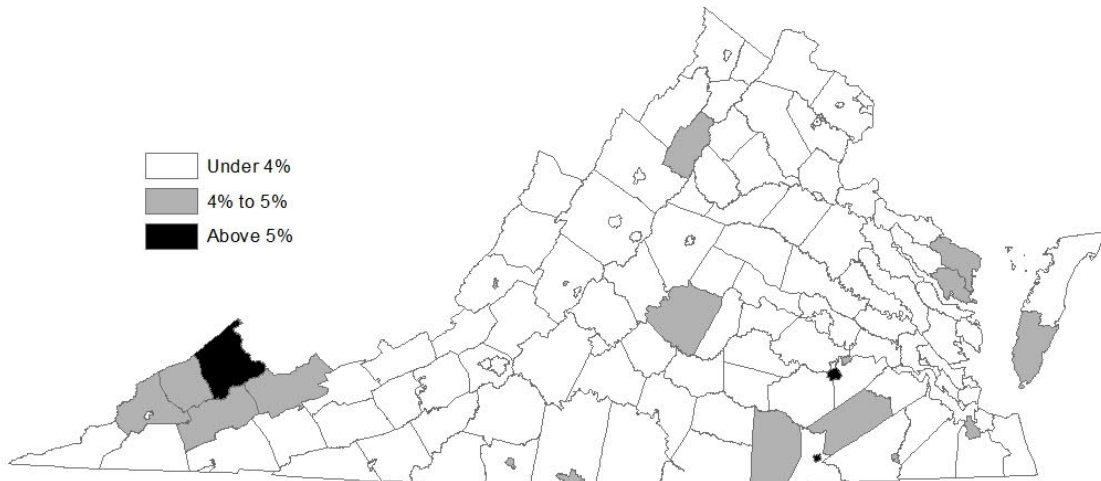
Figures 7a and 7b show changes in the spatial pattern of unemployment rates in Virginia during the last two fiscal years using locality-level data. Every locality experienced deterioration in its unemployment rate in fiscal year 2020 compared to fiscal year 2019. The fiscal year 2020 unemployment rate ranged from a low of 2.7 percent in Falls Church City (up from 2.1 percent the fiscal year before) to a high of 8.5 percent in Petersburg City (up from 5.8 percent in fiscal year 2019). The distinctive northern-southern gradient in labor market health became more pronounced in fiscal year 2020 than the last few years. Localities in Southwest and Southern Virginia generally experienced unemployment rates above 4.0 percent, with state boundary localities often exceeding 5.0 percent. In contrast, unemployment rates for swaths of Northern Virginia and the upper Shenandoah Valley remained below 4.0 percent. Localities heavily reliant on tourism such as Williamsburg City (Colonial Williamsburg and Busch Gardens) and Bath County (the Omni Homestead Resort) also saw large spikes in unemployment.

Figure 7a
Unemployment Rate by Locality
 Fiscal Year 2020



Source: Virginia Employment Commission

Figure 7b
Unemployment Rate by Locality
 Fiscal Year 2019

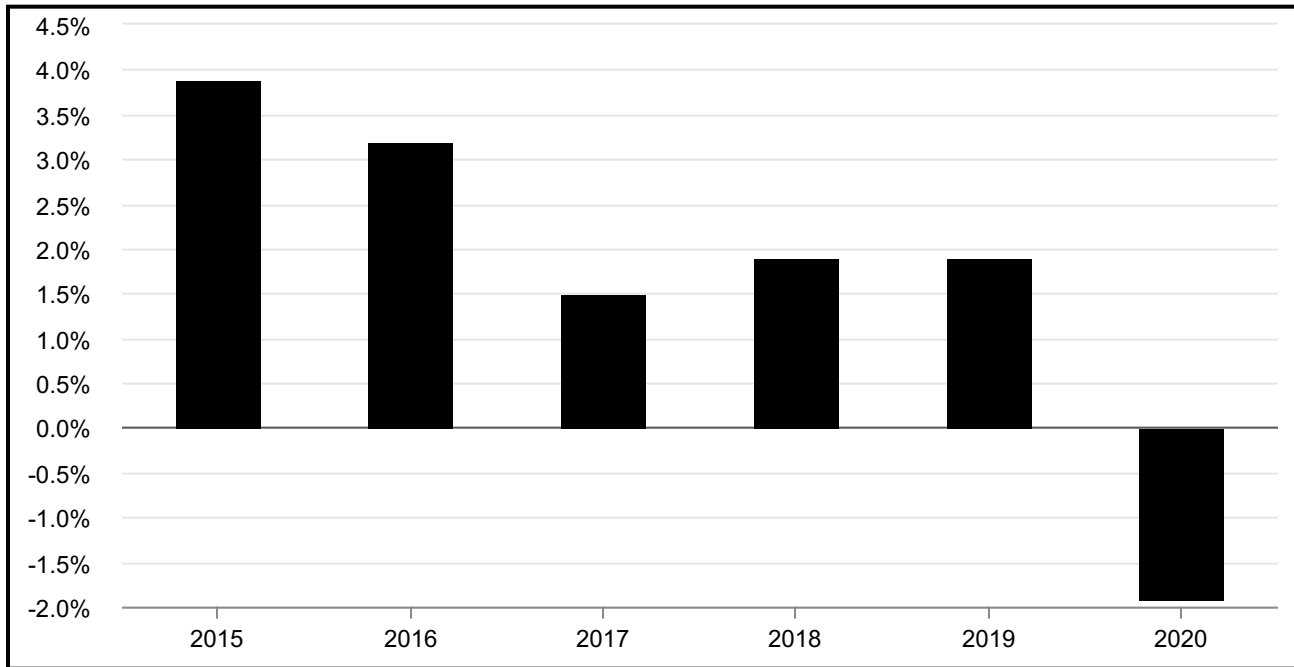


Source: Virginia Employment Commission

Taxable Sales

Changes in state retail sales are represented here using information on taxable sales. This measure is a useful proxy for retail sales, but omits some goods (e.g., motor vehicles, motor fuel sales) that appear in the comparable national measure and includes some services (e.g., restaurant sales, lodging sales) not included in that measure. **Figure 8** shows that the taxable sales decreased by 1.9 percent during fiscal year 2020, the first decrease since a 2.6 percent drop in fiscal year 2010 which overlapped with the Great Recession. This decrease reflects primarily supply-side restrictions and consumer spending avoidance since state consumer income continued to increase during the period.

Figure 8
Annual Percentage Change in Taxable Sales in Virginia
Fiscal Years 2015 - 2020

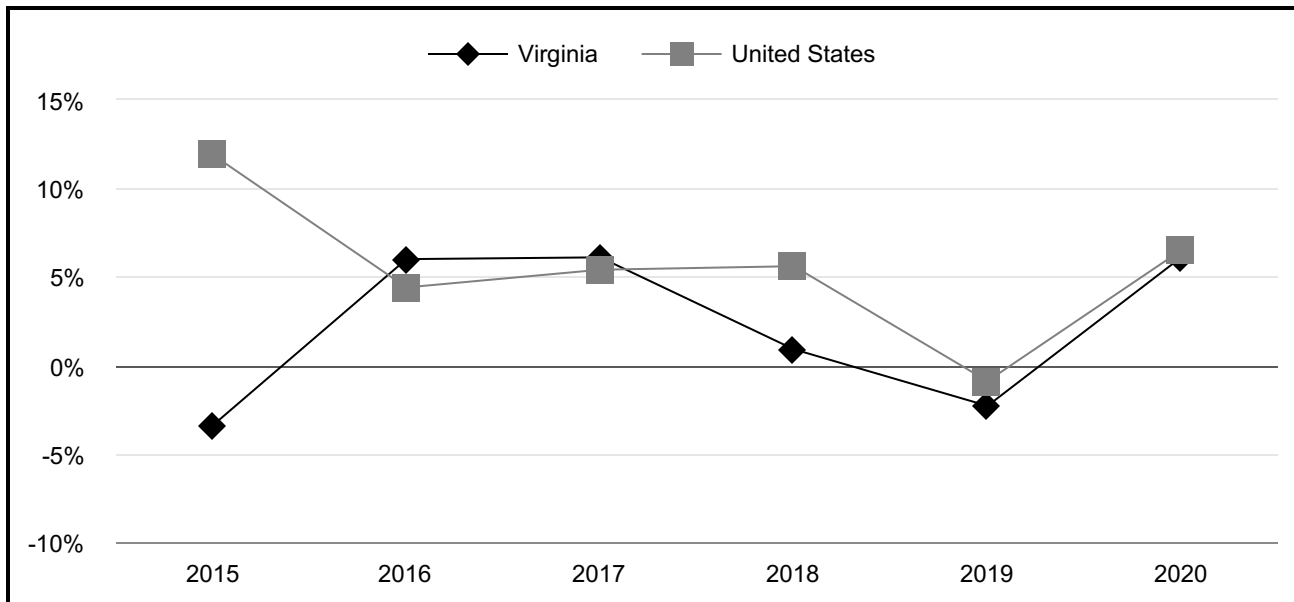


Source: Virginia Department of Taxation

Housing Market

Despite some COVID-19 headwinds, the Virginia housing market edged upward during fiscal year 2020. Sales of existing homes and home building increased from the fiscal year before. According to data available from the Virginia Association of Realtors, sales of single-family homes, townhomes, and condos increased from 121,990 units in fiscal year 2019 to 124,238 units in fiscal year 2020. This represents a 1.8 percent rate of increase compared to a 0.9 percent rate of decrease in fiscal year 2019. Building permit data show a larger increase of 6.1 percent in fiscal year 2020 for the number of new privately-owned housing units authorized for construction in Virginia (**Figure 9**). This compares to a 2.3 percent decrease in fiscal year 2019 but was slightly slower than the 6.5 percent rate of increase experienced nationwide in fiscal year 2020.

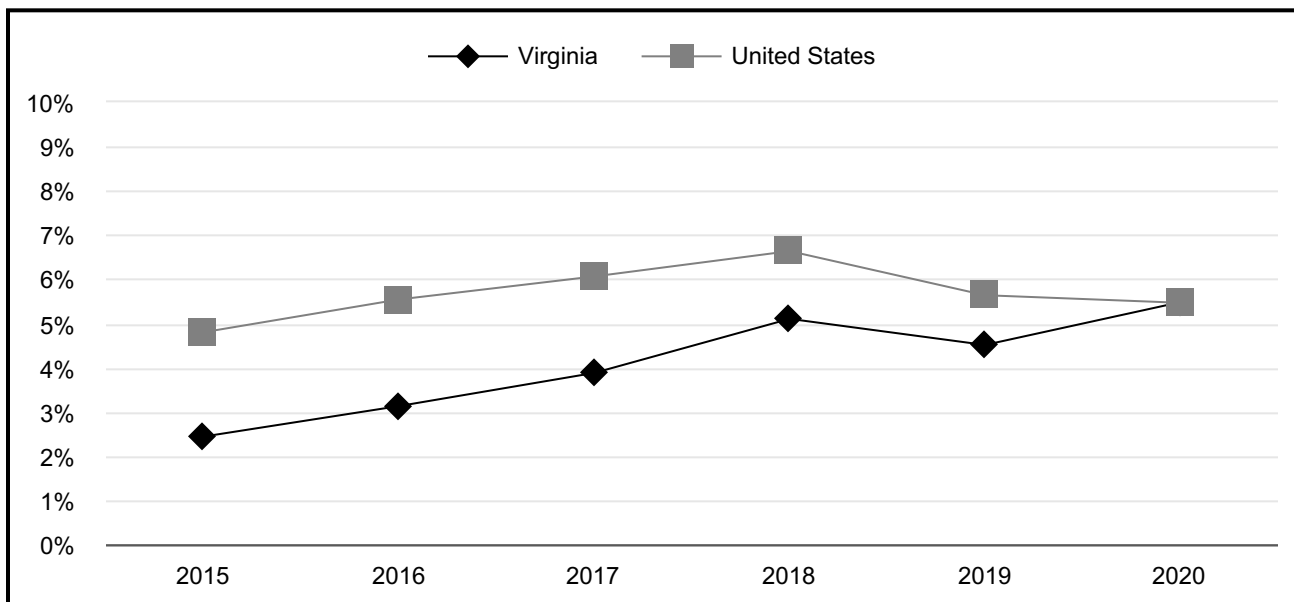
Figure 9
New Privately Owned Housing Units Authorized, Annual Percentage Change
 Fiscal Years 2015 – 2020



Source: U.S. Census Bureau

Housing prices published by the Federal Housing Finance Agency indicate that prices continued to climb. **Figure 10** shows the percentage change in housing prices for Virginia and the nation. Virginia housing prices increased 5.5 percent in fiscal year 2020, up from 4.5 percent in fiscal year 2019. This growth rate was the same as the nation. Higher housing prices have been supported by more limited housing inventories, Federal Reserve monetary stimulus that has dropped mortgage interest rates to historical lows, and increased consumer demand for homes that offer more space for office usage, leisure and recreation during the pandemic.

Figure 10
Annual Percentage Change in Housing Prices
 Fiscal Years 2015 – 2020



Source: Federal Housing Finance Agency

Conclusion

Virginia's economy continued to grow at a moderate pace throughout the fiscal year until the COVID-19 pandemic crisis gripped the nation and Commonwealth of Virginia at the start of spring. With mandated business shutdowns, social distancing measures and curtailment of consumer shopping, many economic indicators plummeted to lows not seen since the Great Depression. Although the Commonwealth was affected less severely than the nation because of its concentration in lower-exposure industries, the economic effects were still profound. Employment decreased precipitously, and the unemployment rate spiked. The shock was felt in all areas of the state, with localities reliant on the hospitality industry being particularly hard hit. Federal COVID-19 relief ameliorated the effects of firm layoffs that resulted in lost wages, by supporting personal incomes through increased transfer payments. The Virginia housing market was a relative oasis in the turmoil. Existing home sales, building permit issuance, and housing price growth outpaced the fiscal year before.

At the end of fiscal year 2020, the nation's economy saw gradual signs of improvement corresponding with the easing of shutdown regulations, the gradual reopening of the economy, and the stimulus effects of earlier federal government fiscal and monetary interventions. However, the nation's longest period of economic expansion was over and much uncertainty existed in its wake. Future improvement in the economy depends largely now on the path of COVID-19 infection and the nation's success in halting the virus by developing and deploying new vaccines and introducing other therapies that decrease citizen mortality and morbidity. Continued trade frictions with China, heightened business investment uncertainty in a Presidential election year, and failure to deliver an appropriate level of additional federal fiscal relief provide other downside risks to the economy on the horizon. Regardless of the outcome, COVID-19 is expected to have residual effects on economic activity for years to come due to modifications in consumer spending habits and structural changes spurred elsewhere in the economy.

MAJOR INITIATIVES

The CAFR has received unmodified audit opinions from fiscal year 1986 through fiscal year 2019. During this period, the Commonwealth has also received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. While we are very proud of these unmodified audit opinions and awards, we must be mindful of the fact that they are not automatic. The successes of the State Comptroller's office are directly attributable to not only the professionalism, experience and integrity of the State Comptroller's technical and accounting personnel, but also to the professionalism, experience and integrity of the financial and accounting personnel throughout the Commonwealth. These major initiatives will support efforts to continue our legacy of quality financial management.

Long-term Financial Planning

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

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

Enterprise Application Project

The Cardinal Project represents a shared vision between the offices of the Secretary of Transportation, Secretary of Finance, Secretary of Administration, and the Virginia Information Technologies Agency to replace aging statewide enterprise applications. This effort began with the effort to replace the Commonwealth's financial system (CARS) and the Virginia Department of Transportation's (VDOT) financial system with a modern, enterprise-wide financial system (base financial system). The base financial system provides a solid foundation for the Commonwealth to expand system functionality and facilitates better integration of key administrative systems across the state. This foundation enables the Commonwealth to re-engineer activities to include taking advantage of shared services, increasing functionality for better fiscal management, and reducing redundant agency financial systems and related cost. This phase of the Cardinal Application Project has been completed. Effective July 1, 2016 (fiscal year 2017), Cardinal became the official general ledger accounting system for the Commonwealth, and CARS was retired.

The next phase of this project involves a partnership between the Department of Accounts (DOA) and the Department of Human Resource Management (DHRM) to replace the existing statewide payroll system (CIPPS), along with the Commonwealth's statewide Personnel Management Information System (PMIS) and Benefits Eligibility System (BES), and integrate these statewide systems into Cardinal. The Human Capital Management Project (HCM) will be implemented in phases. The first phase is scheduled for March 31, 2021, and the entire HCM Project is scheduled for project completion and implementation by the end of calendar year 2021. I, as State Comptroller, chair the Cardinal Steering Committee, and both DOA and DHRM have assigned full-time resources to this project.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth for its CAFR for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Commonwealth has received a Certificate of Achievement for the last 34 consecutive years (fiscal years 1986-2019). 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 read 'D. A. Von Moll'.

David A. Von Moll
Comptroller of the Commonwealth of Virginia



Government Finance Officers Association

Certificate of
Achievement
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in Financial
Reporting

Presented to

Commonwealth of Virginia

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

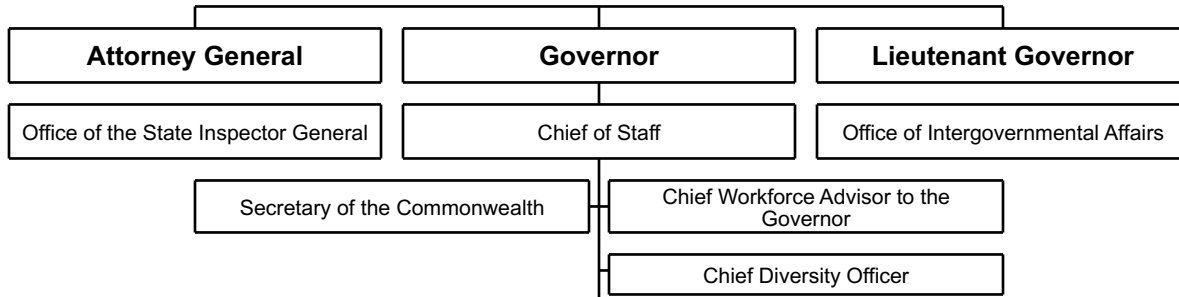


Executive Director/CEO

Organization Charts

Organization of Executive Branch of Government

As of June 30, 2020

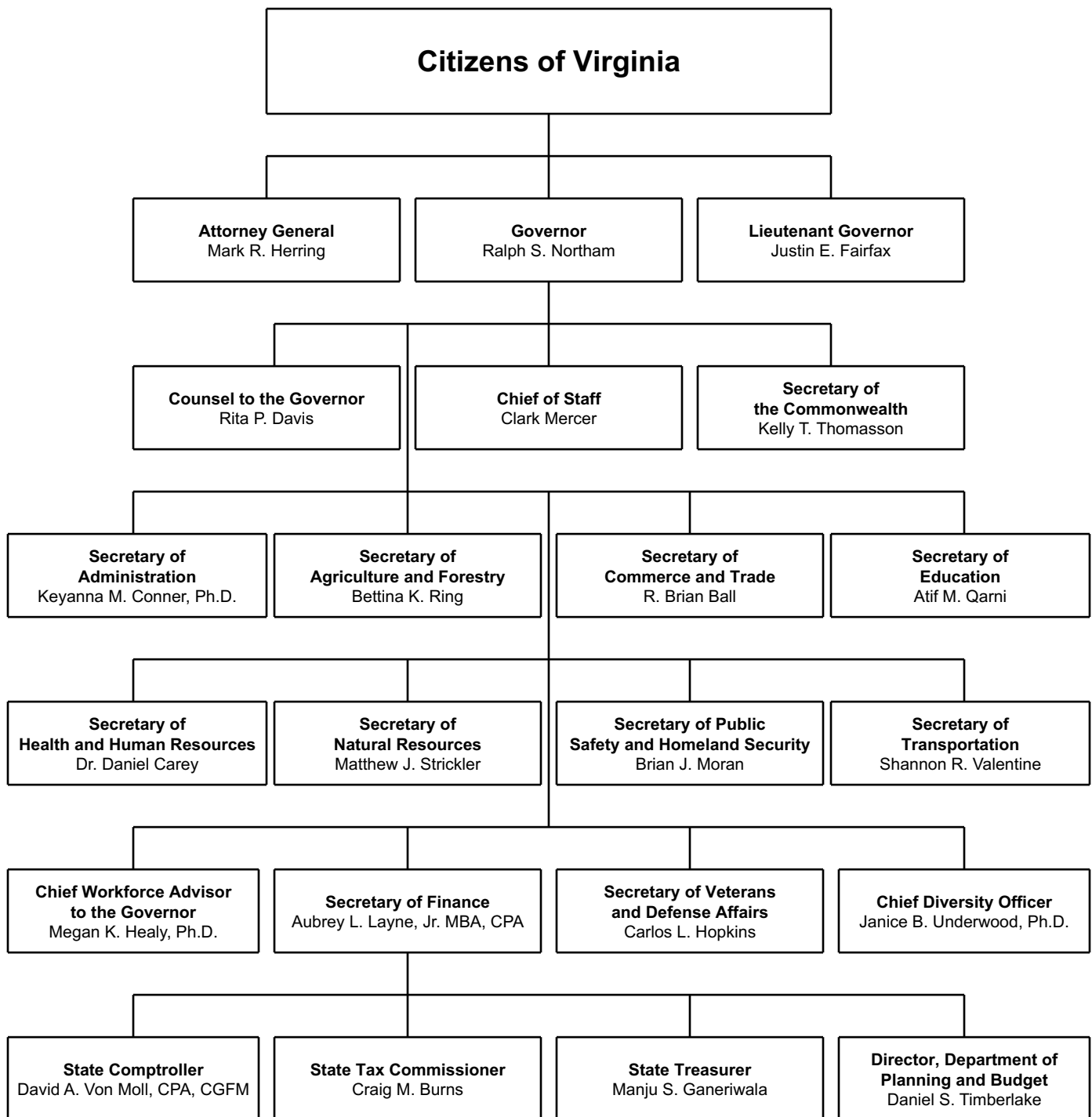


Secretary of Administration Compensation Board Department of Elections Department of General Services Department of Human Resource Management Virginia Information Technologies Agency	Secretary of Education Christopher Newport University Department of Education Frontier Culture Museum of Virginia George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

Organization of Government

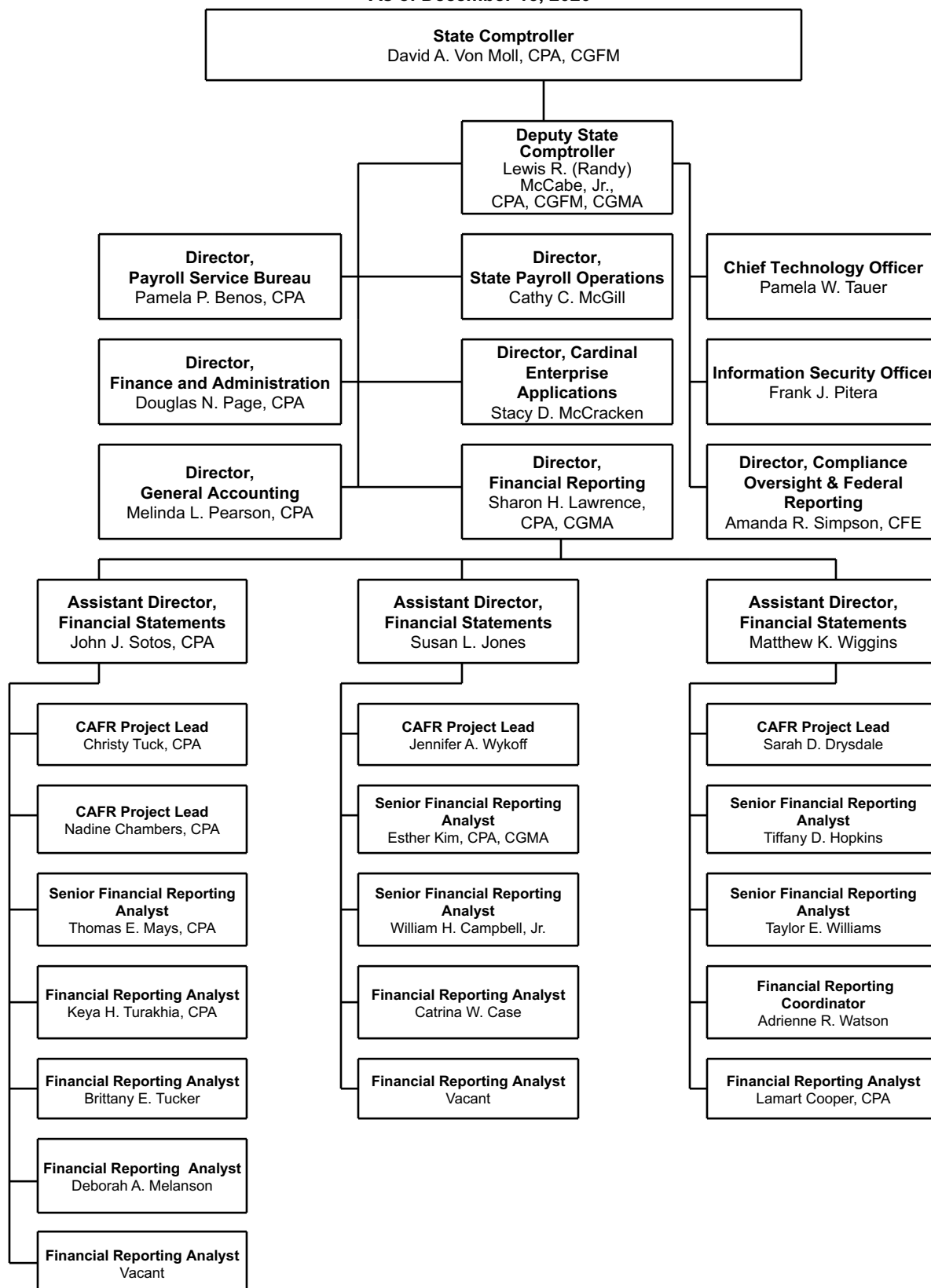
Selected Government Officials - Executive Branch

As of December 15, 2020



Organization of the Department of Accounts

As of December 15, 2020



FINANCIAL SECTION

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



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2020

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Kenneth R. Plum
Chairman, Joint Legislative Audit
and Review Commission

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Virginia College Savings Plan (major fund and private purpose trust fund), which is discussed on pages 53 and 264, and certain blended and discretely presented components units of the Commonwealth, which are discussed in Note 1.B. The Virginia College Savings Plan and component units account for the following percentages of total assets and deferred outflows of resources; revenues, additions, and other financing sources; and net position/fund balance of the opinion units affected.

Opinion Unit	Total Assets and Deferred Outflows	Net Position/Fund Balance	Revenues, Additions, and Other Financing Sources
Governmental Activities	2.48%	4.67%	2.66%
Business-type Activities	64.11%	60.05%	2.16%
Virginia College Savings Plan Major Enterprise Fund	100%	100%	100%
Aggregate Remaining Fund Information	6.58%	7.20%	6.05%
Aggregate Discretely Presented Component Units	28.77%	24.34%	9.89%

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Accounting Principle

The Commonwealth of Virginia's basic financial statements for the year ended June 30, 2020, reflect the provisions of the Governmental Accounting Standards Board's (GASB) Statement No. 84, *Fiduciary Activities*. The Commonwealth of Virginia early implemented the requirements of GASB Statement No. 84. See Note 2 of the accompanying financial statements for the impact of the standard's implementation. Our opinion is not modified with respect to this matter.

Change in Reporting Entity

As discussed in Note 2, the government-wide and nonmajor component unit statements have been restated due to a change in reporting entity. Our opinion is not modified with respect to this matter.

Correction of 2019 Financial Statements

As discussed in Note 2, the fiscal year 2019 governmental activities, the General fund, nonmajor governmental fund and nonmajor component unit statements have been restated to correct misstatements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, the schedule of changes in employer's net pension liability, schedule of employer contributions for pension plans, schedule of changes in employers' net other postemployment benefit liability (asset), schedule of the Commonwealth's proportionate share of the net other postemployment benefit liability, schedule of employer contributions for other postemployment benefit plans, schedule of changes in employers' total other postemployment benefit liability, and claims development information on pages 27 through 37 and 197 through 224, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual non-major fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, our report dated December 15, 2020, on our consideration of the Commonwealth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters is issued in the Commonwealth of Virginia Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commonwealth's internal control over financial reporting and compliance.

MARTHA S. MAVREDES
AUDITOR OF PUBLIC ACCOUNTS

Management's Discussion and Analysis (Unaudited)

The following is a discussion and analysis of the Commonwealth of Virginia's (the Commonwealth) financial performance, including an overview and analysis of the financial activities of the Commonwealth for the fiscal year ended June 30, 2020. Readers should consider this information in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the Commonwealth's financial statements, including the notes to the financial statements, which are located after this analysis.

Financial Highlights

Government-wide Highlights

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2020, by \$31.8 billion. Net position of governmental activities increased by \$5.2 billion and net position of business-type activities decreased by \$695.9 million. Component units reported an increase in net position of \$1.2 billion from June 30, 2019.

Fund Highlights

At the end of the fiscal year, the Commonwealth's governmental funds reported a combined ending fund balance of \$11.8 billion, an increase of \$4.8 billion in comparison with the prior year. Of this total fund balance, \$352.3 million represents nonspendable fund balance, \$5.2 billion represents restricted fund balance, \$5.0 billion represents committed fund balance, and \$1.3 billion represents assigned fund balance. These amounts are offset by a negative \$88.7 million unassigned fund balance. The Enterprise Funds reported net position at June 30, 2020, of \$1.8 billion, a decrease of \$693.7 million during the year which is primarily attributable to the Unemployment Compensation Fund. See page 33 for additional information.

The General Fund recognized higher total fund assets and deferred outflows of resources, as well as revenues and expenditures and lower total fund liabilities and deferred inflows of resources when compared to fiscal year 2019. See page 34 for additional information.

Long-term Debt

The Commonwealth's total debt rose during the fiscal year to \$48.6 billion, an increase of \$2.1 billion, or 4.6 percent. During the fiscal year, the Commonwealth issued new debt in the amount of \$1.2 billion and \$4.2 billion for the primary government and component units. These debt issuances increased the total debt balances for the primary government and component units to \$16.6 billion and \$32.0 billion, respectively.

Overview of the Financial Statements

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

Government-wide Statements

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

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

The Statement of Activities (pages 42 through 44) presents information showing how the Commonwealth's net position changed during fiscal year 2020. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

Discretely Presented Component Units – account for functions of legally separate entities for which the Commonwealth is financially accountable. The Commonwealth has 24 non-higher education component units and 22 higher education institutions that are reported as discretely presented component units. Information regarding the individual financial statements of the component units is presented in the notes to the financial statements.

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

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

Fund Financial Statements

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

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

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

The Commonwealth reports 15 individual governmental funds. Information is presented separately in the governmental fund statements for the General, Commonwealth Transportation, Federal Trust, and Literary funds, which are all considered major funds. Data from the other 11 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the combining financial statements immediately following the required supplementary information.

- **Proprietary funds** – The Commonwealth maintains two different types of proprietary funds: enterprise and internal service. These funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting.

Enterprise funds report activities that charge fees for supplies or services to the general public like the Virginia Lottery. Enterprise funds are reported as business-type activities on the government-wide financial statements. The enterprise funds use the full accrual basis of accounting and the only differences between amounts reported on the government-wide statements and the enterprise fund statements are due to internal service fund activity (see reconciliations on pages 54 and 56).

Internal service funds report activities that charge fees for supplies and services to other Commonwealth agencies, like Fleet Management. Internal service funds are reported as governmental activities in the government-wide statements because these types of services predominantly benefit governments rather than business-type functions.

The Commonwealth reports 27 individual proprietary funds. Information is presented separately in the proprietary fund statements for the Virginia Lottery, Virginia College Savings Plan, and Unemployment Compensation Funds, all of which are considered major funds. Data from the other enterprise funds is aggregated into a single column on the fund statements. All internal service funds are aggregated into a single column on the fund statements. Individual fund data for all nonmajor proprietary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Fiduciary funds** – These funds are used to account for resources held for the benefit of parties outside the government and use the full accrual basis of accounting in accordance with GASB Statement No. 84, *Fiduciary Activities*. Fiduciary funds are excluded from the government-wide financial statements because the resources of these funds are restricted and cannot be used to finance the Commonwealth's operations. The Commonwealth's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position beginning on page 64.

The Commonwealth's fiduciary funds are the:

- Private Purpose Trusts, which reports the activities for four separate funds and accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments;
- Pension and Other Employee Benefit Trusts, which reports the activities of nine separate pension and other employment retirement plans for employees;
- Custodial Funds - External Investment Pool, which accounts for the activity of the external investment pool not meeting the GASB Statement No. 84 trust criteria; and,
- Custodial Funds - Other, which accounts for 10 separate funds similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Information

The combining statements referred to earlier in connection with nonmajor funds and component units can be found beginning on page 225 of this report. The individual fund information is aggregated into a single total on the combining financial statements, which carries forward to the fund financial statements.

Government-wide Financial Analysis

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$31.8 billion during the fiscal year. The net position of the governmental activities increased \$5.2 billion, or 20.8 percent, primarily due to increases in assets offset by increases in total liabilities and deferred inflows of resources. Capital assets are discussed further on page 35, the long-term liabilities are discussed further on page 36, and deferred outflows and inflows of resources are discussed in Note 14. Business-type activities had a decrease of \$695.9 million, or 28.1 percent, primarily due to a decrease in the Unemployment Compensation Fund discussed on page 33. As discussed in Note 2, the government-wide beginning balance was restated for the early implementation of GASB Statement No. 84, *Fiduciary Activities*, and correction of prior year errors to arrive at a restated beginning balance of \$27.3 billion.

Figure 11
Net Position as of June 30, 2020 and 2019
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2019		2019		2019	
	2020	as restated	2020	as restated	2020	as restated
Current and other assets	\$ 23,726,326	\$ 16,244,597	\$ 4,482,810	\$ 5,130,461	\$ 28,209,136	\$ 21,375,058
Capital assets	34,608,949	33,803,950	64,478	40,520	34,673,427	33,844,470
Total Assets	58,335,275	50,048,547	4,547,288	5,170,981	62,882,563	55,219,528
Deferred outflows of resources	1,243,790	768,171	41,913	22,844	1,285,703	791,015
Total assets and deferred outflows of resources	59,579,065	50,816,718	4,589,201	5,193,825	64,168,266	56,010,543
Long-term liabilities outstanding	14,431,997	13,673,810	2,155,127	2,286,387	16,587,124	15,960,197
Other liabilities	9,348,858	7,824,322	627,657	405,721	9,976,515	8,230,043
Total Liabilities	23,780,855	21,498,132	2,782,784	2,692,108	26,563,639	24,190,240
Deferred inflows of resources	5,815,872	4,493,029	27,624	27,060	5,843,496	4,520,089
Total liabilities and deferred inflows of resources	29,596,727	25,991,161	2,810,408	2,719,168	32,407,135	28,710,329
Net position:						
Net investment in capital assets	26,757,676	26,031,819	63,514	40,002	26,821,190	26,071,821
Restricted	4,555,938	2,199,784	665,621	1,485,125	5,221,559	3,684,909
Unrestricted	(1,331,276)	(3,406,046)	1,049,658	949,530	(281,618)	(2,456,516)
Total net position	\$ 29,982,338	\$ 24,825,557	\$ 1,778,793	\$ 2,474,657	\$ 31,761,131	\$ 27,300,214

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

An additional portion of the primary government's net position represents restricted net position. These resources are subject to external restrictions or constitutional provisions specifying how they may be used. The remaining balance of negative \$281.6 million is unrestricted net position (**Figure 11**). The significant increase in restricted net position is primarily due to COVID-19 funding.

Approximately 47.0 percent of the primary government's total revenue came from taxes. While the primary government's expenses cover many services, the largest expenses are for education and individual and family services. General revenues normally fund governmental activities. For fiscal year 2020, program and general revenues exceeded governmental expenses by \$4.3 billion. Program revenues exceeded expenses from business-type activities by \$148.7 million. The following condensed financial information (**Figure 12**) was derived from the Government-wide Statement of Activities and provides detail regarding the change in net position (see page 42).

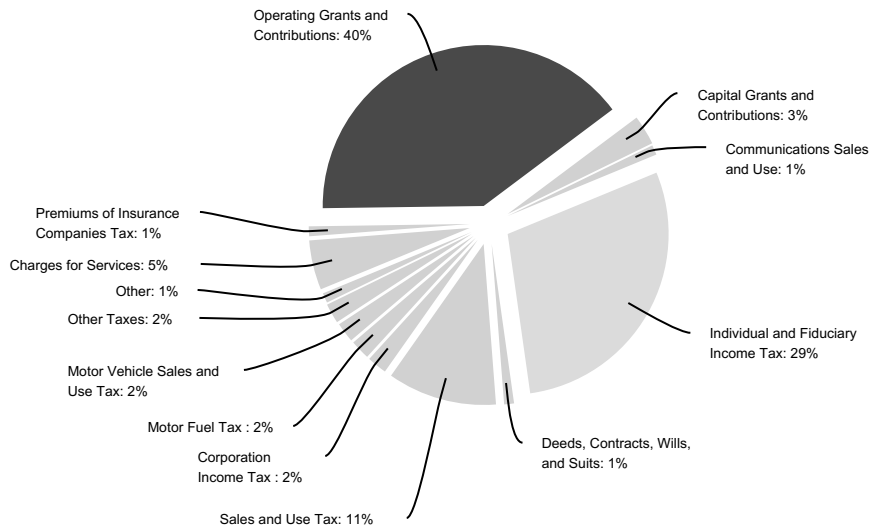
Figure 12
Changes in Net Position for the Fiscal Years Ended June 30, 2020 and 2019
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019 as restated	2020	2019 as restated	2020	2019 as restated
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,697,042	\$ 2,802,227	\$ 4,315,012	\$ 4,596,136	\$ 7,012,054	\$ 7,398,363
Operating Grants and Contributions	21,488,217	10,956,703	66,304	32	21,554,521	10,956,735
Capital Grants and Contributions	1,463,023	1,528,453	9,969	—	1,472,992	1,528,453
General Revenues:						
Taxes:						
Individual and Fiduciary Income	15,666,185	14,896,326	—	—	15,666,185	14,896,326
Sales and Use	5,720,715	5,457,799	—	—	5,720,715	5,457,799
Corporation Income	1,074,334	950,714	—	—	1,074,334	950,714
Motor Fuel	1,101,139	1,083,719	—	—	1,101,139	1,083,719
Motor Vehicle Sales and Use	940,706	971,987	—	—	940,706	971,987
Communications Sales and Use	346,831	359,011	—	—	346,831	359,011
Deeds, Contracts, Wills, and Suits	554,295	442,970	—	—	554,295	442,970
Premiums of Insurance Companies	549,082	554,299	—	—	549,082	554,299
Alcoholic Beverage Sales	193,675	174,144	—	—	193,675	174,144
Tobacco Products	162,294	151,287	—	—	162,294	151,287
Estate	—	216	—	—	—	216
Public Service Corporations	110,481	118,441	—	—	110,481	118,441
Beer and Beverage Excise	42,199	41,249	—	—	42,199	41,249
Wine and Spirits/ABC Liter	30,487	29,484	—	—	30,487	29,484
Bank Stock	26,721	29,780	—	—	26,721	29,780
Other Taxes	814,828	570,272	9,141	9,141	823,969	579,413
Unrestricted Grants and Contributions	56,326	60,108	—	—	56,326	60,108
Investment Earnings	246,685	238,939	2,091	1,841	248,776	240,780
Miscellaneous	469,124	368,751	23	414	469,147	369,165
Total Revenues	53,754,389	41,786,879	4,402,540	4,607,564	58,156,929	46,394,443
Expenses:						
General Government	4,017,200	3,290,946	—	—	4,017,200	3,290,946
Education	11,540,916	11,096,679	—	—	11,540,916	11,096,679
Transportation	5,175,108	4,921,392	—	—	5,175,108	4,921,392
Resources and Economic Development	1,157,514	1,036,118	—	—	1,157,514	1,036,118
Individual and Family Services	24,120,218	16,585,965	—	—	24,120,218	16,585,965
Administration of Justice	3,180,334	2,945,924	—	—	3,180,334	2,945,924
Interest and Charges on Long-term Debt	262,104	256,962	—	—	262,104	256,962
Virginia Lottery	—	—	1,542,387	1,642,754	1,542,387	1,642,754
Virginia College Savings Plan	—	—	56,103	61,321	56,103	61,321
Unemployment Compensation	—	—	1,245,599	273,566	1,245,599	273,566
Alcoholic Beverage Control	—	—	792,159	699,242	792,159	699,242
Risk Management	—	—	17,923	14,894	17,923	14,894
Local Choice Health Care	—	—	421,706	473,076	421,706	473,076
Line of Duty	—	—	16,696	17,836	16,696	17,836
Advantage Vanpool Self Insurance Fund	—	—	273	131	273	131
Virginia Industries for the Blind	—	—	52,050	50,158	52,050	50,158
Consolidated Laboratory	—	—	13,770	10,552	13,770	10,552
eVA Procurement System	—	—	22,056	20,797	22,056	20,797
Department of Environmental Quality Title V	—	—	12,193	10,179	12,193	10,179
Wireless E-911	—	—	43,200	44,134	43,200	44,134
Museum and Library Gift Shops	—	—	6,148	7,221	6,148	7,221
Behavioral Health Canteen and Work Activity	—	—	355	299	355	299
Total Expenses	49,453,394	40,133,986	4,242,618	3,326,160	53,696,012	43,460,146
Excess before transfers	4,300,995	1,652,893	159,922	1,281,404	4,460,917	2,934,297
Transfers	855,786	875,396	(855,786)	(875,396)	—	—
Increase (Decrease) in net position	5,156,781	2,528,289	(695,864)	406,008	4,460,917	2,934,297
Net position, July 1, as restated	24,825,557	22,297,268	2,474,657	2,068,649	27,300,214	24,365,917
Net position, June 30	<u>\$ 29,982,338</u>	<u>\$ 24,825,557</u>	<u>\$ 1,778,793</u>	<u>\$ 2,474,657</u>	<u>\$ 31,761,131</u>	<u>\$ 27,300,214</u>

Governmental Activities Revenues

Figure 13 is a graphical representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$12.0 billion, or 28.6 percent. The net increase is mainly attributable to increases in the Federal Fund, which are discussed on page 35.

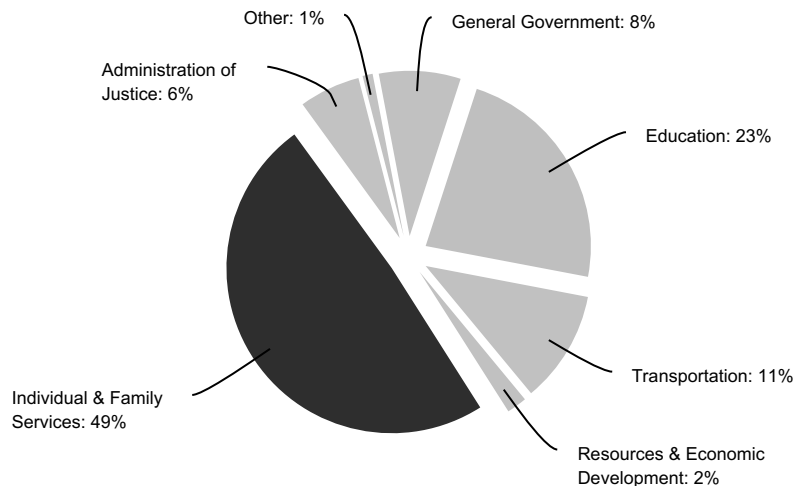
Figure 13
Revenues by Source – Governmental Activities
Fiscal Year 2020



Governmental Activities Expenses

Figure 14 is a graphical representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by \$9.3 billion, or 23.2 percent. While there were increases in all expense types, the largest increase was in individual and family services. See pages 34 and 35 for additional information.

Figure 14
Expenses by Type – Governmental Activities
Fiscal Year 2020



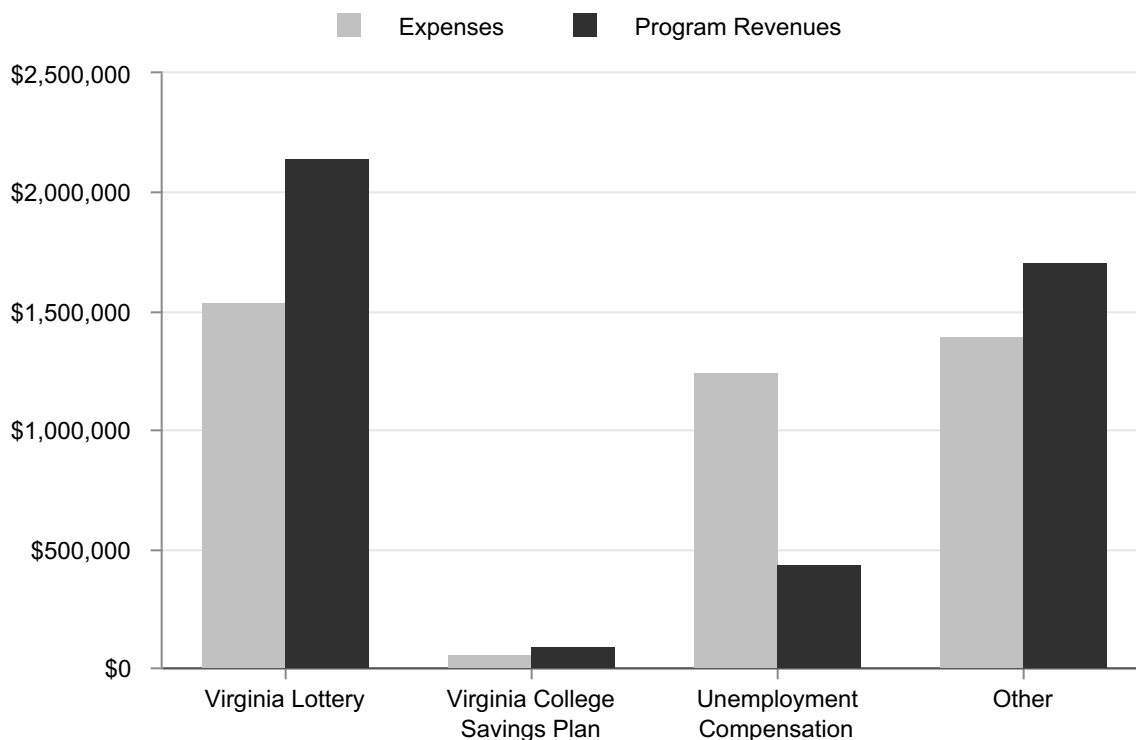
Net Position of Business-type Activities

Net position of business-type activities decreased by \$695.9 million during the fiscal year. As shown in **Figure 15**, highlights of the changes in net position for the major enterprise funds were as follows:

- Lottery sales were \$2.1 billion, a decrease of \$145.0 million over the prior year. Income before transfers was \$609.0 million, a decrease of \$44.5 million (6.8 percent) from fiscal year 2019. Sales of scratch games decreased by \$55.1 million (4.5 percent) and online sales decreased by \$89.8 million (8.4 percent). This was offset by a decrease of \$100.2 million (6.1 percent) in total expenses, primarily attributable to the cost of prizes.
- Virginia College Savings Plan's net position increased by \$38.8 million (3.8 percent) during the fiscal year as a result of total revenues exceeding expenses incurred. While Prepaid529 is closed to new participants, existing customers are still being serviced. Total receipts from participants and investment earnings exceeded operating expenses of tuition benefits and other expenses.
- Unemployment Compensation Fund net position decreased by \$819.8 million during fiscal year 2020, as a result of an increase in benefit claims exceeding operating revenues, primarily related to the COVID-19 pandemic.

Over the one-year period from July 1, 2019, to June 30, 2020, the unemployment rate rose from 2.9 percent to 8.4 percent. Additionally, there were approximately 886,177 more initial unemployment claims filed than in the previous year. These increases were offset by a decrease in the average weekly benefit amounts from approximately \$304.70 to \$245.80 and in the average benefit duration from 14.4 weeks to 4.7 weeks in fiscal year 2020. These multiple influences led to an increase in the total benefit payments of \$972.0 million over the prior year.

Figure 15
Business-type Activities
Program Revenues and Expenses
Fiscal Year 2020
(Dollars in Thousands)



Fund Statements Financial Analysis

As of the end of the fiscal year, the primary government's governmental funds reported combined ending fund balances of \$11.8 billion, including a negative unassigned fund balance of \$88.7 million indicating that restricted and committed amounts exceed the available modified accrual basis fund balance. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

General Fund Highlights

At the end of the fiscal year, the General Fund reported a combined ending fund balance of \$3.3 billion, an increase of \$1.7 billion in comparison with the prior year. Of this total fund balance, \$107.2 million represents nonspendable fund balance, \$659.3 million represents restricted fund balance, \$1.3 billion represents committed fund balance, and \$1.3 billion represents assigned fund balance.

Fiscal year 2020 General Fund revenues were 5.9 percent, or \$1.3 billion, higher than fiscal year 2019 revenues. This revenue change results from increases of \$1.4 billion primarily attributable to individual and fiduciary income taxes (\$828.5 million), sales and use taxes (\$202.7 million), corporation income taxes (\$139.1 million), deeds, contracts, wills, and suits taxes (\$99.2 million), other revenue predominantly related to prior year expenditures refunded in the current fiscal year (\$22.8 million), interest, dividends, and rents (\$21.6 million), alcoholic beverage sales tax (\$21.5 million), sales of property and commodities (\$14.5 million), and tobacco product taxes (\$11.3 million), offset by decreases of \$65.3 million primarily attributable to premiums of insurance companies taxes (\$22.8 million), communications sales and use taxes (\$12.1 million), fines, forfeitures, and penalties (\$11.2 million), and other taxes (\$8.6 million).

Fiscal year 2020 expenditures increased by 1.4 percent, or \$298.5 million, when compared to fiscal year 2019. This was primarily attributable to increases in education and resources and economic development expenditures of \$435.0 million and \$94.3 million, respectively, offset by a decrease in individual and family services expenditures of \$314.6 million. Net other financing sources and uses decreased by \$69.4 million, which is primarily due to lower transfers in from nongeneral funds and an increase in transfers out to nongeneral funds.

Budget Highlights

The General Fund began the year with an original revenue budget that was \$1.0 billion, or 4.7 percent, higher than the final fiscal year 2019 revenue budget. Additionally, the final revenue budget was higher (\$408.9 million or 1.8 percent) than the original budget. The change between the original and final budget was primarily attributable to increases in the final budget for individual and fiduciary income taxes of \$156.9 million, sales and use taxes of \$127.3 million, deeds, contracts, wills, and suits taxes of \$100.0 million, and interest, dividends, and rents of \$55.4 million. This was offset by decreases in the final budget for communications sales and use taxes of \$18.0 million and premiums of insurance companies of \$16.2 million. Total actual General Fund revenues were lower than final budgeted revenues by \$189.2 million.

Total final budget expenditures were higher than original budget expenditures by \$521.0 million, or 2.2 percent. This increase was primarily attributable to budgeted expenditures for general government of \$333.9 million, education of \$161.2 million, and administration of justice of \$127.5 million, offset by a decrease for individual and family services of \$139.5 million.

The Commonwealth spent less than planned so actual expenditures were \$1.1 billion, or 4.5 percent, lower than final budget expenditures.

Budget Outlook

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

Virginia's economy declined in fiscal year 2020, for the first time in a decade, due to the COVID-19 pandemic. As a result of the pandemic, the employment growth seen in the previous years reversed, with every region experiencing significant increases in its unemployment rate. Virginia's housing market remained relatively unscathed, as existing home sales, building permit issuance and housing price growth surpassed those of the prior fiscal year. Economic growth throughout the Commonwealth is expected to rebound in the next fiscal year as restrictions are lifted and with the expectations of vaccine development. During fiscal year 2020, the two General Fund revenue sources most closely tied to current economic activity - individual income taxes and retail sales taxes - experienced increases when compared to the 2019 collections by \$125.1 million (0.8 percent) and \$126.5 million (3.5 percent), respectively. The individual income tax collections were less than the estimated revenue by \$67.8 million (0.4 percent) and the retail sales taxes were less than the estimated revenue by \$137.7 million (3.6 percent).

The fiscal year 2020 revenue collections exceeded fiscal year 2019, however, it did not exceed the fiscal year 2020 collections estimate. Based on the most recent General Fund revenue estimate, the fiscal year 2021 revenue is projected to decrease by 1.8 percent when compared to the fiscal year 2020 revenue collections. This projected decrease is primarily a result of the economic uncertainty arising from the ongoing COVID-19 pandemic. The Governor will release his amendments to the 2020-2021 biennial budget on December 16, 2020.

Major Special Revenue Fund Highlights

The Commonwealth Transportation Fund ended the fiscal year with a fund balance of \$3.2 billion. Approximately \$6.1 billion is contractually committed for various highways, public transportation, and rail preservation projects; \$1.1 billion for individual contracts awarded with a contract value of \$1.0 million or more for operational and tolling services, facilities, and other non-highway construction-type contracts (see Note 21). Additionally, revenues increased \$153.0 million, or 2.5 percent, and expenditures increased \$50.2 million, or 0.9 percent. The revenue increase was primarily due to increases in tax collections of \$113.9 million, or 3.0 percent, receipts from localities of \$56.5 million, or 17.0 percent, and in other revenue of \$49.1 million, or 32.4 percent, offset by a decrease in federal income of \$73.9 million, or 6.8 percent. Of the increase in tax collections, \$47.4 million was pursuant to the Commonwealth's early implementation of GASB Statement No. 84, *Fiduciary Activities*, since these taxes are now considered Commonwealth own-source revenue and reported as part of Other Taxes. Expenditures increased mainly for highway maintenance, acquisition, and construction.

The Federal Trust Fund balance increased by \$2.4 billion, or 1,894.4 percent, primarily due to an increase in Federal Grants and Contracts revenue of approximately \$10.1 billion, or 94.1 percent, offset by a significant increase in expenditures of \$8.1 billion. This change in the Federal Grants and Contracts revenue was mainly attributed to the funding received from the federal government for COVID-19 to assist the Commonwealth in navigating the economic difficulties caused by the pandemic (\$6.9 billion) and Medicaid funding (\$2.6 billion). The remaining difference is distributed over many other federal programs. Expenditures increased primarily due to Unemployment and Medicaid spending. Net other financing sources and uses experienced an increase of \$14.0 million, or 168.8 percent, primarily attributable to additional transfers in from other funds.

The Literary Fund ending balance increased by \$23.0 million, or 129.1 percent. The increase is primarily due to an increase of proceeds from unclaimed property. Additionally, expenditures exceeded net receipts by \$156.1 million in fiscal year 2020. The loans of \$187.2 million owed to the Virginia Public School Authority (major component unit) decreased by \$2.8 million, or 1.5 percent, and the transfers from other funds increased by \$47.2 million, or 35.8 percent.

Capital Asset and Long-term Debt

Capital Assets. The primary government's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$34.7 billion (net of accumulated depreciation totaling \$16.1 billion). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements, and software. Infrastructure assets are items that are normally immovable such as roads, bridges, drainage systems, and other similar assets. As noted on page 30, increases in capital assets offset by increases in total liabilities and deferred inflows of resources resulted in an increase in net position of the governmental activities of \$5.2 billion, or 20.8 percent. The increase in the primary government's net investment in capital assets was primarily attributable to increases in infrastructure of \$677.1 million. These changes are primarily attributable to transportation. The primary government reports equipment with a value of \$50,000 or greater and an expected useful life of two or more years. The primary government capitalizes all land, buildings, infrastructure, and intangible assets that have a cost or value greater than \$100,000 and an expected useful life of two or more years. Additional information on the primary government's capital assets can be found in Note 13, Capital Assets.

Figure 16
Capital Assets as of June 30, 2020
(Net of Depreciation)
(Dollars in Thousands)

	Governmental Activities	Business-type Activities	Total
Land	\$ 3,564,221	\$ 11,843	\$ 3,576,064
Buildings	2,655,112	9,542	2,664,654
Equipment	546,828	18,967	565,795
Water Rights/Easements	116,251	—	116,251
Infrastructure	23,415,122	—	23,415,122
Software	492,819	11,484	504,303
Construction-in-Progress	3,818,596	12,642	3,831,238
Total	<u>\$ 34,608,949</u>	<u>\$ 64,478</u>	<u>\$ 34,673,427</u>

Long-term Debt. The Commonwealth is prohibited from issuing general obligation bonds for operating purposes. At the end of the current fiscal year, the Commonwealth had total debt outstanding of \$48.6 billion, including total tax-supported debt of \$22.3 billion and total debt not supported by taxes of \$26.3 billion. Bonds backed by the full faith and credit of the government and tax-supported total \$1.2 billion. Debt is considered tax-supported if Commonwealth tax revenues are used or pledged for debt service payments. An additional \$933.3 million is considered moral obligation debt which is not tax-supported. The Commonwealth has no direct or indirect pledge of tax revenues to fund reserve deficiencies. However, in some cases, the Commonwealth has made a moral obligation pledge to consider funding deficiencies in debt service reserves that may occur. The remainder of the Commonwealth's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

During fiscal year 2020, the Commonwealth issued \$5.4 billion of new debt for various projects. Of this new debt, \$1.2 billion was for the primary government and \$4.2 billion for the component units. Additional information on the Commonwealth's outstanding debt can be found in Note 27, Long-Term Liabilities, as well as in the Debt Schedules beginning on page 294. The Commonwealth maintains a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service, S & P Global Ratings, and Fitch Ratings.

State statutes limit the amount of general obligation debt the Commonwealth may issue for each specific type of debt. The 9(a) bonds, which may be issued to fund the defense of the Commonwealth, to meet casual deficits in revenue or in anticipation of the collection of revenues, or to redeem previous debt obligations, are limited to 30.0 percent of 1.15 times the annual tax revenues for fiscal year 2020. The 9(b) bonds, which have been authorized by the citizens of Virginia through bond referenda to finance capital projects, are limited to 1.15 times the average of selected tax revenues for fiscal years 2018, 2019, and 2020. The 9(c) bonds, which have been issued to finance capital projects that will generate revenue upon their completion, are limited to 1.15 times the average of selected tax revenues for fiscal years 2018, 2019, and 2020. The current debt limitation for the Commonwealth is shown below for the 9(a), 9(b), and 9(c) general obligation bond issues. These limits significantly exceed the Commonwealth's outstanding general obligation debt.

Figure 17
Debt Issuance Margin and Outstanding Debt as of June 30, 2020
General Obligation Bonds
(Dollars in Thousands)

	Debt Issuance Margin	Outstanding Debt			
		Primary Government			Component Units
		Governmental Activities	Business-type Activities	Total	
General obligation bonds					
9(a)	\$ 7,064,259	\$ —	\$ —	\$ —	\$ —
9(b)	22,281,590	330,934	—	330,934	—
9(c)	21,715,021	10,666	—	10,666	886,837
Total		<u>\$ 341,600</u>	<u>\$ —</u>	<u>\$ 341,600</u>	<u>\$ 886,837</u>

Economic Factors and Review

During fiscal year 2020, the Commonwealth's economy continued to develop at a moderate stride until the COVID-19 pandemic ravaged the United States and Virginia, affecting virtually every economic area of the Commonwealth. Personal income growth continued at a moderate pace of 4.3 percent despite the pandemic, largely due to growth in personal receipts as a result of federal pandemic assistance during the spring and summer of 2020. The state unemployment rate for fiscal year 2020 rose a more modest 4.4 percent from 2.9 percent the fiscal year before, compared to the national rate increase from 3.8 percent to 5.9 percent over the same period. Due mainly to supply-side restrictions and consumer spending avoidance as a result of the COVID-19 pandemic, total taxable sales decreased by 1.9 percent, marking the first decrease since the Great Recession of 2010. The Virginia housing market appeared relatively unscathed, edging upward during fiscal year 2020. Sales of existing homes and home building increased from the fiscal year before, with a 1.8 percent rate of increase compared to a 0.9 percent rate of decrease in fiscal year 2019. Future improvement in the economy depends largely now on the path of COVID-19 infection and the nation's success in halting the virus by developing and deploying new vaccines and introducing increased social and health practices to help combat infection.

Requests for Information

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

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



Government-wide Financial Statements

Statement of Net Position

June 30, 2020

(Dollars in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 9,456,237	\$ 1,190,040	\$ 10,646,277	\$ 3,838,038
Investments (Notes 1 and 7)	4,218,648	2,665,094	6,883,742	12,727,375
Assets Held Pending Distribution (Note 1)	7,979	119,871	127,850	—
Receivables, Net (Notes 1 and 8)	7,464,964	479,763	7,944,727	15,309,100
Contributions Receivable, Net (Notes 1 and 9)	—	—	—	620,858
Internal Balances (Note 1)	77,837	(77,837)	—	—
Due from Primary Government (Note 10)	—	—	—	37,252
Due from Component Units (Note 10)	26,316	—	26,316	125,284
Due from External Parties (Fiduciary Funds) (Note 10)	1,298	—	1,298	—
Inventory (Note 1)	233,053	97,380	330,433	157,619
Prepaid Items (Note 1)	115,304	3,660	118,964	152,158
Other Assets (Notes 1 and 11)	4,074	247	4,321	184,249
Loans Receivable from Primary Government (Notes 1 and 10)	—	—	—	187,175
Loans Receivable from Component Units (Notes 1 and 10)	55,824	—	55,824	—
Restricted Cash and Cash Equivalents (Notes 7 and 12)	1,601,482	—	1,601,482	2,873,355
Restricted Investments (Notes 7 and 12)	347,038	—	347,038	7,316,354
Other Restricted Assets (Note 12)	116,272	4,592	120,864	352,602
Nondepreciable Capital Assets (Notes 1 and 13)	8,807,288	24,485	8,831,773	3,480,931
Depreciable Capital Assets, Net (Notes 1 and 13)	25,801,661	39,993	25,841,654	19,888,808
Total Assets	58,335,275	4,547,288	62,882,563	67,251,158
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)	1,243,790	41,913	1,285,703	1,186,737
Total Assets and Deferred Outflows of Resources	59,579,065	4,589,201	64,168,266	68,437,895
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 25)	1,426,126	110,412	1,536,538	1,404,523
Amounts Due to Other Governments	1,291,867	20,253	1,312,120	116,876
Due to Primary Government (Note 10)	—	—	—	26,316
Due to Component Units (Note 10)	37,252	—	37,252	125,284
Due to External Parties (Fiduciary Funds) (Note 10)	36,835	1,068	37,903	36,698
Unearned Revenue (Note 1)	430,646	5,625	436,271	495,822
Obligations Under Securities Lending (Notes 1 and 7)	997,270	106,579	1,103,849	74,812
Due to Claimants, Participants, Escrows and Providers (Note 1)	1,529,975	199,098	1,729,073	—
Other Liabilities (Notes 1, 15, and 26)	2,382,126	85,077	2,467,203	2,290,461
Loans Payable to Primary Government (Notes 1 and 10)	—	—	—	55,824
Loans Payable to Component Units (Notes 1 and 10)	187,175	—	187,175	—
Claims Payable (Notes 1 and 24):				
Due Within One Year	201,718	64,434	266,152	15,909
Due in More Than One Year	827,868	35,111	862,979	31,463
Long-term Liabilities (Notes 1, 22, 23, and 27):				
Due Within One Year	678,391	308,949	987,340	1,654,967
Due in More Than One Year	13,753,606	1,846,178	15,599,784	30,367,485
Total Liabilities	23,780,855	2,782,784	26,563,639	36,696,440
Deferred Inflows of Resources (Notes 1, 14, 15, 16, 18, and 37)	5,815,872	27,624	5,843,496	929,281
Total Liabilities and Deferred Inflows of Resources	29,596,727	2,810,408	32,407,135	37,625,721

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

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net Investment in Capital Assets	26,757,676	63,514	26,821,190	12,901,804
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	4,652,252
Permanent Funds	38,258	—	38,258	—
Other	—	—	—	172,707
Expendable:				
Agriculture and Forestry	9,341	—	9,341	—
Bond Indenture	—	—	—	3,220,945
Capital Projects/Construction/Capital Acquisition	37,745	—	37,745	1,935,668
Contract and Debt Administration	1,120	—	1,120	—
COVID-19	2,334,846	—	2,334,846	—
Debt Service	119,879	—	119,879	167,316
Economic and Technological Development	57	—	57	—
Educational and Training Programs	1,229	—	1,229	—
Employee Benefit Administration	7,545	—	7,545	—
Environmental Quality and Natural Resource Preservation	24,330	—	24,330	—
Gifts and Grants	115,027	—	115,027	149,596
Health and Public Safety	78,197	—	78,197	—
Higher Education	—	—	—	6,567,537
Literary Fund	66,679	—	66,679	—
Lottery Proceeds Fund	21,711	—	21,711	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	118,162	4,415	122,577	75,649
Permanent Funds	1,875	—	1,875	—
Revenue Stabilization Fund	635,842	—	635,842	—
Transportation Activities	940,043	—	940,043	—
Unemployment Compensation Trust Fund	—	661,206	661,206	—
Virginia Pooled Investment Program	—	—	—	7,760
Virginia Water Supply Assistance Grant Fund	1,764	—	1,764	—
Other	2,288	—	2,288	16,033
Unrestricted	(1,331,276)	1,049,658	(281,618)	944,907
Total Net Position	<u>\$ 29,982,338</u>	<u>\$ 1,778,793</u>	<u>\$ 31,761,131</u>	<u>\$ 30,812,174</u>

Statement of Activities

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

		Program Revenues						
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Functions/Programs								
Primary Government								
Governmental Activities								
General Government	\$	4,017,200	\$	337,732	\$	3,313,929	\$	25,279
Education		11,540,916		633,512		1,138,240		5,662
Transportation		5,175,108		821,311		53,345		1,411,271
Resources and Economic Development		1,157,514		405,745		202,831		20,600
Individual and Family Services		24,120,218		257,939		16,682,296		109
Administration of Justice		3,180,334		240,803		97,576		102
Interest and Charges on Long-term Debt		262,104		—		—		—
Total Governmental Activities		49,453,394		2,697,042		21,488,217		1,463,023
Business-type Activities								
Virginia Lottery		1,542,387		2,149,230		—		—
Virginia College Savings Plan		56,103		95,276		—		—
Unemployment Compensation		1,245,599		371,604		66,304		—
Alcoholic Beverage Control		792,159		1,000,670		—		9,969
Risk Management		17,923		14,361		—		—
Local Choice Health Care		421,706		492,393		—		—
Line of Duty		16,696		17,324		—		—
Advantage Vanpool Self Insurance Fund		273		746		—		—
Virginia Industries for the Blind		52,050		50,645		—		—
Consolidated Laboratory		13,770		14,307		—		—
eVA Procurement System		22,056		23,329		—		—
Department of Environmental Quality Title V		12,193		13,160		—		—
Wireless E-911		43,200		66,092		—		—
Museum and Library Gift Shops		6,148		5,503		—		—
Behavioral Health Canteen and Work Activity		355		372		—		—
Total Business-type Activities		4,242,618		4,315,012		66,304		9,969
Total Primary Government	\$	53,696,012	\$	7,012,054	\$	21,554,521	\$	1,472,992
Component Units								
Virginia Housing Development Authority	\$	424,558	\$	393,424	\$	99,769	\$	—
Virginia Public School Authority		123,118		122,547		7,321		—
Virginia Resources Authority		177,146		121,243		28,884		108,846
Virginia College Building Authority		824,950		65,886		40,443		3,784
Nonmajor		17,113,891		11,495,328		2,887,072		729,565
Total Component Units	\$	18,663,663	\$	12,198,428	\$	3,063,489	\$	842,195

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

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total	Component Units
\$ (340,260)	\$ —	\$ (340,260)	\$ —
(9,763,502)	—	(9,763,502)	—
(2,889,181)	—	(2,889,181)	—
(528,338)	—	(528,338)	—
(7,179,874)	—	(7,179,874)	—
(2,841,853)	—	(2,841,853)	—
(262,104)	—	(262,104)	—
(23,805,112)	—	(23,805,112)	—
—	606,843	606,843	—
—	39,173	39,173	—
—	(807,691)	(807,691)	—
—	218,480	218,480	—
—	(3,562)	(3,562)	—
—	70,687	70,687	—
—	628	628	—
—	473	473	—
—	(1,405)	(1,405)	—
—	537	537	—
—	1,273	1,273	—
—	967	967	—
—	22,892	22,892	—
—	(645)	(645)	—
—	17	17	—
—	148,667	148,667	—
(23,805,112)	148,667	(23,656,445)	—
—	—	—	68,635
—	—	—	6,750
—	—	—	81,827
—	—	—	(714,837)
—	—	—	(2,001,926)
—	—	—	(2,559,551)

Continued on next page

Statement of Activities *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
General Revenues				
Taxes				
Individual and Fiduciary Income	15,666,185	—	15,666,185	—
Sales and Use	5,720,715	—	5,720,715	—
Corporation Income	1,074,334	—	1,074,334	—
Motor Fuel	1,101,139	—	1,101,139	—
Motor Vehicle Sales and Use	940,706	—	940,706	—
Communications Sales and Use	346,831	—	346,831	—
Deeds, Contracts, Wills, and Suits	554,295	—	554,295	—
Premiums of Insurance Companies	549,082	—	549,082	—
Alcoholic Beverage Sales	193,675	—	193,675	—
Tobacco Products	162,294	—	162,294	—
Public Service Corporations	110,481	—	110,481	—
Beer and Beverage Excise	42,199	—	42,199	—
Wine and Spirits/ABC Liter	30,487	—	30,487	—
Bank Stock	26,721	—	26,721	—
Other Taxes	814,828	9,141	823,969	—
Operating Appropriations from Primary Government	—	—	—	2,651,300
Unrestricted Grants and Contributions	56,326	—	56,326	150,595
Investment Earnings	246,685	2,091	248,776	460,449
Miscellaneous	469,124	23	469,147	201,931
Transfers	855,786	(855,786)	—	—
Contributions to Permanent and Term Endowments	—	—	—	255,541
Total General Revenues, Transfers, and Contributions	28,961,893	(844,531)	28,117,362	3,719,816
Change in Net Position	5,156,781	(695,864)	4,460,917	1,160,265
Net Position, July 1, as restated (Note 2)	24,825,557	2,474,657	27,300,214	29,651,909
Net Position, June 30	\$ 29,982,338	\$ 1,778,793	\$ 31,761,131	\$ 30,812,174

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

The Federal Trust Fund accounts for all federal dollars, including the CARES Act funding, received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the General Fund, the Grant Anticipation Revenue Notes and Build America Bond Subsidies reported in the Debt Service Fund, and institutions of higher education. The entire fund is restricted pursuant to federal regulations.

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

Nonmajor Governmental Funds include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 227 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet - Governmental Funds

June 30, 2020

(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 409,469	\$ 4,080,504	\$ 2,790,739	\$ 148,613
Investments (Notes 1 and 7)	3,941,326	—	21,071	—
Assets Held Pending Distribution (Note 1)	—	208	—	—
Receivables, Net (Notes 1 and 8)	2,559,276	1,587,163	2,939,169	119,934
Due from Other Funds (Note 10)	34,841	77,374	588	2,531
Due from External Parties (Fiduciary Funds) (Note 10)	742	64	—	—
Interfund Receivable (Note 10)	—	—	—	—
Inventory (Note 1)	35,326	96,976	75,619	—
Prepaid Items (Note 1)	71,869	9,044	2,388	—
Other Assets (Notes 1 and 11)	1,654	283	1,813	—
Loans Receivable from Component Units (Notes 1 and 10)	—	—	—	—
Restricted Cash and Cash Equivalents (Notes 7 and 12)	—	209,830	—	—
Total Assets	7,054,503	6,061,446	5,831,387	271,078
Deferred Outflows of Resources (Notes 1 and 14)				
	203	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 7,054,706	\$ 6,061,446	\$ 5,831,387	\$ 271,078
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable (Notes 1 and 25)	\$ 550,957	\$ 464,910	\$ 111,607	\$ —
Amounts Due to Other Governments	451,430	53,039	541,204	—
Due to Other Funds (Note 10)	37,870	61,772	27,502	—
Due to Component Units (Note 10)	348	—	1,247	—
Due to External Parties (Fiduciary Funds) (Note 10)	26,021	5,428	2,596	—
Interfund Payable (Note 10)	1,115	5,100	27,352	—
Unearned Revenue (Note 1)	—	173,967	123,380	—
Obligations Under Securities Lending Program (Notes 1 and 7)	407,061	273,836	195,491	17,225
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	—	1,044,314	—
Other Liabilities (Notes 1 and 26)	1,082,238	20,917	1,060,725	—
Loans Payable to Component Units (Notes 1 and 10)	—	—	—	187,175
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	1,202	253	166	—
Total Liabilities	2,558,242	1,059,222	3,135,584	204,400
Deferred Inflows of Resources (Notes 1, 14, and 27)				
	1,147,659	1,768,210	149,416	25,814
Total Liabilities and Deferred Inflows of Resources	3,705,901	2,827,432	3,285,000	230,214
Fund Balances (Notes 1 and 3):				
Nonspendable	107,195	106,020	78,007	—
Restricted	659,317	244,662	2,468,380	40,864
Committed	1,325,513	2,882,490	—	—
Assigned	1,256,780	842	—	—
Unassigned	—	—	—	—
Total Fund Balances	3,348,805	3,234,014	2,546,387	40,864
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,054,706	\$ 6,061,446	\$ 5,831,387	\$ 271,078

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,351,210	\$ 9,780,535
603,289	4,565,686
7,771	7,979
168,662	7,374,204
45,845	161,179
248	1,054
227,446	227,446
6,878	214,799
15,984	99,285
324	4,074
55,824	55,824
—	209,830
3,483,481	22,701,895
—	203
\$ 3,483,481	\$ 22,702,098
\$ 95,801	\$ 1,223,275
9,554	1,055,227
81,062	208,206
19,887	21,482
2,338	36,383
—	33,567
31,250	328,597
35,202	928,815
440,605	1,484,919
143,651	2,307,531
—	187,175
177	1,798
859,527	7,816,975
37,557	3,128,656
897,084	10,945,631
61,093	352,315
1,762,295	5,175,518
813,147	5,021,150
38,564	1,296,186
(88,702)	(88,702)
2,586,397	11,756,467
\$ 3,483,481	\$ 22,702,098

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

June 30, 2020

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds) \$ 11,756,467

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

114,134

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

Nondepreciable Capital Assets 8,749,400

Depreciable Capital Assets 25,680,846

Assets to be received for Long-term Debt Service requirements are not reported in the fund statements. 68,847

Deferred outflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. 1,165,375

Deferred outflows associated with loss on debt refundings are long-term in nature and, therefore, not reported in the funds. 60,179

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

Net Pension Liability (4,337,636)

Net OPEB Liability (829,310)

Total OPEB Liability (372,822)

Capital Leases (12,159)

Installment Purchases (92,928)

Compensated Absences (316,696)

Uninsured Employer's Fund (23,371)

Bonds (8,266,461)

Accrued Interest Payable (73,941)

Other Obligations (21,501)

Pollution Remediation Liability (9,475)

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

(129,228)

Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds. (451,993)

Deferred inflows are not available to pay for current period expenditures and, therefore, are not reported in the funds. 1,430,328

Deferred inflows associated with Service Concession Arrangements capital assets are long-term in nature and, therefore, not reported in the funds. (3,181,849)

Deferred inflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. (922,441)

Deferred inflows associated with gain on debt refundings are long-term in nature and, therefore, not reported in the funds. (1,427)

Net position of governmental activities (see Government-wide Statement of Net Position) \$ 29,982,338

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



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

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 22,663,561	\$ 3,940,970	\$ —	\$ —
Rights and Privileges	94,554	710,684	30	475
Institutional Revenue	38,358	—	—	—
Interest, Dividends, Rents, and Other Investment Income	206,948	89,343	8,201	12,280
Federal Grants and Contracts	8,029	1,007,708	20,919,848	—
Other (Note 28)	406,641	636,918	300,296	33,941
Total Revenues	23,418,091	6,385,623	21,228,375	46,696
Expenditures				
Current:				
General Government	2,456,971	46,835	879,615	242
Education	9,533,526	2,341	1,099,044	202,590
Transportation	139	5,513,405	22,769	—
Resources and Economic Development	528,021	26,057	176,351	—
Individual and Family Services	6,695,761	—	16,525,811	—
Administration of Justice	2,984,598	10,677	88,499	—
Capital Outlay	4,904	29,233	23,296	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Charges	—	—	—	—
Total Expenditures	22,203,920	5,628,548	18,815,385	202,832
Revenues Over (Under) Expenditures	1,214,171	757,075	2,412,990	(156,136)
Other Financing Sources (Uses)				
Transfers In (Note 33)	898,971	9,658	15,653	179,166
Transfers Out (Note 33)	(439,543)	(426,248)	(10,327)	—
Notes Issued	12,456	—	—	—
Insurance Recoveries	19	276	21	—
Capital Leases Issued	66	835	375	—
Bonds Issued	—	—	—	—
Premium on Debt Issuance	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Sale of Capital Assets	2,327	2,739	—	—
Payment to Refunded Bond Escrow Agents	—	—	—	—
Total Other Financing Sources (Uses)	474,296	(412,740)	5,722	179,166
Net Change in Fund Balances	1,688,467	344,335	2,418,712	23,030
Fund Balance, July 1, as restated (Note 2)	1,660,338	2,889,679	127,675	17,834
Fund Balance, June 30	\$ 3,348,805	\$ 3,234,014	\$ 2,546,387	\$ 40,864

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 709,963	\$ 27,314,494
329,477	1,135,220
125,259	163,617
52,327	369,099
131,630	22,067,215
658,959	2,036,755
2,007,615	53,086,400
138,849	3,522,512
30,111	10,867,612
5,199	5,541,512
376,985	1,107,414
919,089	24,140,661
88,045	3,171,819
790,129	847,562
475,363	475,363
337,059	337,059
3,160,829	50,011,514
(1,153,214)	3,074,886
903,969	2,007,417
(272,435)	(1,148,553)
11,573	24,029
5,549	5,865
—	1,276
718,820	718,820
128,628	128,628
272,605	272,605
—	5,066
(278,762)	(278,762)
1,489,947	1,736,391
336,733	4,811,277
2,249,664	6,945,190
<u>\$ 2,586,397</u>	<u>\$ 11,756,467</u>

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

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)	\$ 4,811,277
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When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

Nondepreciable Capital Assets Constructed/Acquired	1,817,676
Nondepreciable Capital Assets Disposed	(35,091)
Depreciable Capital Assets Acquired	641,874
Depreciable Capital Assets Disposed	(276,881)
Depreciation Expense	(1,357,890)

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

Debt Issuance	(718,820)
Capital Lease Proceeds	(1,276)
Bond Premiums	(128,628)
Refunding Bonds Issued	(272,605)
Installment Purchase Proceeds	(24,029)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.	475,363
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Payment to Refunded Bond Escrow Agent is an expenditure in the governmental funds, but the refunding reduces long-term debt in the Statement of Net Position.	278,762
---	---------

Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment.	(207,499)
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Increases/decreases of expenses reported in the Statement of Activities that do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.

Increase (Decrease) in Net OPEB Asset	6,253
(Increase) Decrease in Net Pension Liability	(53,778)
(Increase) Decrease in Net OPEB Liability	7,432
(Increase) Decrease in Total OPEB Liability	60,523
(Increase) Decrease in Other Long-term Liabilities	844
(Increase) Decrease in Compensated Absences	(10,263)
(Increase) Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability	91,401
(Increase) Decrease in Other Liabilities	(79,686)

Net (increase) decrease in Due to Component Units for capital and other projects resulting from appropriation reductions or amounts which are not reported as expenditures in the fund statements.	(9,708)
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Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.	95,143
--	--------

Deferred inflows and outflows associated with pension and OPEB costs are not included in the funds.	(367)
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Amortization of deferred inflows and/or outflows associated with Service Concession Arrangements capital assets are not included in the funds.	46,754
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Change in net position of governmental activities (See Government-wide Statement of Activities)	\$ 5,156,781
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The accompanying notes are an integral part of this financial statement.

Proprietary Funds

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

Major Enterprise Funds

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

The Virginia College Savings Plan (The Plan) administers the Prepaid529 Program, which is a defined benefit program that services contracts for actuarially determined amounts that provide for full future tuition and mandatory fee payments at Virginia's higher education institutions and

differing payouts at private or out-of-state institutions. The fund accounts for the actuarially determined contributions and payments for approved expenses. Eide Bailly, LLP, audits the Plan, and a separate report is issued.

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

Nonmajor Enterprise Funds include those operations of state agencies which are listed on page 239 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of state agencies which are listed on page 255 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position - Proprietary Funds

June 30, 2020

(Dollars in Thousands)

Business-type Activities Enterprise Funds

	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 94,922	\$ 86,105	\$ 712,158	\$ 296,855
Assets Held Pending Distribution (Note 1)	11,116	—	—	—
Receivables, Net (Notes 1 and 8)	85,420	62,319	149,387	59,799
Due from Other Funds (Note 10)	—	—	18,320	775
Due from External Parties (Fiduciary Funds) (Note 10)	—	—	—	—
Due from Component Units (Note 10)	—	—	—	—
Inventory (Note 1)	7,311	—	—	90,069
Prepaid Items (Note 1)	681	898	—	2,081
Other Assets (Notes 1 and 11)	1	—	—	246
Total Current Assets	199,451	149,322	879,865	449,825
Noncurrent Assets:				
Investments (Notes 1 and 7)	—	2,665,094	—	—
Assets Held Pending Distribution (Note 1)	108,755	—	—	—
Receivables, Net (Notes 1 and 8)	—	122,838	—	—
Other Assets (Notes 1 and 11)	916	398	—	3,278
Nondepreciable Capital Assets (Notes 1 and 13)	—	—	—	24,485
Depreciable Capital Assets, Net (Notes 1 and 13)	17,830	719	—	21,444
Total Noncurrent Assets	127,501	2,789,049	—	49,207
Total Assets	326,952	2,938,371	879,865	499,032
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)				
Total Assets and Deferred Outflows of Resources	334,725	2,942,082	879,865	529,461
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 25)	13,865	5,260	7,367	83,920
Amounts Due to Other Governments	—	—	11,927	8,326
Due to Other Funds (Note 10)	11,539	106	738	26,325
Due to External Parties (Fiduciary Funds) (Note 10)	210	95	—	763
Interfund Payable (Note 10)	25,000	—	—	33,130
Unearned Revenue (Note 1)	1,969	—	—	3,656
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	471	198,627	—
Obligations Under Securities Lending Program (Notes 1 and 7)	85,109	332	—	21,138
Other Liabilities (Notes 1 and 26)	66,136	18,780	—	161
Claims Payable Due Within One Year (Notes 1 and 24)	—	—	—	64,434
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	12,829	288,426	—	7,694
Total Current Liabilities	216,657	313,470	218,659	249,547
Noncurrent Liabilities:				
Interfund Payable (Note 10)	—	—	—	—
Claims Payable Due in More Than One Year (Notes 1 and 24)	—	—	—	35,111
Long-term Liabilities Due in More Than One Year (Notes 1, 22, and 27)	145,996	1,558,680	—	141,502
Total Noncurrent Liabilities	145,996	1,558,680	—	176,613
Total Liabilities	362,653	1,872,150	218,659	426,160
Deferred Inflows of Resources (Notes 1, 14, 15, 16, and 18)				
Total Liabilities and Deferred Inflows of Resources	367,526	1,873,959	218,659	447,102
Net Position				
Net Investment in Capital Assets	17,830	719	—	44,965
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	917	383	—	3,115
Restricted for Unemployment Compensation	—	—	661,206	—
Unrestricted	(51,548)	1,067,021	—	34,279
Total Net Position (Deficit) (Note 4)	\$ (32,801)	\$ 1,068,123	\$ 661,206	\$ 82,359

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

Net position of business-type activities

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 1,190,040	\$ 1,067,355	
11,116	—	
356,925	21,913	
19,095	68,299	
—	244	
—	25,070	
97,380	18,254	
3,660	16,020	
247	34,719	
1,678,463	1,251,874	
2,665,094	—	
108,755	—	
122,838	—	
4,592	2,115	
24,485	57,888	
39,993	120,815	
2,965,757	180,818	
4,644,220	1,432,692	
41,913	18,033	
4,686,133	1,450,725	
110,412	82,502	
20,253	233	
38,708	1,659	
1,068	452	
58,130	10,438	
5,625	102,059	
199,098	—	
106,579	68,455	
85,077	117	
64,434	201,718	
308,949	11,167	
998,333	478,800	
—	125,311	
35,111	827,868	
1,846,178	136,241	
1,881,289	1,089,420	
2,879,622	1,568,220	
27,624	11,827	
2,907,246	1,580,047	
63,514	132,981	
4,415	2,114	
661,206	—	
1,049,752	(264,417)	
\$ 1,778,887	\$ (129,322)	

(94)

\$ 1,778,793

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

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	\$ 2,148,605	\$ 51,706	\$ 337,996	\$ 1,674,483
Interest, Dividends, Rents, and Other Investment Income	—	43,565	33,478	3
Other (Note 28)	393	—	241	20,183
Total Operating Revenues	2,148,998	95,271	371,715	1,694,669
Operating Expenses				
Cost of Sales and Services	158,317	—	—	603,770
Prizes and Claims (Note 30)	1,303,938	—	1,245,599	428,108
Tuition Benefits Expense	—	20,530	—	—
Personal Services	33,935	15,080	—	164,362
Contractual Services	36,726	16,766	—	100,168
Supplies and Materials	611	30	—	9,757
Depreciation	6,005	194	—	3,890
Rent, Insurance, and Other Related Charges	2,630	952	—	40,912
Interest Expense	—	—	—	—
Non-recurring Cost Estimate Payments to Providers	—	—	—	41,025
Other (Note 31)	—	2,579	—	3,987
Total Operating Expenses	1,542,162	56,131	1,245,599	1,395,979
Operating Income	606,836	39,140	(873,884)	298,690
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	2,323	5	—	4,233
Other (Note 32)	(209)	(5)	66,193	8,834
Total Nonoperating Revenues (Expenses)	2,114	—	66,193	13,067
Income (Loss) Before Capital Contributions and Transfers	608,950	39,140	(807,691)	311,757
Capital Contributions	—	—	—	9,969
Transfers In (Note 33)	23	—	—	3,425
Transfers Out (Note 33)	(609,528)	(381)	(12,067)	(237,258)
Change in Net Position	(555)	38,759	(819,758)	87,893
Total Net Position (Deficit), July 1, as restated (Note 2)	(32,246)	1,029,364	1,480,964	(5,534)
Total Net Position (Deficit), June 30 (Note 4)	\$ (32,801)	\$ 1,068,123	\$ 661,206	\$ 82,359

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

Change in Net Position of business-type activities

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

	Governmental Activities	
	Total	Internal Service Funds
\$	4,212,790	\$ 2,272,126
	77,046	—
	20,817	27
	4,310,653	2,272,153
	762,087	61,245
	2,977,645	1,520,597
	20,530	—
	213,377	62,626
	153,660	400,466
	10,398	7,053
	10,089	25,633
	44,494	100,820
	—	11
	41,025	—
	6,566	14,329
	4,239,871	2,192,780
	70,782	79,373
	6,561	17,196
	74,813	(551)
	81,374	16,645
	152,156	96,018
	9,969	—
	3,448	388
	(859,234)	(3,466)
	(693,661)	92,940
	2,472,548	(222,262)
\$	1,778,887	\$ (129,322)

(2,203)

\$ (695,864)

Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 2,136,074	\$ 97,430	\$ 351,761	\$ 1,672,217
Receipts from Investments	—	—	33,482	—
Internal Activity-Receipts from Other Funds	—	—	2,510	9,338
Internal Activity-Payments to Other Funds	—	(130)	—	(3,180)
Payments to Suppliers for Goods and Services	(156,172)	(1,231)	—	(595,349)
Payments for Contractual Services	(30,497)	(12,787)	—	(103,107)
Payments for Prizes, Claims, and Loss Control (Note 35)	(1,319,921)	—	(1,170,295)	(422,307)
Payments for Tuition Benefits	—	(181,201)	—	—
Payments to Employees	(33,129)	(14,452)	—	(161,460)
Payments to Providers for Non-recurring Cost Estimates	—	—	—	(40,585)
Other Operating Revenue (Note 35)	404	—	174	11,115
Other Operating Expense (Note 35)	—	(2,074)	—	(28,083)
Net Cash Provided by (Used for) Operating Activities	596,759	(114,445)	(782,368)	338,599
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	23	—	—	3,426
Transfers Out to Other Funds	(627,615)	(381)	(11,809)	(515,161)
Other Noncapital Financing Receipt Activities (Note 35)	25,000	—	35,282	324,078
Other Noncapital Financing Disbursement Activities (Note 35)	—	—	—	(44,995)
Net Cash Provided by (Used for) Noncapital Financing Activities	(602,592)	(381)	23,473	(232,652)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(12,034)	(292)	—	(12,974)
Payment of Principal and Interest on Bonds and Notes	—	—	—	(170)
Proceeds from Sale of Capital Assets	4	—	—	1,384
Other Capital and Related Financing Receipt Activities (Note 35)	—	—	—	355
Other Capital and Related Financing Disbursement Activities (Note 35)	—	—	—	(57)
Net Cash Used for Capital and Related Financing Activities	(12,030)	(292)	—	(11,462)
Cash Flows from Investing Activities				
Purchase of Investments	(12,873)	(1,251,905)	—	—
Proceeds from Sales or Maturities of Investments	10,903	1,294,994	—	—
Investment Income on Cash, Cash Equivalents, and Investments	2,103	90,363	—	3,647
Net Cash Provided by Investing Activities	133	133,452	—	3,647
Net Increase (Decrease) in Cash and Cash Equivalents	(17,730)	18,334	(758,895)	98,132
Cash and Cash Equivalents, July 1, as restated (Note 2)	27,544	67,439	1,471,053	177,791
Cash and Cash Equivalents, June 30	\$ 9,814	\$ 85,773	\$ 712,158	\$ 275,923
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 94,922	\$ 86,105	\$ 712,158	\$ 296,855
Cash and Travel Advances	1	—	—	206
Less:				
Securities Lending Cash Equivalents	(85,109)	(332)	—	(21,138)
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 9,814	\$ 85,773	\$ 712,158	\$ 275,923

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 4,257,482	\$ 844,102	
33,482	—	
11,848	1,442,866	
(3,310)	(11,226)	
(752,752)	(163,378)	
(146,391)	(398,307)	
(2,912,523)	(1,391,868)	
(181,201)	—	
(209,041)	(62,056)	
(40,585)	—	
11,693	27	
(30,157)	(12,868)	
38,545	247,292	
3,449	388	
(1,154,966)	(3,466)	
384,360	31,753	
(44,995)	(90,493)	
(812,152)	(61,818)	
(25,300)	(26,626)	
(170)	(14,331)	
1,388	3,441	
355	2,548	
(57)	—	
(23,784)	(34,968)	
(1,264,778)	—	
1,305,897	—	
96,113	16,289	
137,232	16,289	
(660,159)	166,795	
1,743,827	832,105	
\$ 1,083,668	\$ 998,900	
\$ 1,190,040	\$ 1,067,355	
207	—	
(106,579)	(68,455)	
\$ 1,083,668	\$ 998,900	

Continued on next page

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

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 606,836	\$ 39,140	\$ (873,884)	\$ 298,690
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	6,005	194	—	3,890
Interest, Dividends, Rents, and Other Investment Income	(4,919)	(43,565)	—	—
Miscellaneous Nonoperating Income	11	—	—	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	(12,934)	45,743	(40,837)	(1,760)
(Increase) Decrease in Due from Other Funds	—	—	(17,619)	223
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	—
(Increase) Decrease in Due from Component Units	—	—	—	—
(Increase) Decrease in Other Assets: Due Within One Year	—	—	—	(5)
(Increase) Decrease in Other Assets: Due in More Than One Year	99	46	—	331
(Increase) Decrease in Inventory	2,145	—	—	(4,620)
(Increase) Decrease in Prepaid Items	(181)	(112)	—	(56)
(Increase) Decrease in Deferred Outflows of Resources	(4,120)	(1,689)	—	(13,263)
Increase (Decrease) in Accounts Payable	(4,586)	4,255	7,308	28,778
Increase (Decrease) in Amounts Due to Other Governments	—	—	7,440	401
Increase (Decrease) in Due to Other Funds	121	13	277	(751)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	16	13	—	53
Increase (Decrease) in Unearned Revenue	402	—	—	(338)
Increase (Decrease) in Due to Claimants, Participants, Escrows and Providers	—	(265)	134,947	—
Increase (Decrease) in Other Liabilities	(3,900)	—	—	25
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—	5,213
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—	6,474
Increase (Decrease) in Long-term Liabilities: Due Within One Year	549	4,584	—	536
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	11,330	(162,854)	—	14,151
Increase (Decrease) in Deferred Inflows of Resources	(115)	52	—	627
Net Cash Provided by (Used for) Operating Activities	<u>\$ 596,759</u>	<u>\$ (114,445)</u>	<u>\$ (782,368)</u>	<u>\$ 338,599</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Capital Leases Used to Finance Capital Assets	\$ —	\$ —	\$ —	\$ —
Installment Purchases Used to Finance Capital Assets	—	—	—	595
Change in Fair Value of Investments	—	(27,498)	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	—	—	—
Donated Land	—	—	—	9,969
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ (27,498)</u>	<u>\$ —</u>	<u>\$ 10,564</u>

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

	Governmental Activities	
Total		Internal Service Funds
\$ 70,782	\$	79,373
10,089		25,633
(48,484)		—
11		12
(9,788)		13,623
(17,396)		2,174
—		3
—		5,321
(5)		(3,425)
476		308
(2,475)		(1,173)
(349)		(3,960)
(19,072)		(7,293)
35,755		(12,995)
7,841		193
(340)		(594)
82		22
64		(3,152)
134,682		—
(3,875)		94
5,213		(4,605)
6,474		150,220
5,669		(39)
(137,373)		8,607
564		(1,055)
<u>\$ 38,545</u>	<u>\$</u>	<u>247,292</u>
\$ —	\$	2,421
595		13,880
(27,498)		—
—		1,726
9,969		—
<u>\$ (16,934)</u>	<u>\$</u>	<u>18,027</u>



Fiduciary Funds

Private Purpose Trust Funds

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

Pension and Other Employee Benefit Trust Funds

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

Custodial Funds - External Investment Pool

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

Custodial Funds - Other

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

A listing of all Fiduciary Funds is located on pages 264-265 in the Combining and Individual Fund Statements and Schedules section of this report. Combining financial statements for all Fiduciary Funds begin on page 266.

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2020

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Funds- External Investment Pool	Custodial Funds- Other
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 214,022	\$ 429,159	\$ 2,318,963	\$ 259,593
Investments (Notes 1 and 7):				
Bonds and Mortgage Securities	131,294	20,054,345	519,264	12,103
Stocks	90,300	22,956,537	—	13,854
Fixed Income Commingled Funds	919,378	1,375,317	—	830
Index and Pooled Funds	2,090,028	10,217,163	—	6,165
Real Estate	230,266	9,918,320	—	5,985
Private Equity	—	18,673,024	—	11,269
Mutual and Money Market Funds	667,875	—	—	—
Short-term Investments	—	3,515,074	3,970,091	2,339
Other	1,293,881	—	—	—
Total Investments	5,423,022	86,709,780	4,489,355	52,545
Assets Held Pending Distribution (Note 1)	8,637	—	—	459,407
Receivables, Net (Notes 1 and 8):				
Accounts	309	—	—	633
Contributions	—	248,445	—	—
Interest and Dividends	4,395	243,708	7,013	147
Security Transactions	—	1,382,205	—	834
Taxes	—	—	—	73,030
Other Receivables	201	246,685	—	130
Total Receivables	4,905	2,121,043	7,013	74,774
Due from Internal Parties (Governmental Funds and Business-type Activities) (Note 10)	—	31,809	—	6,094
Due from Component Units (Note 10)	—	36,698	—	—
Other Assets (Notes 1 and 11)	—	—	—	3
Property, Plant, Furniture and Equipment	—	36,550	—	—
Total Assets	5,650,586	89,365,039	6,815,331	852,416
Deferred Outflows of Resources (Note 1)	—	—	—	—
Total Assets and Deferred Outflows of Resources	5,650,586	89,365,039	6,815,331	852,416
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 25)	1,546	52,122	—	3,515
Amounts Due to Other Governments	—	—	—	271,982
Due to Internal Parties (Governmental Funds and Business-type Activities) (Note 10)	—	244	—	1,054
Obligations Under Securities Lending (Notes 1 and 7)	163	3,454,550	—	3,076
Due to Claimants, Participants, Escrows and Providers (Note 1)	8,396	—	—	16
Other Liabilities (Notes 1 and 26)	31	116,303	—	1,810
Retirement Benefits Payable	—	443,198	—	—
Refunds Payable	—	2,560	—	—
Compensated Absences Payable (Notes 1 and 22)	—	3,218	—	1
Insurance Premiums and Claims Payable	—	81,380	—	391
Payable for Security Transactions	1,380	3,196,354	—	1,930
Total Liabilities	11,516	7,349,929	—	283,775
Deferred Inflows of Resources (Note 1)	—	—	—	—
Total Liabilities and Deferred Inflows of Resources	11,516	7,349,929	—	283,775
Net Position Restricted for Pensions/				
Other Employment Benefits, Pool Participants,				
Individuals, Organizations, and Other Governments	\$ 5,639,070	\$ 82,015,110	\$ 6,815,331	\$ 568,641

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Funds- External Investment Pool	Custodial Funds- Other
Additions:				
Investment Income:				
Interest, Dividends, and Other Investment Income	\$ 173,713	\$ 2,118,922	\$ 77,337	\$ 1,135
Total Investment Income	173,713	2,118,922	77,337	1,135
Less Investment Expenses	7,213	557,149	—	239
Net Investment Income	166,500	1,561,773	77,337	896
Contributions:				
Participants	780,799	—	—	3,900
Member	—	1,079,886	—	38
Employer	—	2,911,785	—	771
Total Contributions	780,799	3,991,671	—	4,709
Shares Sold	—	—	9,825,005	—
Reinvested Distributions	—	—	77,238	—
Other Revenue (Note 28)	15	3,012	—	12,945
Sales Tax Collections for Other Governments	—	—	—	1,364,026
Child Support Collections	—	—	—	674,703
Legal Settlement Collections	264	—	—	—
Collections for Inmates and Wards	—	—	—	5,802
Collections for Behavioral Health Patients	—	—	—	2,585
Collateral Received and Related Additions	—	—	—	277,652
Fee Collections for Other Governments	—	—	—	9,565
Collections for Veterans' Care Center Residents	—	—	—	1,673
Other Additions	—	—	—	4
Total Additions	947,578	5,556,456	9,979,580	2,354,560
Deductions:				
Educational Expense Benefits	394,882	—	—	—
Retirement Benefits	—	5,262,256	—	—
Refunds to Former Members	—	107,418	—	—
Retiree Health Insurance Credits	—	168,557	—	—
Insurance Premiums and Claims	—	224,251	—	4,031
Beneficiary Payments	1,463	—	—	—
Administrative Expenses	—	54,326	—	15
Other Expenses (Note 31)	—	5,342	—	1,339
Shares Redeemed	29,601	—	8,512,741	—
Long-term Disability Benefits	—	36,933	—	—
Sales Tax Payments to Other Governments	—	—	—	1,365,073
Child Support Payments to Individuals	—	—	—	662,990
Legal Settlement Payments to Injured Parties	18	—	—	—
Payments for Inmates and Wards	—	—	—	4,211
Payments for Behavioral Health Patients	—	—	—	2,158
Collateral Disbursed and Related Deductions	—	—	—	281,546
Distributions to Shareholders from Net Investment Income	—	—	77,337	—
Fee Payments to Other Governments	—	—	—	9,651
Payments for Veterans' Care Center Residents	—	—	—	1,608
Other Deductions	1	—	—	747
Total Deductions	425,965	5,859,083	8,590,078	2,333,369
Net Increase (Decrease) in Fiduciary Net Position	521,613	(302,627)	1,389,502	21,191
Net Position, July 1, as restated (Note 2)	5,117,457	82,317,737	5,425,829	547,450
Net Position, June 30	\$ 5,639,070	\$ 82,015,110	\$ 6,815,331	\$ 568,641

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



Component Units

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

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

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

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

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

Nonmajor Component Units include those listed on pages 280-281 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Position - Component Units

June 30, 2020

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents (Notes 1 and 7)	\$ 158,950	\$ 28,656	\$ 7,979
Investments (Notes 1 and 7)	2,631	—	24,288
Receivables, Net (Notes 1 and 8)	5,957,423	3,351,114	4,306,591
Contributions Receivable, Net (Notes 1 and 9)	—	—	—
Due from Primary Government (Note 10)	—	—	—
Due from Component Units (Note 10)	—	—	—
Inventory (Note 1)	—	—	—
Prepaid Items (Note 1)	1,008	—	47
Other Assets (Notes 1 and 11)	47,633	—	—
Loans Receivable from Primary Government (Notes 1 and 10)	—	187,175	—
Restricted Cash and Cash Equivalents (Notes 7 and 12)	1,501,927	203,586	320,513
Restricted Investments (Notes 7 and 12)	582,275	92,801	617,330
Other Restricted Assets (Note 12)	9,028	—	136
Nondepreciable Capital Assets (Notes 1 and 13)	8,832	—	—
Depreciable Capital Assets, Net (Notes 1 and 13)	16,196	—	164
Total Assets	8,285,903	3,863,332	5,277,048
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)			
Total Assets and Deferred Outflows of Resources	8,290,494	3,947,982	5,327,651
Liabilities and Deferred Inflows of Resources			
Accounts Payable (Notes 1 and 25)	33,070	191	76
Amounts Due to Other Governments	—	113,239	—
Due to Primary Government (Note 10)	—	—	—
Due to Component Units (Note 10)	—	—	—
Due to External Parties (Fiduciary Funds) (Note 10)	—	—	—
Unearned Revenue (Note 1)	—	—	—
Obligations Under Securities Lending Program (Notes 1 and 7)	—	—	—
Other Liabilities (Notes 1, 15, and 26)	512,543	54,684	27,854
Loans Payable to Primary Government (Notes 1 and 10)	—	—	—
Claims Payable (Notes 1 and 24):	—	—	—
Due Within One Year	—	—	—
Due in More Than One Year	—	—	—
Long-term Liabilities (Notes 1, 22, and 27):	—	—	—
Due Within One Year	110,078	315,050	202,145
Due in More Than One Year	4,044,888	3,435,493	3,292,395
Total Liabilities	4,700,579	3,918,657	3,522,470
Deferred Inflows of Resources (Notes 1, 14, 15, 16, 18, and 37)			
Total Liabilities and Deferred Inflows of Resources	4,704,189	3,918,657	3,550,093
Net Position			
Net Investment in Capital Assets	15,210	—	164
Restricted For:			
Nonexpendable:			
Higher Education	—	—	—
Other	—	—	—
Expendable:			
Bond Indenture	3,220,945	—	—
Capital Projects/Construction/Capital Acquisition	—	—	1,745,161
Debt Service	—	859	—
Gifts and Grants	—	—	—
Higher Education	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	—	—
Virginia Pooled Investment Program	—	—	7,760
Other	—	—	—
Unrestricted	350,150	28,466	24,473
Total Net Position (Deficit) (Note 4)	\$ 3,586,305	\$ 29,325	\$ 1,777,558

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

Virginia College Building Authority	Nonmajor Component Units	Total
\$ 254	\$ 3,642,199	\$ 3,838,038
—	12,700,456	12,727,375
20,914	1,673,058	15,309,100
—	620,858	620,858
1,247	36,005	37,252
—	125,284	125,284
—	157,619	157,619
—	151,103	152,158
—	136,616	184,249
—	—	187,175
40,706	806,623	2,873,355
—	6,023,948	7,316,354
—	343,438	352,602
—	3,472,099	3,480,931
—	19,872,448	19,888,808
63,121	49,761,754	67,251,158
28,025	1,018,868	1,186,737
91,146	50,780,622	68,437,895
84	1,371,102	1,404,523
—	3,637	116,876
—	26,316	26,316
125,284	—	125,284
—	36,698	36,698
—	495,822	495,822
—	74,812	74,812
94,331	1,601,049	2,290,461
55,824	—	55,824
—	15,909	15,909
—	31,463	31,463
300,210	727,484	1,654,967
4,084,389	15,510,320	30,367,485
4,660,122	19,894,612	36,696,440
—	898,048	929,281
4,660,122	20,792,660	37,625,721
—	12,886,430	12,901,804
—	4,652,252	4,652,252
—	172,707	172,707
—	—	3,220,945
—	190,507	1,935,668
—	166,457	167,316
—	149,596	149,596
28	6,567,509	6,567,537
—	75,649	75,649
—	—	7,760
—	16,033	16,033
(4,569,004)	5,110,822	944,907
<u>\$ (4,568,976)</u>	<u>\$ 29,987,962</u>	<u>\$ 30,812,174</u>

Statement of Activities - Component Units

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions (Note 1)	Capital Grants and Contributions	
Virginia Housing Development Authority	\$ 424,558	\$ 393,424	\$ 99,769	\$ —	\$ 68,635
Virginia Public School Authority	123,118	122,547	7,321	—	6,750
Virginia Resources Authority	177,146	121,243	28,884	108,846	81,827
Virginia College Building Authority	824,950	65,886	40,443	3,784	(714,837)
Total Major Component Units	1,549,772	703,100	176,417	112,630	(557,625)
Nonmajor Component Units:					
Higher Education	16,014,677	10,637,518	2,842,980	620,167	(1,914,012)
Other	1,099,214	857,810	44,092	109,398	(87,914)
Total Nonmajor Component Units	17,113,891	11,495,328	2,887,072	729,565	(2,001,926)
Total Component Units	\$ 18,663,663	\$ 12,198,428	\$ 3,063,489	\$ 842,195	\$ (2,559,551)

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

General Revenues				Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1 as restated (Note 2)	Net Position (Deficit) June 30 (Note 4)
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous				
\$ —	\$ —	\$ 51,478	\$ —	\$ —	\$ 120,113	\$ 3,466,192	\$ 3,586,305
—	—	14,335	361	—	21,446	7,879	29,325
—	—	—	—	—	81,827	1,695,731	1,777,558
427,696	—	(368)	83	—	(287,426)	(4,281,550)	(4,568,976)
427,696	—	65,445	444	—	(64,040)	888,252	824,212
2,083,529	127,317	362,744	175,723	243,231	1,078,532	26,273,513	27,352,045
140,075	23,278	32,260	25,764	12,310	145,773	2,490,144	2,635,917
2,223,604	150,595	395,004	201,487	255,541	1,224,305	28,763,657	29,987,962
<u>\$ 2,651,300</u>	<u>\$ 150,595</u>	<u>\$ 460,449</u>	<u>\$ 201,931</u>	<u>\$ 255,541</u>	<u>\$ 1,160,265</u>	<u>\$ 29,651,909</u>	<u>\$ 30,812,174</u>



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Notes to the Financial Statements

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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

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

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

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

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

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

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

state government. A government instrumentality, the Authority controls the possession, sale, transportation, distribution, and delivery of alcoholic beverages in the Commonwealth. The Governor appoints the 5-member board, and the primary government is able to impose its will on the Authority. Additionally, the Commonwealth receives all net profits. The administrative offices of the Authority are located at 2901 Hermitage Road, Richmond, VA 23220. The Auditor of Public Accounts audits the Authority and a separate report is issued.

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

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

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

Discretely presented component units are:

Virginia Housing Development Authority (major) – The Authority was created as a political subdivision and instrumentality of the Commonwealth and is granted both politic and corporate powers by the *Code of Virginia*. The Governor appoints a majority of the Authority's board members and the remaining board members are ex-officio. The Commonwealth may make grants to the Authority including, but not limited to, reserve funds, which is a potential financial benefit/burden to the primary government. The Commonwealth is not legally obligated by the debt of the Authority. The

Authority was created in the public interest to provide investment in and stimulate construction of low to moderate income housing which benefits the citizens of the Commonwealth. The administrative offices of the Authority are located at 601 South Belvidere Street, Richmond, Virginia 23220. KPMG, LLP audits the Authority, and a separate report is issued.

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

Virginia Resources Authority (major) – The Authority was created as a public body corporate and a political subdivision of the Commonwealth to provide financing of infrastructure projects for water supply, wastewater, storm water, solid waste treatment, airports, public safety, brownfields remediation and redevelopment, and recycling. The Governor appoints the 11-member board and the Executive Director of the Authority. The primary government is able to impose its will on the Authority, and there is a financial benefit/burden to the primary government. The Commonwealth does not guarantee any bonds issued by the Authority. The administrative offices of the Authority are located at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219. Clifton Larson Allen, LLP audits the Authority, and a separate report is issued.

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

Virginia College Building Authority (major) – The Authority was created as a public body corporate, a political subdivision, and an agency and instrumentality of the Commonwealth. The

Governor appoints a majority of the board and members serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Authority finances certain capital projects and equipment purchases of state-supported colleges and universities. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by state-supported colleges and universities is included in the accompanying financial statements. The state-supported colleges and universities reported revenue from the Authority of \$508.7 million as Program Revenue Capital Grants and Contributions for the 21st Century Program and \$74.3 million as Program Revenue Operating Grants and Contributions for equipment. The Authority reported Operating Appropriations from Primary Government of approximately \$427.7 million. In addition, the Authority reported approximately \$31.5 million in payments from the state-supported colleges and universities for 21st Century and Equipment Program debt service costs and approximately \$7.8 million in interest on Build America Bonds.

The Authority assists private institutions of higher education in the financing and refinancing of a broad range of facilities. The Authority is authorized to issue obligations and lend the proceeds to private institutions; however, such financings or refinancings are not obligations of the primary government nor the Authority, but are payable solely from the revenues pledged by the respective private institution. This indebtedness, totaling \$563.6 million, is not included in the accompanying financial statements.

Higher Education Institutions (nonmajor) – The Commonwealth's higher education institutions are granted broad corporate powers by state statutes. The Governor appoints the members of each institution's board of trustees. In addition to the annual appropriations to support the institutions' operations, the Commonwealth provides funding for, and construction of, major academic plant facilities for the institutions. Institutions reported Operating Appropriations from Primary Government of approximately \$2.1 billion. Therefore, there is a financial benefit/burden to the primary government. The higher education institutions are: the University of Virginia, including the University of Virginia Medical Center and the University of Virginia's College at Wise; Virginia Polytechnic Institute and State University; Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority; the College of William & Mary, including Richard Bland College and the

Virginia Institute of Marine Science; Virginia Military Institute; Virginia State University; Norfolk State University; University of Mary Washington; James Madison University; Radford University; Old Dominion University; George Mason University; Virginia Community College System; Christopher Newport University; and Longwood University. The Southwest Virginia Higher Education Center, Roanoke Higher Education Authority, Institute for Advanced Learning and Research, Southern Virginia Higher Education Center, and New College Institute are also included as higher education institutions. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. As previously noted, certain foundations are considered component units of the higher education institutions, and are included in the accompanying financial statements as well as the higher education institutions' separately issued financial statements. The Auditor of Public Accounts (APA) does not audit the Roanoke Higher Education Authority, the Institute for Advanced Learning and Research, and the component units of the higher education institutions, including foundations, but relies on the reports issued by other auditors to render her opinion.

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

Innovation and Entrepreneurship Investment Authority (nonmajor) – The Authority is granted corporate powers by the *Code of Virginia*. The Authority serves to facilitate the marketing, organization, and development of scientific research and technology by the state's institutions of higher education and private industry in the Commonwealth. In addition, the Authority serves to promote the economic development of the Commonwealth by attracting and retaining high technology jobs and businesses in Virginia. The Governor and General Assembly appoint the 17-member board, and there is a financial benefit/burden to the primary government. The Authority's combined financial statements include the accounts of the Center for Innovative Technology (CIT) and subsidiaries after elimination of all significant intercompany balances and transactions. CIT is a non-stock, not-for-profit corporation, which acts as the operating arm of the Authority. The address for the administrative offices of the Authority is CIT Building, Suite 600, 2214 Rock Hill Road, Herndon, Virginia 20170-4228. The Auditor of Public Accounts

audits the Authority, and a separate report is issued.

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

Virginia Outdoors Foundation (nonmajor) – The Foundation was created as a body politic and is administratively assigned to the Department of Conservation and Recreation (part of primary government) and charged with promoting preservation through the acceptance of donated conservation easements and raising funds for the purchase of preservation land. The Governor appoints the 7-member board of trustees, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 900 South Main Street, Blacksburg, Virginia 24060. Hickok, Brown & Company CPAs audits the Foundation, and a separate report is issued.

Virginia Port Authority (nonmajor) – The Authority was established as a corporate body and operates to serve the citizens and promote commerce through the harbors and ports of Virginia. The Governor appoints a majority of the 14-member board, and the primary government is able to impose its will on the Authority. There is also a financial benefit/burden to the primary government. The administrative offices of the Authority are located at 1430 Terminal Boulevard, Norfolk, Virginia 23505. PBMares, LLP, audits the Authority, and a separate report is issued.

Virginia Tourism Authority (nonmajor) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority encourages, stimulates, and promotes tourism and film production industries of the Commonwealth. The Governor appoints all of the board members, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Cary Street, Suite 900, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority.

Virginia Foundation for Healthy Youth (nonmajor) – The Foundation was created as a body corporate and as a political subdivision of the Commonwealth. The Foundation was established to determine the appropriate

recipients of monies in the Virginia Tobacco Settlement Fund and to distribute monies in this fund for such efforts as restricting the use of tobacco products by minors and the enforcement of laws restricting the distribution of tobacco products to minors. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 500, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation.

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

Hampton Roads Sanitation District Commission (nonmajor) – The Commission was established as a political subdivision of the Commonwealth and a government instrumentality. The Commission, which is the governing board of the district, was granted corporate powers by the *Code of Virginia*. The Governor appoints the Commission members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Commission. The Commonwealth is not obligated by the debt of the Commission. The Commission was established to benefit the inhabitants of the district and operates a sewage system for 18 localities in the Chesapeake Bay area. The address for the administrative offices of the Commission is 1434 Air Rail Avenue, Virginia Beach, Virginia 23455. Cherry Bekaert, LLP, audits the Commission, and a separate report is issued.

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

Leigh Street, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

The Authority issued Series 2002 revenue bonds for specific customers. The Series 2002 revenue bonds were for a facility built specifically for the United Network for Organ Sharing. This bond is secured by a letter of credit and is payable solely from the payments made by the borrower under the loan agreement. None of these bonds constitutes a debt or pledge of the Authority or the Commonwealth. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Virginia Small Business Financing Authority (nonmajor) – Section 2.2-2280 of the *Code of Virginia* established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 11-member board, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority provides financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby encouraging the investment of private capital in small businesses in the Commonwealth. The Authority lends money to small businesses as defined by the *Code of Virginia* and to local governments for economic development purposes. The Authority also guarantees loans and provides credit support for loans made to small businesses by banks. The administrative offices of the Authority are located at 101 North 14th Street, 11th Floor, Richmond, Virginia 23218-0446. The Auditor of Public Accounts audits the Authority.

The Authority issues tax-exempt and taxable private activity bonds to provide financial assistance to private sector entities for the acquisition, construction, and expansion of capital projects deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Authority nor the Commonwealth is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities on the accompanying financial statements.

Virginia School for the Deaf and Blind Foundation (nonmajor) – The Foundation operates as a nonprofit educational and fundraising organization solely in connection with, and exclusively for the benefit of, the Virginia School for the Deaf and Blind (part of primary government). The Foundation uses a December 31 calendar year-end. The

administrative offices are located at Post Office Box 2069, Staunton, Virginia 24402.

Science Museum of Virginia Foundation (nonmajor) – The Foundation is a non-stock, nonprofit corporation established to implement and fund programs, projects, and operations that are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden relationship to the primary government, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 2500 West Broad Street, Richmond, Virginia, 23220. Keiter, CPAs, audits the Foundation, and a separate report is issued.

Virginia Commercial Space Flight Authority (nonmajor) – The Authority is a legally separate political subdivision of the Commonwealth created by the General Assembly to facilitate and coordinate scientific and technological research and development and to promote the industrial and economic development of the Commonwealth. The Governor appoints the 9-member board, and there is a potential financial benefit/burden to the primary government. The Commonwealth approved the conversion of a \$5.0 million interest-free note to repair Pad 0A into a grant in March 2015. During fiscal year 2018, the Authority received \$20.0 million appropriated by the Commonwealth for the construction of Mid-Atlantic Regional Spaceport Facilities. During fiscal year 2020, the Authority received another \$7.5 million for this construction. The Commonwealth plans to transfer \$15.8 million to the Authority annually through fiscal year 2024. The administrative offices of the Authority are located at 4111 Monarch Way, Suite 303, Norfolk, Virginia 23508. Brown Edwards & Company, LLP, audits the Authority, and a separate report is issued.

Danville Science Center, Inc. (nonmajor) – The Center is a nonprofit corporation formed for the purpose of implementing and funding those programs, projects and operations which are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden to the primary government, and the economic resources of the Center are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Center are located at 677 Craghead Street, Danville, Virginia 24541. Harris, Harvey, Neal & Company, LLP, audits the Center, and a separate report is issued.

Virginia Museum of Fine Arts Foundation (nonmajor) – The Foundation operates as a nonprofit corporation under the laws of Virginia to fund exhibitions, programs, and capital asset

expansion to ensure that the Virginia Museum of Fine Arts (part of primary government) has the space and resources for art to help improve the quality of life for many. There is a financial benefit/burden to the primary government, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 200 Arthur Ashe Boulevard, Richmond, Virginia 23220. Dixon Hughes Goodman, LLP, audits the Foundation, and a separate report is issued.

A. L. Philpott Manufacturing Extension Partnership (nonmajor) – The Partnership (operating as GenEdge Alliance) has the mission to foster economic growth by enhancing the competitiveness of Virginia's manufacturers. The Partnership provides manufacturing firms with fee-based technology consulting services, access to business modernization resources, and support for interfirm collaboration. Further, the Partnership provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. The Partnership has a 23-member board of trustees currently serving. The board consists of the presidents of two public four-year institutions of higher education; three community college presidents; one president of a private four-year institution of higher education; the director of Virginia's Center for Innovative Technology; Virginia's Secretary of Commerce and Trade; and 15 citizen members, representing manufacturing industries, appointed by the Governor. There is also a financial benefit/burden to the primary government. The administrative office is located at 32 Bridge Street South, Suite 200B, Martinsville, Virginia 24112-6216. The Auditor of Public Accounts audits the Partnership.

Fort Monroe Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in implementing a reuse plan for Fort Monroe. The Governor appoints a majority of the 14-member board, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 20 Ingalls Road, Fort Monroe, Virginia 23651. Cherry Bekaert, LLP audits the Authority, and a separate report is issued.

Assistive Technology Loan Fund Authority (nonmajor) – The Authority was created as a political subdivision and public body corporate by the *Code of Virginia*. The Governor appoints the board of directors as directed by the *Code* and the primary government is able to impose its will on the Authority. The Authority manages a fund to provide loans to individuals to acquire assistive technology, other equipment, or other

authorized purposes designed to help disabled individuals become more independent. The administrative offices are located at 1602 Rolling Hills Drive, Suite 107, Richmond, Virginia 23229. The Auditor of Public Accounts audits the Authority.

Virginia Land Conservation Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (DCR) (part of primary government) by acquiring interests in preservation land and providing grants to other entities to acquire interests in preservation land. The Governor appoints the 19-member board, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 600 East Main Street, 24th Floor, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation as part of DCR.

Virginia Arts Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Virginia Commission for the Arts (part of primary government) by promoting the arts in the Commonwealth. The Governor appoints the board of trustees for the Virginia Commission for the Arts, which also serves as the board for the Virginia Arts Foundation. The Director of the Virginia Commission for the Arts serves as the board chairman. In addition, the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 600 East Main Street, Suite 330, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation as part of the Virginia Commission for the Arts.

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

Virginia Health Workforce Development Authority (nonmajor) – The Authority is a legally separate public body corporate and a political subdivision of the Commonwealth created by the General Assembly. The Authority facilitates the development of a statewide health professions pipeline. The Governor appoints a majority of the board members, and the primary government is able to impose its will on the Authority. The

administrative offices of the Authority are located at 7818 E. Parham Road, Richmond, VA 23294. The Auditor of Public Accounts audits the Authority.

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

Tobacco Settlement Financing Corporation –

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

Jamestown-Yorktown Educational Trust –

The Trust was created as a nonprofit corporation by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The Trust board consists of six members selected by the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Trust operates the Jamestown Settlement and American Revolution Museum at Yorktown gift shops and café. The address for the administrative offices of the Trust is Post Office Box 3605, Williamsburg, Virginia 23187. Keiter, CPAs audits the Trust, and a separate report is issued.

Virginia Birth-Related Neurological Injury Compensation Program –

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

Chesapeake Bay Bridge and Tunnel Commission –

The Commission was created to establish policy and administer operations of the Chesapeake Bay Bridge Tunnel District. Any of the 11 members of the Commission appointed or

reappointed on or after July 1, 1998, shall be appointed by the Governor, subject to confirmation by each house of the General Assembly. The administrative offices of the Commission are located at 32386 Lankford Highway, Cape Charles, Virginia 23310. Cherry Bekaert, LLP audits the Commission, and a separate report is issued.

C. Government-wide and Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and component units. However, fiduciary funds are not included in the government-wide statements. Major governmental funds, enterprise funds, and component units are reported in separate columns in

the fund financial statements, with nonmajor funds being aggregated into a single column.

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

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

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

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

The primary government reports the following major governmental funds:

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

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

Federal Trust Special Revenue Fund – Accounts for all federal dollars, including CARES Act funding, received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the General Fund, the Grant Anticipation Revenue Notes and Build America Bond Subsidies reported in the Debt Service Fund, and component units.

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

Proprietary Funds, Fiduciary Funds, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds, and component units are reported using the economic resources measurement focus and the full accrual basis of accounting. As with the government-wide statements, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Foundations' (component units) financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. The financial statements are prepared under FASB rather than GASB standards. In some instances, activities of the foundations (component units) are reported separately within the footnotes because of the different reporting standards. Also, some foundations (component units) have an August 31st, December 31st, or March 31st year-end rather than a fiscal year-end. Foundations (component units) with different year-ends are included in these financial statements for the year ending August 31, 2019, December 31, 2019, or March 31, 2020. Significant intrafund activity/balances between each higher education institution and their foundations have been eliminated.

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

- University of Virginia (nonmajor component unit):
 - institution revenue of \$31.6 million
 - foundation assets of \$1.4 million
 - foundation liabilities of \$782,003
 - foundation expenses of \$20.0 million
- Old Dominion University (nonmajor component unit):
 - institution liabilities of \$48.6 million
 - foundation assets of \$40.8 million
- Longwood University (nonmajor component unit):
 - institution assets of \$23.0 million
 - institution liabilities of \$23.0 million
 - institution revenue of \$7,877

The primary government reports the following major enterprise funds:

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

Virginia College Savings Plan Fund – Administers the Prepaid529 Program.

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

Additionally, the primary government reports the following fund types:

Governmental Fund Types:

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

Debt Service Funds – Account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations. Additionally, this fund includes the activity of the Hampton Roads Transportation Accountability Commission (blended component unit).

Capital Project Funds – Account for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds with the exception of certain VPBA disbursements. The primary resource for these funds is the proceeds of bond issues and energy performance contracts. Principal uses are for construction and improvement of state office buildings, correctional and behavioral health facilities, and parks. Additionally, this fund includes the activity of the Hampton Roads Transportation Accountability Commission

(blended component unit) for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

The Commonwealth early implemented GASB Statement No. 84, *Fiduciary Activities*, for the fiscal year ended June 30, 2020.

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

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

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

Custodial Funds - Other - Accounts for transactions similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria. These funds include collection of sales tax and fees imposed by and distributed to localities, deposits of

insurance carriers, child support collections, and other miscellaneous accounts.

E. Budgetary Process

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

The budget is prepared on a biennial basis; however, the budgets of the General and Special Revenue Funds contain separate appropriations for each year within the biennial budget, as approved by the General Assembly and signed into law by the Governor. For management control purposes, the lowest level of budgetary control is the program level. The Governor may transfer an appropriation within a state agency or from one state agency to another, provided that total fund appropriations, as contained within the budget, are not exceeded without further General Assembly action. Additionally, the Governor may reduce appropriations up to 15.0 percent without further General Assembly action. Increases in General Fund appropriations must be approved by the General Assembly.

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

F. Cash, Cash Equivalents, Investments, and Derivatives

Cash

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

As of June 30, 2020, the General Fund had a negative cash balance of \$9.9 billion. In order to properly reflect the general account position, this negative cash balance has been eliminated in the accompanying statements and offset against the primary government's cash equivalents and investments (see Note 7).

Cash Equivalents

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

Investments

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

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

Virginia529, for its investment portfolio reported as Prepaid529 (major enterprise fund) and Invest529 (private purpose trust fund), and the System, for the System's pooled investments, manage the interest rate risk using the effective duration methodology. To be consistent with management practices for each portfolio, the Commonwealth has elected to disclose the interest rate risk exposures, using the segmented time distribution for the primary government (excluding Prepaid529, Invest529, and the System's pooled investments) and the effective duration method for Prepaid529, Invest529, and the System's pooled investments. The Commonwealth discloses the component unit's interest rate risk using the segmented time distribution method (see Note 7).

Governmental and proprietary funds, both primary government and component units, report investments in money market and in the Commonwealth sponsored investment pools at amortized cost which approximates fair value. All other investments, including investments in the Commonwealth sponsored Extended Maturity portfolio, are reported at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques (see Note 7).

Investments administered by the System are reported at fair value, except for certain cash equivalents and other short-term, highly liquid investments are reported at amortized cost. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. Investments in affiliated organizations are accounted for on the equity method of accounting and the System's share of their earnings (losses) for the period is included in investment income using the equity method.

Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes (see Note 15).

G. Assets Held Pending Distribution

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

H. Receivables

Receivables in the governmental funds consist primarily of the accrual of taxes, as well as receivables of the primary government's Medicaid program and up-front amounts to be received for a Service Concession Arrangement. Additionally, receivables include amounts to be received for debt service payments related to certain bonds. Receivables in the proprietary funds consist primarily of tuition contribution receivables and unemployment compensation. Receivables of fiduciary funds are primarily the accrual of security transactions in the Pension and Other Employee Benefit Trust Funds. Receivables of the component units consist primarily of mortgage receivables, loans receivable, local school bonds receivable, patient receivables, and student receivables. Receivables are recorded net of allowances for doubtful accounts (see Note 8).

I. Contributions Receivable, Net

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

J. Internal Balances

Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities (see Note 10).

K. Inventory

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

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

VDEM supply inventories are recorded in the Federal Trust Fund (major special revenue) using the average cost methodology and maintained at average cost. VDH supply inventories are recorded in the General (major), Federal Trust (major special revenue), and Health and Social Services (nonmajor special revenue) Funds using the FIFO methodology and are maintained at either cost, current market cost, or average cost. VSP inventories are recorded in the General (major) and Other (nonmajor special revenue) Funds using the average cost methodology and are maintained at cost. VDOT inventories are recorded in the Commonwealth Transportation Fund (major special revenue) using the FIFO and average cost methodologies and are maintained at either cost or average cost.

In addition to inventories maintained as stated above, the following agencies reported donated inventory balances on hand as of June 30, 2020:

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

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

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

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

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

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

L. Prepaid Items

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

M. Loans Receivable/Payable

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

N. Other Assets

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

O. Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the Government-wide Statement of Net Position. Capital assets of the other funds and component units are capitalized in the fund in which they are utilized. All depreciable capital assets are depreciated on the straight-line basis over their useful lives (see Note 13).

Capital assets are stated at historical cost or, in some instances, estimated historical cost. Assets received

pursuant to service concession arrangements and donated capital assets from entities external to the reporting entity are stated at acquisition value when they are placed in service or at the time of donation, respectively. Asset transfers or donations from within the reporting entity are recorded at the carrying value of the transferring entity as required by GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The primary government capitalizes all equipment that has a cost or value greater than \$50,000 and expected useful life of greater than two years. The primary government capitalizes all land, water rights/easements, buildings, infrastructure, and software that have a cost or value greater than \$100,000 and an expected useful life of greater than two years. Selected agencies, business-type entities, and component units utilize a capitalization limit lower or higher than the primary government's established thresholds for various reasons. Accordingly, reported capital assets may include some items that cost less than those thresholds. Infrastructure, including highways, bridges, and rights-of-way, is capitalized using the historical approach and includes any assets acquired prior to fiscal year 1980.

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

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

The primary government capitalizes construction-in-progress when project expenditures, including construction of intangible assets, exceed \$100,000. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset. The total interest cost incurred during the fiscal year was \$2.5 million. None of the interest cost incurred this fiscal year was capitalized.

Expenditures are classified as construction-in-progress if:

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

The estimated lives of capital assets are as follows:

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

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

P. Deferred Outflows of Resources

Deferred outflows of resources are a consumption of assets by the government that is applicable to a future reporting period. Deferred outflows have a natural debit balance and, therefore increase net position similar to assets (see Notes 14, 15, 16, and 18).

Q. Accounts Payable

Accounts payable represent amounts, including salaries and wages, owed for goods and services received prior to year-end. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, accounts payable also includes payments for nonexchange transactions that met eligibility requirements prior to fiscal year-end (see Note 25).

R. Unearned Revenue

Unearned revenue represents monies received or revenues accrued but not earned as of June 30, 2020. The majority of unearned revenue is reported by higher education institutions (nonmajor component units), where it is primarily composed of revenue for student tuition accrued in advance of the semester and advance payments on grants and contracts.

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

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

Unearned revenue in the internal service funds primarily represents unearned premiums in the Risk Management Fund; advanced customer receipts in the Virginia Information Technologies Agency Fund; and prepaid rent and work orders in the Property Management Fund.

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

S. Unearned Taxes

Unearned taxes represent income taxes related to the period January through June 2020. This amount is the estimate to be refunded (overpayments by taxpayers) reduced by the estimate to be received (underpayments from taxpayers) that will be finalized when income tax returns are filed in subsequent years. Individual income tax estimated overpayments total \$939.5 million and estimated underpayments total \$1.1 billion. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the individual income taxes, the unearned tax amount is zero for the fiscal year.

Corporate income tax estimated overpayments total \$47.8 million and estimated underpayments total \$83.9 million. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the corporate income taxes, the unearned tax amount is zero for the fiscal year.

T. Obligations Under Securities Lending Program

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, liabilities resulting from these transactions have been recorded as obligations under securities lending transactions.

U. Due to Claimants, Participants, Escrows and Providers

Due to claimants, participants, escrows and providers represent monies that the Commonwealth is holding on behalf of third parties as of June 30, 2020. In governmental funds, the majority of the amount represents unemployment benefit claims and estimated unclaimed and escheat property that the Commonwealth is holding until claimed by the rightful owner.

In the enterprise funds, the amounts represent payments due to benefit claimants and employers for tax overpayments in the Unemployment Compensation Fund (major) and to participants of the Prepaid529 Program in the Virginia College Savings Plan (major).

In the private purpose trust funds, the amounts represent payments due to participants in the Invest529 Program offered by the Virginia College Savings Plan.

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

V. Other Liabilities

Other liabilities represent amounts owed for various governmental and proprietary activities. Some of these amounts will be paid shortly after fiscal year-end (see Note 26).

W. Claims Payable

Claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable as of June 30, 2020. This includes both actual claims submitted, as well as actuarially determined claims incurred but not reported. Claims relating to the primary government's liability insurance programs are reported in the Risk Management – internal service fund and the Risk Management – nonmajor enterprise fund. Also, health insurance claims are reported in the Health Care – internal service fund, the Local Choice Health Care – nonmajor enterprise fund and Line of Duty – internal service fund and nonmajor enterprise fund (see Notes 24.A. and 24.B.). Claims payable reported by the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) represents estimated malpractice and workers' compensation claims payable amounts.

X. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. The governmental fund statements reflect the portion of long-term liabilities that will be paid from expendable resources that represent payments to employees for separations that occurred prior to June 30, 2020. The proprietary fund statements and discrete component unit statements reflect total long-term liabilities and distinguish between those portions payable within one year and those payable in future years (see Note 27).

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

Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund (nonmajor) when due. In the fund statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt

issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures (see Note 27).

Y. Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of assets by the government that is applicable to a future reporting period. Deferred inflows have a natural credit balance and, therefore decrease net position similar to liabilities (see Notes 14, 15, 16, 18, and 37).

Z. Nonspendable Fund Balances

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

AA. Restricted Fund Balances

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

BB. Committed Fund Balances

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

CC. Assigned Fund Balances

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

DD. Unassigned Fund Balances

Unassigned fund balance is the amount of fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the General Fund (major). The General Fund is the only fund that could potentially report a positive unassigned fund balance amount. Additionally, accrued liabilities exceed accrued assets on the modified accrual basis for the Unclaimed Property Fund (nonmajor special revenue) by \$88.7 million. As there are no assigned balances in the fund to offset the negative fund balance restricted for specific purposes, the amount is reported as Unassigned Fund Balance.

EE. Cash Management Improvement Act

Included in Amounts Due to Other Governments is the Commonwealth's Cash Management Improvement Act (CMIA) interest liability to the federal government, which is calculated in accordance with the interest calculation and exchange provisions of the Federal Cash Management Improvement Act of 1990. The Commonwealth's interest liability is subject to review and final confirmation by the Bureau of the Fiscal Service (BFS) of the U.S. Treasury. If required, the payment is to be made on March 31 of the following year. Payment will be made from a sum sufficient appropriation authorized for this purpose by the Appropriation Act. The CMIA interest rate of exchange is based by law on the average of the bond equivalent rates of 13-week Treasury Bills auctioned during the annual reporting period as calculated by BFS.

FF. Investment Income

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

GG. Intrafund Eliminations

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

HH. Interfund Activity

Generally, the effect of interfund activity has been eliminated from the government-wide statements, with the exception of interfund services provided and used between functions. Elimination of these activities would distort the direct costs and program revenues for the functions.

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

2. RESTATEMENT OF BEGINNING BALANCES

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

Government-wide Activities

Governmental Activities

- The Commonwealth early implemented GASB Statement No. 84, *Fiduciary Activities*, for the fiscal year ended June 30, 2020. This implementation resulted in restatements for previously reported fiduciary funds reclassified to governmental funds because they no longer meet fiduciary activity criteria under the new standard. Accordingly, the Governmental Activities were restated by \$34.0 million.
- Capital Asset balances were restated by a total of \$97,910. The net asset overstatement is primarily attributable to errors by the Virginia State Police that overstated gross assets and accumulated depreciation by \$43.7 million and \$40.1 million, respectively. These errors were offset by prior year misstatements of asset and accumulated depreciation balances spread among other agencies.
- The General Fund (major) has been restated by \$51.2 million due to an overstatement of other liabilities in the prior year.
- The Virginia Public Building Authority Capital Projects Fund (nonmajor) was restated by \$2.4 million due to an understatement of payables in the prior year.

Business-Type Activities

- As a result of the early implementation of GASB Statement No. 84, the Enterprise Fund (nonmajor) has been restated by \$2.7 million because the Advantage Vanpool Self Insurance, previously reported as Agency Fund, no longer meets fiduciary activity criteria under the new standard.

Fund Statements

- As a result of the early implementation of GASB Statement No. 84 discussed previously, the following funds have been restated:

- General Fund (major), Commonwealth Transportation (major special revenue), and Other (nonmajor special revenue) funds have been restated by \$6.4 million, \$7.0 million, and \$20.6 million, respectively.
- The Enterprise Fund (nonmajor) has been restated by \$2.7 million and Cash and Cash Equivalents has been restated by \$2.6 million as previously discussed.
- Private Purpose Trust Funds have been restated by \$1.0 million for the Loan Servicing Reserve, Edvantage Reserve, and Virginia Revolving Farm Loan Program funds reclassified to governmental funds and the addition of the Legal Settlement Fund previously reported as an Agency Fund.
- Pension and Other Employee Benefit Trust Funds have been restated by \$548.5 million as follows:
 - Removal of activity that does not meet fiduciary activity criteria under the new standard and is not included in the accompanying financial statements. This previously reported activity for the portion of the Pension Trust Funds for the Hybrid Defined Contribution Plan, Political Appointees Plan, Public School Superintendents' Plan, and Virginia Supplemental Retirement Plan accounts for \$544.4 million of the restatement.
 - The remaining \$4.1 million is attributable to reclassifying the

Other Firefighters and Rescue Squad
Employment Volunteer
Workers Fund to Custodial Funds-
Other.

- The former Investment Trust Funds balances are now reported as Custodial Funds - External Investment Pool. The beginning balances have been restated by \$5.4 billion due to this reporting change.
- Custodial Funds - Other has replaced Agency Funds and has been restated by \$547.5 million for fiduciary activity that meets the new standards.

- The General Fund (major) has been restated by \$51.2 million as previously discussed.
- The Virginia Public Building Authority Capital Projects Fund (nonmajor governmental fund) has been restated by \$2.4 million as previously discussed.

Component Units

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

- The Virginia Polytechnic Institute and State University (nonmajor) and James Madison University (nonmajor) have restated the beginning balance by \$6.1 million for the early implementation of GASB Statement No. 84. In addition, Virginia Polytechnic Institute and State University has restated the beginning balance by \$4.1 million because the Virginia Tech Services, Inc., is no longer considered a discrete component unit of the university. The University of Virginia (nonmajor) has restated the beginning balance by \$16.9 million for correction of prior year errors resulting from the understatement of accruals and interest expense.

Beginning Net Position/Fund Balance Restatement

(Dollars in Thousands)

	Balance as of June 30, 2019	GASBS No. 84 Fiduciary Activities	Change in Reporting Entity	Correction of Prior Year Errors	Balance as of June 30, 2019, as restated
Government-wide Activities:					
Primary Government:					
Governmental Activities	\$ 24,742,907	\$ 33,953	\$ —	\$ 48,697	\$ 24,825,557
Business-Type Activities	2,471,977	2,680	—	—	2,474,657
Total Primary Government	<u>\$ 27,214,884</u>	<u>\$ 36,633</u>	<u>\$ —</u>	<u>\$ 48,697</u>	<u>\$ 27,300,214</u>
Component Units	<u>\$ 29,632,961</u>	<u>\$ 6,124</u>	<u>\$ (4,080)</u>	<u>\$ 16,904</u>	<u>\$ 29,651,909</u>
Fund Statements:					
Governmental Funds					
Major Governmental Funds:					
General	\$ 1,602,673	\$ 6,444	\$ —	\$ 51,221	\$ 1,660,338
Special Revenue Funds:					
Commonwealth Transportation	2,882,718	6,961	—	—	2,889,679
Federal Trust	127,675	—	—	—	127,675
Literary	17,834	—	—	—	17,834
Nonmajor Governmental Funds	2,231,456	20,634	—	(2,426)	2,249,664
Total Governmental Funds	<u>\$ 6,862,356</u>	<u>\$ 34,039</u>	<u>\$ —</u>	<u>\$ 48,795</u>	<u>\$ 6,945,190</u>
Proprietary Funds					
Major Enterprise Funds:					
Virginia Lottery	\$ (32,246)	\$ —	\$ —	\$ —	\$ (32,246)
Virginia College Savings Plan	1,029,364	—	—	—	1,029,364
Unemployment Compensation	1,480,964	—	—	—	1,480,964
Nonmajor Enterprise Funds	(8,214)	2,680	—	—	(5,534)
Total Enterprise Funds	<u>\$ 2,469,868</u>	<u>\$ 2,680</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,472,548</u>
Internal Service	<u>\$ (222,262)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (222,262)</u>
Fiduciary Funds					
Private Purpose Trust Funds	<u>\$ 5,118,502</u>	<u>\$ (1,045)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,117,457</u>
Pension and Other Employee Benefit Trust Funds	<u>\$ 82,866,214</u>	<u>\$ (548,477)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 82,317,737</u>
Investment Trust Funds	<u>\$ 5,425,829</u>	<u>\$ (5,425,829)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Custodial Funds - External Investment Pool	<u>\$ —</u>	<u>\$ 5,425,829</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,425,829</u>
Custodial Funds - Other	<u>\$ —</u>	<u>\$ 547,450</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 547,450</u>
Component Units:					
Virginia Housing Development Authority	\$ 3,466,192	\$ —	\$ —	\$ —	\$ 3,466,192
Virginia Public School Authority	7,879	—	—	—	7,879
Virginia Resources Authority	1,695,731	—	—	—	1,695,731
Virginia College Building Authority	(4,281,550)	—	—	—	(4,281,550)
Nonmajor Component Units	28,744,709	6,124	(4,080)	16,904	28,763,657
Total Component Units	<u>\$ 29,632,961</u>	<u>\$ 6,124</u>	<u>\$ (4,080)</u>	<u>\$ 16,904</u>	<u>\$ 29,651,909</u>

Beginning Cash and Cash Equivalents Restatement

(Dollars in Thousands)

	Balance as of June 30, 2019	GASBS No. 84 Fiduciary Activities	Change in Reporting Entity	Correction of Prior Year Errors	Balance as of June 30, 2019, as restated
Proprietary Funds					
Major Enterprise Funds:					
Virginia Lottery	\$ 27,544	\$ —	\$ —	\$ —	\$ 27,544
Virginia College Savings Plan	67,439	—	—	—	67,439
Unemployment Compensation	1,471,053	—	—	—	1,471,053
Nonmajor Enterprise Funds	175,226	2,565	—	—	177,791
Total Enterprise Funds	<u>\$ 1,741,262</u>	<u>\$ 2,565</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,743,827</u>
Internal Service	<u>\$ 832,105</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 832,105</u>

3. NET POSITION/FUND BALANCE CLASSIFICATIONS

Fund Balance

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

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

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

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

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

Unassigned fund balance for the General Fund represents the residual classification. As of June 30, no unassigned fund balance is reported for the General Fund (major). Additionally, a negative amount indicates that restricted and committed amounts exceed the available modified accrual basis fund balance. Unassigned fund balance for the Unclaimed Property Fund (nonmajor special revenue) indicates that the amount restricted for specific purposes exceeds the modified accrual basis fund balance available for these specific purposes.

The governmental fund balance classifications and amounts as of June 30, 2020, are shown in the following table.

Governmental Fund Balance Classifications

(Dollars in Thousands)

	General Fund	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental	Total
Nonspendable						
Inventory	\$ 35,326	\$ 96,976	\$ 75,619	\$ —	\$ 6,851	\$ 214,772
Prepaid Items	71,869	9,044	2,388	—	15,984	99,285
Permanent Funds	—	—	—	—	38,258	38,258
Total Nonspendable	107,195	106,020	78,007	—	61,093	352,315
Restricted						
Agriculture and Forestry	—	—	—	—	9,574	9,574
Capital Projects/Construction/Capital Acquisition	—	—	—	—	1,580,925	1,580,925
Contract and Debt Administration	—	—	—	—	1,120	1,120
COVID-19	—	—	2,340,471	—	—	2,340,471
Debt Service	—	—	—	—	45,214	45,214
Economic and Technological Development	—	—	—	—	57	57
Educational and Training Programs	—	—	—	—	2,036	2,036
Employee Benefit Administration	—	—	—	—	7,545	7,545
Environmental Quality and Natural Resource Preservation	—	—	—	—	24,330	24,330
Gifts and Grants	—	27	127,909	—	—	127,936
Government Operations:						
Administrative Services	—	—	—	—	2,288	2,288
Health and Public Safety	—	—	—	—	89,206	89,206
Literary Fund	—	—	—	40,864	—	40,864
Lottery Proceeds Fund	21,711	—	—	—	—	21,711
Revenue Stabilization Fund	635,842	—	—	—	—	635,842
Transportation Activities	—	244,635	—	—	—	244,635
Virginia Water Supply Assistance Grant Fund	1,764	—	—	—	—	1,764
Total Restricted	659,317	244,662	2,468,380	40,864	1,762,295	5,175,518
Committed						
Agriculture and Forestry	19	—	—	—	28,055	28,074
Amount Required for Mandatory Reappropriation	298,025	—	—	—	—	298,025
Amount Required for Reappropriation of 2020 Unexpended Balances for Capital Outlay and Restoration Projects	7,839	—	—	—	—	7,839
Capital Projects/Construction/Capital Acquisition	2,272	—	—	—	677	2,949
Central Capital Planning Fund	4,938	—	—	—	—	4,938
Commonwealth's Development Opportunity Fund	40,310	—	—	—	—	40,310
Contract and Debt Administration	161	10,754	—	—	872	11,787
COVID-19 General Fund	3,307	—	—	—	—	3,307
Economic and Technological Development	141,666	—	—	—	94,589	236,255
Educational and Training Programs	1,069	1,584	—	—	11,285	13,938
Environmental Quality and Natural Resource Preservation	28,503	—	—	—	130,304	158,807
Gifts and Grants	—	—	—	—	4,530	4,530
Government Operations:						
Administrative Services	440	—	—	—	99,683	100,123
Legislative Services	—	—	—	—	224	224
Health and Public Safety	36,134	3,413	—	—	294,629	334,176
Local Government Fiscal Distress	750	—	—	—	—	750
Natural Disaster Sum Sufficient	54,754	—	—	—	—	54,754
Regulatory Oversight	—	—	—	—	145,715	145,715
Revenue Reserve Fund	513,245	—	—	—	—	513,245
Taxpayer Relief Fund	133	—	—	—	—	133
Transportation Activities	—	2,866,739	—	—	2,584	2,869,323
Virginia Communication Sales and Use Tax	4,464	—	—	—	—	4,464
Virginia Health Care Fund	45,303	—	—	—	—	45,303
Virginia Water Quality Improvement Fund	64,805	—	—	—	—	64,805
Virginia Water Quality Improvement Fund - Part A	32,386	—	—	—	—	32,386
Virginia Water Quality Improvement Fund - Part B	44,990	—	—	—	—	44,990
Total Committed	1,325,513	2,882,490	—	—	813,147	5,021,150
Assigned						
Agriculture and Forestry	2	—	—	—	34	36
Amount Required by Chapter 1289	1,185,284	—	—	—	—	1,185,284
Amount Required for Discretionary Reappropriations	10,849	—	—	—	—	10,849
Economic and Technological Development	7,407	—	—	—	1,897	9,304
Educational and Training Programs	4,008	—	—	—	10,900	14,908
Employee Benefit Administration	2,601	—	—	—	—	2,601
Environmental Quality and Natural Resource Preservation	12,223	—	—	—	7,867	20,090
Capital Projects/Construction/Capital Acquisition	1,209	—	—	—	—	1,209
Government Operations:						
Administrative Services	7,448	—	—	—	—	7,448
Legislative Services	4,476	—	—	—	—	4,476
Health and Public Safety	21,269	—	—	—	17,863	39,132
Regulatory Oversight	—	—	—	—	3	3
Transportation Activities	4	842	—	—	—	846
Total Assigned	1,256,780	842	—	—	38,564	1,296,186
Unassigned	—	—	—	—	(88,702)	(88,702)
Total Fund Balance	\$ 3,348,805	\$ 3,234,014	\$ 2,546,387	\$ 40,864	\$ 2,586,397	\$ 11,756,467

4. DEFICIT FUND BALANCES/NET POSITION

The Unclaimed Property (nonmajor special revenue fund) ended the year with a deficit net position balance of \$88.2 million. This deficit was a result of the accrued liabilities estimated to be paid to claimants exceeding the assets remaining in the fund as of June 30.

The Virginia Lottery (major enterprise fund), Alcoholic Beverage Control (nonmajor enterprise fund), the Department of Environmental Quality's Title V Air Pollution Permit Fund (nonmajor enterprise fund), the Virginia Museum of Fine Arts Gift Shop (nonmajor enterprise fund), the Personnel Management Information System Fund (internal service fund), and the Payroll Service Bureau (internal service fund) ended the year with deficit net positions of \$32.8 million, \$80.3 million, \$9.2 million, \$1.6 million, \$686,376, and \$2.1 million, respectively. This was solely attributable to the net pension liability resulting from GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and the other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The Risk Management Fund (nonmajor enterprise fund) ended the year with a deficit net position balance of \$18.2 million. The deficit was a result of previous increases in claims liability for constitutional officers' programs exceeding premiums collected. Further, there are noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Department of General Services' Consolidated Laboratory Services Fund (nonmajor enterprise fund) ended the year with a deficit net position balance of \$4.7 million. The deficit was a result of increased costs for the Newborn Screening Program and the COVID-19 pandemic response, reduced revenue for the Newborn Screening Program, and noncurrent liabilities related to net pension liabilities and other post employment benefit obligations.

The Enterprise Application Fund (internal service fund) ended the year with a deficit net position balance of \$16.2 million. The deficit was a result of working capital advances for the Human Capital Management replacement project and noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Property Management Fund (internal service fund) ended the year with a deficit net position balance of \$17.3 million. The largest portion is attributable to noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations. The remaining portion is attributable to various leases where the assets are reported in the governmental fund and the liability is reported in the internal service fund.

The Risk Management Fund (internal service fund) ended the year with a deficit net position balance of \$691.9 million. The deficit was the result of the Worker's Compensation Program having estimated claims payable exceeding the available equity in the fund. Claims are paid on a pay-as-you-go basis. To the extent that claims exceed current resources, they will ultimately become a liability of the fund from which the claim originated. Further, there are noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Virginia College Building Authority (major component unit) ended the year with a deficit net position balance of \$4.6 billion. This deficit occurs because the Authority issued bonds for the 21st Century College and Equipment programs subject to future appropriations from the General Fund of the Commonwealth without any other security. These future appropriations are not included as assets of the Authority.

The Southern Virginia Higher Education Center, Virginia Economic Development Partnership, and Virginia Tourism Authority (nonmajor component units) ended the year with a deficit net position balance of \$2.3 million, \$2.2 million, and \$180,774, respectively. These deficits are solely attributable to net pension liability and other postemployment benefit obligations.

5. REVENUE STABILIZATION FUND

In accordance with Article X, Section 8 of the *Constitution of Virginia*, the amount estimated as required for deposit to the Revenue Stabilization Fund must be appropriated for that purpose by the General Assembly.

Under the provisions of Article X, Section 8 of the *Constitution of Virginia*, a deposit of \$77.4 million is required during fiscal year 2021 based on fiscal year 2019 revenue collections reduced by the refunds that were provided to taxpayers from the Taxpayer Relief Fund as required by Chapter 854. This required deposit is reported as a restricted component of fund balance. No deposit is required based on fiscal year 2020 revenue collections.

Section 2.2-1829(b) of the *Code of Virginia* requires an additional deposit into the Fund when specific criteria have been met. No such deposit is required since the specified criteria were not met for fiscal year 2020.

The Revenue Stabilization Fund has principal and interest on deposit of \$558.4 million restricted as a part of General Fund balance. Pursuant to the constitutional amendment of Article X, Section 8, effective January 1, 2011, the amount on deposit cannot exceed 15.0 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. As of June 30, 2020, the Constitutional maximum is \$2.9 billion.

6. REVENUE RESERVE FUND

As of June 30, 2020, the fund has principal and interest on deposit of \$513.2 million committed as a part of the General Fund balance. These amounts are set aside to mitigate certain anticipated revenue shortfalls when appropriations based on previous revenue forecasts exceed expected revenues in subsequent forecasts.

Section 2.2-1831.2 of the *Code of Virginia* established the Revenue Reserve Fund and specified required deposits to the Fund. Whenever there is a fiscal year in which there is not a mandatory deposit to the Revenue Stabilization Fund, a deposit is required if the general fund revenue exceeds the official estimate. For the year ended June 30, 2020, revenues collected did not exceed the official estimate, therefore, no commitment is required.

Additionally, any required annual deposit cannot exceed 1.0 percent of the total general fund revenues for the prior fiscal year. The combined balance of the Revenue Reserve Fund and the Revenue Stabilization Fund cannot exceed 15.0 percent of the total Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. As of June 30, 2020, the calculated maximum balance for the Revenue Reserve Fund is \$2.4 billion.

7. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of June 30, 2020, the carrying amount of cash for the primary government (including the Virginia Retirement System Pooled Investments) was \$9.0 billion and the bank

balance was \$328.8 million. The carrying amount of cash for component units was \$2.4 billion and the bank balance was \$1.1 billion. Cash equivalents are investments with an original maturity of 90 days or less. Cash and cash equivalents for foundations (component units) totaled \$737.5 million as of year-end. A portion of this amount and some balances during the year exceeded Federal Deposit Insurance Corporation (FDIC) insurance coverage. Foundation investments are disclosed in the Interest Rate Risk section of this note. Note 7 includes investment derivatives for the primary government and excludes derivatives for the component units. For additional information concerning derivative instruments, see Note 15.

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

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

Certain deposits are held by trustees in accordance with the Trust Subsidiary Act, Section 6.2-1057 of the *Code of Virginia*. The act requires that cash held by trustees while

awaiting investment or distribution is not to be used by an affiliate bank of the trustee in the conduct of its business unless the affiliate bank delivers securities to the trust department as collateral that is at least equal to the fair value of the trust funds held on deposit in excess of amounts insured by the FDIC.

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

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

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

As of June 30, 2020, the State Treasurer held no security that was in default as to principal or interest and had no securities that were out of compliance with guidelines.

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

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

The information presented for the external investment pool was obtained from audited financial statements. Copies of the LGIP report may be obtained from the Department of the Treasury website at www.trs.virginia.gov.

The Board of Trustees (the Board) of the Virginia Retirement System (the System) (part of primary

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

Custodial Credit Risk

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

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

As of June 30, 2020, the primary government (excluding the System's pooled investments) had \$1.0 million in bank balances that were uninsured and uncollateralized. There is no deposit policy that addresses custodial credit risk.

As of June 30, 2020, investment securities for the System (excluding cash equivalents and repurchase agreements held as securities lending collateral) were registered and held in the name of the System for the benefit of the System's trust and custodial funds and were not exposed to custodial credit risk. It is the standard practice and policy of the System, through the relevant provisions in its contracts and agreements with third parties, to minimize all known custodial credit risks.

As of June 30, 2020, component units had \$81.9 million in bank balances that were uninsured and uncollateralized, and \$17.1 million in bank balances that were uninsured and collateralized with securities held by the pledging financial institution. In addition, the Virginia Housing Development Authority (major component unit) held \$184.9 million of investments, primarily commercial paper, that were uninsured and held by the counterparty as of June 30, 2020.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As discussed in Note 1.F., the Commonwealth discloses the risk for its debt investments using the segmented time distribution method for the primary government (excluding the Virginia College Savings Plan's Prepaid529 and Invest529 programs and the Virginia Retirement System Pooled Investments) and component units and the effective duration method for Virginia College Savings Plan (Prepaid529 and Invest529 programs) and the System (Virginia Retirement System Pooled Investments).

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

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

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

The Virginia College Savings Plan (Virginia529) manages the risk for fixed income investment securities held in Prepaid529 and Invest529 programs using the effective duration methodology. Virginia529's Statements of

Investment Policy and Guidelines do not limit investment maturities as a mean of managing its exposure to fair value losses arising from increasing interest rates. Although not an explicit requirement, duration of fixed income portfolios, if applicable, is expected to be within 20.0 percent of each portfolio's designated benchmark.

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

As of June 30, 2020, the System's investments included \$2.2 billion, primarily in corporate bonds and notes, U.S. Treasury and agency securities, supranational and non-U.S. Government bonds and notes, municipal securities, and collateralized mortgage obligations, which are highly sensitive to interest rate fluctuations in that they are subject to early payment in a period of declining interest rates and/or because they have an option adjusted duration of greater than ten years. The resulting reduction in expected total cash flows affects the fair value of these securities.

As of June 30, 2020, the Commonwealth's investments subject to interest rate risk had the following maturities and weighted average effective durations.

Primary Government Investments

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

Investment Type	June 30, 2020	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U. S. Treasury and Agency Securities	\$ 2,545,591	\$ 1,761,939	\$ 521,751	\$ 120,404	\$ 141,497
Corporate Bonds and Notes	1,228,476	476,755	391,772	252,417	107,532
Supranational and Non-U.S. Government Bonds and Notes	178,690	171,028	7,662	—	—
Commercial Paper	4,875,893	4,875,893	—	—	—
Negotiable Certificates of Deposit	5,860,827	5,856,721	4,106	—	—
Repurchase Agreements	2,180,016	2,180,016	—	—	—
Municipal Securities	16,021	—	3,357	—	12,664
Asset-Backed Securities	254,916	41	121,281	26,595	106,999
Agency Mortgage-Backed Securities	418,199	3,252	21,055	45,289	348,603
Agency Unsecured Bonds and Notes	4,530,875	2,937,984	1,574,911	12,511	5,469
Mutual and Money Market Funds (Includes SNAP)	2,690,177	2,690,177	—	—	—
Fixed Income and Commingled Funds	5,777	—	5,777	—	—
Total	\$ 24,785,458	\$ 20,953,806	\$ 2,651,672	\$ 457,216	\$ 722,764

Primary Government - Virginia College Savings Plan Investments

(Dollars in Thousands)

Investment Type	Prepaid529 (Major Enterprise Fund)		Invest529 (Private Purpose Trust Fund)	
	June 30, 2020	Weighted Avg. Effective Duration (in years)	June 30, 2020	Weighted Avg. Effective Duration (in years)
Debt Securities				
U. S. Treasury and Agency Securities	\$ 1,313	0.7	\$ 17	1.6
Corporate Bonds and Notes	460,109	2.4	116,022	4.4
Asset Backed Securities	86,224	1.1	15,255	<0.1
Agency Mortgage Backed Securities	63,799	2.0	—	—
Mutual and Money Market Funds	75,903	<0.1	98,081	<0.1
Guaranteed Investment Contracts	—	—	1,225,382	3.1
Fixed Income and Commingled Funds*	650,965	5.0	919,378	6.7
International and Emerging Markets Funds	48,308	6.8	262,459	5.2
Other*	112,847	3.4	—	—
Total	\$ 1,499,468	3.6	\$ 2,636,594	4.7

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

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

Investment Type	June 30, 2020	Weighted Avg. Effective Duration (in years)
<u>Debt Securities</u>		
U. S. Treasury and Agency Securities	\$ 2,876,014	3.9
Corporate Bonds and Notes	9,774,270	4.7
Collateralized Mortgage Obligations	523,227	2.6
Commercial Mortgages	498,688	4.4
Supranational and Non-U.S. Government Bonds and Notes	1,085,347	8.0
Mutual and Money Market Funds	870,053	1.6
Commercial Paper	2,086,663	0.2
Negotiable Certificates of Deposit	872,540	0.3
Repurchase Agreements	446,312	< 0.1
Municipal Securities	105,037	8.0
Asset Backed Securities	954,099	1.8
Agencies	2,950,717	2.1
Fixed Income and Commingled Funds	1,377,164	5.5
Fixed Income Derivatives	243	< 0.1
Time Deposits	291,000	< 0.1
Other Debt Securities	20,502	0.4
 <u>Debt Securities - No Effective Duration</u>		
Corporate Bonds and Notes	41,480	N/A
Commercial Mortgages	1,799	N/A
Supranational and Non-U.S. Government Bonds and Notes	1,300	N/A
Mutual and Money Market Funds	25,822	N/A
Commercial Paper	99,625	N/A
Asset Backed Securities	14,518	N/A
Other Debt Securities	66	N/A
Fixed Income Derivatives	1,119	N/A
Total	\$ 24,917,605	3.2

Component Unit Investments
(Dollars in Thousands)

Investment Type	June 30, 2020	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
<u>Debt Securities</u>					
U. S. Treasury and Agency Securities	\$ 1,420,292	\$ 852,718	\$ 215,149	\$ 162,039	\$ 190,386
Supranational and Non-U.S. Government Bonds and Notes	804	804	—	—	—
Corporate Bonds and Notes	433,307	114,294	286,877	25,110	7,026
Commercial Paper	193,390	193,390	—	—	—
Negotiable Certificates of Deposit	44,193	36,905	7,288	—	—
Repurchase Agreements	888,846	888,846	—	—	—
Municipal Securities	202,318	14,122	61,974	79,523	46,699
Asset-Backed Securities	251,299	23,241	188,487	6,313	33,258
Agency Unsecured Bonds and Notes	260,429	205,854	54,575	—	—
Agency Mortgage-Backed Securities	734,300	20,656	58,620	19,359	635,665
Mutual and Money Market Funds (Includes SNAP)	1,250,506	1,208,189	37,232	5,085	—
Guaranteed Investment Contracts	33,518	2,598	16,873	13,895	152
Fixed Income and Commingled Funds	117,320	7,097	34,990	18,163	57,070
Other Debt Securities	38,595	38,463	58	74	—
Total	\$ 5,869,117	\$ 3,607,177	\$ 962,123	\$ 329,561	\$ 970,256

Foundation Investments
(Dollars in Thousands)

<u>Investment Type</u>	<u>Amount</u>
U.S. Treasury and Agency Securities	\$ 739,394
Common and Preferred Stocks	643,301
Corporate Bonds and Notes	440,115
Negotiable Certificates of Deposit	13,169
Municipal Securities	32,998
Repurchase Agreements	222,234
Asset Backed Securities	21,303
Agency Mortgage Backed Securities	7,375
Mutual and Money Market Funds	635,868
Bankers' Acceptance	97,767
Real Estate	510,816
Index Funds	274,790
Hedge Funds	2,759,142
Partnerships	2,079,831
Venture Capital	641,116
Other	6,406,645
Total	\$ 15,525,864

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

Credit Risk

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

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

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

Credit risk for derivative instruments held by the Commonwealth results from counterparty risk assumed by the Commonwealth. This is essentially the risk that the borrower will be unable to meet its obligation. Information regarding the Commonwealth's credit risk related to derivatives is found in Note 15.

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

The following tables present the credit ratings for the investments of the primary government (excluding the Virginia Retirement System Pooled Investments), the System (Virginia Retirement System Pooled Investments), and component units as of June 30, 2020. The ratings presented are using Moody's, S&P, and Fitch rating scales. They are displayed from short-term to long-term.

Primary Government (Excluding Virginia Retirement System Pooled Investments)

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Agency Mortgage Backed Securities	\$ —	0.0 %	\$ —	0.0 %	\$ —	0.0%	\$ —
Agency Unsecured Bonds and Notes	2,993,691	11.6 %	—	0.0 %	—	0.0%	9,802
Asset Backed Securities	—	0.0 %	—	0.0 %	257	0.0%	272,328
Commercial Paper	4,875,893	18.9 %	—	0.0 %	—	0.0%	—
Corporate Bonds and Notes	274,157	1.1 %	—	0.0 %	—	0.0%	4,631
Fixed Income and Commingled Funds	—	0.0 %	—	0.0 %	—	0.0%	—
Guaranteed Investment Contracts	—	0.0 %	—	0.0 %	—	0.0%	—
International and Emerging Markets Funds	—	0.0 %	—	0.0 %	—	0.0%	—
Municipal Securities	—	0.0 %	—	0.0 %	—	0.0%	690
Mutual and Money Market Funds (Includes SNAP)	—	0.0 %	—	0.0 %	—	0.0%	2,858,613
Negotiable Certificates of Deposit	5,728,124	22.3 %	128,597	0.5 %	—	0.0%	—
Other Debt Securities	—	0.0 %	2,502	0.0 %	—	0.0%	—
Repurchase Agreements	1,177,500	4.6 %	50,000	0.2 %	—	0.0%	—
Supranational and Non-U.S. Government Bonds and Notes	55,879	0.2 %	—	0.0 %	—	0.0%	122,811
Total	\$ 15,105,244	58.7 %	\$ 181,099	0.7 %	\$ 257	0.0%	\$ 3,268,875

Primary Government – Virginia Retirement System Pooled Investments

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Corporate Bonds and Notes	\$ 188,589	0.9%	\$ —	0.0%	\$ —	0.0%	\$ 6,339
Collateralized Mortgage Obligations	—	0.0%	—	0.0%	—	0.0%	186,265
Commercial Mortgages	—	0.0%	—	0.0%	—	0.0%	349,046
Supranational and Non-U.S. Government Bonds and Notes	10,486	0.1%	—	0.0%	—	0.0%	77,125
Mutual and Money Market Funds	—	0.0%	—	0.0%	—	0.0%	623,216
Commercial Paper	1,353,676	6.3%	590,404	2.7%	57,023	0.3%	—
Negotiable Certificates of Deposit	545,632	2.5%	—	0.0%	—	0.0%	—
Repurchase Agreements	—	0.0%	—	0.0%	—	0.0%	—
Municipal Securities	—	0.0%	—	0.0%	—	0.0%	344
Asset Backed Securities	—	0.0%	—	0.0%	—	0.0%	323,035
Agencies	—	0.0%	—	0.0%	—	0.0%	11,417
Fixed Income and Commingled Funds	—	0.0%	—	0.0%	—	0.0%	—
Fixed Income Derivatives	—	0.0%	—	0.0%	—	0.0%	—
Other Debt Securities	—	0.0%	—	0.0%	—	0.0%	—
Time Deposits	291,000	1.3%	—	0.0%	—	0.0%	—
Total	\$ 2,389,383	11.1%	\$ 590,404	2.7%	\$ 57,023	0.3%	\$ 1,576,787

Component Units

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Agency Mortgage Backed Securities	\$ 5,249	0.1%	\$ —	0.0%	\$ —	0.0%	\$ 645,756
Agency Unsecured Bonds and Notes	71,977	1.6%	—	0.0%	—	0.0%	176,419
Asset Backed Securities	216	0.0%	—	0.0%	118	0.0%	218,337
Commercial Paper	188,440	4.4%	—	0.0%	—	0.0%	—
Corporate Bonds and Notes	—	0.0%	—	0.0%	—	0.0%	3,245
Fixed Income and Commingled Funds	—	0.0%	—	0.0%	—	0.0%	—
Guaranteed Investment Contracts	—	0.0%	—	0.0%	—	0.0%	—
Municipal Securities	—	0.0%	—	0.0%	—	0.0%	32,879
Mutual and Money Market Funds (Includes SNAP)	901	0.0%	—	0.0%	—	0.0%	1,138,354
Negotiable Certificates of Deposit	17,179	0.4%	—	0.0%	—	0.0%	—
Other Debt Securities	—	0.0%	—	0.0%	—	0.0%	—
Repurchase Agreements	100,894	2.3%	—	0.0%	—	0.0%	—
Supranational and Non-U.S. Government Bonds and Notes	—	0.0%	—	0.0%	—	0.0%	804
Total	\$ 384,856	8.8%	\$ —	0.0%	\$ 118	0.0%	\$ 2,215,794

- (1) Excludes investments of \$3.1 billion for primary government (excluding Virginia Retirement System Pooled Investments), \$3.3 billion for the System (Virginia Retirement System Pooled Investments), and \$1.4 billion for component units because obligations of the U.S. Government, obligations explicitly guaranteed by the U.S. Government, Guaranteed Investment Contracts, United States Treasury Notes, or Repurchase Agreements held by the VRS which are collateralized by equity securities but not considered obligations of the U.S. Government and are not considered to have credit risk.

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

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
0.0 %	\$ 472,798	1.9 %	\$ —	0.0 %	\$ 907	0.0 %	\$ 256	0.0 %	\$ 8,037	0.0 %	\$ 481,998
0.0 %	1,527,241	5.9 %	—	0.0 %	35	0.0 %	22	0.0 %	84	0.0 %	4,530,875
1.1 %	29,072	0.1 %	16,571	0.1 %	12,251	0.0 %	9,806	0.0 %	16,110	0.1 %	356,395
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	4,875,893
0.0 %	219,137	0.9 %	497,698	1.9 %	261,275	1.0 %	538,055	2.2 %	9,654	0.0 %	1,804,607
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	1,576,120	6.1 %	1,576,120
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	1,225,382	4.7 %	1,225,382
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	310,767	1.2 %	310,767
0.0 %	6,614	0.0 %	5,747	0.0 %	—	0.0 %	—	0.0 %	2,970	0.0 %	16,021
11.1 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	5,548	0.0 %	2,864,161
0.0 %	4,106	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	5,860,827
0.0 %	—	0.0 %	17,970	0.1 %	24,166	0.1 %	4,869	0.0 %	63,340	0.3 %	112,847
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	352,516	1.3 %	1,580,016
0.5 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	178,690
12.7 %	\$ 2,258,968	8.8 %	\$ 537,986	2.1 %	\$ 298,634	1.1 %	\$ 553,008	2.2 %	\$ 3,570,528	13.7 %	\$ 25,774,599

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

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
0.0%	\$ 604,079	2.8%	\$ 3,090,635	14.3%	\$ 2,313,725	10.7%	\$ 3,012,140	13.9%	\$ 600,243	2.8%	\$ 9,815,750
0.9%	81,806	0.4%	10,703	0.0%	10,707	0.1%	57,395	0.3%	176,351	0.8%	523,227
1.6%	88,002	0.4%	1,318	0.0%	6,410	0.0%	38,187	0.2%	17,524	0.1%	500,487
0.4%	75,260	0.4%	117,775	0.6%	341,448	1.6%	450,267	2.0%	14,286	0.1%	1,086,647
2.9%	—	0.0%	25,918	0.1%	—	0.0%	88,855	0.4%	157,886	0.7%	895,875
0.0%	—	0.0%	135,247	0.6%	—	0.0%	—	0.0%	49,938	0.2%	2,186,288
0.0%	—	0.0%	131,799	0.6%	—	0.0%	—	0.0%	195,109	0.9%	872,540
0.0%	9,131	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	9,131
0.0%	94,362	0.4%	10,331	0.1%	—	0.0%	—	0.0%	—	0.0%	105,037
1.4%	275,773	1.3%	137,895	0.6%	59,990	0.3%	143,294	0.7%	28,630	0.1%	968,617
0.1%	1,541,271	7.1%	—	0.0%	—	0.0%	—	0.0%	1,398,029	6.5%	2,950,717
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	1,377,164	6.4%	1,377,164
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	1,362	0.0%	1,362
0.0%	—	0.0%	—	0.0%	3,378	0.0%	17,190	0.1%	—	0.0%	20,568
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	291,000
7.3%	\$ 2,769,684	12.8%	\$ 3,661,621	16.9%	\$ 2,735,658	12.7%	\$ 3,807,328	17.6%	\$ 4,016,522	18.6%	\$ 21,604,410

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

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
14.6 %	\$ 66,999	1.5 %	\$ —	0.0 %	\$ —	0.0 %	\$ —	0.0 %	\$ 16,296	0.3 %	\$ 734,300
4.0 %	4,123	0.1 %	—	0.0 %	—	0.0 %	—	0.0 %	2,250	0.1 %	254,769
5.0 %	16,319	0.4 %	4,736	0.1 %	7,625	0.2 %	2,298	0.1 %	1,650	0.0 %	251,299
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	4,950	0.1 %	193,390
0.1 %	84,808	2.0 %	303,545	6.8 %	41,709	1.0 %	—	0.0 %	—	0.0 %	433,307
0.0 %	7,139	0.2 %	—	0.0 %	1,477	0.0 %	—	0.0 %	105,235	2.4 %	113,851
0.0 %	—	0.0 %	5,654	0.1 %	—	0.0 %	—	0.0 %	—	0.0 %	5,654
0.8 %	114,214	2.6 %	50,713	1.2 %	2,175	0.1 %	2,312	0.1 %	25	0.0 %	202,318
25.5 %	36,781	0.8 %	186	0.0 %	114	0.0 %	—	0.0 %	74,170	1.7 %	1,250,506
0.0 %	10,127	0.2 %	729	0.0 %	—	0.0 %	—	0.0 %	16,158	0.4 %	44,193
0.0 %	63	0.0 %	100	0.0 %	—	0.0 %	—	0.0 %	38,432	0.8 %	38,595
0.0 %	—	0.0 %	—	0.0 %	750,000	17.0 %	—	0.0 %	37,952	0.9 %	888,846
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	804
50.0 %	\$ 340,573	7.8 %	\$ 365,663	8.2 %	\$ 803,100	18.3 %	\$ 4,610	0.2 %	\$ 297,118	6.7 %	\$ 4,411,832

Concentration of Credit Risk

Primary Government

Concentration of credit risk is related to the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The State Treasury and the System have individual investment policies limiting the amounts that may be invested in any single issuer.

It is the State Treasurer's policy that each portfolio will be diversified with no more than 4.0 percent of the value of the fund invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit. Certain portfolios are limited to amounts less than 4.0 percent of the value of the fund invested in the securities of any single issuer. As of June 30, 2020, more than 5.0 percent of the Commonwealth's governmental fund investments were in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, Federal National Mortgage Association, National Securities Clearing Corporation and Bank of Nova Scotia. These investments totaled \$1.7 billion, \$580.2 million, \$517.6 million, \$393.6 million, \$384.7 million and \$450.7 million respectively. Since these securities are exempted from the State Treasury investment policies, all investments are compliant with investment policies.

The System's investment guidelines for each specific portfolio also limit investments in any corporate entity to no more than 5.0 percent of the market value of the account for both the internally and externally managed portfolios. The System has no investments in any commercial or industrial organization whose fair value equals 5.0 percent or more of the System's fiduciary net position.

Foreign Currency Risk

Primary Government

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. All primary government investments exposed to foreign currency risk were part of the System, the Virginia College Savings Plan's (Virginia529) Prepaid529 program (major enterprise fund), and the Unclaimed Property (nonmajor special revenue fund) portfolios as of June 30, 2020. There is no investment policy related to foreign currency risk for the Unclaimed Property portfolio. Virginia529 has direct exposure to foreign currency risk through investments managed by Advent Capital Management, LLC, Loomis Sayles Company and Acadian Asset Management. These managers use currency forward contracts to hedge risks associated with currency fluctuations pursuant to a formal exception to Virginia529's investment policy.

The System's foreign currency risk exposures, or exchange rate risk, primarily exist in the international and global equity investment holdings. The Commonwealth's exposure to foreign currency risk as of June 30, 2020 is highlighted in the following tables.

Component Units

All nonmajor component unit investments exposed to foreign currency risk were part of James Madison University and the Virginia Economic Development Partnership as of June 30, 2020. None of these entities have investment policies related to foreign currency risk.

Foreign Currency Exposures by Asset Class - Primary Government

(Excluding Virginia Retirement System Pooled Investments)

(Dollars in Thousands)

Currency	Deposits	Common and Preferred Stocks	Fixed Income and Commingled Funds	Equity Index and Pooled Funds	Corporate Bonds	Total
Euro Currency Unit	\$ 157	\$ 171	\$ 910	\$ 34,621	\$ 28,522	\$ 64,381
Japanese Yen	173	—	—	23,295	600	24,068
Swiss Franc	36	6	—	13,318	4,049	17,409
Australian Dollar	15	—	—	11,181	1,251	12,447
British Pound Sterling	22	42	—	9,001	1,719	10,784
Swedish Krona	8	—	—	7,568	—	7,576
Danish Krone	9	—	—	7,225	—	7,234
Hong Kong Dollar	140	3	—	1,631	2,017	3,791
Israeli Shekel	20	—	—	1,345	—	1,365
US Dollar	—	—	—	1,340	—	1,340
Egyptian Pound	1,251	—	—	—	—	1,251
Singapore Dollar	10	—	—	874	—	884
Norwegian Krone	81	—	—	793	—	874
Canadian Dollar	—	824	—	—	—	824
New Zealand Dollar	5	—	—	369	—	374
South African Rand	—	—	314	—	—	314
Mexican Peso	—	1	306	—	—	307
Brazil Real	—	—	290	—	—	290
Estonia Kroon	—	—	—	—	—	—
Total	\$ 1,927	\$ 1,047	\$ 1,820	\$ 112,561	\$ 38,158	\$ 155,513

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

Currency	Cash and Short-term Investments	Equity	Fixed Income	Private Equity	Real Assets	International Funds	Forward Contracts	Total
U.S. Dollar	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,972,020	\$ —	\$ 1,972,020
Euro Currency Unit	40,229	1,848,235	56,362	789,714	399,125	—	232,315	3,365,980
Japanese Yen	15,953	1,948,970	4,736	—	3,229	374,291	321,476	2,668,655
Hong Kong Dollar	3,793	1,045,138	6,411	—	2,175	—	(30,411)	1,027,106
Pound Sterling	3,761	817,791	2,947	—	20,978	—	44,848	890,325
South Korean Won	331	350,867	—	—	285	—	411	351,894
Swiss Franc	28,986	575,673	3,234	—	—	—	164,997	772,890
New Zealand Dollar	376	17,113	—	—	1,135	—	(131,258)	(112,634)
Canadian Dollar	7,964	611,140	—	—	20,264	—	9,905	649,273
Brazil Real	309	106,007	2,027	—	7,301	—	(545)	115,099
Australian Dollar	1,203	425,652	—	—	10,824	—	112,776	550,455
Indian Rupee	1,460	216,075	—	—	—	—	(1,447)	216,088
South African Rand	955	123,872	1,735	—	1,058	—	(3,540)	124,080
New Taiwan Dollar	247	268,061	—	—	—	—	(2,216)	266,092
Thailand Baht	81	46,313	—	—	—	—	(156)	46,238
Swedish Krona	2,410	248,356	—	—	851	—	417,620	669,237
Indonesian Rupiah	861	45,044	5,075	—	—	—	(2,367)	48,613
Mexican Peso	534	35,215	434	—	6,364	—	2,112	44,659
Turkish Lira	50	48,605	—	—	986	—	874	50,515
Polish Zloty	(543)	14,260	—	—	—	—	907	14,624
Russian Ruble (New)	124	12,027	4,349	—	—	—	(808)	15,692
Malaysian Ringgit	642	21,344	—	—	—	—	—	21,986
Danish Krone	2,911	125,767	—	—	565	—	(6,922)	122,321
Colombian Peso	30	357	—	—	—	—	(2,094)	(1,707)
Peruvian Sol	3	—	6,911	—	—	—	(3,487)	3,427
Czech Koruna	1,033	1,091	—	—	—	—	2,616	4,740
Hungarian Forint	241	8,852	—	—	—	—	2,020	11,113
Chinese Yuan Renminbi	893	69,055	—	—	—	—	(45,864)	24,084
Israeli Shekel	75	36,460	—	—	2,264	—	(11,573)	27,226
Chilean Peso	607	17,045	—	—	—	—	1,030	18,682
Egyptian Pound	74	1,548	—	—	—	—	—	1,622
Philippines Peso	108	5,075	—	—	—	—	(2,075)	3,108
Dominican Republic Peso	—	—	1,568	—	—	—	—	1,568
UAE Dirham	177	7,696	—	—	—	—	—	7,873
Argentine Peso	2,766	—	—	—	—	—	—	2,766
Kazakhstani Tenge	—	—	1,353	—	—	—	—	1,353
Qatari Riyal	339	3,200	—	—	—	—	—	3,539
Uruguayan Peso	—	—	2,444	—	—	—	—	2,444
Ukraine Hryvnia	—	—	2,637	—	—	—	—	2,637
Romanian Leu	—	—	—	—	—	—	2,069	2,069
Chinese R Yuan HK	—	—	—	—	—	—	1,400	1,400
Moroccan Dirham	1	—	—	—	—	—	—	1
Saudi Arabian Riyal	201	5,119	—	—	—	—	—	5,320
Singapore Dollar	1,886	153,087	—	—	—	—	(79,429)	75,544
Norwegian Krone	1,174	86,565	—	—	—	—	(64,105)	23,634
Total	\$ 122,245	\$ 9,346,675	\$ 102,223	\$ 789,714	\$ 477,404	\$ 2,346,311	\$ 929,079	\$ 14,113,651

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

Currency	Deposits
British Pound Sterling	\$ 268
Euro Currency Unit	706
Swiss Franc	10
Total	\$ 984

Fair Value Measurements

Primary Government

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

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

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

The following tables summarize recurring fair value measurements for the cash equivalents and investments reported by the primary government (excluding Virginia Retirement System Pooled Investments) and the System (Virginia Retirement System Pooled Investments) as of June 30, 2020.

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

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value Measured Using Fair Value Hierarchy				
<u>Debt Securities (1)</u>				
U. S. Treasury and Agency Securities	\$ 1,470,621	\$ 1,347,451	\$ 123,170	\$ —
Corporate Bonds and Notes	1,581,407	1,857	1,579,550	—
Supranational and Non-U.S. Government Bonds and Notes	128,694	—	128,694	—
Commercial Paper	3,163,430	—	3,163,430	—
Negotiable Certificates of Deposit	3,587,268	—	3,587,268	—
Municipal Securities	16,021	3,050	12,971	—
Asset Backed Securities	356,394	2	356,392	—
Agency Mortgage Backed Securities	481,998	—	481,998	—
Agency Unsecured Bonds and Notes	3,044,055	9,802	3,034,253	—
Mutual and Money Market Funds (Includes SNAP)	3,737	3,737	—	—
Fixed Income and Commingled Funds	925,586	925,586	—	—
International and Emerging Markets Funds	310,767	310,767	—	—
Other Debt Securities	112,847	—	112,847	—
Total Debt Securities	15,182,825	2,602,252	12,580,573	—
<u>Equity Securities (2)</u>				
Common and Preferred Stocks	573,392	561,814	11,578	—
Foreign Currencies	960	960	—	—
Equity Index and Pooled Funds	2,193,594	2,193,499	—	95
Equity Mutual Funds	90,488	90,488	—	—
Real Estate	130,791	123,116	—	7,675
International and Emerging Markets Funds	480,979	480,979	—	—
Other Equity Securities	35	35	—	—
Total Equity Securities	3,470,239	3,450,891	11,578	7,770
Total by Fair Value Level	\$ 18,653,064	\$ 6,053,143	\$ 12,592,151	\$ 7,770
Fair value established using the net asset value (NAV) (3)				
Fixed Income and Commingled Funds	650,534			
Equity Index and Pooled Funds	143,130			
Real Estate	156,146			
Other Equity Securities	480,529			
Total Fair Value Established Using the Net Asset Value (NAV) (3)	1,430,339			
Total Fair Value	\$ 20,083,403			

- (1) Debt securities are classified as follows:
- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
 - Level 2 - valued using a matrix pricing model and observable prices using dealer quotes for similar securities traded in active markets.
- (2) Equity securities are classified as follows:
- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
 - Level 2 - valued using dealer quotes for similar securities traded in active markets.
 - Level 3 - valued using independent appraisals.
- (3) Investments reported at fair value established using the NAV were all part of the Virginia College Savings Plan's (Virginia529) Prepaid529 and Invest529 programs. The following tables (dollars in thousands) summarizes Prepaid529 and Invest529's investments measured at the NAV and related disclosures as of June 30, 2020. Additional information is available in the Virginia529 individually published financial statements, which may be obtained at www.virginia529.com.

Description of Prepaid529 Investments Measured at the NAV:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge Funds				
Blackstone - Hedge Fund of Funds	\$ 137,083	\$ —	Semi-Annual	95 Days
Equity Real Estate				
UBS Realty Investors	48,176	—	Quarterly	60 Days
Private Debt & Private Equity Funds of Funds				
Golub Capital	38,750	23,625		
Schroder FOC II L	31,250	93,750		
Private Advisors	35,305	5,010		
Adams Street Partners	151,304	54,158		
LGT Capital Partners	6,300	4,460		
Neuberger Berman	26,285	9,404		
Aether Investment Partners	28,610	18,082		
Common fund	11,432	1,990		
Horseley Bridge Partners	3,028	16,672		
Common Trust Funds & Other				
Wellington Management	206,999	—	Monthly	10 Days
Ferox Capital	79,352	—	Daily	2 Days
Black Rock	294,183	—	Daily	3 Days
Sands Capital	81,181	—	Monthly	10 Days
Total Investments Measured at the NAV	<u>\$ 1,179,238</u>			

- **Hedge Funds** – This investment type includes one hedge fund. The Blackstone Partners Offshore Fund is diversified, multi-strategy hedge fund of funds. Underlying investment strategies include a range of asset classes and the funds are not restricted from participating in any market, strategy or investment. The fair value of investments in this type has been determined using the NAV per share of the investments.
- **Equity Real Estate** – This investment type includes one limited partnership. The UBS Trumbull Property Fund's investment strategy is to invest primarily through direct equity-owned real estate assets. The fund also has flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however debt may be used where UBS determines leverage is prudent and is expected to enhance total return without undue risk. The fair values of investments in this type have been determined using the NAV per share of Virginia529's ownership of the partnership.
- **Private Debt and Private Equity Funds of Funds** – This investment type includes private equity funds of funds managed by seven managers and two private debt funds. These investments cannot be redeemed from the fund. Capital is generally expected to be called during the initial 4 to 5 years and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. Secondaries funds of funds may have an accelerated capital call and return of capital profile. Virginia529 invests in multiple funds with three of its private equity investment managers and is also diversified by vintage year with respect to these investments. The fair values of investments in this type have been determined using the March 31, 2020 NAV of Virginia529's ownership of the partnership, adjusted for cash flows (capital calls) through June 30, 2020.
- **Common Trust Funds & Other** – This investment type includes three common trust funds and one limited partnership. The fair value of investments in this type have been determined using the NAV per share of the investments.

Description of Invest529 Investments Measured at the NAV:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Common Trust Funds & Other				
Wellington Management Co. LLP	\$ 143,130	\$ —	Daily	N/A
Equity Real Estate				
UBS Realty Investors	59,331	—	Quarterly	60 Days
Blackstone Property Partners	48,640	—	Quarterly	90 Days
Total Investments Measured at the NAV	<u>\$ 251,101</u>			

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

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

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value Measured Using Fair Value Hierarchy				
<u>Debt Securities (1)</u>				
U. S. Treasury and Agency Securities	\$ 2,577,712	\$ 1,401,243	\$ 1,176,469	\$ —
Corporate Bonds and Notes	8,081,029	—	8,081,029	—
Collateralized Mortgage Obligations	523,227	—	523,227	—
Commercial Mortgages	500,487	—	500,487	—
Supranational and Non-U.S. Government Bonds and Notes	1,076,161	—	1,076,161	—
Mutual and Money Market Funds	246,837	246,837	—	—
Negotiable Certificates of Deposit	175,109	—	175,109	—
Municipal Securities	105,037	—	105,037	—
Asset Backed Securities	968,617	—	968,617	—
Agencies	2,950,717	—	2,950,717	—
Fixed Income and Commingled Funds	19,651	—	—	19,651
Other Debt Securities	20,568	—	—	20,568
Fixed Income Derivatives	1,362	(336)	1,698	—
Total Debt Securities	<u>17,246,514</u>	<u>1,647,744</u>	<u>15,558,551</u>	<u>40,219</u>
<u>Equity Securities (2)</u>				
Common and Preferred Stocks	22,842,164	22,819,038	22,022	1,104
Equity Index and Pooled Funds	30,001	—	—	30,001
Real Assets	953,221	—	—	953,221
Equity Futures and Swaps	145,176	11,163	134,013	—
Private Equity	3,491	—	—	3,491
Total Equity Securities	<u>23,974,053</u>	<u>22,830,201</u>	<u>156,035</u>	<u>987,817</u>
Total by Fair Value Level	<u>\$ 41,220,567</u>	<u>\$ 24,477,945</u>	<u>\$ 15,714,586</u>	<u>\$ 1,028,036</u>
Total Fair Value Established Using the Net Asset Value (NAV) (3)	39,231,380			
Total Fair Value	<u>\$ 80,451,947</u>			

(1) Debt securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using a proprietary matrix pricing technique. This pricing technique defines a primary source and secondary sources to be used if the primary pricing source does not provide a value. Typically, these securities are valued using bid evaluations. The valuation techniques may include market participants' assumptions, quoted prices for similar assets, benchmark yield curves, market corroborated inputs, and other data inputs.
- Level 3 - valued using proprietary information.

(2) Equity securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or model-driven valuations in which all significant inputs are observable.
- Level 3 - valued using proprietary information. When observable inputs are not available, this results in using one or more valuation techniques, such as the market approach, the income approach, and/or the cost approach, for which sufficient and reliable data is available. Within this level, the use of the market approach generally consists of using comparable market transactions or other data, while the use of the income approach generally consists of the net present value of estimated future cash flows. The cost approach is often based on the amount that would currently be required to replace an asset with one of comparable utility.

(3) The following table (dollars in thousands) summarizes the System's investments measured at the NAV per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Cash equivalents and certain other short-term, highly liquid investments that are measured at amortized cost are also not classified in the fair value hierarchy.

Description of Investments Measured at the NAV:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds				
Equity long/short funds	\$ 4,290,933	\$ —	Quarterly, annually	45-90 days
Equity long only funds	1,861,278	—	Daily, quarterly, annually	14-90 days
Credit funds	151,576	—	Quarterly, annually	45-90 days
Multi-strategy funds	1,669,874	—	Monthly, semi-annually	30-60 days
Total hedge funds	7,973,661	—		
Credit strategies funds				
Bank loan and direct lending funds	3,280,914	1,666,702		
Distressed debt funds	847,694	851,468		
Mezzanine debt funds	578,705	769,242		
Multi-strategy funds	1,276,074	1,370,166		
Opportunistic funds	1,979,611	380,532		
Other Funds	25,919	130,141		
Total credit strategies funds	7,988,917	5,168,251		
Private equity funds				
Buyout funds	5,656,032	3,031,590		
Energy funds	499,633	144,527		
Growth funds	1,413,063	937,834		
International buyout funds	1,427,026	738,046		
Special situations funds	1,106,583	1,341,351		
Subordinated debt funds	129,060	199,516		
Turnaround funds	419,538	365,823		
Venture capital funds	54,736	13,854		
Total private equity funds	10,705,671	6,772,541		
Equity international commingled funds	2,117,346	—		
Fixed-income commingled funds	1,357,513	—		
Real estate and real asset funds				
Infrastructure funds	1,757,561	800,134		
Natural resources funds	1,374,892	441,716		
Private investment real estate funds	5,662,183	774,743		
Private real estate investment trusts	183,773	—		
Total real estate and real asset funds	8,978,409	2,016,593		
U. S. Equity commingled funds	109,863	—		
Total investments measured at the NAV	\$ 39,231,380	\$ 13,957,385		

- **Equity Long/Short Hedge Funds** – This type included investments in ten hedge funds as of June 30, 2020, which invest in global long and short equity positions. Management of each hedge fund has the ability to invest from value to growth strategies, from small to large capitalization stocks and may vary net exposure considerably. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 60.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 to 60 months after acquisition. The remaining restriction period for these investments was within 12 months as of June 30, 2020.
- **Equity Long-Only Hedge Funds** – This type included an investment in four hedge funds as of June 30, 2020, which invest in global long-only equity positions. These hedge funds are generally fully invested and only very occasionally may take short positions for hedging purposes. The fair value of the investment in this type has been determined using the NAV per share of the investments. Investments representing approximately 50.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 to 60 months after acquisition. The remaining restriction period for these investments was less than 12 months as of June 30, 2020.
- **Credit Hedge Funds** – This type included investments in two hedge funds as of June 30, 2020, which invest in event-driven, distressed and special situation credit opportunities. The fair values of the investments in this type have been determined using the NAV per share of the investments. At June 30, 2020, there were no restrictions preventing the redemption of any of the investments in this category during the next 12 months.
- **Multi-Strategy Hedge Funds** – This type included investments in six hedge funds as of June 30, 2020, which invest in multiple asset classes, combining exposure to balance risks. Such exposure can include traditional and alternative investments. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 35.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 36 to 60 months after acquisition. The remaining restriction period for these investments was 1 to 12 months as of June 30, 2020.
- **Credit Strategies Funds** – This type consists of many fund categories, including bank loan and direct lending funds, distressed debt funds, mezzanine debt funds, multi-strategy funds, and opportunistic funds. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets in the fund. If these investments were held, it is expected that the underlying assets in the fund would be liquidated over 3 to 5 years.
- **Private Equity Funds** – This type consists of many fund categories including Venture Capital, Buyout, Subordinated Debt, Growth Capital, Turnaround, Energy and Special Situations. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments involves receiving distributions through liquidation of the underlying fund assets. It is expected that hold periods for the underlying fund assets will range from 3 to 8 years.
- **Equity International Commingled Funds** – This type includes investments in eight institutional investment funds as of June 30, 2020, which invest in international equities. These funds employ a variety of investment strategies in global developed and emerging markets. The fair values of the investments in these funds have been determined using the NAV per share of the investments. Redemptions can be made from these funds, given the appropriate notice, any regular trading day on the NYSE.
- **Fixed Income Commingled Funds** – This type consists of nine institutional investment funds that invest in U.S. and multi-national fixed income markets. The fair values of the investments in these funds have been determined using the NAV per share of the investments.
- **U.S. Equity Commingled Funds** – This type includes investments in five institutional investment funds as of June 30, 2020, which invest in domestic equities. These funds employ a variety of investment strategies in small-, mid-, and large-cap U.S. stocks. The fair values of the investments in these funds have been determined using the NAV per share of the investments. Redemptions can be made from these funds, given the appropriate notice, any regular trading day on the NYSE.
- **Real Assets** – This type includes investments in many fund categories including Private Investment Real Estate, Private Real Estate Investment Trusts, Infrastructure and Natural Resources. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments in this type is that distributions are received through income as well as the liquidation of the underlying assets in the fund. If these investments were held, it is expected that the underlying assets of the funds would be liquidated over 1 to 14 years.

Component Units

The following table summarizes fair value measurements for the cash equivalents and investments reported by the component units as of June 30, 2020. The table excludes cash equivalents and investments measured at fair value by the foundations that follow FASB standards.

Fair Value Measurements - Component Units (Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value Measured Using Fair Value Hierarchy				
Debt Securities (1)				
U. S. Treasury and Agency Securities	\$ 522,598	\$ 358,920	\$ 163,678	\$ —
Corporate Bonds and Notes	433,306	22,519	410,787	—
Supranational and Non-U.S. Government Bonds and Notes	804	804	—	—
Commercial Paper	15,487	7,793	7,694	—
Negotiable Certificates of Deposit	44,193	17,179	27,014	—
Repurchase Agreements	138,846	—	138,846	—
Municipal Securities	202,319	529	201,790	—
Asset-Backed Securities	251,298	9,760	241,538	—
Agency Mortgage-Backed Securities	734,300	24,195	710,105	—
Agency Unsecured Bonds and Notes	260,429	12,033	248,396	—
Mutual and Money Market Funds	509,031	503,423	5,608	—
Fixed Income and Commingled Funds	35,260	35,260	—	—
Other Debt Securities	18,781	16,503	2,278	—
Total Debt Securities	3,166,652	1,008,918	2,157,734	—
Equity Securities (2)				
Common and Preferred Stocks	38,185	38,185	—	—
Equity Index and Pooled Funds	215,466	215,466	—	—
Real Estate	2,674	2,640	—	34
International and Emerging Markets Fund	18,042	18,042	—	—
Other Equity Securities	2,284	606	1,672	6
Total Equity Securities	276,651	274,939	1,672	40
Total by Fair Value Level	\$ 3,443,303	\$ 1,283,857	\$ 2,159,406	\$ 40
Fair Value Established Using the Net Asset Value (NAV) (3)				
Fixed Income and Commingled Funds	82,060			
Other Debt Securities	19,509			
Equity Index and Pooled Funds	106,618			
Index Funds	6,407			
Real Estate	822			
Other Equity Securities	1,179,081			
Total Fair Value Established Using the NAV	1,394,497			
Total Fair Value	\$ 4,837,800			

(1) Debt securities are classified as follows:

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

(2) Equity securities are classified as follows:

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

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

Securities Lending

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

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

The State Treasury's contract with Deutsche Bank provides for loss indemnification against insolvency default with respect to lending transactions and in the case of reverse transactions (Repurchase Agreements) as defined in the applicable Agency Securities Lending and Repurchase Agreement. In March 2018, Deutsche Bank announced it put in place a custom insurance solution written by a (AA-rated by S&P) specialty casualty insurer that backstops Deutsche Bank's indemnification obligation. Additionally, Deutsche Bank AG is liable for any losses experienced from reinvestment of cash collateral in investments not authorized by the provisions of the investment guidelines for the Commonwealth of Virginia agreed upon by both parties and made a part of the Agency Securities Lending and Repurchase Agreement. There were no realized losses resulting from default during this reporting period.

When securities are loaned, the collateral received is at least 100.0 percent of fair value of the securities loaned and must be maintained at 100.0 percent or greater. There are no stated restrictions on the amount of securities that may be loaned, but the basic composition of the general account portfolio effectively restricts the maximum percentage of the portfolio that may be loaned. During the last fiscal year, approximately 7.7 percent of the general account securities were on loan.

During the past year, a combination of U.S. Treasury, agency, agency mortgage and corporate securities have been loaned, with the majority of the loaned securities being U.S. Treasury and agency securities. As of June 30, 2020, all collateral received was in the form of cash.

Securities loaned for the State Treasurer's cash collateral reinvestment pool, which consisted of 92.8 percent general account funds and 7.2 percent Virginia Lottery funds as of June 30, 2020, had a carrying value of \$1.1 billion and a fair value of \$1.2 billion. The fair value of the collateral received was \$1.2 billion providing for coverage of 101.0 percent. At year-end, the State Treasury's securities lending program had no credit risk exposure to borrowers because the amounts it owed the borrowers exceeded the amounts the

borrowers owed Treasury's securities lending program. All securities are marked to market daily. The carrying value of the cash collateral reinvestment pool received was \$1.2 billion and the cost of the investments purchased with the cash collateral was \$1.2 billion. As of June 30, 2020, the State Treasurer's cash collateral reinvestment pool had an unrealized gain of \$198,000, and is recorded in the General Fund as stated in Note 1.FF. This amount is included in the total State Treasurer's Portfolio discussed earlier in this note.

Cash collateral reinvestment guidelines were amended effective April 16, 2014. Approved investment instruments include Indemnified Repurchase Agreements marked to market daily and preapproved Government Money Market Funds. Term repurchase agreements are limited to 93 days. As of June 30, 2020, 100.0 percent of cash collateral reinvestments were in indemnified repurchase agreements.

As of June 30, 2020, the cash collateral reinvestment portfolio had a weighted average maturity to reset date of one day. Using the expected maturity date, the weighted average maturity was 42 days and using the final maturity date, which assumes no pay downs on any asset-backed or mortgage-backed securities, the weighted average maturity was 42 days.

As of June 30, 2020, the cash collateral reinvestment portfolio was in compliance with the State Treasury's current cash collateral reinvestment guidelines.

Under authorization of the Board, the System lends its fixed income and equity securities to various broker-dealers on a temporary basis. This program is administered through an agreement with the System's custodial agent bank. All security loan agreements are collateralized by cash, securities, or an irrevocable letter of credit issued by a major bank, and have a fair value equal to at least 102.0 percent of the fair value for domestic securities and 105.0 percent for international securities. Securities received as collateral cannot be pledged or sold by the System unless the borrower defaults. Contracts require the lending agents to indemnify the System if the borrowers fail to return the securities lent and related distributions and if the collateral is inadequate to replace the securities lent. All securities loans can be terminated on demand by either the System or the borrowers. The majority of loans are open loans, meaning the rebate is set daily. This results in a maturity of one or two days on average, although securities are often on loan for longer periods. The maturity of loans generally does not match the maturity of collateral investments, which averages 27 days. At year-end, the System had no credit risk exposure to borrowers because the amounts it owes the borrowers exceeded the amounts the borrowers owe the System. All securities are marked to market daily and carried at fair value. The fair value of securities on loan as of June 30, 2020, was \$5.6 billion. The June 30, 2020, balance was composed of U.S. Government and agency securities of \$879.3 million, corporate and other bonds of \$1.5 billion, common and preferred stocks of \$3.2 billion and supranational and non-U.S. Government bonds of \$52.1 million. The value of collateral (cash and non-cash) as of June 30, 2020, was \$5.9 billion.

As of June 30, 2020, the invested cash collateral had a cost of \$3.5 billion and was composed of negotiable certificates of deposit of \$203.6 million, floating rate notes of \$1.6 billion, commercial paper of \$530.2 million, money market and

mutual funds of \$623.2 million, supranational & non-U.S. Government bonds of \$10.5 million and repurchase agreements of \$446.3 million.

8. RECEIVABLES

The following schedule (dollars in thousands) details the accounts, loans, local school bonds, interest, taxes, prepaid tuition contributions, security transactions, service concession arrangement upfront payments, and other receivables presented in the major funds, aggregated nonmajor funds by type, internal service funds, fiduciary funds, major component units, and aggregated nonmajor component units, as of June 30, 2020.

	Accounts Receivable	Loans / Mortgage Receivable	Local School Bonds Receivable	Interest Receivable	Taxes Receivable
Primary Government:					
General (1)	\$ 1,259,218	\$ —	\$ —	\$ 491,979	\$ 2,535,105
Major Special Revenue Funds:					
Commonwealth Transportation (2)	141,216	236,332	—	1,180	234,215
Federal Trust	2,945,820	472	—	—	—
Literary	294,155	86,426	—	40,068	—
Nonmajor Governmental Funds (2)	228,814	7,621	—	22,723	7,578
Major Enterprise Funds:					
Virginia Lottery	85,420	—	—	—	—
Virginia College Savings Plan	12,669	—	—	5,130	—
Unemployment Compensation	136,963	—	—	—	—
Nonmajor Enterprise Funds	61,118	—	—	—	—
Internal Service Funds	22,747	—	—	—	—
Private Purpose Trust Funds	309	—	—	4,395	—
Pension and Other Employee Benefit Trust Funds (3)	248,445	—	—	243,708	—
Custodial Funds - External Investment Pool	—	—	—	7,013	—
Custodial Funds - Other (3)	633	—	—	147	131,963
Total Primary Government (4)	\$ 5,437,527	\$ 330,851	\$ —	\$ 816,343	\$ 2,908,861
Discrete Component Units:					
Virginia Housing Development Authority (5)	\$ —	\$ 6,133,528	\$ —	\$ 25,844	\$ —
Virginia Public School Authority (6)	—	—	3,295,744	55,370	—
Virginia Resources Authority	—	4,268,689	—	36,709	—
Virginia College Building Authority	—	—	—	20,914	—
Nonmajor Component Units (7)	2,020,777	136,351	—	5,812	5,010
Total Component Units	\$ 2,020,777	\$ 10,538,568	\$ 3,295,744	\$ 144,649	\$ 5,010

Note (1): The General Fund (major) reports pending investment transactions of \$42,022 (dollars in thousands) as Other Receivables.

Note (2): The loans receivable in the Commonwealth Transportation Fund (major) includes \$200.0 million from the Virginia Transportation Infrastructure Bank as discussed in Note 21.D. In the nonmajor governmental funds, it represents the amounts to be received for current debt service requirements. The amount to be received for long-term debt service requirements of \$68.8 million is included in the government-wide statements but excluded from the above amounts.

Note (3): In the Pension, Other Employee Benefit Trust Funds and Custodial Funds - Other, Interest Receivable of \$243,855 (dollars in thousands) also includes dividends receivable. Additionally, Other Receivables of \$246,815 (dollars in thousands) are made up of \$215,331 (dollars in thousands) in pending investment transactions, which includes \$102,627 (dollars in thousands) in external investment manager receivable, \$28,099 (dollars in thousands) in foreign exchange receivable, \$82,488 (dollars in thousands) in credit hedge fund receivable, \$510 (dollars in thousands) in settled swaps, and \$1,607 (dollars in thousands) in securities lending; and \$31,484 (dollars in thousands) in other receivables related to benefit plans.

Note (4): Fiduciary net receivables in the amount of \$2,207,735 (dollars in thousands) are not included in the Government-wide Statement of Net Position.

Note (5): The Virginia Housing Development Authority (major component unit) reports \$5,731,209 (dollars in thousands) as Restricted Loans/Mortgage Receivable, \$23,698 (dollars in thousands) as Restricted Interest Receivable, and \$70,832 as Restricted Other Receivables.

Note (6): The Virginia Public School Authority (major component unit) reports \$3,295,744 (dollars in thousands) as Local School Bonds Receivable. This amount will be used to repay the Authority's bonds.

Note (7): Other Receivables of the nonmajor component units are primarily comprised of pledges receivable of \$83,130 (dollars in thousands) reported by the University of Virginia; third-party settlements and non-patient receivables of \$103,714 (dollars in thousands) reported by Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University); \$55,806 (dollars in thousands) reported by foundations of the higher education institutions representing FASB reporting entities defined in Note 1.B.; and \$60,142 (dollars in thousands) reported by the Virginia Port Authority, \$9,055 (dollars in thousands) reported by the Virginia Biotechnology Research Partnership Authority.

Prepaid Tuition Contributions Receivable	Security Transactions	Service Concession Arrangement Upfront Payments	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Amounts to be Collected Greater than One Year
\$ —	\$ —	\$ —	\$ 42,022	\$ (1,769,048)	\$ 2,559,276	\$ 540,309
—	—	1,020,000	—	(45,780)	1,587,163	1,239,455
—	—	—	—	(7,123)	2,939,169	55,634
—	—	—	—	(300,715)	119,934	76,661
—	—	—	64	(98,138)	168,662	5,376
—	—	—	—	—	85,420	—
164,264	—	—	3,094	—	185,157	122,838
—	—	—	31,021	(18,597)	149,387	—
—	—	—	—	(1,319)	59,799	—
—	—	—	—	(834)	21,913	—
—	—	—	201	—	4,905	—
—	1,382,205	—	246,685	—	2,121,043	—
—	—	—	—	—	7,013	—
—	834	—	130	(58,933)	74,774	2,392
<u>\$ 164,264</u>	<u>\$ 1,383,039</u>	<u>\$ 1,020,000</u>	<u>\$ 323,217</u>	<u>\$ (2,300,487)</u>	<u>\$ 10,083,615</u>	<u>\$ 2,042,665</u>
\$ —	\$ —	\$ —	\$ 18,035	\$ (219,984)	\$ 5,957,423	\$ 5,869,358
—	—	—	—	—	3,351,114	3,012,428
—	—	—	1,762	(569)	4,306,591	3,974,177
—	—	—	—	—	20,914	—
—	—	—	318,084	(812,976)	1,673,058	331,640
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 337,881</u>	<u>\$ (1,033,529)</u>	<u>\$ 15,309,100</u>	<u>\$ 13,187,603</u>

9. CONTRIBUTIONS RECEIVABLE, NET

The following schedule details the contributions receivable for foundations(1) included with the nonmajor component units, as of June 30, 2020. The major component units reported no contributions receivable for fiscal year 2020.

(Dollars in Thousands)

	Due in Less Than One Year	Due Between One and Five Years	Due in More Than Five Years	Subtotal	Present Value Discount (2)	Allowance for Doubtful Accounts	Contributions Receivable, Net
Discrete Component Units:							
Nonmajor Component Units	\$ 200,848	\$ 355,940	\$ 140,757	\$ 697,545	\$ (48,841)	\$ (27,846)	\$ 620,858
Total Component Units	<u>\$ 200,848</u>	<u>\$ 355,940</u>	<u>\$ 140,757</u>	<u>\$ 697,545</u>	<u>\$ (48,841)</u>	<u>\$ (27,846)</u>	<u>\$ 620,858</u>

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

Note (2): The discount rate used to determine present value ranges from 0.1 percent to 9.3 percent.

10. INTERFUND AND INTER-ENTITY ASSETS / LIABILITIES

Due from/to Other Funds

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

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

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

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

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

The following schedule shows the Due from/to Other Funds as of June 30, 2020.

Schedule of Due from/to Other Funds

June 30, 2020

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		Primary Government	
General Fund	\$ 34,841	Major Special Revenue Funds:	
		Commonwealth Transportation	\$ 6,629
		Federal Trust	326
		Nonmajor Governmental Funds	297
		Major Enterprise Funds:	
		Virginia Lottery	8,781
		Nonmajor Enterprise Funds	17,766
		Internal Service Funds	1,042
Major Special Revenue Funds:			
Commonwealth Transportation	77,374	Major Special Revenue Funds:	
		Federal Trust	1,156
		Nonmajor Governmental Funds	76,218
Federal Trust	588	General Fund	4
		Major Enterprise Funds:	
		Unemployment Compensation	584
Literary	2,531	Major Enterprise Funds:	
		Virginia Lottery	2,531
Nonmajor Governmental Funds	45,845	Major Special Revenue Funds:	
		Commonwealth Transportation	42,649
		Federal Trust	2,237
		Major Enterprise Funds:	
		Unemployment Compensation	154
		Nonmajor Enterprise Funds	805
Major Enterprise Funds:			
Unemployment Compensation	18,320	General Fund	2,486
		Major Special Revenue Funds:	
		Commonwealth Transportation	331
		Federal Trust	14,779
		Nonmajor Governmental Funds	315
		Major Enterprise Funds:	
		Virginia Lottery	8
		Virginia College Savings Plan	1
		Nonmajor Enterprise Funds	358
		Internal Service Funds	42
Nonmajor Enterprise Funds	775	General Fund	196
		Major Special Revenue Funds:	
		Commonwealth Transportation	357
		Federal Trust	147
		Nonmajor Governmental Funds	55
		Nonmajor Enterprise Funds	20
Internal Service Funds	68,299	General Fund	35,184
		Major Special Revenue Funds:	
		Commonwealth Transportation	11,806
		Federal Trust	8,857
		Nonmajor Governmental Funds	4,177
		Major Enterprise Funds:	
		Virginia Lottery	219
		Virginia College Savings Plan	105
		Nonmajor Enterprise Funds	7,376
		Internal Service Funds	575
Total Primary Government	<u>\$ 248,573</u>	Total Primary Government	<u>\$ 248,573</u>

Schedule of Due from/to Internal/External Parties

June 30, 2020

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		Primary Government	
General Fund	\$ 742	Custodial Funds - Other	\$ 742
Major Special Revenue Funds:			
Commonwealth Transportation	64	Custodial Funds - Other	64
Nonmajor Governmental Funds	248	Custodial Funds - Other	248
Internal Service Funds	244	Pension and Other Employee Benefit Trust Funds	244
Pension and Other Employee Benefit Trust Funds	31,809	General Fund	19,936
		Major Special Revenue Funds:	
		Commonwealth Transportation	5,419
		Federal Trust	2,596
		Nonmajor Governmental Funds	2,338
		Major Enterprise Funds:	
		Virginia Lottery	210
		Virginia College Savings Plan	95
		Nonmajor Enterprise Funds	763
		Internal Service Funds	452
Custodial Funds - Other	6,094	General Fund	6,085
		Major Special Revenue Funds:	
		Commonwealth Transportation	9
Total Primary Government	<u>\$ 39,201</u>	Total Primary Government	<u>\$ 39,201</u>

Interfund Receivables/Payables

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

The following schedule shows the Interfund Receivables/Payables for the primary government as of June 30, 2020. There were no Interfund Receivables/Payables for the component units as of June 30, 2020.

Interfund Receivables/Payables

June 30, 2020

(Dollars in Thousands)

Receivable From	Amount	Payable To	Amount
Primary Government		Primary Government	
Nonmajor Government Funds	\$ 227,446	General Fund	\$ 1,115
		Major Special Revenue Funds:	
		Commonwealth Transportation	5,100
		Federal Trust	27,352
		Major Enterprise Funds:	
		Virginia Lottery	25,000
		Nonmajor Enterprise Funds	33,130
		Internal Service Funds	135,749
Total Primary Government	<u>\$ 227,446</u>	Total Primary Government	<u>\$ 227,446</u>

Due from/to Primary Government and Component Units

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

A due from primary government amount that is due from the Federal Trust Fund (major special revenue) to the Virginia College Building Authority (major component unit) of \$1.2 million is for interest on Build America Bonds (BABs).

A \$16.1 million due from primary government amount that is due from the General Fund (major governmental) to the higher education institutions (nonmajor component units) is for payments awaiting disbursements and appropriations available for capital projects and other programs. The General Fund reports \$347,914 in the fund financial statements and an additional \$15.8 million in the government-wide financial statements.

A \$4,271 due from primary government amount represents an amount due from a nonmajor governmental fund related to the Department of the Treasury's reimbursement programs to George Mason University (nonmajor component unit).

A due from primary government amount that is due from the Virginia Public Building Authority (capital projects fund) to the Virginia Port Authority (nonmajor component unit) of \$19.9 million represents bond revenue to be used for capital projects.

A \$25.1 million due from component units in the Health Care Fund (internal service fund) represents amounts due from the nonmajor component units.

A \$1.2 million due from component units represents monies owed for administrative and project expenses from the Science Museum of Virginia Foundation (nonmajor component unit) to a nonmajor governmental fund. The entire nonmajor governmental amount is reported in the government-wide financial statements.

The \$125.3 million due from component units amount represents amounts due from the Virginia College Building Authority (major component unit) for the Department of the Treasury's reimbursement programs to higher education institutions (nonmajor component units).

Due from/to Component Units and Fiduciary Funds

A \$36.7 million due from component units in the Pension and Other Employee Benefit Trust Funds (fiduciary funds) represents amounts due from nonmajor component units.

Loans Receivable/Payable Between Primary Government and Component Units

The Virginia College Building Authority (major component unit) loan of \$55.8 million was used to reimburse institutions under the 21st Century College and Equipment Program until bonds were sold. The amount is due to a nonmajor governmental fund.

The \$187.2 million in loans receivable from primary government represents loans from the Virginia Public School Authority (VPSA) (major component unit) to the Literary Special Revenue Fund (major governmental fund). The VPSA makes grants to local school divisions to finance the purchase of educational technology and security equipment. The VPSA makes these grants using the proceeds of notes issued for that purpose, which will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Special Revenue Fund (major governmental fund).

11. OTHER ASSETS

The following table summarizes Other Assets as of June 30, 2020.

(Dollars in Thousands)

	Cash and Travel Advances	Net OPEB Asset (1)	Other Assets	Total Other Assets
Primary Government:				
General	\$ 1,654	\$ —	\$ —	\$ 1,654
Major Special Revenue Funds:				
Commonwealth Transportation	283	—	—	283
Federal Trust	1,813	—	—	1,813
Nonmajor Governmental Funds	324	—	—	324
Major Enterprise Funds:				
Virginia Lottery	1	916	—	917
Virginia College Savings Plan	—	398	—	398
Nonmajor Enterprise Funds	206	3,278	40	3,524
Internal Service Funds (2)	—	2,115	34,719	36,834
Custodial Funds - Other (3)	—	—	3	3
Total Primary Government	<u>\$ 4,281</u>	<u>\$ 6,707</u>	<u>\$ 34,762</u>	<u>\$ 45,750</u>
Discrete Component Units:				
Virginia Housing Development Authority (4)	\$ —	\$ —	\$ 47,633	\$ 47,633
Nonmajor Component Units (5)	326	—	136,290	136,616
Total Component Units	<u>\$ 326</u>	<u>\$ —</u>	<u>\$ 183,923</u>	<u>\$ 184,249</u>

- Note (1) Other noncurrent assets in the proprietary funds represent the Virginia Sickness and Disability Program Net OPEB Asset applicable to the respective fund. The proprietary fund amounts are reclassified to Other Restricted Assets in the Government-wide Statement of Net Position.
- Note (2) Of the \$34,719 (dollars in thousands) shown above, \$33,864 (dollars in thousands) and \$854,458 represent Virginia Information Technologies Agency and Virginia Correctional Enterprises, respectively, amounts due from various governmental funds that will not be received within 60 days. These amounts are reclassified to an internal balance on the Government-wide Statement of Net Position.
- Note (3) Custodial Funds - Other amount of \$3,000 shown above is not included in the Government-wide Statement of Net Position.
- Note (4) Other Assets of the Virginia Housing Development Authority are comprised of mortgage servicing rights of \$47,633 (dollars in thousands).
- Note (5) Other Assets of the nonmajor component units are primarily comprised of miscellaneous items spread among the higher education institutions and related foundations. Other Assets of the Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University - nonmajor component unit) include investments in Virginia Premier Health Plan and the Rehab JV (Sheltering Arms Institute) of \$66,963 (dollars in thousands).

12. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The Commonwealth Transportation Fund (major special revenue), Debt Service Fund (nonmajor governmental), and Capital Project Fund (nonmajor governmental) reported \$1.9 billion in restricted cash, cash equivalents, and investments primarily related to bond agreements. The governmental and business-type activities funds reported other restricted assets of \$116.3 million and \$4.6 million, respectively, for the Virginia Sickness and Disability Program Net OPEB Asset. See Note 11, Other Assets, for more information related to the Enterprise and Internal Service Funds.

The Virginia Housing Development Authority, the Virginia Public School Authority, and the Virginia College Building Authority (all major component units) reported restricted assets totaling \$2.1 billion, \$296.4 million, and \$40.7 million, respectively. These major component units' assets are restricted for debt service under a bond indenture or other agreement, or for construction and equipment.

The Virginia Resources Authority (major component unit) reported restricted assets of \$938.0 million. Of this amount, \$930.2 million is restricted for loans to local governments, bond indentures, or federal and state regulations for various revolving funds, and \$7.8 million is restricted for the Operating Reserve Fund for the Virginia Pooled Financing Program.

The Virginia Port Authority (nonmajor component unit) reported restricted assets of \$144.3 million primarily for debt service under bond agreements, construction and other project funds.

The Tobacco Region Revitalization Commission (nonmajor component unit) reported restricted assets of \$191.6 million to be used for financial aid to tobacco growers and to foster community economic growth. This includes Other Restricted Assets of \$37,513 for the Virginia Sickness and Disability Program Net OPEB asset.

The Hampton Roads Sanitation District Commission (nonmajor component unit) reported restricted assets of \$28.2 million to be used for debt service.

The Virginia Small Business Financing Authority (nonmajor component unit) reported restricted assets of \$37.3 million for gifts and grants. This includes Other Restricted Assets of \$24,205 for the Virginia Sickness and Disability Program Net OPEB asset.

The higher education institutions (nonmajor component units) reported restricted assets totaling approximately \$6.5 billion primarily for endowment and other contractual obligations. Included in this amount is approximately \$5.8 billion of foundations' restricted assets. This includes Other Restricted Assets of \$74.5 million for the Virginia Sickness and Disability Program Net OPEB asset. The Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University—nonmajor component unit) includes \$18.4 million for a beneficial trust and \$4.5 million for an equity interest in a foundation as Other Restricted Assets. These Authority assets are classified as Level 3 of the fair value hierarchy. For additional information, see the Authority's separately issued financial statements.

The two museum foundations, the Virginia Museum of Fine Arts Foundation (nonmajor component unit) and the Science Museum of Virginia Foundation (nonmajor component unit) had restricted assets of \$241.5 million and \$20.3 million, respectively, primarily for donor-imposed restricted endowments.

The remaining \$10.2 million is spread among the following nonmajor component units: the Virginia Outdoors Foundation, the Danville Science Center, the Fort Monroe Authority, the Virginia Arts Foundation, the Virginia Biotechnology Research Partnership Authority, the Virginia Economic Development Partnership, the Virginia Tourism Authority, the Virginia Foundation for Healthy Youth, and the Library of Virginia Foundation. Included in this amount is approximately \$811,405 for the Virginia Sickness and Disability Program Net OPEB asset.

13. CAPITAL ASSETS

The following schedule presents the changes in the Capital Assets as of June 30, 2020 (dollars in thousands).

Schedule of Changes in Capital Assets Governmental Activities

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	\$ 3,455,195	\$ 128,614	\$ (19,588)	\$ 3,564,221
Water Rights and/or Easements	105,526	10,725	—	116,251
Infrastructure	1,308,220	—	—	1,308,220
Construction-in-Progress (2)	3,769,856	1,702,864	(1,654,124)	3,818,596
Total Nondepreciable Capital Assets	8,638,797	1,842,203	(1,673,712)	8,807,288
Depreciable Capital Assets:				
Buildings (2)	4,453,799	26,027	(866)	4,478,960
Equipment	1,299,290	114,710	(21,047)	1,392,953
Infrastructure	33,224,712	2,084,062	(391,982)	34,916,792
Software	939,162	73,399	(935)	1,011,626
Total Capital Assets being Depreciated	39,916,963	2,298,198	(414,830)	41,800,331
Less Accumulated Depreciation for:				
Buildings	1,718,137	106,528	(817)	1,823,848
Equipment	789,626	75,049	(18,550)	846,125
Infrastructure	11,794,923	1,132,033	(117,066)	12,809,890
Software	449,124	69,913	(230)	518,807
Total Accumulated Depreciation	14,751,810	1,383,523	(136,663)	15,998,670
Total Depreciable Capital Assets, Net	25,165,153	914,675	(278,167)	25,801,661
Total Capital Assets, Net	\$ 33,803,950	\$ 2,756,878	\$ (1,951,879)	\$ 34,608,949

Note (1): Beginning balances have been restated by \$97,910 as discussed in Note 2.

Note (2): Includes temporarily impaired assets with a carrying value of \$59.7 million. Of this amount, \$43.4 million represents software costs that may be used for a replacement project.

Depreciation Expense Charged to Functions of the Primary Government June 30, 2020

(Dollars in Thousands)

Governmental Activities:	
General Government	\$ 40,357
Education	7,291
Transportation	1,173,839
Resources and Economic Development	26,238
Individual and Family Services	63,236
Administration of Justice	46,929
Capital Assets held by the Internal Service	
Funds are charged to various functions	25,633
Total	\$ 1,383,523

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

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets				
Land	\$ 1,874	\$ 9,969	\$ —	\$ 11,843
Construction-in-Progress	9,014	9,686	(6,058)	12,642
Total Nondepreciable Capital Assets	10,888	19,655	(6,058)	24,485
Depreciable Capital Assets:				
Buildings	23,212	—	—	23,212
Equipment	64,534	9,889	(2,140)	72,283
Software	15,521	12,383	(442)	27,462
Total Capital Assets being Depreciated	103,267	22,272	(2,582)	122,957
Less Accumulated Depreciation for:				
Buildings	13,289	381	—	13,670
Equipment	49,482	4,594	(760)	53,316
Software	10,864	5,114	—	15,978
Total Accumulated Depreciation	73,635	10,089	(760)	82,964
Total Depreciable Capital Assets, Net	29,632	12,183	(1,822)	39,993
Total Capital Assets, Net	\$ 40,520	\$ 31,838	\$ (7,880)	\$ 64,478

Note (1): Beginning balances have been restated by \$3,630 as discussed in Note 2 for the Advantage Vanpool Self Insurance Fund.

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

(Dollars in Thousands)

	Balance July 1 (1)	Increases	Decreases	Subtotal June 30	Foundations (2)	Total June 30
Nondepreciable Capital Assets:						
Land	\$ 677,587	\$ 16,176	\$ (6,870)	\$ 686,893	\$ 387,969	\$ 1,074,862
Construction-in-Progress	2,222,399	1,913,368	(1,922,824)	2,212,943	85,101	2,298,044
Inexhaustible Works of Art/Historical Treasures	85,425	490	(14)	85,901	20,706	106,607
Livestock	321	—	(98)	223	1,195	1,418
Total Nondepreciable Capital Assets	2,985,732	1,930,034	(1,929,806)	2,985,960	494,971	3,480,931
Depreciable Capital Assets:						
Buildings	18,291,459	1,343,457	(55,393)	19,579,523	1,440,542	21,020,065
Infrastructure	4,006,439	349,823	(865)	4,355,397	11,980	4,367,377
Equipment	4,088,625	465,323	(101,258)	4,452,690	176,915	4,629,605
Improvements Other Than Buildings	577,433	69,760	(1,820)	645,373	118,773	764,146
Depreciable Works of Art	—	642	—	642	—	642
Library Books	750,212	12,313	(16,966)	745,559	—	745,559
Software	615,937	20,748	(30,055)	606,630	—	606,630
Other Intangible Assets	2,117,138	—	(67,571)	2,049,567	—	2,049,567
Total Capital Assets being Depreciated	30,447,243	2,262,066	(273,928)	32,435,381	1,748,210	34,183,591
Less Accumulated Depreciation for:						
Buildings	6,430,384	522,991	(38,593)	6,914,782	442,914	7,357,696
Infrastructure	1,901,020	114,658	(13)	2,015,665	5,039	2,020,704
Equipment	2,843,445	280,952	(92,571)	3,031,826	129,431	3,161,257
Improvements Other Than Buildings	384,226	26,807	(2,177)	408,856	64,833	473,689
Depreciable Works of Art	—	91	—	91	—	91
Library Books	669,861	24,476	(16,897)	677,440	—	677,440
Software	473,170	40,345	(18,485)	495,030	—	495,030
Other Intangible Assets	71,725	37,151	—	108,876	—	108,876
Total Accumulated Depreciation	12,773,831	1,047,471	(168,736)	13,652,566	642,217	14,294,783
Total Depreciable Capital Assets, Net	17,673,412	1,214,595	(105,192)	18,782,815	1,105,993	19,888,808
Total Capital Assets, Net	\$ 20,659,144	\$ 3,144,629	\$ (2,034,998)	\$ 21,768,775	\$ 1,600,964	\$ 23,369,739

Note (1) There have been reclassifications of beginning balances of certain line items above.

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

14. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, requires certain items to be classified as either deferred outflows or deferred inflows of resources. Additionally, deferred outflows or deferred inflows of resources are also required by other GASB statements. While all deferred outflows or deferred inflows of resources applicable to the Commonwealth are listed below, see Notes 15, 16, 18, and 37 for additional information regarding these items.

Deferred Outflows

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

Deferred Inflows

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

The following tables summarize deferred outflows and deferred inflows of resources as of June 30, 2020.

Government-wide Statements

(Dollars in Thousands)

	Primary Government			Total Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Outflows of Resources				
Effective Hedges in a Loss Position	\$ —	\$ —	\$ —	\$ 19,633
Loss on Refunding of Debt	60,179	—	60,179	305,788
Nonexchange Transactions Not Meeting Time Requirements	203	—	203	—
Government Acquisition-Goodwill	—	—	—	11,167
Pension Related	949,044	34,114	983,158	636,732
Other Postemployment Benefit Related	234,364	7,799	242,163	213,417
Total Deferred Outflows of Resources	<u>\$ 1,243,790</u>	<u>\$ 41,913</u>	<u>\$ 1,285,703</u>	<u>\$ 1,186,737</u>
Deferred Inflows of Resources				
Service Concession Arrangements	\$ 4,880,177	\$ —	\$ 4,880,177	\$ 192,813
Gain on Refunding of Debt	1,427	—	1,427	36,006
Pension Related	349,065	8,461	357,526	208,363
Other Postemployment Benefit Related	585,203	19,163	604,366	477,814
Irrevocable Split-Interest Agreements Related	—	—	—	14,285
Total Deferred Inflows of Resources	<u>\$ 5,815,872</u>	<u>\$ 27,624</u>	<u>\$ 5,843,496</u>	<u>\$ 929,281</u>

Fund Statements

(Dollars in Thousands)

	Primary Government - Governmental Funds					
	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Outflows of Resources						
Nonexchange Transactions Not Meeting Time Requirements	\$ 203	\$ —	\$ —	\$ —	\$ —	\$ 203
Total Deferred Outflows of Resources	<u>\$ 203</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 203</u>
Deferred Inflows of Resources						
Service Concession Arrangements	\$ —	\$ 1,698,328	\$ —	\$ —	\$ —	\$ 1,698,328
Revenues Considered Unavailable	1,147,659	69,882	149,416	25,814	37,557	1,430,328
Total Deferred Inflows of Resources	<u>\$ 1,147,659</u>	<u>\$ 1,768,210</u>	<u>\$ 149,416</u>	<u>\$ 25,814</u>	<u>\$ 37,557</u>	<u>\$ 3,128,656</u>

Fund Statements

(Dollars in Thousands)	Business-type Activities				Governmental Activities
	Enterprise Funds				Internal Service Funds
	Virginia Lottery	Virginia College Savings Plan	Nonmajor	Total Business-type Activities	
Deferred Outflows of Resources					
Pension Related	\$ 6,537	\$ 3,029	\$ 24,548	\$ 34,114	\$ 14,959
Other Postemployment Benefit Related	1,236	682	5,881	7,799	3,074
Total Deferred Outflows of Resources	<u>\$ 7,773</u>	<u>\$ 3,711</u>	<u>\$ 30,429</u>	<u>\$ 41,913</u>	<u>\$ 18,033</u>
Deferred Inflows of Resources					
Pension Related	\$ 1,787	\$ 642	\$ 6,032	\$ 8,461	\$ 4,080
Other Postemployment Benefit Related	3,086	1,167	14,910	19,163	7,747
Total Deferred Inflows of Resources	<u>\$ 4,873</u>	<u>\$ 1,809</u>	<u>\$ 20,942</u>	<u>\$ 27,624</u>	<u>\$ 11,827</u>

(Dollars in Thousands)	Component Units					
	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units	Total Component Units
Deferred Outflows of Resources						
Effective Hedges in a Loss Position	\$ —	\$ —	\$ —	\$ —	\$ 19,633	\$ 19,633
Loss on Refunding of Debt	—	84,650	50,228	28,025	142,885	305,788
Government Acquisition-Goodwill	—	—	—	—	11,167	11,167
Pension Related	—	—	337	—	636,395	636,732
Other Postemployment Benefit Related	4,591	—	38	—	208,788	213,417
Total Deferred Outflows of Resources	<u>\$ 4,591</u>	<u>\$ 84,650</u>	<u>\$ 50,603</u>	<u>\$ 28,025</u>	<u>\$ 1,018,868</u>	<u>\$ 1,186,737</u>
Deferred Inflows of Resources						
Service Concession Arrangements	\$ —	\$ —	\$ —	\$ —	\$ 192,813	\$ 192,813
Gain on Refunding of Debt	—	—	27,511	—	8,495	36,006
Pension Related	—	—	93	—	208,270	208,363
Other Postemployment Benefit Related	3,610	—	19	—	474,185	477,814
Irrevocable Split-Interest Agreements Related	—	—	—	—	14,285	14,285
Total Deferred Inflows of Resources	<u>\$ 3,610</u>	<u>\$ —</u>	<u>\$ 27,623</u>	<u>\$ —</u>	<u>\$ 898,048</u>	<u>\$ 929,281</u>

15. DERIVATIVES

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

Primary Government

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

Virginia College Savings Plan (Virginia529)

GASB Statement No. 53 defines stable value investment vehicles as synthetic guaranteed investment contracts. Stable value funds are invested in a high quality, diversified, intermediate term, fixed income portfolio that is protected against interest rate volatility by wrap or investment contracts from banks and insurance companies that guarantee the payment of benefits at book value (cost plus accrued interest), which enables the entire investment to be carried at its book value. The Virginia529 utilizes stable value investments in the Invest529 Program (Private Purpose Trust Fund). Virginia529's stable value investments meet the definition of fully benefit-responsive synthetic guaranteed investment contracts and are reported at contract value. As of June 30, 2020, Virginia529 had the following stable value investments outstanding (dollars in thousands) in the respective programs as shown in the table below.

Stable Value Investments							
Fund	Wrap Provider	Notional Amount	Effective Date	Maturity Date	Credit Rate	June 30, 2020 Fair Value	June 30, 2019 Fair Value
Enterprise	American General Life	\$ —	—	—	— %	\$ —	\$ 127,845
	Nationwide Life Insurance	—	—	—	— %		
	RGA	—	—	—	— %		
	State Street Bank	—	—	—	— %		
	Voya Retirement and Annuity	—	—	—	— %		
Private Purpose	American General Life	\$ 203,916	1/16/2014	Open ended	2.3 %	\$ 1,277,523	\$ 1,131,010
	Nationwide Life Insurance	205,026	1/29/2018	Open ended	2.8 %		
	Prudential Retirement Insurance & Annuity	204,295	1/30/2014	Open ended	2.4 %		
	RGA	204,044	8/28/2015	Open ended	2.4 %		
	State Street Bank	204,024	5/1/2002	Open ended	2.3 %		
	Voya Retirement And Annuity	204,078	10/5/2012	Open ended	2.4 %		

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

Investment Derivatives - U.S. Treasury Futures Contracts					
Changes in Fair Value			Fair Value at June 30, 2020		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	\$ 171	Investment	\$ 10	\$ (286)

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

Prepaid529 Currency Forwards				
Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Market Value
British Pound Sterling	\$ (32,922)	\$ 1,012	\$ (34,695)	\$ (33,683)
Euro	(2,002)	1,960	(3,960)	(2,000)
Hong Kong Dollar	(36)	—	(36)	(36)
Japanese Yen	(733)	—	(731)	(731)
Swiss Franc	37,392	41,536	(4,206)	37,330
U.S. Dollar	(1,699)	—	(1,716)	(1,716)
Total	\$ —	\$ 44,508	\$ (45,344)	\$ (836)

Pursuant to its investment agreement, PGIM Fixed Income may invest in derivative instruments for hedging, duration and cash management. The portfolio's exposure to derivative instruments, as measured on a net market value basis, is limited to 10.0 percent of the market value of the high-yield account. Both the Invest529 and Prepaid529 PGIM Fixed Income accounts held credit default swaps at June 30, 2020. The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value for credit default swaps.

Investment Derivatives - Credit Default Swaps					
Changes in Fair Value			Fair Value at June 30, 2020		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	\$ 64	Investment	\$ 64	\$ 11,150
Private Purpose	Revenue	(4)	Investment	(4)	(1,450)

At June 30, 2020, PGIM Fixed Income also held U.S. Treasury futures, which are permissible to hedge duration and excluded from the 10.0 percent limit. The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives - U.S. Treasury Futures Contracts					
Changes in Fair Value			Fair Value at June 30, 2020		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	\$ 53	Investment	\$ 53	\$ 27,391
Private Purpose	Revenue	17	Investment	17	15,998

Additional information is available in the Virginia529 separately issued financial statements, which may be obtained at www.virginia529.com.

Virginia Retirement System

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

The System holds investments in swaps and futures and enters into forward foreign currency exchange contracts. Futures, currency forwards and options contracts provide the System with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure and gain market exposure to various indexes in a more efficient way and at lower transaction costs. Derivatives that are exchange-traded are not subject to credit risk, but all over-the-counter derivatives, such as swaps and currency forwards, do expose the System to counterparty credit risk. Counterparty credit risk for the System's investments in derivatives instruments is summarized in the table on page 130. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates. The System's level of exposure to interest rate risk through derivative instruments and the System's investments in derivative instruments as of June 30, 2020, are summarized in the tables below (dollars in thousands).

Derivative Investments Summary					
Investment	Net Appreciation/ (Depreciation) in Fair Value for the Fiscal Year Ended June 30, 2020		Fair Value June 30, 2020		Notional (Dollars)
Derivatives (by Type)	Amount	Classification	Amount		
Commodity Futures Long	\$ 119	Equity Securities	\$ 327	\$	11,070
Credit Default Swaps Bought	(241)	Debt Securities	1,162		29,175
Credit Default Swaps Written	(197)	Debt Securities	—		—
Fixed-Income Futures Long	(29,040)	Debt Securities	1,567		2,205,969
Fixed-Income Futures Short	20,059	Debt Securities	(1,898)		(745,243)
Foreign Currency Futures Short	348	Debt Securities	—		—
Foreign Currency Options Written	59	Equity Securities	—		—
FX Forwards	10,429	Investment Sales/Purchases	16,671		(931,892)
Index Futures Long	(7,160)	Equity Securities	11,350		1,063,264
Index Futures Short	304	Equity Securities	(519)		(639,998)
Receive Fixed Foreign Currency Swaps	(3,099)	Debt Securities	—		—
Pay Fixed-Inflation Swaps	288	Debt Securities	288		14,775
Pay Fixed-Interest Rate Swaps	8,316	Debt Securities	(80)		2,514
Receive Fixed-Interest Rate Swaps	(12,299)	Debt Securities	147		2,536
Swaptions Written	3	Equity Securities	—		—
Total Return Bond Index Swaps	(1,381)	Equity Securities	(432)		144,620
Total Return Equity Index Swaps	127,926	Equity Securities	134,626		1,286,956
Total	\$ 114,434		\$ 163,209		

Derivative Instruments Subject to Interest Rate Risk					
Investment Type	Fair Value June 30, 2020	Investment Maturities (in years)			
		Under 1	1-5	6-10	Greater than 10
Credit Default Swaps Bought	\$ 1,162	\$ —	\$ 1,162	\$ —	\$ —
Pay Fixed Inflation Swaps	288	—	—	288	—
Pay Fixed Interest Rate Swaps	(80)	—	(80)	—	—
Receive Fixed Interest Rate Swaps	147	—	147	—	—
Total Return Swaps - Equity Index	181	181	—	—	—
Total	\$ 1,698	\$ 181	\$ 1,229	\$ 288	\$ —

Futures Contracts

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily, in cash, with the exchanges. The net gains or losses resulting from the daily settlements are included in the Statement of Changes in Fiduciary Net Position. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. Information on the System's investments in fixed income, foreign currency, commodities, and equity index futures as of June 30, 2020, is shown in the Summary table on the previous page (dollars in thousands).

Currency Forwards

Currency forwards represent foreign exchange contracts and are used by the System to effect settlements and to protect the base currency (\$U.S.) value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over the counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency-related transactions in the Statement of Changes in Fiduciary Net Position. Information on the currency forward contracts as of June 30, 2020, is shown in the following table and in the Summary table on the following page.

Currency Forwards

as of June 30

(Dollars in Thousands)

Currency	Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value 2020	Fair Value 2019
Argentine Peso	\$ —	\$ —	\$ —	\$ —	\$ 719
Australian Dollar	103,363	327,674	(215,179)	112,495	(322,821)
Brazilian Real	(610)	3,199	(3,744)	(545)	5,083
British Pound Sterling	45,518	377,819	(331,983)	45,836	(745,995)
Canadian Dollar	3,827	366,764	(355,599)	11,165	(476,188)
Chilean Peso	1,043	4,587	(3,556)	1,031	(5,330)
Chinese Yuan Renminbi	(45,551)	—	(45,864)	(45,864)	(46,209)
Chinese Yuan Renminbi HK	1,394	1,400	—	1,400	189
Colombian Peso	(2,077)	3,008	(5,103)	(2,095)	18,618
Czech Koruna	2,632	5,412	(2,795)	2,617	35,543
Danish Krone	(6,844)	311	(7,334)	(7,023)	(60,608)
Egyptian Pound	—	—	—	—	8,727
Euro Currency Unit	245,048	749,973	(512,672)	237,301	(1,499,912)
Hong Kong Dollar	(36,415)	—	(36,417)	(36,417)	(170,488)
Hungarian Forint	2,188	7,163	(5,143)	2,020	(4,998)
Indian Rupee	(1,432)	3,181	(4,628)	(1,447)	10,676
Indonesian Rupiah	(2,295)	1,065	(3,432)	(2,367)	(17,081)
Israeli Shekel	(11,572)	3,131	(14,694)	(11,563)	(21,688)
Japanese Yen	327,059	575,778	(250,063)	325,715	(664,419)
Kazakhstani Tenge	—	—	—	—	331
Malaysian Ringgit	—	—	—	—	6,292
Mexican Peso	2,169	5,813	(3,698)	2,115	29,193
New Taiwan Dollar	(2,200)	1,674	(3,890)	(2,216)	(4,240)
New Zealand Dollar	(129,408)	118,036	(249,294)	(131,258)	333,422
Nigerian Naira	—	—	—	—	9,082
Norwegian Krone	(65,660)	63,684	(127,790)	(64,106)	(299,644)
Omani Rial	—	—	—	—	(5,080)
Peruvian Sol	(3,630)	5,648	(9,135)	(3,487)	(7,030)
Philippine Peso	(2,042)	2,297	(4,372)	(2,075)	3,441
Polish Zloty	925	1,909	(1,002)	907	16,101
Romanian Leu	2,109	4,921	(2,851)	2,070	(4,437)
Russian Ruble (New)	(754)	4,019	(4,828)	(809)	(11,059)
Singapore Dollar	(75,980)	57,062	(132,593)	(75,531)	(320,568)
South African Rand	(3,424)	3,732	(7,272)	(3,540)	(20,283)
South Korean Won	(432)	1,123	(1,556)	(433)	(17,780)
Swedish Krona	410,240	543,870	(126,401)	417,469	(87,182)
Swiss Franc	162,260	195,630	(30,836)	164,794	(255,278)
Thai Baht	(116)	4,628	(4,784)	(156)	8,948
Turkish Lira	876	2,209	(1,335)	874	4,718
Ukrainian Hryvnia	—	—	—	—	1,180
U.S. Dollar	(920,206)	2,334,209	(3,254,415)	(920,206)	4,582,297
Total Forwards Subject to Foreign Currency Risk				<u>\$ 16,671</u>	<u>\$ 6,242</u>

Options Contracts

Options may be either exchange-traded or negotiated directly between two counterparties over the counter. Options grant the holder the right, but not the obligation, to purchase (call) or sell (put) a financial instrument at a specified price and within a specified period of time from the writer of the option.

As a purchaser of options, the System typically pays a premium at the outset. This premium is reflected as an asset on the financial statements. The System then retains the right, but not the obligation, to exercise the options and purchase the underlying financial instrument. Should the option not be exercised, it expires worthless, and the premium is recorded as a loss.

A writer of options assumes the obligation to deliver or receive the underlying financial instrument on exercise of the option. Certain option contracts may involve cash settlements based on specified indexes such as stock indexes. As a writer of options, the System receives a premium at the outset. This premium is reflected as a liability on the financial statements, and the System bears the risk of an unfavorable change in the price of the financial instrument underlying the option. The System had no investments in options contracts as of June 30, 2020. Information on the System's investments in foreign currency options as of June 30, 2020, is shown in the Summary table on page 126.

Swap Agreements

Swaps are negotiated contracts between two counterparties for the exchange of payments at certain intervals over a predetermined timeframe. The payments are based on a notional principal amount and calculated using either fixed or floating interest rates or total returns from certain instruments or indexes. Swaps are used to manage risk and enhance returns. To reduce the risk of counterparty nonperformance, the System generally requires collateral on any material gains from these transactions. During fiscal year 2020, the System had activity in credit default, inflation, interest rate and total return swaps. Gains and losses on swaps are determined based on fair values and are recorded in the Statement of Changes in Fiduciary Net Position. Information on the System's swap balances as of June 30, 2020, is shown in the Summary table on page 126, and the terms, fair values and notional values of the System's investments in swap agreements that are highly sensitive to interest rate changes are disclosed in the following tables (dollars in thousands).

Derivatives Instruments Highly Sensitive to Interest Rate Changes

Investment Type	Reference Rate	Fair Value June 30, 2020		Notional Amount	
Interest Rate Swaps	Receive Fixed 6.15%, Pay Variable 28-day MTIE	\$	89	\$	1,528
Interest Rate Swaps	Receive Fixed 6.1%, Pay Variable 28-day MTIE		57		1,008
Interest Rate Swaps	Receive Variable 28-day MTIE, Pay Fixed 5.53%		(80)		2,514
Subtotal Interest Rate Swaps		\$	66	\$	5,050

Investment Type	Reference Rate	Fair Value June 30, 2020		Notional Amount	
Total Return Bond Index Swaps	Receive Variable Barclays Capital US Aggregate Index, Pay Variable 1-month LIBOR - 20	\$	316	\$	50,000
Total Return Bond Index Swaps	Receive Variable Barclays Capital US Aggregate Index, Pay Variable 1-month LIBOR + 39		452		50,000
Total Return Bond Index Swaps	Receive Variable IBOXHY Liquid High Yield Index, Pay Variable 3-month LIBOR		(1,200)		44,620
Total Return Equity Index Swaps	Receive Variable BCMSIMVA Index, Pay Variable 3-month LIBOR + 20 bps		19		15,577
Total Return Equity Index Swaps	Receive Variable BCMSIVA5 Index, Pay Variable 3-month LIBOR + 20 bps		(335)		9,246
Total Return Equity Index Swaps	Receive Variable BCMSIVA5 Index, Pay Variable 3-month LIBOR + 20 bps		(166)		7,034
Total Return Equity Index Swaps	Receive Variable BCMSIVA5 Index, Pay Variable 3-month LIBOR + 20 bps		(176)		7,034
Total Return Equity Index Swaps	Receive Variable 3-month LIBOR + 17 bps, Pay Variable BCMSIAN5 Index		37		6,515
Total Return Equity Index Swaps	Receive Variable 3-month LIBOR + 17 bps, Pay Variable BCMSIAN5 Index		2		2,787
Total Return Equity Index Swaps	Receive Variable 3-month LIBOR + 17 bps, Pay Variable BCMSILV5 Index		47		3,582
Total Return Equity Index Swaps	Receive Variable 3-month LIBOR + 17 bps, Pay Variable BCMSILV5 Index		26		3,817
Total Return Equity Index Swaps	Receive Variable 3-month LIBOR + 17 bps, Pay Variable BCMSILV5 Index		42		3,817
Total Return Equity Index Swaps	Receive Variable 3-month LIBOR + 17 bps, Pay Variable BCMSILV5 Index		(4)		15,623
Total Return Equity Index Swaps	Receive Variable 3-month LIBOR + 17 bps, Pay Variable JPMSU5GB Index		32		2,787
Total Return Equity Index Swaps	Receive Variable MSCI ACWI IMI Index, Pay Variable 3-month LIBOR + 31 bps		51,521		382,958
Total Return Equity Index Swaps	Receive Variable MSCI ACWI IMI Index, Pay Variable 3-month LIBOR + 36 bps		76,353		470,068
Total Return Equity Index Swaps	Receive Variable M1CXVRS Index, Pay Variable 3-month LIBOR + 27 bps		—		3
Total Return Equity Index Swaps	Receive Variable GDUEACWF Index, Pay Variable 3-month LIBOR + 21 bps		5,446		261,776
Total Return Equity Index Swaps	Receive Variable MIMUJPN Index, Pay Variable 3-month LIBOR - 5 bps		111		22,454
Total Return Equity Index Swaps	Receive Variable MIMUUKGN Index, Pay Variable 3-month LIBOR + 20bps		(16)		12,780
Total Return Equity Index Swaps	Receive Variable MIMUSAG Index, Pay Variable 3-month LIBOR + 10 bps		205		13,020
Total Return Equity Index Swaps	Receive Variable NDUUEGF Index, Pay Variable 3-month LIBOR - 2 bps		26		19,294
Total Return Equity Index Swaps	Receive Variable MSCI China A Index, Pay Variable 3-month LIBOR - 675 bps		1,456		26,784
Subtotal Total Return Swaps			134,194		1,431,576
TOTAL		\$	134,260	\$	1,436,626

Derivative Instruments Subject to Counterparty Credit Risk

Counterparty	Percentage of Net Exposure	Moody's Ratings	S & P Ratings	Fitch Ratings
Goldman Sachs Bank USA/New York NY	80.4%	A1	A+	A+
Morgan Stanley Capital Services LLC	11.5%	A1	A+	—
Goldman Sachs International	5.6%	A1	A+	A+
Barclays Bank PLC	1.6%	A1	A	A+
Bank of New York Mellon Corp-London	0.9%	—	—	—
Total	100.0%			

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

Additional information is available in the System's separately issued financial statements, which may be obtained from www.varetire.org.

Component Units

Investment Derivative Instruments

The Virginia Housing Development Authority (major component unit) enters into forward sales contracts for the delivery of GNMA and FNMA securities in order to lock in the sales price for the securitization of certain single-family mortgage loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into GNMA and FNMA securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative gains or losses in the accompanying financial statements. Fair values of the forwards are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. The Authority's portfolio of investment derivatives is classified as Level 2 in the fair value hierarchy. The outstanding forward contracts, summarized by counterparty rating as of June 30, 2020, were as follows:

Counterparty Rating	Par	Concentration	Notional Amount	Market Value	Fair Value Asset (Liability)
A-1+/AA+	38,667,347	15.8	40,925,852	40,842,378	83,474
A-1/A+	70,000,000	28.7	73,860,078	73,896,096	(36,018)
A-1/A+	60,000,000	24.6	63,219,883	63,319,070	(99,187)
A-2/BBB+	46,000,000	18.8	48,553,047	48,553,760	(713)
A-2/BBB+	22,000,000	9.0	23,200,977	23,184,065	16,912
NR	7,534,402	3.1	8,033,695	7,903,421	130,274
	<u>\$ 244,201,749</u>	<u>100.0</u>	<u>\$ 257,793,532</u>	<u>\$ 257,698,790</u>	<u>\$ 94,742</u>

Investment Derivative Instruments – Ineffective Hedges

During fiscal year 2015, the University of Virginia (UVA) (nonmajor) refunded the Series 2003A bonds and the commercial paper associated with the fixed-payer interest rate swaps which terminated hedge accounting. The fixed-payer interest rate swaps were no longer effective hedges. As of June 30, 2020, the negative fair value of the swaps of \$51.4 million is included in other liabilities and the change in fair value of negative \$16.3 million was reported as investment earnings in the accompanying financial statements. During fiscal year 2015, UVA established two fixed-receiver interest rate swaps with a total notional amount of \$128.0 million to provide a hedge against fixed

interest rates on Series 2015B bonds. These swaps were reevaluated as of June 30, 2016, and determined to no longer be effective hedges. As of June 30, 2020, the positive fair value of the fixed-receiver interest rate swaps of \$1.4 million is included in other assets and the change in fair value of positive \$1.2 million is included in investment earnings in the accompanying financial statements. The derivative instruments are classified as Level 2 of the fair value hierarchy. Additional information regarding the institution's derivative instruments is available at www.virginia.edu.

Hedging Derivative Instruments

As of June 30, 2020, Virginia Commonwealth University Medical Center (VCUMC), which is a division of the Virginia Commonwealth University Health System Authority (a blended component unit of VCU), had two interest rate swap agreements with a notional amount of \$114.6 million and another interest rate swap agreement with a notional amount of \$59.3 million. The swaps are used as cash flow hedges by VCUMC in order to provide a hedge against changes in interest rates on variable rate Series 2013A and 2013B bonds. The Series 2013A and 2013B bonds refunded prior Series 2005 and 2008 bonds that resulted in the termination of the prior hedging relationship between the interest rate swaps and the Series 2005 and 2008 bonds. At the time of the refunding in June 2013, the accumulated change in fair value of the interest rate swaps was negative \$42.1 million and was included in the calculation of the deferred loss on refunding. Hedge accounting was reestablished on the new debt. As of June 30, 2020, the negative fair value of VCUMC's swaps of \$61.7 million is included in other liabilities and the cumulative change in fair value of VCUMC's swaps of \$19.6 million is included in deferred outflows of resources in the accompanying financial statements. The derivative instruments are classified as Level 2 of the fair value hierarchy. Additional information is available in the separately issued financial statements of the higher education institution.

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

16. RETIREMENT AND PENSION SYSTEMS

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

A. Administration

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

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

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

Basis of Accounting

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

Method Used to Value Investments

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

sources are monitored on a daily basis by the master custodian.

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

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

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

C. Plan Description

The Virginia Retirement System (VRS) is a qualified governmental retirement plan that administers three retirement benefit structures: Plan 1, Plan 2, and Hybrid Plan, for state employees, public school board employees, employees of participating political subdivisions, and other qualifying employees. VRS is a combination of mixed-agent and cost-sharing, multiple-employer retirement plans. Each plan's accumulated assets may legally be used to pay all the plan benefits provided to any of the plan's members, retirees, and beneficiaries. Contributions for fiscal year 2020 were \$3.3 billion with a reserve balance available for benefits of \$76.5 billion. As of June 30, 2020, the VRS had 837 contributing employers.

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

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

All full-time, salaried permanent employees of VRS participating employers are automatically covered under VRS, SPORS, VaLORS or JRS with the following exceptions: (1) certain full-time faculty and administrative staff of public colleges and universities; and (2) eligible classified employees of the two state teaching hospitals. These employees have the option to elect not to participate in the Virginia Retirement System. Benefit provisions and all other requirements are established by Title 51.1 of the *Code of Virginia*.

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

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

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

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

A cost-of-living allowance (COLA), based on changes in the Consumer Price Index and limited to 5.0 percent per year for VRS Plan 1 and 3.0 percent for VRS Plan 2 and Hybrid Plan, is granted on July 1 of

the second calendar year after retirement and is effective each July 1 thereafter. Beginning January 2013, a member who retires with less than 20 years of service must receive an allowance for one full calendar year after reaching unreduced retirement age to be eligible for a COLA. Members within five years of eligibility for an unreduced benefit as of January 1, 2013 were grandfathered.

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

As required by Title 51.1 of the *Code of Virginia*, members contribute 5.0 percent of their annual compensation to the retirement plans. If a member leaves covered employment, the accumulated contributions plus earned interest may be refunded to the member. Each participating employer is required by state statute to contribute the remaining amounts necessary to fund the retirement plans using the entry age normal actuarial cost method adopted by the Board of Trustees. Contributions for fiscal year 2020 were \$39.1 million, \$28.3 million, and \$98.6 million, and reserved balances available for benefits were \$854.8 million, \$549.5 million, and \$1.5 billion, for SPORS, JRS, and VaLORS, respectively. State statute may be amended only by the General Assembly. To the extent that the employer's long-term obligation to provide pension benefits (total pension liability) is larger than the value of the assets available in the plan to pay these benefits (fiduciary net position), there is a net pension liability which is reported in the accompanying financial statements as a component of Long-term Liabilities Due in More than One Year.

The Hybrid Plan is the default benefit structure for new employees in the VRS and JRS plans. The Hybrid Plan benefit structure includes a defined benefit component and a defined contribution component. For Hybrid Plan members, 4.0 percent of the statutory member contribution of 5.0 percent is directed to the defined benefit component of the plan and 1.0 percent is directed to the mandatory defined contribution component of the plan. In addition, 1.0 percent of the total actuarially determined employer contribution is directed to the mandatory defined contribution component of the plan. The Hybrid Plan members may also elect to contribute an additional amount up to 4.0 percent to a voluntary defined contribution plan. The voluntary component also has a mandatory employer match of 0.5 to 2.5 percent that is deducted from the total actuarially determined employer contribution. For the fiscal year 2020, the mandatory and voluntary member contributions for the defined contribution component of the Hybrid Plan totaled \$134.7 million and related mandatory employer contributions totaled \$101.5 million. The statutory authority for the Hybrid plan is set out in the *Code of Virginia*, Section 51.1-169. This section also highlights the various plan provisions, including vesting and forfeiture. The total amount contributed by

the employer shall vest to the employee's benefit according to the following schedule:

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

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

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

The following table provides participant information.

	VRS	SPORS	VaLORS	JRS	2020 Total
Retirees and Beneficiaries Receiving Benefits	59,554	1,423	5,176	534	66,687
Terminated Employees Entitled to Benefits but not Receiving Them	23,749	141	754	6	24,650
Total	<u>83,303</u>	<u>1,564</u>	<u>5,930</u>	<u>540</u>	<u>91,337</u>
Active Members:					
Vested	52,058	1,573	4,612	374	58,617
Non-Vested	25,367	351	3,928	74	29,720
Total	<u>77,425</u>	<u>1,924</u>	<u>8,540</u>	<u>448</u>	<u>88,337</u>

D. Funding Policy

The funding policy of the retirement plans provides for periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all

basic benefits when due. Contribution rates are developed using the entry age normal cost method for both normal cost and amortization of the unfunded actuarial accrued liability. Gains and losses are reflected in the unfunded actuarial accrued liability that is being amortized as a level percentage of payroll within 30 years or less.

The System's actuary, Cavanaugh MacDonald Consulting, LLC, computed the amount of contributions to be provided by state agency employers, state police and other Virginia law employers. The contribution rates for fiscal year 2020 were based on the actuary's valuation as of June 30, 2017. Employer contributions by the Commonwealth to VRS, SPORS, VaLORS, and JRS were 13.5 percent, 24.9 percent, 21.6 percent, and 34.4 percent, respectively.

In addition to determining contribution requirements, the actuarial computations present an estimate of the discounted present value of the prospective accrued liability contributions that employers will have to pay in the future so that such contributions, together with the assets on hand, the normal contributions to be made in the future by employers and members and the income earned by investing funds, will be sufficient to provide all benefits to be paid to present members in the future as well as the annuitants and their designated beneficiaries.

E. Changes in Net Pension Liability

The total pension liability was determined based on the actuarial valuation as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The following tables (dollars in thousands) show the Commonwealth's total pension liability, plan fiduciary net position, and net pension liability in total and individually for the VRS, SPORS, JRS, and VaLORS for the current and prior year.

Primary Government

	Totals (1)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 16,915,470	\$ 12,987,509	\$ 3,927,961
Changes for the year			
Service cost	289,218	—	289,218
Interest	1,143,670	—	1,143,670
Differences between actual and expected experience	148,409	—	148,409
Assumption changes	469,322	—	469,322
Contributions - employer	—	424,752	(424,752)
Contributions - member	—	137,268	(137,268)
Net investment income	—	845,579	(845,579)
Benefit payments, including refunds	(1,066,471)	(1,046,406)	(20,065)
Administrative expense	—	(8,401)	8,401
Other changes	—	(615)	615
Net changes	984,148	352,177	631,971
Balances at June 30, 2020	\$ 17,899,618	\$ 13,339,686	\$ 4,559,932

	VRS		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 13,315,025	\$ 10,304,786	\$ 3,010,239
Changes for the year			
Service cost	209,570	—	209,570
Interest	899,159	—	899,159
Differences between actual and expected experience	100,095	—	100,095
Assumption changes	366,575	—	366,575
Contributions - employer	—	301,398	(301,398)
Contributions - member	—	111,305	(111,305)
Net investment income	—	669,394	(669,394)
Benefit payments, including refunds	(853,206)	(833,632)	(19,574)
Administrative expense	—	(6,836)	6,836
Other changes	—	(421)	421
Net changes	722,193	241,208	480,985
Balances at June 30, 2020	\$ 14,037,218	\$ 10,545,994	\$ 3,491,224

	SPORS		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 1,070,528	\$ 836,702	\$ 233,826
Changes for the year			
Service cost	20,079	—	20,079
Interest	72,715	—	72,715
Differences between actual and expected experience	45,330	—	45,330
Assumption changes	31,773	—	31,773
Contributions - employer	—	31,437	(31,437)
Contributions - member	—	6,379	(6,379)
Net investment income	—	54,792	(54,792)
Benefit payments, including refunds	(63,488)	(63,488)	—
Administrative expense	—	(488)	488
Other changes	—	(61)	61
Net changes	106,409	28,571	77,838
Balances at June 30, 2020	\$ 1,176,937	\$ 865,273	\$ 311,664

	JRS		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 652,351	\$ 540,009	\$ 112,342
Changes for the year			
Service cost	18,767	—	18,767
Interest	44,139	—	44,139
Differences between actual and expected experience	(7,157)	—	(7,157)
Assumption changes	14,077	—	14,077
Contributions - employer	—	22,890	(22,890)
Contributions - member	—	3,208	(3,208)
Net investment income	—	35,372	(35,372)
Benefit payments, including refunds	(43,584)	(43,584)	—
Administrative expense	—	(315)	315
Other changes	—	(39)	39
Net changes	26,242	17,532	8,710
Balances at June 30, 2020	\$ 678,593	\$ 557,541	\$ 121,052

	VaLORS		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 1,877,566	\$ 1,306,012	\$ 571,554
Changes for the year			
Service cost	40,802	—	40,802
Interest	127,657	—	127,657
Differences between actual and expected experience	10,141	—	10,141
Assumption changes	56,897	—	56,897
Contributions - employer	—	69,027	(69,027)
Contributions - member	—	16,376	(16,376)
Net investment income	—	86,021	(86,021)
Benefit payments, including refunds	(106,193)	(105,702)	(491)
Administrative expense	—	(762)	762
Other changes	—	(94)	94
Net changes	129,304	64,866	64,438
Balances at June 30, 2020	\$ 2,006,870	\$ 1,370,878	\$ 635,992

Component Units

	Totals		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 10,800,391	\$ 8,345,371	\$ 2,455,020
Changes for the year			
Service cost	173,513	—	173,513
Interest	740,128	—	740,128
Differences between actual and expected experience	82,020	—	82,020
Assumption changes	302,184	—	302,184
Contributions - employer	—	250,486	(250,486)
Contributions - member	—	91,671	(91,671)
Net investment income	—	550,179	(550,179)
Benefit payments, including refunds	(542,457)	(562,522)	20,065
Administrative expense	—	(5,607)	5,607
Other changes	—	(350)	350
Net changes	755,388	323,857	431,531
Balances at June 30, 2020	\$ 11,555,779	\$ 8,669,228	\$ 2,886,551

	VRS			VaLORS		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 10,630,796	\$ 8,227,403	\$ 2,403,393	\$ 169,595	\$ 117,968	\$ 51,627
Changes for the year						
Service cost	169,789	—	169,789	3,724	—	3,724
Interest	728,478	—	728,478	11,650	—	11,650
Differences between actual and expected experience	81,094	—	81,094	926	—	926
Assumption changes	296,991	—	296,991	5,193	—	5,193
Contributions - employer	—	244,186	(244,186)	—	6,300	(6,300)
Contributions - member	—	90,176	(90,176)	—	1,495	(1,495)
Net investment income	—	542,328	(542,328)	—	7,851	(7,851)
Benefit payments, including refunds	(534,524)	(554,098)	19,574	(7,933)	(8,424)	491
Administrative expense	—	(5,538)	5,538	—	(69)	69
Other changes	—	(341)	341	—	(9)	9
Net changes	741,828	316,713	425,115	13,560	7,144	6,416
Balances at June 30, 2020	\$ 11,372,624	\$ 8,544,116	\$ 2,828,508	\$ 183,155	\$ 125,112	\$ 58,043

The amounts in the previous tables include governmental, business-type, and component unit activity for the Commonwealth's VRS State Plan. All component unit tables exclude the non-VRS State Plan net pension liability of \$38.2 million for all component units.

The 2018 actuarial valuations were prepared using the entry age normal cost method. The actuarial assumptions included (a) 7.0 percent investment rate of return, per year compounded annually; (b) projected salary increases ranging from 3.5 percent to 6.0 percent, including a 2.5 percent inflation component and (c) COLA of 2.5 percent for Plan 1

and 2.3 percent for Plan 2 and Hybrid. The actuarial assumption for mortality rates was based on the RP-2014 mortality table projected with Scale BB to 2020. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

F. Changes to and Sensitivity of Discount Rate

The discount rate used to measure the total pension liability was 6.8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be based on the actuarially determined rates based on the Board's funding policy, which certifies the required rates under Title 51.1 of the *Code of Virginia*. Beginning on July 1, 2018, all agencies are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, the fiduciary net position was projected to be available to make all of the projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability. In accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the employers' net pension liability for each of the plans calculated using the discount rate of 6.8 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.0 percent lower (5.8 percent) or 1.0 percent higher (7.8 percent) than the current rate. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate.

Primary Government					
VRS			SPORS		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 5,128,579	\$ 3,491,224	\$ 2,114,801	\$ 453,612	\$ 311,664	\$ 192,309
JRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 182,616	\$ 121,052	\$ 67,541	\$ 893,155	\$ 635,992	\$ 423,531
Component Units					
VRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 4,155,053	\$ 2,828,508	\$ 1,713,361	\$ 81,513	\$ 58,043	\$ 38,653

The long-term expected rate of return on the System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term target allocations are based on the Strategic Asset Allocation Implementation Schedule and Allowable Ranges document, which was approved by the VRS Board of Trustees on October 10, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the System's long-term target asset allocation are summarized in the following table.

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0 %	5.6%	1.9 %
Fixed Income	15.0 %	0.9%	0.1 %
Credit Strategies	14.0 %	5.1%	0.7 %
Real Assets	14.0 %	5.3%	0.8 %
Private Equity	14.0 %	8.8%	1.2 %
MAPS - Multi-Asset			
Public Strategies	6.0 %	3.5%	0.2 %
PIP-Private Investment			
Partnerships	3.0 %	6.3%	0.2 %
Total	<u>100.0 %</u>		<u>5.1 %</u>
	Inflation		<u>2.5 %</u>
	Expected arithmetic nominal return		<u>7.6 %</u>

The allocation in the previous table provides a one-year expected return of 7.6 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the pension system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.1 percent, including expected inflation of 2.5 percent. The VRS Board of Trustees elected a long-term rate of return of 6.8 percent which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

G. Pension Related Deferred Outflows and Deferred Inflows

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, requires certain pension related items to be reported as either deferred outflows or deferred inflows of resources. The following tables (dollars in thousands) summarize these amounts as of June 30, 2020, in total and by individual plan.

Primary Government (1)

	Totals (2)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 117,395	\$ 129,962
Changes of assumptions	351,641	38,945
Net difference between projected and actual earnings on plan investments	—	108,433
Changes in proportion and difference between employer contributions and proportionate share of contributions	70,000	80,186
Employer contributions subsequent to the Measurement Date	444,122	—
Total	\$ 983,158	\$ 357,526

	VRS		SPORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,752	\$ 93,925	\$ 38,192	\$ 13,004
Changes of assumptions	275,209	—	26,769	37,989
Net difference between projected and actual earnings on plan investments	—	87,293	—	6,653
Changes in proportion and difference between employer contributions and proportionate share of contributions	61,047	70,401	—	—
Employer contributions subsequent to the Measurement Date	313,577	—	32,533	—
Total	\$ 722,585	\$ 251,619	\$ 97,494	\$ 57,646

	JRS		VaLORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 15,688	\$ 6,427	\$ 7,333
Changes of assumptions	13,604	—	36,055	953
Net difference between projected and actual earnings on plan investments	—	4,402	—	10,084
Changes in proportion and difference between employer contributions and proportionate share of contributions	—	—	8,953	9,785
Employer contributions subsequent to the Measurement Date	24,852	—	73,115	—
Total	\$ 38,456	\$ 20,090	\$ 124,550	\$ 28,155

Component Units (1) (3)

	Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,520	\$ 76,753
Changes of assumptions	226,226	87
Net difference between projected and actual earnings on plan investments	—	71,632
Changes in proportion and difference between employer contributions and proportionate share of contributions	60,942	50,758
Employer contributions subsequent to the Measurement Date	265,354	—
Total	<u>\$ 612,042</u>	<u>\$ 199,230</u>

	VRS		VaLORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,933	\$ 76,084	\$ 587	\$ 669
Changes of assumptions	222,936	—	3,290	87
Net difference between projected and actual earnings on plan investments	—	70,712	—	920
Changes in proportion and difference between employer contributions and proportionate share of contributions	59,050	49,697	1,892	1,061
Employer contributions subsequent to the Measurement Date	258,513	—	6,841	—
Total	<u>\$ 599,432</u>	<u>\$ 196,493</u>	<u>\$ 12,610</u>	<u>\$ 2,737</u>

- (1) During fiscal year 2020, the Commonwealth recognized pension expense for the primary government and component units of \$507,186 (dollars in thousands) and \$332,350 (dollars in thousands), respectively. The recognized pension expense by plan for the primary government was as follows (dollars in thousands): VRS \$392,779, SPORS \$29,965, JRS \$21,519, and VaLORS \$62,923. The recognized pension expense by plan for component units was as follows (dollars in thousands): VRS \$324,678, and VaLORS \$7,672.
- (2) This table includes deferred outflows of resources and deferred inflows of resources of \$73,369 and \$15,843, respectively, for the Hampton Roads Transportation Accountability Commission (nonmajor governmental), not related to the VRS State Plan.
- (3) The component unit amounts exclude deferred outflows of resources and deferred inflows of resources of \$24,690 (dollars in thousands) and \$9,133 (dollars in thousands), respectively, not related to the VRS State Plan.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's pension expense for each of the next five fiscal years. These amounts exclude employer contributions made subsequent to the measurement date as those contributions will reduce the fiscal year 2021 net pension liability.

Primary Government

	VRS	SPORS	JRS	VaLORS
2021	\$ 74,807	\$ (2,785)	\$ (1,957)	\$ 15,899
2022	(2,048)	(9,472)	(5,937)	6,445
2023	78,097	(45)	1,047	44
2024	6,533	3,762	361	892
2025	—	11,605	—	—
Thereafter	—	4,250	—	—

Component Units

	VRS	VaLORS
2021	\$ 68,645	\$ 2,071
2022	(1,879)	839
2023	71,664	6
2024	5,996	116
2025	—	—

H. Defined Contribution Plan for Political Appointees

Officers appointed by the Governor, officers elected by popular vote or the General Assembly, and executive branch chief deputies and confidential assistants may participate in the deferred contribution plan for Political Appointees, rather than the VRS. This optional retirement plan is authorized by the *Code of Virginia* and offered through the ICMA-RC. This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's 12.3 percent and the employee's (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2020, the total contributions to this plan were \$1.5 million. As of June 30, 2020, the amount to be paid to participants upon retirement is \$18.8 million. Additionally no assets are accumulated for this plan in a GASB-compliant trust. The summary of significant accounting policies for the plan is in accordance with those discussed in Note 16.B.

I. Defined Contribution Plan for Public School Superintendents

The Public School Superintendent Plan is a defined contribution pension plan that provides optional postemployment benefits for school superintendents. This plan is authorized by the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school board for credit to the member. As of June 30, 2020, there were two participants in this plan. There were

no contributions to the plan for fiscal year 2020. Additionally no assets are accumulated for this plan in a GASB-compliant trust.

J. Virginia Supplemental Retirement Plan

The Public School Teacher Supplemental Retirement Plan is a defined contribution pension plan established by the Department of Education to provide an optional postemployment benefit plan for turnaround specialists in the public school system. This plan is utilized as an incentive to attract highly skilled teachers for participating public schools pursuant to Title 51.1-617 of the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school boards for credit to the members. As of June 30, 2020, there were two participants in this plan. There were no contributions to the plan for fiscal year 2020. Additionally no assets are accumulated for this plan in a GASB-compliant trust.

K. Higher Education (Nonmajor Component Units)

The Commonwealth's colleges and universities participate in the retirement plans administered by VRS. In addition, full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in optional retirement plans as authorized by Section 51.1-126 of the *Code of Virginia* rather than the VRS retirement plans. These optional retirement plans are defined contribution plans offered through the Teachers Insurance and Annuity Association (TIAA) and DCP. Effective January 2020, Fidelity Investments is no longer a provider option. There are two defined contribution plans. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based upon the employer's 10.4 percent contributions, plus net investment gains. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based upon the employer's contribution, not to exceed 8.9 percent, and the employee's 5.0 percent contribution, plus net investment gains. For Plan 2, the employer contributions for fiscal year 2020 were 8.5 percent except for the University of Virginia (nonmajor) which were 8.9 percent. Vesting is full and immediate for both employer and employee contributions, except UVA employees hired after July 1, 2014, are fully vested in the UVA contributions after two years of continuous employment. For fiscal year 2020, total pension expense recognized was \$172.3 million and contributions were calculated using the base salary amount of \$1.8 billion. As of June 30, 2020, the Commonwealth's colleges and universities had accrued \$10.8 million in employer liabilities related to these plans.

University of Virginia Medical Center (part of the University of Virginia – nonmajor) employees hired after July 1, 1999, cannot participate in Plan 1 or Plan 2 noted above but have the option of participating in

the Medical Center's Optional Retirement Plan. For information regarding this plan, see the institution's separately issued financial statements.

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

Prior to July 1, 1997, certain employees of the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University – nonmajor) were eligible to participate in the VRS defined benefit pension plan. Effective July 1, 1997, the Authority established the Virginia Commonwealth University Health System Authority Defined Contribution Plan (VCUHS 401(a) Plan) and the Virginia Commonwealth University Health System Authority Health Care Providers Defined Contribution Plan (HCP Plan). The Authority and component units, MCV Associated Physicians (MCVAP), VCU Community Memorial Hospital (CMH), and the Children's Hospital participate in the VCUHS 401(a) as well as sponsor the VCUHS Savings Plan (VCUHS 457(b) Plan). The Authority also provides an executive defined contribution plan and deferred compensation retirement benefits for select executives of the Health System. MCVAP and CMH Physicians sponsor 401(a) defined contribution plans and 403(b) salary deferral plans. For information regarding these plans, see the Authority's separately issued financial statements.

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

L. Other Component Units

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

Virginia Tourism Authority, the Tobacco Region Revitalization Commission, the Virginia Foundation for Healthy Youth, and the Fort Monroe Authority.

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

The Virginia Outdoors Foundation (nonmajor) maintains a 401(k) contribution plan and provides an employer contribution match up to 6.0 percent. For information regarding this plan, see the Foundation's website at www.virginiaoutdoorsfoundation.org.

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

The Virginia Port Authority (VPA) (nonmajor) maintains two defined benefit plans for its employees. Employees of record on July 1, 1997, had the option of continuing to maintain their benefit status as a State employee, and their benefits maintained under the VRS, or elect to be covered under a newly created pension plan (the VPA Defined Benefit Plan). The VPA Defined Benefit Plan covers all employees hired between July 1, 1997 and February 1, 2014. Employees hired after February 1, 2014, are eligible for a defined contribution plan only. On January 1, 2015, the plan was amended to add certain employees who transferred from the Virginia International Terminals (VIT) (referred to as "Legacy VIT Participants") to VPA. VIT (a blended component unit of VPA – nonmajor) has the Virginia International Terminals, LLC Pension Plan that is a single employer, noncontributory defined benefit pension plan administered by VIT. A stand-alone financial report is issued and is available upon request from VPA's administrative offices. For information regarding these plans, see the Authority's website at www.portofvirginia.com.

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

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

17. OTHER EMPLOYMENT BENEFITS

In addition to the pension plans, the Commonwealth participates in two other employment benefit plans, Group Life Insurance and the Virginia Sickness and Disability Program, which are administered by the Virginia Retirement System (the System). The significant accounting policies are the same as those described in Note 16 for pension plans. A separately issued financial report that includes financial statements for the Group Life Insurance and Virginia Sickness and Disability Program is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

Group Life Insurance

The Group Life Insurance Plan was established for Commonwealth employees, teachers, employees of political subdivisions participating in the VRS, state police officers, other state law enforcement and correctional officers, judges, and other qualifying employees. The program provides life insurance for natural death coverage equal to a member's annual compensation rounded to the next highest \$1,000 and then doubled. Accidental death coverage is double the natural death benefit. The program also provides coverage for accidental dismemberment and accidental blindness, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit for terminal conditions. Approximately 343,505 active members participate in the program as of June 30, 2020.

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

An optional Group Life Insurance Fund was established for members covered under the group life program as a supplement to that plan. Members may purchase optional life insurance coverage for themselves, their spouses and/or their dependent children. The optional program provides natural death coverage equal to one, two, three or four times the member's annual compensation rounded to the next highest \$1,000, up to a maximum of \$800,000. Spouse coverage is available for up to one-half of the member's optional insurance amount. Minor children who are at least 15 days old can be insured for \$10,000, \$20,000 or \$30,000, depending on the option chosen by the member. An additional accidental death and dismemberment benefit is payable for death or bodily injuries. Approximately 74,387 members were covered under this program as of June 30, 2020.

Optional group life insurance coverage ends for members when they retire or terminate their employment, or when their basic coverage ends. Optional life insurance amounts begin to reduce by 25.0 percent based on the retiree's age, beginning with the retiree's normal retirement age under his or her plan ending at age 80. Retirees may elect to continue coverage within 31 days of retirement. Spouse coverage terminates should a couple divorce or when the member leaves employment. Children's coverage ends with the termination of the member's coverage or when the child marries or turns 21

years of age (25 years of age for full-time college students).

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

Virginia Sickness and Disability Program

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

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

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

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

related short-term disability coverage and certain income replacement levels. Approximately 80,166 members were covered under the program as of June 30, 2020.

18. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

1) Administration and Significant Accounting Policies

The System-administered defined benefit OPEB plans mentioned below have a trust that meets the requirements in GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*. In addition, the net OPEB liability for these plans have a measurement date of June 30, 2019. As previously mentioned, a separately issued financial report that includes financial statements, notes and required supplementary information for each of the System-administered plans discussed below is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

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

2) Plan Descriptions

Retiree Health Insurance Credit Program

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

The Retiree Health Insurance Credit (RHIC) for state employees provides benefits for retired state employees, state police officers, other state law enforcement, correctional officers, and judges who have at least 15 years of service credit under the retirement plans. Members of JRS receive weighted years of service credit for each year of actual service under JRS. VRS, SPORS, VaLORS, and JRS also provide death and disability benefits. The program provides a credit reimbursement of \$4 per month per year of service credit against the monthly health insurance premiums of eligible retirees. There is no cap on the credit. Certain eligible employees

who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program are eligible for a credit not to exceed \$120.

The following is the approximate number of employees covered by the RHIC plan for state employees on the measurement date of June 30, 2019:

	RHIC for State Employees
Inactive employees currently receiving benefit payments	47,517
Inactive employees entitled to but not yet receiving benefit payments	1,794
Active employees	107,234
Total	156,545

The health insurance credit plan for general registrars, constitutional officers, and their employees as well as local social service employees (RHIC Non-State) provides \$1.50 per month per year of service with a maximum monthly credit of \$45. The Commonwealth funds this credit. Benefit provisions and eligibility requirements are established by Title 51.1 of the *Code of Virginia*. The amount required to fund all credits is financed by the employers based on contribution rates determined by the System's actuary.

Virginia Sickness and Disability Program

The Virginia Sickness and Disability Program (VSDP) is a single-employer plan. It is also known as the Disability Insurance Trust Fund. The Commonwealth provides OPEB disability insurance benefits, in accordance with state statutes, to eligible retired and terminated employees. Eligible employees include state employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement and full-time and part-time, salaried state employees covered under VRS, SPORS, and VaLORS. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program. The following is the approximate number of employees covered by this plan on the measurement date of June 30, 2019:

	VSDP
Inactive employees currently receiving benefit payments	4,827
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	75,164
Total	79,991

Group Life Insurance Program

The Group Life Insurance Program (GLI) is a cost-sharing, multiple employer plan. Members whose employers participate in the Group Life Insurance Program are covered automatically under the Basic Group Life Insurance Program upon employment. This program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including certain employers that do not participate in VRS for retirement. At retirement or termination, accidental death benefits cease and natural death coverage reduces at a rate equal to 25.0 percent on January 1 of the first full calendar year following retirement or termination and on January 1 of each year thereafter, until it reaches 25.0 percent of its original value. These group life insurance benefit provisions and requirements are established by Title 51.1 of the *Code of Virginia*. Participating employers and covered employees are required to contribute to the cost of group life insurance benefits. Employers may assume employees' contributions. A portion of the premium contributions collected during members' active careers is placed in an advance premium deposit reserve. This reserve is to fund the claims for eligible retired and deferred members.

Line of Duty Act Program

The Line of Duty Act Program (LODA) is a cost-sharing, multiple employer plan. It provides death and health insurance reimbursement benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. Benefit provisions and eligibility requirements are established by Title 9.1 of the *Code of Virginia*. The System is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in fiscal year 2012. The employer contribution rate was determined by the System's actuary using the anticipated costs and the number of covered individuals associated with all participating employers. Additionally, beginning in fiscal year 2018, the Department of Human Resource Management administered the benefits and payment of claims under this program. The System manages the death benefit payments.

3) Funding

The contribution requirements are governed by the *Code of Virginia*, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employer contributions by the Commonwealth for the RHIC and VSDP were 1.2 percent and 0.6 percent, respectively, of covered employee compensation. In addition, the contributions by the Commonwealth for the RHIC: Non-State for

general registrars, constitutional officers, and their employees, and local social service employees were approximately 0.4 percent.

The total contribution rate for the GLI was 1.3 percent allocated into an employee and an employer component using a 60/40 split. The employee component was 0.8 percent and the employer component was 0.5 percent. Each employer's contractually required employer contribution rate for the year ended June 30, 2020, was 0.5 percent of covered employee compensation. Each employer's contractually required employer contribution rate for the LODA for the year ended June 30, 2020, was \$705.8 per covered full-time-equivalent employee.

All rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. For RHIC and GLI, the actuarially determined rate was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. For VSDP, the actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. For the LODA, the rate represents a pay-as-you-go funding rate and not the full actuarial cost of benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year.

Employer contributions by the Commonwealth to the RHIC, VSDP, GLI, LODA, and the RHIC Non-State plans were \$84.7 million, \$27.1 million, \$32.7 million, \$8.2 million, and \$4.1 million, respectively, for the year ended June 30, 2020.

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

The total OPEB liability for each plan was determined based on the actuarial valuation as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The following tables (dollars in thousands) show the Commonwealth's total OPEB liability, plan fiduciary net position, and net OPEB liability (asset) for the RHIC and VSDP for the current and prior year, and the Commonwealth's proportionate share of the net OPEB liability for GLI, LODA, and RHIC Non-State plans. Since the VSDP has a net OPEB asset rather than a net OPEB liability, the net OPEB asset amount is not included in the total balance amount. The Commonwealth's Proportion for the GLI, LODA, and RHIC Non-State plans represents the percentage of the Commonwealth's share of Net OPEB Liability amount compared to the Net OPEB Liability amount for all employers of \$1.6 billion, \$358.8 million and \$39.8 million, respectively.

Primary Government

	RHIC			VSDP		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (1) (a)-(b)
Balances at June 30, 2019	\$ 421,009	\$ 40,050	\$ 380,959	\$ 147,408	\$ 287,063	\$ (139,655)
Changes for the year						
Service cost	8,070	—	8,070	18,005	—	18,005
Interest	28,231	—	28,231	9,724	—	9,724
Benefit changes	—	—	—	—	—	—
Differences between actual and expected experience	(5,562)	—	(5,562)	18,163	—	18,163
Assumption changes	9,421	—	9,421	2,575	—	2,575
Contributions - employer	—	33,170	(33,170)	—	15,560	(15,560)
Contributions - member	—	—	—	—	—	—
Net investment income	—	2,569	(2,569)	—	18,782	(18,782)
Benefit payments	(32,835)	(30,484)	(2,351)	(15,997)	(16,927)	930
Third-party administrator charges	—	—	—	—	(3,961)	3,961
Administrative expense	—	(56)	56	—	(485)	485
Other changes	—	(3)	3	—	688	(688)
Net changes	7,325	5,196	2,129	32,470	13,657	18,813
Balances at June 30, 2020	\$ 428,334	\$ 45,246	\$ 383,088	\$ 179,878	\$ 300,720	\$ (120,842)

	Other Plans	
	Commonwealth's Proportion	Proportionate Share of Net OPEB Liability
Group Life Insurance	14.5 %	\$ 235,578
Line of Duty Act	57.0 %	204,642
Retiree Health Insurance Credit: Non-State	100.0 %	39,837
Balance at June 30, 2020		\$ 480,057
Total balance at June 30, 2020: (excludes VSDP net OPEB asset) (1) (2)		\$ 863,145

Component Units

	RHIC			VSDP		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (1) (a)-(b)
Balances at June 30, 2019	\$ 587,175	\$ 55,858	\$ 531,317	\$ 90,325	\$ 175,898	\$ (85,573)
Changes for the year						
Service cost	11,376	—	11,376	11,227	—	11,227
Interest	39,792	—	39,792	6,064	—	6,064
Benefit changes	—	—	—	—	—	—
Differences between actual and expected experience	(7,840)	—	(7,840)	11,326	—	11,326
Assumption changes	13,279	—	13,279	1,605	—	1,605
Contributions - employer	—	46,756	(46,756)	—	9,703	(9,703)
Contributions - member	—	—	—	—	—	—
Net investment income	—	3,620	(3,620)	—	11,712	(11,712)
Benefit payments	(40,022)	(42,373)	2,351	(8,379)	(7,449)	(930)
Third-party administrator charges	—	—	—	—	(2,470)	2,470
Administrative expense	—	(79)	79	—	(302)	302
Other changes	—	(5)	5	—	429	(429)
Net changes	16,585	7,919	8,666	21,843	11,623	10,220
Balances at June 30, 2020	\$ 603,760	\$ 63,777	\$ 539,983	\$ 112,168	\$ 187,521	\$ (75,353)

	Other Plans	
	Commonwealth's Proportion	Proportionate Share of Net OPEB Liability
Group Life Insurance	15.6 %	\$ 254,672
Line of Duty Act	2.9 %	10,339
Balance at June 30, 2020		\$ 265,011
Total balance at June 30, 2020: (excludes VSDP net OPEB asset) (1) (3)		\$ 804,994

- (1) The VSDP net OPEB asset is included in Other Restricted Assets in the accompanying government-wide financial statements.
- (2) The primary government's aggregate OPEB liability is \$1,255,256 (dollars in thousands) as of June 30, 2020. This includes amounts for both the VRS-administered and DHRM-administered plans.
- (3) The component unit's aggregate OPEB liability is \$1,168,956 (dollars in thousands) as of June 30, 2020. This includes amounts for both the VRS-administered and DHRM-administered plans as well as other OPEB plans.

The amounts in the previous tables include governmental, business-type, and component unit activity for the Commonwealth's VRS OPEB plans. The table excludes other net OPEB liability amounts of \$11.7 million for all other component units.

The net OPEB liabilities were based on an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. The actuarial assumptions included the following: (a) investment rate of return, net of OPEB plan investment expenses, including inflation: 7.0 percent for RHIC, VSDP, and GLI, and 3.5 percent for LODA; and (b) projected salary increases, including a 2.5 percent inflation component, ranging from 3.5 percent to 6.0 percent for VRS state, JRS, SPORS, and VaLORS employees, and teachers and political subdivision employees. For these OPEB plans, the teachers and political subdivision employees are not Commonwealth employees and, therefore, are excluded from the accompanying tables.

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

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

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

The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be based on the actuarially determined rates based on the Board's funding policy, which certifies the required rates under Title 51.1 of the *Code of Virginia*. Based on those assumptions, the fiduciary net position was projected to be available to make all of the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability. In accordance with GASB Statement No. 75 regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table (dollars in thousands) presents the employers' net OPEB liability for each of the plans calculated using the discount rate of 6.8 percent, as well as what the employers' net OPEB liability would be if it were calculated using a discount rate that is 1.0 percent lower (5.8 percent) or 1.0 percent higher (7.8 percent) than the current rate.

The Line of Duty Act Program is funded on a pay-as-you-go basis. As a result, the liabilities are valued using a discount rate of 3.5 percent, which approximates the risk-free rate of return. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate and the healthcare trend rate.

Primary Government

Changes in Discount Rate					
RHIC			VSDP		
Net OPEB Liability			Net OPEB Liability (Asset) (1)		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 424,587	\$ 383,088	\$ 347,422	\$ (109,723)	\$ (120,842)	\$ (130,693)
GLI			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (2.5%)	Current Discount Rate (3.5%)	1.0% Increase (4.5%)
\$ 309,514	\$ 235,578	\$ 175,659	\$ 237,404	\$ 204,642	\$ 178,737
Changes in Discount Rate			Changes in Healthcare Cost Trend Rates		
RHIC: Non-State			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (6.8%) decreasing to 3.8%)	Healthcare Cost Trend Rates (7.8% decreasing to 4.8%)	1.0% Decrease (8.8%) decreasing to 5.8%)
\$ 44,699	\$ 39,837	\$ 35,697	\$ 173,027	\$ 204,642	\$ 244,522

Component Units

Changes in Discount Rate					
RHIC			VSDP		
Net OPEB Liability			Net OPEB Liability (Asset) (1)		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 598,480	\$ 539,983	\$ 489,711	\$ (68,420)	\$ (75,353)	\$ (81,496)
GLI			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (2.5%)	Current Discount Rate (3.5%)	1.0% Increase (4.5%)
\$ 334,599	\$ 254,672	\$ 189,895	\$ 11,995	\$ 10,339	\$ 9,030
Changes in Healthcare Cost Trend Rates			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (6.8%) decreasing to 3.8%)	Healthcare Cost Trend Rates (7.8% decreasing to 4.8%)	1.0% Increase (8.8%) decreasing to 5.8%)	1.0% Decrease (6.8%) decreasing to 3.8%)	Healthcare Cost Trend Rates (7.8% decreasing to 4.8%)	1.0% Increase (8.8%) decreasing to 5.8%)
\$ 8,742	\$ 10,339	\$ 12,354			

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

The long-term expected rate of return on the System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term target allocations are based on the Strategic Asset Allocation Implementation Schedule and Allowable Ranges document, which was approved by the VRS Board of Trustees on October 10, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the System's long-term target asset allocation are summarized in the following table.

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0 %	5.6 %	1.9 %
Fixed Income	15.0 %	0.9 %	0.1 %
Credit Strategies	14.0 %	5.1 %	0.7 %
Real Assets	14.0 %	5.3 %	0.8 %
Private Equity	14.0 %	8.8 %	1.2 %
MAPS - Multi-Asset			
Public Strategies	6.0 %	3.5 %	0.2 %
PIP-Private Investment			
Partnerships	3.0 %	6.3 %	0.2 %
Total	100.0 %		5.1 %
	Inflation		2.5 %
	Expected arithmetic nominal return		7.6 %

The allocation in the previous table provides a one-year expected return of 7.6 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the pension system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.1 percent, including expected inflation of 2.5 percent. The VRS Board of Trustees elected a long-term rate of return of 6.8 percent which is roughly at the 40th percentile of expected long-term results of VRS fund asset allocation.

The long-term expected rate of return on the LODA OPEB Program's investments was set at 3.5 percent for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.0 percent assumption. Instead, the assumed annual rate of return of 3.5 percent was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of June 30, 2019.

6)

OPEB Related Deferred Outflows and Deferred Inflows

GASB Statement No. 75 requires certain OPEB related items to be reported as either deferred outflows or deferred inflows of resources. The following tables (dollars in thousands) summarize these amounts as of June 30, 2020, in total and by individual plan.

Primary Government (3)

	Totals (1)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,701	\$ 211,572
Changes of assumptions	35,479	306,412
Net difference between projected and actual earnings on plan investments	—	10,080
Changes in proportion and difference between employer contributions and proportionate share of contributions	48,384	76,302
Employer contributions subsequent to the Measurement Date	79,905	—
Amounts associated with transactions subsequent to the Measurement Date	16,694	—
Total	<u>\$ 242,163</u>	<u>\$ 604,366</u>

	RHIC		VSDP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 209	\$ 4,654	\$ 15,472	\$ 4,865
Changes of assumptions	7,884	2,623	2,193	6,882
Net difference between projected and actual earnings on plan investments	—	151	—	4,667
Changes in proportion and difference between employer contributions and proportionate share of contributions	8,445	16,297	4,177	3,691
Employer contributions subsequent to the Measurement Date	35,450	—	16,854	—
Total	<u>\$ 51,988</u>	<u>\$ 23,725</u>	<u>\$ 38,696</u>	<u>\$ 20,105</u>

	GLI		LODA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,667	\$ 3,056	\$ 29,744	\$ —
Changes of assumptions	14,873	7,104	9,602	17,740
Net difference between projected and actual earnings on plan investments	—	4,839	—	405
Changes in proportion and difference between employer contributions and proportionate share of contributions	5,418	12,292	8,836	9,294
Employer contributions subsequent to the Measurement Date	15,802	—	7,733	—
Total	<u>\$ 51,760</u>	<u>\$ 27,291</u>	<u>\$ 55,915</u>	<u>\$ 27,439</u>

	RHIC: Non-State	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 609	\$ 39
Changes of assumptions	927	409
Net difference between projected and actual earnings on plan investments	—	18
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,377	1,377
Employer contributions subsequent to the Measurement Date	4,066	—
Total	<u>\$ 6,979</u>	<u>\$ 1,843</u>

Component Units (2) (3)

	Totals (1)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,382	\$ 158,412
Changes of assumptions	29,044	215,249
Net difference between projected and actual earnings on plan investments	—	8,373
Changes in proportion and difference between employer contributions and proportionate share of contributions	56,262	35,192
Employer contributions subsequent to the Measurement Date	76,774	—
Amounts associated with transactions subsequent to the Measurement Date	12,209	—
Total	<u>\$ 202,671</u>	<u>\$ 417,226</u>

	RHIC		VSDP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 294	\$ 6,561	\$ 9,648	\$ 3,033
Changes of assumptions	11,113	3,698	1,368	4,292
Net difference between projected and actual earnings on plan investments	—	212	—	2,910
Changes in proportion and difference between employer contributions and proportionate share of contributions	22,112	14,260	1,995	2,481
Employer contributions subsequent to the Measurement Date	49,224	—	10,210	—
Total	<u>\$ 82,743</u>	<u>\$ 24,731</u>	<u>\$ 23,221</u>	<u>\$ 12,716</u>

	GLI		LODA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,937	\$ 3,303	\$ 1,503	\$ —
Changes of assumptions	16,078	7,679	485	896
Net difference between projected and actual earnings on plan investments	—	5,231	—	20
Changes in proportion and difference between employer contributions and proportionate share of contributions	6,206	5,639	940	1,023
Employer contributions subsequent to the Measurement Date	16,909	—	431	—
Total	<u>\$ 56,130</u>	<u>\$ 21,852</u>	<u>\$ 3,359</u>	<u>\$ 1,939</u>

- (1) These tables aggregate the deferred inflows of resources and deferred outflows of resources for both the VRS-administered and DHRM-administered plans.
- (2) The component unit amounts in the accompanying financial statements include deferred outflows of resources and deferred inflows of resources of \$8,453 (dollars in thousands) and \$12,637 (dollars in thousands), respectively, for other OPEB plans.
- (3) Additionally, during fiscal year 2020, the Commonwealth recognized OPEB expense for the primary government and component units of \$65,585 (dollars in thousands) and \$61,851 (dollars in thousands), respectively, for the VRS-administered OPEB plans. The recognized OPEB expense by plan for the primary government was as follows (dollars in thousands): RHIC \$31,108; VSDP \$10,006; GLI \$3,906; LODA \$16,810; and RHIC: Non-State \$3,755. The recognized OPEB expense by plan for component units was as follows (dollars in thousands): RHIC \$48,860; VSDP \$6,113; GLI \$6,029; and LODA \$849.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's OPEB expense for each of the next five fiscal years and thereafter. These amounts exclude employer contributions made subsequent to the measurement date as those contributions will reduce the fiscal year 2021 net OPEB liability (asset).

Primary Government

	RHIC	VSDP	GLI	LODA
2021	\$ 3,093	\$ (2,375)	\$ 471	\$ 2,528
2022	3,097	(2,374)	471	2,530
2023	588	1,069	1,614	2,591
2024	(6,186)	1,327	2,657	2,656
2025	(6,895)	1,416	2,703	2,675
Thereafter	(884)	2,674	751	7,763

	RHIC: Non-State
2021	\$ 161
2022	161
2023	190
2024	222
2025	239
Thereafter	97

Component Units

	RHIC	VSDP	GLI	LODA
2021	\$ (3,782)	\$ (403)	\$ 943	\$ 121
2022	(3,787)	(403)	943	121
2023	(719)	181	3,234	124
2024	7,564	225	5,324	127
2025	8,431	240	5,417	128
Thereafter	1,081	455	1,508	368

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

1) Administration

The DHRM-administered defined benefit OPEB plan mentioned below does not have a trust that meets the requirements of GASB Statement No. 75. In addition, the total OPEB liability for this plan has a measurement date of June 30, 2019. A separately issued financial report for this DHRM-administered OPEB plan is not available.

2) Plan Description

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

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

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

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

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

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

This fund is reported as part of the Commonwealth's Health Care Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial

reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 4,800 retirees and 89,000 active employees in the program in fiscal

3) Funding

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

4) Changes in Total OPEB Liability

The PMRH total OPEB liability of \$678.9 million as of June 30, 2020, was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2019. The following tables (dollars in thousands) show the Commonwealth's total OPEB liability for the current and prior year:

Primary Government

	PMRH
	Increase (Decrease)
	Total OPEB Liability
Balances at June 30, 2019	\$ 585,499
Changes for the year	
Service cost	42,012
Interest cost	23,647
Changes of benefit terms	—
Differences between expected and actual experience	(125,270)
Changes of assumptions	(105,240)
Benefit payments	(28,537)
Net change	(193,388)
Balances at June 30, 2020	\$ 392,111

year 2019. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

Component Units

	PMRH
	Increase (Decrease)
	Total OPEB Liability
Balances at June 30, 2019	\$ 420,141
Changes for the year	
Service cost	30,725
Interest cost	17,294
Changes of benefit terms	—
Differences between expected and actual experience	(91,616)
Changes of assumptions	(76,966)
Benefit payments	(12,809)
Net change	(133,372)
Balances at June 30, 2020	\$ 286,769

The amounts in the previous tables include governmental, business-type, and component unit activity for the DHRM-administered OPEB plan. The table excludes the non-DHRM OPEB plans' total OPEB liability of \$65.5 million for all other component units.

The PMRH total OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2019. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.0 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.5 percent for medical and pharmacy and 4.0 percent for dental.

Actuarial Assumptions and Methods

Valuation Date of June 30, 2019

Measurement Date	June 30, 2019 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.25 years
Discount Rate	3.5%
Projected Salary Increases	4.0%
Medical Trend Under 65	Medical & Rx: 7.0% to 4.5% Dental: 4.0% Before reflecting excise tax
Year of Ultimate Trend	2029
Mortality	Mortality rates vary by participant status
Pre-Retirement	RP-2014 Employee Rates; males setback 1 year, 85.0% of rates; females setback 1 year
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year
Post-Disablement:	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115.0% of rates; females 130.0% of rates

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2019. The inflation rate used was 2.3 percent per year and there were no ad hoc postemployment benefit changes used to measure the total OPEB liability.

Changes of Assumptions

The following actuarial assumptions were updated since the June 30, 2018 valuation based on recent experience:

- Spousal coverage - reduced the rate from 35.0 percent to 25.0 percent
- Retiree participation - reduced the rate from 60.0 percent to 50.0 percent

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect modified pre-retirement Mortality base rates to exclude age over 65 instead of applying mortality improvement projection scale BB. The excise tax was modified to reflect updated projection of the tax thresholds. Trend rates were updated based on economic conditions as of June 30, 2019. Additionally, the discount rate was decreased from 3.9 percent to 3.5 percent based on the Bond Buyers GO 20 Municipal Bond Index.

5) Changes to and Sensitivity of Discount Rate

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

Primary Government

Changes in Discount Rate		
PMRH		
Total OPEB Liability		
1.0% Decrease (2.5%)	Current Discount Rate (3.5%)	1.0% Increase (4.5%)
\$ 419,422	\$ 392,111	\$ 366,499

Changes in Healthcare Cost Trend Rates		
PMRH		
Total OPEB Liability		
1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
(6.0% decreasing to 3.5%)	(7.0% decreasing to 4.5%)	(8.0% decreasing to 5.5%)
\$ 350,172	\$ 392,111	\$ 441,747

Component Units

Changes in Discount Rate		
PMRH		
Total OPEB Liability		
1.0% Decrease (2.5%)	Current Discount Rate (3.5%)	1.0% Increase (4.5%)
\$ 306,743	\$ 286,769	\$ 268,037

Changes in Healthcare Cost Trend Rates		
PMRH		
Total OPEB Liability		
1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
(6.0% decreasing to 3.5%)	(7.0% decreasing to 4.5%)	(8.0% decreasing to 5.5%)
\$ 256,097	\$ 286,769	\$ 323,070

6) OPEB Related Deferred Outflows and Deferred Inflows

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

Primary Government (2)

	PMRH	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 198,958
Changes of assumptions	—	271,654
Changes in proportion	20,131	33,351
Amounts associated with transactions subsequent to the Measurement Date	16,694	—
Total	\$ 36,825	\$ 503,963

Component Units (1) (2)

	PMRH	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 145,515
Changes of assumptions	—	198,684
Changes in proportion	25,009	11,789
Amounts associated with transactions subsequent to the Measurement Date	12,209	—
Total	\$ 37,218	\$ 355,988

- (1) The component unit amounts exclude deferred outflows of resources and deferred inflows of resources of \$2,293 and \$47,951 (dollars in thousands), respectively, for other OPEB plans.
- (2) Additionally, during fiscal year 2020, the Commonwealth recognized OPEB expense for the primary government and component units of negative \$46,678 (dollars in thousands) and negative \$28,899 (dollars in thousands), respectively, for the DHRM-administered OPEB plan.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's OPEB expense for each of the next five fiscal years and thereafter. These amounts exclude amounts associated with transactions subsequent to the measurement date as those will reduce the fiscal year 2021 total OPEB liability

Primary Government

	PMRH
2021 \$	(112,379)
2022	(112,379)
2023	(112,379)
2024	(91,958)
2025	(45,257)
Thereafter	(9,480)

Component Units

	PMRH
2021 \$	(76,876)
2022	(76,876)
2023	(76,876)
2024	(62,907)
2025	(30,960)
Thereafter	(6,484)

7) Other OPEB Plans

Higher Education

The University of Virginia (nonmajor component unit) has a Retiree Health Plan that covers employees who retire before becoming eligible for Medicare. In addition, an Optional Retirement Life Insurance Plan is offered to University faculty and Medical Center employees who participate in the Optional Retirement Plans. For these OPEB plans, the University reported a total OPEB liability of \$64.6 million, deferred outflows of resources of \$2.3 million, and deferred inflows of resources of \$47.6 million as of June 30, 2020. Additional information on these plans can be found at the University's website at www.virginia.edu.

Other Component Units

The Virginia Housing Development Authority (major component unit) offers a medical, dental, and vision benefit plan, and reports deferred outflows of resources of \$4.6 million and deferred inflows of resources of \$3.6 million as of June 30, 2020.

The Virginia Resources Authority (major component unit) offers an optional Retirement Life Insurance Plan for those employees who choose to participate. The Authority reports a net OPEB liability of \$273,278, deferred outflows of resources of \$37,829, and deferred inflows of resources of \$19,000 as of June 30, 2020.

The Virginia Port Authority (nonmajor component unit) offers medical and dental benefits for retirees. The Authority reports a total OPEB liability of \$896,653, deferred outflows of \$29,262 and deferred inflows of resources of \$358,784 as of June 30, 2020.

Hampton Roads Sanitation District (nonmajor component unit) offers a health and dental benefit

plan for those employees who choose to participate. The District reports a net OPEB liability of \$10.7 million, deferred inflows of resources of \$8.9 million and deferred outflows of resources of \$3.6 million as of June 30, 2020.

The Virginia Biotechnology Research Partnership Authority (nonmajor component unit) offers an Optional Retirement Life Insurance Plan for those employees who choose to participate. The Authority reports a net OPEB liability of \$63,303, deferred outflows of resources of \$20,028, and deferred inflows of resources of \$3,494 as of June 30, 2020.

19. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Virginia Retirement System (the System) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1 of the *Code of Virginia*. The System contracts with private corporations or institutions subject to the standards set forth in the Code to provide investment products as well as any other goods and services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliation, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the System for investment. The plan provides a number of investment options and is designed so that each participant retains investment control of his/her individual account. The plan, available to all state employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of plan participants and their beneficiaries and is not available to employees until termination, retirement, death, unforeseeable emergency, or an in-service distribution at age 72 or later. Since the System has no fiduciary relationship with plan participants, plan assets as of June 30, 2020, of \$3.3 billion are not included in the accompanying financial statements.

In addition, the Commonwealth provides a cash match under Internal Revenue Code Section 401(a) for employees participating in the deferred compensation plan. The match amount for an employee was established at 50.0 percent of the voluntary contributions to the deferred compensation plan. During the current fiscal year, the maximum match was \$20 per pay period or \$40 per month. The fair value of assets in the cash match savings plan as of June 30, 2020, was \$493.2 million, which is also excluded from the accompanying financial statements.

Most employees of the Commonwealth's colleges and universities may participate in the Commonwealth's deferred compensation plan in accordance with Internal Revenue Code Section 457(b) and/or the institution's deferred compensation plan in accordance with Internal Revenue Code Section 403(b). Under either plan, the institution's cash match under the Internal Revenue Code Section 401(a) during fiscal year 2020 was a

maximum match up to \$20 per pay period or \$40 per month. This employer match is for either plan but not both plans. Employer contributions under these plans were approximately \$15.3 million for fiscal year 2020.

The deferred compensation plan for the University of Virginia Medical Center (part of the University of Virginia – nonmajor component unit) employees hired on or after September 30, 2002, allows employee contributions up to 4.0 percent of their salary and the employer match is 50.0 percent of the 4.0 percent deferral not to exceed 2.0 percent of the employees' salary. Employer contributions under this plan were approximately \$5.0 million for fiscal year 2020. The University of Virginia provides executive deferred compensation retirement benefits for certain officers and executives of the University and the University Medical Center. The University makes contributions on behalf of each participant each plan year as determined by the Board of Visitors. The University contributed \$2.4 million to these accounts for fiscal year 2020.

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

The Virginia Port Authority (VPA) (nonmajor component unit) offers three deferred compensation plans and two matching savings plans under Internal Revenue Code Sections 457 and 401(a), respectively. For additional information, please see the Authority's website at www.portofvirginia.com.

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

20. STATE NON-ARBITRAGE POOL

The Commonwealth sponsors the Virginia State Non-Arbitrage Program (SNAP) for use by the Commonwealth and local governments to invest bond proceeds. The Treasury Board is responsible for the oversight of SNAP, procuring the following services: investment management, program administration, arbitrage rebate and calculation, and custodial and depository services. The Commonwealth does not have fiduciary responsibility for SNAP.

The SNAP fund is a local government investment pool. PFM Asset Management LLC serves as the investment adviser of the SNAP fund. The SNAP individual investment portfolios are the responsibility of the SNAP investment manager and the governments investing proceeds in the portfolios. These investments are held

solely in the SNAP participants' names. Since the Commonwealth has no fiduciary relationship with local governmental entities participating in the plan, these assets of \$3.5 billion are not included in the financial statements.

21. COMMITMENTS

A. Construction Projects

Primary Government

Highway Projects

As of June 30, 2020, the Department of Transportation had contractual commitments of approximately \$5.7 billion for construction of various highway projects. Funding for these expenditures is expected to be provided as follows: (1) Federal funds – approximately 11.3 percent or \$648.0 million, (2) State funds – approximately 73.8 percent or \$4.2 billion, and (3) Proceeds from Bonds – approximately 14.9 percent or \$848.0 million.

Mass Transit Projects

As of June 30, 2020, the Department of Rail and Public Transportation (DRPT) had contractual commitments of approximately \$376.9 million for various public transportation, rail preservation, and rail enhancement projects. Funding of the future expenditures is expected to be as follows: 1) State funds – approximately 88.8 percent or \$334.7 million, and 2) Federal funds – approximately 11.2 percent or \$42.2 million.

Wastewater Treatment Projects

As of June 30, 2020, the Department of Environmental Quality was committed to grant contracts with localities to reimburse a portion of construction costs for nutrient reduction facilities at wastewater treatment plants totaling \$10.1 million provided by bond proceeds and the Water Quality Improvement Fund.

Other Construction Projects

As of June 30, 2020, the Department of General Services had construction commitments of approximately \$334.9 million.

As of June 30, 2020, the Department of Veterans Services had contractual commitments of \$120.3 million and non-contractual commitments of \$21.1 million for construction projects.

As of June 30, 2020, the Department of Behavioral Health and Developmental Services had construction contractual commitments of approximately \$95.7 million.

As of June 30, 2020, the Department of Military Affairs had construction contractual commitments of approximately \$16.6 million.

As of June 30, 2020, the Department of Conservation and Recreation had contractual commitments of \$7.8 million for construction projects.

As of June 30, 2020, the Department of Forensic Science had contractual commitments of approximately \$4.7 million and non-contractual commitments of \$5.4 million for construction projects.

Component Units

Port Projects

As of June 30, 2020, the Virginia Port Authority (nonmajor) was committed to construction contracts totaling \$517.4 million.

Wallops Island Project

As of June 30, 2020, the Virginia Commercial Space Flight Authority (nonmajor) was committed to construction programs totaling \$7.4 million, approximately \$5.6 million of which will be reimbursable under separate private and federal contract agreements and approximately \$500,000 of which are funded by the Commonwealth.

Treatment Plant

As of June 30, 2020, the Hampton Roads Sanitation District Commission (nonmajor) was committed to construction contracts totaling \$195.8 million.

Higher Education Institutions

Colleges and universities (nonmajor) had contractual commitments as of June 30, 2020, of approximately \$1.5 billion. Higher education foundations' commitments total approximately \$40.4 million. These are primarily for construction contracts.

B. Operating Leases

The Commonwealth has entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on a month-to-month basis. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense for the primary government under these operating leases for the year ended June 30, 2020, was \$81.9 million for governmental activities (including internal service funds) and \$32.2 million for business-type activities. Rental expense for the discrete component units (excluding foundations) for the year ended June 30, 2020, was \$127.9 million. The Commonwealth has, as of June 30, 2020, the following minimum rental payments due under the above leases (dollars in thousands):

Primary Government			
	Governmental Activities	Business-type Activities	Component Units (1)
2021	\$ 81,398	\$ 30,141	\$ 84,128
2022	67,965	25,672	66,916
2023	51,413	20,573	56,255
2024	42,953	16,495	40,480
2025	34,689	11,938	31,057
2026-2030	78,854	18,370	80,286
2031-2035	5,089	—	7,486
2036-2040	72	—	1,107
2041-2045	25	—	955
2046-2050	25	—	925
2051-2055	—	—	925
2056-2060	—	—	115
2061-2065	—	—	25
2066-2070	—	—	15
Total	<u>\$ 362,483</u>	<u>\$ 123,189</u>	<u>\$ 370,675</u>

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

Foundations (2)	
2021	\$ 9,372
2022	9,025
2023	8,355
2024	8,035
2025	7,056
Thereafter	38,096
Total	<u>\$ 79,939</u>

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Rental expense for the year ended June 30, 2020, was approximately \$10.1 million.

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

C. Investment Commitments – Virginia Retirement System

The Virginia Retirement System extends investment commitments in the normal course of business, which, as of June 30, 2020, amounted to \$18.0 billion.

D. Virginia Transportation Infrastructure Bank

Section 33.2-1500 of the *Code of Virginia* states the Virginia Transportation Infrastructure Bank is intended to help alleviate a critical financing need for present and future highways within the Commonwealth. This includes toll facilities; mass transit; freight, passenger, and commuter rail; and port, airport and other transportation facilities.

As of June 30, 2020, \$200.0 million included as Loans Receivable in the accompanying statements represents loans to the City of Chesapeake for the Dominion Boulevard Project, Loudoun County for the Pacific Boulevard Project, the Chesapeake Bay Bridge and Tunnel District for the Parallel Thimble Shoal Tunnel, and 95 Express Lanes LLC for the 395 Express Lanes Northern Extension. The City of Alexandria for the Potomac Yard Metrorail Station loan has been approved, but no disbursements were made as of June 30, 2020. A payment was made by the City of Chesapeake for \$8.2 million in July 2020. All loans are coordinated through the Virginia Resources Authority (major component unit).

E. Tobacco Grants

The Tobacco Region Revitalization Commission (nonmajor component unit) had \$103.1 million in grant award commitments not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2020, in accordance with GASB Statement No. 33.

F. Other Commitments

Primary Government

As of June 30, 2020, the Virginia Department of Transportation had contractual commitments of approximately \$1.1 billion for individual contracts awarded with a contract value of \$1.0 million or more for operational services, facilities, tolling services and other non-highway construction type contracts.

The Virginia College Savings Plan (major enterprise fund) administers the Prepaid529 Program. As of June 30, 2020, the Program had \$227.2 million in private equity commitments.

As of June 30, 2020, the Department of Corrections had contractual commitments of approximately \$209.3 million and non-contractual commitments of approximately \$17.4 million for detention services and medical care.

As of June 30, 2020, the Department of Behavioral Health and Developmental Services had contractual commitments of approximately \$115.8 million.

As of June 30, 2020, the Virginia Department of Health had commitments of approximately \$82.6 million to localities, trauma centers, grants to rescue squads, and water supply assistance grants.

The Virginia Wireless E-911 (nonmajor enterprise fund) had \$57.7 million in outstanding grants awarded but not yet disbursed to localities as of June 30, 2020, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

As of June 30, 2020, the Department of Motor Vehicles had contractual commitments of approximately \$37.5 million for security technology services.

As of June 30, 2020, the Enterprise Applications (internal service fund) had \$26.4 million in contractually obligated commitments for the Human Capital Management replacement project.

As of June 30, 2020, the Virginia Employment Commission had contractual commitments of approximately \$6.2 million for information systems modernization projects and approximately \$9.8 million for other non-contractual commitments.

Component Units

The Virginia Housing Development Authority (major) and Virginia Resources Authority (major) had \$1.3 billion and \$359.4 million, respectively, in commitments to fund new loans not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2020, in accordance with GASB Statement No. 33.

The Virginia Small Business Financing Authority (nonmajor) had \$2.6 million in loan commitments to banks and borrowers not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2020, in accordance with GASB Statement No. 33.

22. ACCRUED LIABILITY FOR COMPENSATED ABSENCES

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

All employees hired after January 1, 1999, are required to enroll in the Virginia Sickness and Disability Program

(VSDP) (see Note 17). Under the VSDP, employees receive a specified number of sick and personal leave hours, depending on their length of service, and any balances at the end of the leave year revert. Individuals employed at January 1, 1999, had the option of converting to the VSDP or remaining in the traditional sick leave plan. If converting, the employee's sick leave balance could be used to purchase retirement credits or be converted to disability credits. If an employee opted to remain in the traditional sick leave program, sick leave accrues at a rate of five hours semimonthly. Employees who leave state service after a minimum of five years employment receive the lesser of 25.0 percent of the value of their disability credits or accumulated sick leave at their current earnings rate or \$5,000. All employees leaving state service are paid for accrued annual leave up to the maximum leave year limit at their current earnings rate.

In conformance with Section C60 of the GASB Codification, the monetary value of accumulated vacation, compensatory, overtime, recognition, and sick leave payable upon termination is included in the accompanying financial statements and is reported as Compensated Absences. In the government-wide statements, proprietary fund statements, and discrete component unit fund statements, compensated absence amounts are segregated into two components – the amount due within one year and the amount due in more than one year. Compensated absences due within one year consist of an estimate of the amount that will be used by active employees for paid time off and/or paid upon termination, plus the actual amount paid after June 30 for employees terminating on or before June 30. In the governmental fund statements, amounts to be paid from expendable resources are recognized as fund liabilities in the applicable governmental fund types as long-term liabilities and represent payments to employees for separations that occurred on or before June 30. Amounts not payable from expendable resources are reflected in the governmental activities column in the Government-wide Statement of Net Position (see Note 27). All amounts related to the fiduciary funds are recognized in those funds.

The liability as of June 30, 2020, was computed using salary rates effective at that date, and represents vacation, compensatory, overtime, recognition, and sick leave earned, or disability credits held by employees, up to the allowable ceilings.

23. POLLUTION REMEDIATION OBLIGATIONS

The Commonwealth has pollution remediation obligations of \$9.5 million, of which \$1.8 million is due within one year. With the exception of the Department of Environmental Quality (DEQ), agencies estimated future obligations based on professional consultant estimates and/or historical project expenses of similar projects; however, there is the potential for change in estimates due to price increases or reductions, technology, or applicable laws and regulations. Remediations for DEQ are not estimates but contractual obligations between the Commonwealth

and the U.S. Environmental Protection Agency (EPA), and any change due to a reconciliation of incurred costs requires mutual consent and contract amendment.

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

Agencies involved in remediation include:

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

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

The following pollution remediation outlays could not reasonably be estimated as of June 30, 2020:

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

24. INSURANCE

A. Self-Insurance

The Commonwealth maintains three types of self-insurance plans. The first type of self-insurance is a health care plan administered by the Department of Human Resource Management for Commonwealth employees. The plan is accounted for in the Health Care Internal Service Fund. Interfund premiums are accounted for as internal activity receipts from other funds. As of June 30, 2020, \$136.8 million is reported as the estimated claims payable for this fund, which is undiscounted as nearly all healthcare claims are current in nature. The estimated liability is based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported as described in Note 1.W. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2019-2020	\$ 131,384	\$ 1,319,329	\$ (1,313,909)	\$ 136,804
2018-2019	\$ 116,172	\$ 1,448,334	\$ (1,433,122)	\$ 131,384

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

The second type of plan, Risk Management, is administered by the Department of the Treasury, Division of Risk Management and the Department of Human Resource Management, Worker's Compensation Program. These plans are accounted for in the Risk Management Internal Service Fund. The Department of the Treasury administers risk management programs providing property, general (tort) liability, medical malpractice, automobile and surety bond exposures for the Commonwealth of Virginia as provided in Sections 2.2-1834 through 1838 and Section 2.2-1840 of the *Code of Virginia*. Established subject to the approval of the Governor, risk management plans provide state agencies with protection through purchased insurance, self-insurance or a combination thereof. Interfund premiums for the fund are accounted for as internal activity receipts from other funds. The claims payable is an estimated liability based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported. As of June 30, 2020, \$892.2 million is reported as the estimated claims payable for the risk management plan. This amount is discounted to present value at a rate of 0.2 percent. Undiscounted claims payable as of June 30, 2020, is \$914.7 million. The estimated losses are based upon actual claims that have been submitted, as well as claims incurred but not reported. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2019-2020	\$ 751,969	\$ 211,641	\$ (71,420)	\$ 892,190
2018-2019	\$ 793,359	\$ 32,341	\$ (73,731)	\$ 751,969

(1) Of the balance shown above, \$64.3 million is due within one year.

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

The third type of plan, Line of Duty, is administered by the Department of Human Resource Management for Line of Duty recipients. Per the amended Line of Duty Act Section 9.1-401 of the *Code of Virginia*, the Department of Human Resource Management is responsible for administration of the premium-free health benefits provided to eligible Line of Duty recipients. The plan is accounted for in the Line of Duty Internal Service Fund. All eligible employees, former employees, and eligible family members will be covered under one program, the Line of Duty Health Benefit Plans. Participating or non-participating refers to whether the employer participates in the Line of Duty Death and Health Benefits Trust Fund, administered by VRS. All state agencies are participating employers, but localities can be either participating or non-participating. As of June 30, 2020, \$592,142 is reported as the claims payable for the fund for state employees and participating localities, which is undiscounted as nearly all healthcare claims are current in nature. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2019-2020	\$ 618	\$ 6,402	\$ (6,428)	\$ 592
2018-2019	\$ 485	\$ 7,200	\$ (7,067)	\$ 618

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

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

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

losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. The estimated liability for outstanding claims on June 30, 2020 was \$8.6 million. The University has contracted with several third-party claims administrators: Aetna, for its medical claims, United Concordia for its dental claims, and OptumRx for its pharmacy claims.

As of June 30, 2020, the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) reports the following claims payable amounts: estimated workers' compensation claims of \$6.9 million and estimated losses on malpractice claims of \$3.0 million. Aries Insurance Captive (component unit of the Authority) reports claims payable of \$23.2 million for estimated losses on malpractice claims and \$5.7 million for estimated workers' compensation claims. Additional information on claims payable can be found in the Authority's separately issued financial statements.

Virginia International Terminals, LLC (VIT) (a blended component unit of the Virginia Port Authority – nonmajor) is partially self-insured for certain workers' compensation claims. The Authority maintains insurance coverage of \$5.0 million per claim, but is obligated to pay the first \$1.0 million of any individual's claims per incident. The Authority bears some self-insurance risk for claims cost in excess of employee premiums/contributions received. Pursuant to a joint arrangement with the Virginia Port Authority, (VPA) (nonmajor) the entity carries stop loss insurance to mitigate exposure to significant claims. The stop loss policy is on a calendar year basis, with renewals effective each January 1. During the calendar year 2019 and 2020, the individual claim cost limit (deductible) under the policy for the Authority was \$125,000 and \$150,000 respectively. The aggregate deductible for VIT and VPA combined claims in excess of the individual limit was \$6.2 million for calendar year 2020 and \$6.4 million for calendar year 2019.

B. Public Entity Risk Pools

The Commonwealth administers three types of public entity risk pools for the benefit of local governmental units: healthcare, risk management, and line of duty insurance. The Local Choice Health Care plan was established to make comprehensive healthcare insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 448 local government units participating in the pool. This includes 68 school districts, 36 counties, 129 cities/towns, and 215 other subdivisions. This program is accounted for in the Local Choice Health Care Enterprise Fund (nonmajor).

The Department of Human Resource Management, under Section 2.2-1204 of the *Code*

of Virginia, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. As of June 30, 2020, \$50.5 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 the Treasury, Division of Risk Management administers the VARisk and VARisk2 risk management programs for political subdivisions, constitutional officers and others in accordance with Section 2.2-1839 of the *Code of Virginia*. These pools were established to provide an economical, low-cost alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management Enterprise Fund (nonmajor). The pool is established subject to approval by the Governor. It may be insurance, self-insurance, or any combination thereof, and must provide protection and legal defense against liability. Participation is voluntary and open to those identified in Section 2.2-1839 of the *Code of Virginia*. As of June 30, 2020, there were 501 units of local government in the pool, including 15 towns and 25 counties. The remaining 461 units include a large variety of boards, commissions, authorities, and special districts.

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

The VARisk2 program is comprised of local governments and has a minimum membership period of one year. However, a member group can cancel membership and withdraw from the plan on their coverage anniversary date or at the end of the fiscal year with 30 days' notice.

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

As of June 30, 2020, \$43.7 million and \$3.9 million is reported as estimated claims payable for the VARisk and the VARisk2 programs, respectively. These figures are actuarially determined for the

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

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

health benefits provided to eligible LODA recipients. All eligible employees, former employees, and eligible family members will be covered under one program, the LODA Health Benefits Plans. As of June 30, 2020, \$1.5 million is reported as the actuarially determined estimated claims payable for the non-participating localities reported in this fund based on claims incurred but not reported.

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

	Local Choice Health Care		Risk Management		Line of Duty	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Unpaid Claims and Claim						
Adjustment Expenses at Beginning of Fiscal Year	\$ 46,836	\$ 40,601	\$ 39,509	\$ 36,156	\$ 1,513	\$ 2,208
Incurring Claims and Claim Adjustment Expenses:						
Provision for Insured Events of the Current Fiscal Year	402,147	450,166	14,130	14,151	15,674	16,607
Changes in Provision for Insured Events of Prior Fiscal Years	—	—	1,711	(951)	—	—
Total Incurred Claims and Adjustment Expenses	402,147	450,166	15,841	13,200	15,674	16,607
Payments:						
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	398,497	443,931	1,267	1,075	15,737	17,302
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	—	—	6,521	9,302	—	—
Total Payments	398,497	443,931	7,788	10,377	15,737	17,302
Change in Provision for Discounts	—	—	47	530	—	—
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted) (1) (2) (3) (4)	\$ 50,486	\$ 46,836	\$ 47,609	\$ 39,509	\$ 1,450	\$ 1,513
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	\$ 50,486	\$ 46,836	\$ 47,786	\$ 41,375	\$ 1,450	\$ 1,513

Note (1): The entire balance for Local Choice Health Care, \$50,486 (dollars in thousands) is due within one year.

Note (2): Of the balance shown above for Risk Management, \$12,498 (dollars in thousands) is due within one year.

Note (3): The entire balance for Line of Duty, \$1,450 (dollars in thousands) is due within one year.

Note (4): The interest rate used for discounting is 0.2 percent.

25. ACCOUNTS PAYABLE

The following table (dollars in thousands) summarizes Accounts Payable as of June 30, 2020.

	Vendor	Salary / Wage	Retainage	Other	Foundations (1)	Total
Primary Government:						
General	\$ 437,949	\$ 113,008	\$ —	\$ —	\$ —	\$ 550,957
Major Special Revenue Funds:						
Commonwealth Transportation	428,422	35,643	845	—	—	464,910
Federal Trust	90,904	19,079	1,624	—	—	111,607
Nonmajor Governmental Funds	69,186	14,944	11,358	313	—	95,801
Major Enterprise Funds:						
Virginia Lottery (2)	7,934	2,046	—	3,885	—	13,865
Virginia College Savings Plan	146	649	—	4,465	—	5,260
Unemployment Compensation	—	—	—	7,367	—	7,367
Nonmajor Enterprise Funds	75,544	8,089	283	4	—	83,920
Internal Service Funds	77,176	3,129	2,197	—	—	82,502
Private Purpose Trust Funds	—	—	—	1,546	—	1,546
Pension and Other Employee Benefit Trust Funds (3)	3,135	2,599	—	46,388	—	52,122
Custodial Funds - Other	3,140	—	—	375	—	3,515
Total Primary Government (4)	\$ 1,193,536	\$ 199,186	\$ 16,307	\$ 64,343	\$ —	\$ 1,473,372
Discrete Component Units:						
Virginia Housing Development Authority	\$ 1,078	\$ 6,761	\$ —	\$ 25,231	\$ —	\$ 33,070
Virginia Public School Authority	191	—	—	—	—	191
Virginia Resources Authority	71	5	—	—	—	76
Virginia College Building Authority	84	—	—	—	—	84
Nonmajor Component Units	617,360	560,630	75,578	5,079	112,455	1,371,102
Total Component Units	\$ 618,784	\$ 567,396	\$ 75,578	\$ 30,310	\$ 112,455	\$ 1,404,523

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

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

Note (3): Other Accounts Payable for the Pension and Other Employee Benefit Trust Fund consists of \$29,345 (dollars in thousands) in investment management fees and \$17,043 (dollars in thousands) in program benefit liabilities.

Note (4): Fiduciary liabilities of \$57,183 (dollars in thousands) are not included in the Government-wide Statement of Net Position. In addition, governmental fund liabilities of \$120,349 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

26. OTHER LIABILITIES

The following tables (dollars in thousands) summarize Other Liabilities as of June 30, 2020.

Primary Government						
	General	Commonwealth Transportation	Federal Trust	Nonmajor Governmental Funds	Virginia Lottery	Virginia College Savings Plan (1)
Lottery Prizes Payable	\$ —	\$ —	\$ —	\$ —	\$ 66,136	\$ —
Medicaid Payable	399,117	—	1,036,250	115,084	—	—
Family Access to Medical Insurance Security Payable	5,924	—	24,443	—	—	—
Tax Refunds Payable	408,095	—	—	—	—	—
Deposits Pending Distribution	5,953	1,733	7	27,026	—	—
Car Tax Payable	263,025	—	—	—	—	—
Other Liabilities	124	19,184	25	1,541	—	18,780
Total Other Liabilities	<u>\$ 1,082,238</u>	<u>\$ 20,917</u>	<u>\$ 1,060,725</u>	<u>\$ 143,651</u>	<u>\$ 66,136</u>	<u>\$ 18,780</u>

Primary Government						
	Nonmajor Enterprise Funds	Internal Service Funds	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds (2)	Custodial Funds - Other	Total Primary Government (3)
Lottery Prizes Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 66,136
Medicaid Payable	—	—	—	—	—	1,550,451
Family Access to Medical Insurance Security Payable	—	—	—	—	—	30,367
Tax Refunds Payable	—	—	—	—	—	408,095
Deposits Pending Distribution	161	117	31	—	—	35,028
Car Tax Refund Payable	—	—	—	—	—	263,025
Other Liabilities	—	—	—	116,303	1,810	157,767
Total Other Liabilities	<u>\$ 161</u>	<u>\$ 117</u>	<u>\$ 31</u>	<u>\$ 116,303</u>	<u>\$ 1,810</u>	<u>\$ 2,510,869</u>

Note (1): Other Liabilities of \$18,780 (dollars in thousands) reported by the Virginia College Savings Plan represent amounts associated with pending investment trades and program distributions payable.

Note (2): Other Liabilities of \$116,303 (dollars in thousands) reported in Pension and Other Employee Benefit Trust Funds are made up of \$98,598 (dollars in thousands) in other funds managed by the System; \$14,899 (dollars in thousands) in pending investment transactions, including \$9,709 (dollars in thousands) in net foreign exchange contracts payable, and \$2,625 (dollars in thousands) in other investment payables; \$1,860 (dollars in thousands) in foreign taxes payables related to the System benefit plans; \$705,000 in dividends payable related to the System benefit plans; and \$2,806 (dollars in thousands) in other payables related to the System benefit plans.

Note (3): Fiduciary liabilities of \$118,144 (dollars in thousands) are not included in the Government-wide Statement of Net Position. Governmental fund liabilities of \$74,478 (dollars in thousands) are included in the Government-wide Statement of Net Position excluded from the above amounts.

Component Units						
	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units (4)	Total Component Units
Accrued Interest Payable	\$ 30,185	\$ 54,684	\$ 25,083	\$ 91,884	\$ 91,319	\$ 293,155
Deposits Pending Distribution	—	—	—	—	549,864	549,864
Short-term Debt	450,300	—	—	—	241,659	691,959
Grants Payable	—	—	—	—	9,890	9,890
Other Liabilities	32,058	—	2,771	2,447	708,317	745,593
Total Other Liabilities	<u>\$ 512,543</u>	<u>\$ 54,684</u>	<u>\$ 27,854</u>	<u>\$ 94,331</u>	<u>\$ 1,601,049</u>	<u>\$ 2,290,461</u>

Note (4): Other Liabilities of nonmajor component units are predominantly comprised of Medicare advance payments as part of the CMS Accelerated and Advance Payments Program reported by University of Virginia (UVA) of \$192,736 (dollars in thousands), Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University) (VCUHA) of \$171,625 (dollars in thousands), and derivative instruments reported by the following: UVA of \$51,414 (dollars in thousands), VCUHA \$61,685 (dollars in thousands), and foundations of higher education institutions of \$71,715 (dollars in thousands). Other Liabilities also includes third party settlements reported by VCUHA of \$76,244 (dollars in thousands).

Medicaid Payable

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

The Department of Medical Assistance Services (DMAS) estimates, based on past experience, the total amount of Medicaid claims that will be paid from the Medicaid program in the future which relate to services provided before year-end. As of June 30, 2020, the estimated liability related to Medicaid claims totaled \$1.6 billion. Of this amount, \$399.1 million is reflected in the General Fund (major governmental), \$1,036.3 million in the Federal Trust Special Revenue Fund (major governmental), and \$115.1 million in the Health and Social Services Fund (nonmajor special revenue).

Family Access to Medical Insurance Security Payable

DMAS estimates the total amount of claims that will be paid from the Family Access to Medical Insurance Security program in the future which relate to services provided before year-end. As of June 30, 2020, the estimated liability related to claims totaled \$30.3 million. Of this amount, \$5.9 million is reflected in the General Fund (major governmental) and \$24.4 million in the Federal Trust Special Revenue Fund (major governmental).

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended on or before December 31, 2019, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2020. 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. Due to the COVID-19 pandemic, the filing deadline for both individual and corporate tax returns was extended.

Car Tax Refund Payable

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

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

reflects payments owed to localities as of June 30 and paid in July.

Termination Benefits

During fiscal year 2020, the Commonwealth laid off 181 employees. The affected employees had the option of volunteering for enhanced retirement benefits or severance benefits. The enhanced retirement benefits option was elected by 8 employees, and the remaining 173 employees elected severance benefits. The severance benefits include salary payments based on years of service and insurance premium payments for health and life insurance. All severance benefits were initiated during fiscal year 2020 and will end no later than June 30, 2021. The benefit cost expended and the outstanding liability as of June 30, 2020 for governmental funds, are \$2.7 million and \$1.2 million, respectively. Since the severance benefits last for a maximum of 12 months, discounting of future cash flows is unnecessary. Additionally, the estimated payments are calculated using the Department of Human Resources' Termination Benefits Calculator and actual costs.

Short-term Debt

Short-term debt results from borrowings from anticipation notes, lines of credit, and similar loans with parties external to the primary government. The primary government's policy is to disclose activity related to short-term borrowings occurring during the fiscal year. For fiscal year 2020, the primary government's agencies did not participate in short-term borrowings with external parties.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires the disclosure of any unused lines of credit. The primary government does not have any unused lines of credit at June 30, 2020.

The Virginia Housing Development Authority (major component unit) has a direct borrowing from a line of credit of \$450.3 million. Virginia Polytechnic Institute and State University and Virginia Commonwealth University (nonmajor component units) have commercial paper and lines of credit of \$54.0 million and \$4.8 million, respectively, primarily for capital projects. Various higher education institution foundations (nonmajor component units) have lines of credit of \$182.8 million primarily for construction or property acquisition. Additionally, the Library of Virginia Foundation (nonmajor component unit) has a \$17,500 note with a related party. The balance of Other Liabilities is spread among various other funds.

The Virginia Housing Development Authority (major component unit) has an unused line of credit of \$245.0 million. The University of Virginia, Virginia Polytechnic Institute and State University, Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University), the Hampton Roads Sanitation District Commission, and the Virginia Port Authority (nonmajor component units) have unused lines of credit of \$500.0 million,

\$135.9 million, \$100.0 million, \$100.0 million and \$16.0 million, respectively. For the University of Virginia, in the event of default under revolving credit agreements, any outstanding advances, interest, and the value of the promissory note would be due and payable to the various banking institutions.

27. LONG-TERM LIABILITIES

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

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

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

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

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

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

Total Long-term Liabilities

June 30, 2020

<i>(Dollars in Thousands)</i>	Balance At June 30	Amount Due Within One Year
Primary Government:		
Governmental Activities:(1)		
General Obligation Bonds: (2)		
9(b) Public Facilities (3)	\$ 330,934	\$ 45,750
9(c) Parking Facilities (3)	7,583	805
9(c) Transportation Facilities (3)	3,083	3,083
Total General Obligation Bonds	<u>341,600</u>	<u>49,638</u>
Nongeneral Obligation Bonds - 9(d):		
Transportation Debt (3) (4)	3,873,329	204,036
Virginia Public Building Authority (3)	3,028,198	173,205
Total Nongeneral Obligation Bonds	<u>6,901,527</u>	<u>377,241</u>
Other Long-term Obligations:		
Net Pension Liability	4,407,825	—
Net OPEB Liability	839,468	5,280
Total OPEB Liability	378,330	16,108
Compensated Absences	324,364	190,330
Capital Lease Obligations	28,413	6,433
Pollution Remediation Obligations	9,475	1,779
Installment Purchase Obligations from Direct Borrowings	132,774	19,340
Economic Development Authority Obligations (3)	15,624	7,135
Hampton Roads Transportation Accountability Commission (3) (5)	1,023,334	—
Other Liabilities	29,263	5,107
Total Other Long-term Obligations	<u>7,188,870</u>	<u>251,512</u>
Total Governmental Activities	<u>14,431,997</u>	<u>678,391</u>
Business-type Activities: (1) (5)		
Other Long-term Obligations:		
Net Pension Liability	152,107	—
Net OPEB Liability	23,677	54
Total OPEB Liability	13,781	585
Compensated Absences	13,663	9,330
Installment Purchase Obligations from Direct Borrowings	964	194
Tuition Benefits Payable	1,831,064	287,670
Lottery Prizes Payable	119,871	11,116
Total Other Long-term Obligations	<u>2,155,127</u>	<u>308,949</u>
Total Business-type Activities	<u>2,155,127</u>	<u>308,949</u>
Total Primary Government	<u>16,587,124</u>	<u>987,340</u>

Total Long-term Liabilities

June 30, 2020

<i>(Dollars in Thousands)</i>	Balance At June 30	Amount Due Within One Year
Component Units:		
General Obligation Bonds: (2)		
Higher Education Fund - 9(c) Bonds (3)	886,837	59,625
Nongeneral Obligation Bonds:		
Higher Education Institutions - 9(d) (3) (5)	3,246,524	21,959
Higher Education Institutions - 9(d) from Direct Placements (3) (5)	173,955	3,260
Virginia College Building Authority (3)	4,384,599	300,210
Virginia Port Authority - 9(d) (3) (6)	503,104	16,065
Virginia Housing Development Authority - 9(d) (3) (5)	3,759,775	103,148
Virginia Housing Development Authority from Direct Placements - 9(d) (3) (5)	237,350	6,930
Virginia Resources Authority - 9(d) (3) (7)	3,415,890	196,639
Virginia Public School Authority - 9(d) (3) (5)	3,468,212	252,965
Virginia Public School Authority from Direct Placements - 9(d) (3) (5)	95,156	—
Hampton Roads Sanitation District Commission (3) (5)	835,479	85,906
Virginia Biotechnology Research Partnership Authority (3)	9,669	4,415
Foundations (5) (8)	1,088,442	46,276
Total Nongeneral Obligation Bonds	<u>21,218,155</u>	<u>1,037,773</u>
Other Long-term Obligations:		
Net Pension Liability (9)	2,924,721	—
Net OPEB Liability (10)	816,706	270
Total OPEB Liability (11)	352,250	12,210
Compensated Absences	363,109	261,038
Capital Lease Obligations (12)	2,347,234	4,242
Notes Payable (5)	1,840,173	178,035
Notes Payable from Direct Borrowings (5)	167,215	9,397
Installment Purchase Obligations from Direct Borrowings	83,385	11,146
Trust and Annuity Obligations (5) (13)	64,923	—
Other Liabilities (5)	250,403	8,809
Total Other Long-term Obligations (Excluding Foundations)	<u>9,210,119</u>	<u>485,147</u>
Other Long-term Obligations (Foundations): (5) (8)		
Compensated Absences	17,913	12,886
Capital Lease Obligations	1,558	508
Notes Payable	291,554	31,448
Trust and Annuity Obligations (13)	71,570	2,248
Other Liabilities	324,746	25,332
Total Other Long-term Obligations - Foundations	<u>707,341</u>	<u>72,422</u>
Total Other Long-term Obligations	<u>9,917,460</u>	<u>557,569</u>
Total Component Units	<u>32,022,452</u>	<u>1,654,967</u>
Total Long-term Liabilities	<u>\$ 48,609,576</u>	<u>\$ 2,642,307</u>

- Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.
- Total general obligation debt of the Commonwealth is \$1.2 billion.
- Amounts are net of any unamortized discounts and premiums.
- This debt includes \$1.1 billion that is not supported by taxes.
- This debt is not supported by taxes.
- This debt includes \$279.4 million for bonds that is not supported by taxes.
- This debt is not supported by taxes; however, \$933.3 million is considered moral obligation debt.
- Foundations represent FASB reporting entities defined in Note 1.B.
- This includes net pension liabilities that do not relate to the Virginia Retirement System's State Plan from the Hampton Roads Sanitation District Commission and the Virginia Port Authority of \$29.1 million and \$9.1 million, respectively. This debt is not supported by taxes.
- This includes OPEB obligations that do not relate to the Virginia Retirement System's State Plan from the Hampton Roads Sanitation District, Virginia Port Authority, Virginia Resources Authority, Roanoke Higher Education Authority, and Virginia Biotechnology Research Partnership Authority of \$10.7 million, \$618,000, \$273,278, \$93,599, and \$63,303, respectively. This debt is not supported by taxes.
- This includes OPEB obligations that do not relate to the Department of Human Resource Management from the University of Virginia of \$64.6 million and Virginia Port Authority of \$896,653. This debt is not supported by taxes.
- This includes \$6.9 million that is supported by taxes.
- These generally represent split-interest agreements that represent donor contributed assets with the requirement that an annual distribution be made to the donor or specified beneficiary. The annual distributions are usually for a fixed dollar amount or a fixed percentage of the trust's fair market value. The present value of these commitments is reported as Trust and Annuity Obligations.

Primary Government

Transportation Facilities Debt

Transportation Facilities Bonds include \$3.1 million of Section 9(c) general obligation bonds and \$3.9 billion of Transportation Facilities Section 9(d) debt. The Section 9(d) debt includes \$2.8 billion of Section 9(d) revenue bonds and \$1.1 billion of Grant Anticipation Revenue Notes (GARVEES) in addition to the outstanding Section 9(d) revenue bonds. Section 9(c) principal and interest requirements for the current year totaled \$3.0 million. Section 9(d) principal and interest requirements for the current year totaled \$370.3 million. The Section 9(c) Transportation Facilities Bonds were issued to fund the construction and improvement of the George P. Coleman Bridge. The Section 9(d) Transportation Facilities Bonds were issued to fund the construction of State Route 28, U.S. Route 58, the Northern Virginia Transportation District Program, the Oak Grove Connector (Chesapeake), and costs of certain transportation projects in the Commonwealth. The GARVEES were issued to finance various Federal Aid Transportation projects throughout the Commonwealth. The interest rates for these bonds range from 1.0 percent to 5.4 percent and the issuance dates range from October 10, 2002 to May 16, 2019.

The following schedules detail the annual funding requirements necessary to amortize Transportation Facilities 9(c) bonds and 9(d) debt. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$54.6 million for Build America Bonds (BABs) issued. The BABs are applicable to Commonwealth of Virginia Transportation Series 2010A Capital Project Revenue Bonds. Additionally, the Commonwealth will receive the amounts required to pay the debt service on outstanding Series 2002 and Series 2012 bonds from the Route 28 Transportation Improvement District, annually. The Commonwealth will also receive a portion of the debt service amount for Oak Grove and the Northern Virginia Transportation District from the localities where the projects are located, annually.

9(c) TRANSPORTATION FACILITIES BONDS Debt Service Requirements to Maturity				
Maturity	Principal	Interest	Total	
2021	\$ 2,815,000	\$ 140,750	\$ 2,955,750	
Add:				
Unamortized Premium	268,433	—	268,433	
Total	<u>\$ 3,083,433</u>	<u>\$ 140,750</u>	<u>\$ 3,224,183</u>	

9(d) TRANSPORTATION FACILITIES DEBT Debt Service Requirements to Maturity				
Maturity	Principal	Interest	Total	
2021	\$ 204,035,956	\$ 155,773,456	\$ 359,809,412	
2022	197,670,226	145,870,578	343,540,804	
2023	206,090,351	136,281,107	342,371,458	
2024	214,630,602	126,374,876	341,005,478	
2025	207,363,739	115,983,432	323,347,171	
2026-2030	1,019,365,576	424,692,105	1,444,057,681	
2031-2035	864,700,000	201,888,856	1,066,588,856	
2036-2040	420,085,000	59,104,288	479,189,288	
2041-2045	115,505,000	7,119,987	122,624,987	
Less:				
Unamortized				
Discount	(71,568)	—	(71,568)	
Add:				
Accretion on Capital				
Appreciation				
Bonds	27,530,416	—	27,530,416	
Unamortized Premium	<u>396,424,186</u>	<u>—</u>	<u>396,424,186</u>	
Total	<u>\$ 3,873,329,484</u>	<u>\$ 1,373,088,685</u>	<u>\$ 5,246,418,169</u>	

Fairfax Economic Development Authority Obligations

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

FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY Debt Service Requirements to Maturity				
Maturity	Principal	Interest	Total	
2021	\$ 7,135,000	\$ 692,500	\$ 7,827,500	
2022	6,715,000	335,750	7,050,750	
Add:				
Unamortized Premium	1,774,354	—	1,774,354	
Total	<u>\$ 15,624,354</u>	<u>\$ 1,028,250</u>	<u>\$ 16,652,604</u>	

Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 2012A Refunding, Series 2013B Refunding, Series 2015B Refunding, Series 2016B Refunding, Series 2019B Refunding, and Series 2019C Refunding. Bonds were issued to fund construction projects for higher educational institutions, behavioral health, and/or park facilities. The Series 2012A bonds were issued to advance refund outstanding Series 2002, Series 2003A, Series 2004A, and Series 2005A bonds. The Series 2013B bonds were issued to advance refund outstanding Series 2005A, Series 2006B, Series 2007A, and Series 2007B. The Series 2015B bonds were issued to advance refund certain maturities of outstanding Series 2007B, Series 2008A, and Series 2008B bonds. The Series 2016B bonds were issued to advance refund certain maturities of outstanding Series 2009A bonds. The Series 2019B bonds were issued to advance refund outstanding 2009D Refunding bonds. The Series 2019C bonds were issued to advance refund outstanding 2009E bonds. Principal and interest requirements for the current year totaled \$61.3 million. The interest rates for all bonds range from 2.0 percent to 5.0 percent and the issuance dates range from March 7, 2012, to August 14, 2019. The following schedule details the annual funding requirements necessary to repay these bonds. The Build America Bonds (BABs) are applicable to the Series 2009E Public Facilities Revenue Bonds. There is no future interest payment for BABs.

Maturity	Principal	Interest	Total
2021	\$ 45,750,000	\$ 13,351,904	\$ 59,101,904
2022	45,775,000	11,100,915	56,875,915
2023	46,950,000	8,978,916	55,928,916
2024	44,390,000	6,830,292	51,220,292
2025	36,280,000	4,807,314	41,087,314
2026-2030	73,795,000	6,038,934	79,833,934
Add:			
Unamortized Premium	37,993,732	—	37,993,732
Total	\$ 330,933,732	\$ 51,108,275	\$ 382,042,007

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, Series 2012A Refunding, Series 2016B Refunding, and Series 2019B Refunding. The Series 2012A Refunding bonds were issued to advance refund outstanding Series 2002 Refunding and Series 2004A bonds. The Series 2016B Refunding bonds were issued to advance refund certain maturities of outstanding Series 2009B bonds. The Series 2019B bonds were issued to advance refund outstanding 2009D Refunding bonds. The interest rate for these bonds range from 2.0 percent to 5.0 percent, and the issuance dates range from March 7, 2012, to August 14, 2019. Current year principal and interest requirements totaled \$1.1 million. The following schedule details the annual funding requirements necessary to repay these bonds.

Maturity	Principal	Interest	Total
2021	\$ 805,000	\$ 301,810	\$ 1,106,810
2022	840,000	261,560	1,101,560
2023	906,257	223,652	1,129,909
2024	952,789	178,339	1,131,128
2025	575,000	130,700	705,700
2026-2030	2,570,000	240,850	2,810,850
Add:			
Unamortized Premium	933,938	—	933,938
Total	\$ 7,582,984	\$ 1,336,911	\$ 8,919,895

Virginia Public Building Authority

Virginia Public Building Authority Section 9(d) bonds consist of 2009A, 2009C, 2010A, 2010B-2, 2010B-3 Refunding, 2011A, 2011B, 2012A Refunding, 2013A, 2013B Refunding, 2014A, 2014B, 2014C Refunding, 2015A, 2015B Refunding, 2016A, 2016B Refunding, 2016C (AMT), 2016D (Taxable), 2017A Refunding, 2018A, 2018B (Taxable), 2019A, 2019B (AMT), 2019C (Taxable), 2020A, 2020B Refunding, and 2020C (Taxable). All bonds were issued for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combination of localities under the Regional Jail Financing Program. The Series 2010B-3 bonds were issued to advance refund outstanding series 2002A and 2004B Revenue bonds. The Series 2012A bonds were issued to advance refund outstanding series 2004B and 2005C Revenue bonds. The Series 2013B bonds were issued to advance refund 2006A and 2006B revenue bonds. The Series 2014C bonds were issued to advance refund outstanding Series 2004A Refunding, 2004B, 2004C Refunding, and 2004D Refunding bonds, and certain maturities of the 2005C, 2006A, 2006B, and 2007A bonds. The Series 2015B bonds were issued to advance refund outstanding series 2005A Refunding, 2005B Refunding, and 2006A bonds and certain maturities of the series 2008B bonds. The Series 2016B bonds were issued to advance refund certain maturities of the series 2009B and 2011A bonds. The Series 2017A bonds were issued to advance refund certain maturities of the 2011A, 2013A, and 2014A bonds. The Series 2020B bonds were issued to advance refund outstanding Series 2009D Refunding and 2010A bonds. This issuance also retired 2005D variable rate bonds. The interest rates range from 1.6 percent to 5.9 percent and the issuance dates range from April 22, 2009, to April 23, 2020.

Current year principal and interest requirements for all VPBA bonds totaled \$274.4 million. In addition, Series 2005D variable rate bonds of \$50.0 million were retired with Series 2020B bonds. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$20.8 million for Build America Bonds (BABs) issued. The BABs are applicable to Series 2010 Revenue Bonds.

9(d) VIRGINIA PUBLIC BUILDING AUTHORITY BONDS Debt Service Requirements to Maturity			
<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 173,205,000	\$ 111,830,457	\$ 285,035,457
2022	178,955,000	108,717,236	287,672,236
2023	182,120,000	100,216,218	282,336,218
2024	188,545,000	91,459,759	280,004,759
2025	197,630,000	82,260,698	279,890,698
2026-2030	865,190,000	282,480,026	1,147,670,026
2031-2035	574,070,000	121,533,956	695,603,956
2036-2040	321,900,000	30,935,714	352,835,714
2041-2045	21,930,000	414,918	22,344,918
Add:			
Unamortized Premium	324,653,232	—	324,653,232
Total	<u>\$ 3,028,198,232</u>	<u>\$ 929,848,982</u>	<u>\$ 3,958,047,214</u>

Hampton Roads Transportation Accountability Commission

Hampton Roads Transportation Accountability Commission bonds consists of Senior Lien Revenue Bonds, Series 2018A and Intermediate Lien Revenue Bonds, Series 2019A. The bonds were issued to pay for the costs of planning, design, and construction of transportation infrastructure in the localities comprising Planning District 23. The interest rates for this bond series ranges from 5.0 percent to 5.5 percent and the issue dates range from February 14, 2018 to December 17, 2019. Current year interest requirements totaled \$37.0 million. The following schedule details the annual funding requirements necessary to repay these bonds.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION BONDS Debt Service Requirements to Maturity			
<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ —	\$ 47,376,996	\$ 47,376,996
2022	—	46,571,325	46,571,325
2023	414,345,000	36,212,700	450,557,700
2024	—	25,854,075	25,854,075
2025	—	25,854,075	25,854,075
2026-2030	26,230,000	126,775,375	153,005,375
2031-2035	33,480,000	119,528,125	153,008,125
2036-2040	42,730,000	110,277,875	153,007,875
2041-2045	54,530,000	98,473,125	153,003,125
2046-2050	88,865,000	82,937,625	171,802,625
2051-2055	146,245,000	53,761,350	200,006,350
2056-2060	107,920,000	12,082,950	120,002,950
Add:			
Unamortized Premium	108,988,589	—	108,988,589
Total	<u>\$ 1,023,333,589</u>	<u>\$ 785,705,596</u>	<u>\$ 1,809,039,185</u>

Component Units

Higher Education Institution Bonds

Higher Education Institution Bonds are comprised of both 9(c) general obligation bonds and 9(d) revenue bonds. Section 9(d) bonds are from several sources as shown on the following schedule (dollars in thousands).

College and university bonds backed by pledge of general revenue or revenue from specific revenue-producing capital projects	\$ 2,826,103
College and university debt backed exclusively by pledged revenues of an institution	594,376
Total Higher Education Institution 9(d) debt	<u>\$ 3,420,479</u>

The interest rates for these bonds range from 1.7 percent to 6.2 percent and the issuance dates range from April 15, 2009, to June 18, 2020. The Virginia Commonwealth University Series 2012A and 2012B bonds and the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor) Series 2013A and 2013B bonds are variable rate bonds and the rates are reset weekly by the remarketing agent.

The following schedules detail the annual funding requirements necessary to amortize Higher Education Institution 9(c) and 9(d) bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$197.6 million for Build America Bonds (BABs) issued. The BABs are applicable to General Obligation Series 2010A Bonds, Series 2010B 21st Century Virginia College Building Authority Education Facilities Bonds, and the University of Virginia's Series 2009 and 2010 General Revenue Bonds. Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University - nonmajor component unit) has a Direct Placement Bond Series and these bonds include event of default provisions that could change the timing of repayment of the outstanding amounts to become immediately due.

9(c) HIGHER EDUCATION INSTITUTION BONDS Debt Service Requirements to Maturity			
<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 59,625,000	\$ 34,002,096	\$ 93,627,096
2022	58,265,000	31,265,600	89,530,600
2023	59,863,743	28,607,689	88,471,432
2024	62,487,211	25,868,316	88,355,527
2025	63,355,000	23,110,136	86,465,136
2026-2030	289,650,000	74,781,575	364,431,575
2031-2035	177,965,000	24,446,710	202,411,710
2036-2040	42,315,000	3,274,911	45,589,911
2041-2045	—	—	—
Add:			
Unamortized Premium	73,311,277	—	73,311,277
Total	<u>\$ 886,837,231</u>	<u>\$ 245,357,033</u>	<u>\$ 1,132,194,264</u>

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

<i>Maturity</i>	<i>Principal</i>	<i>Interest (1)</i>	<i>Total</i>
2021	\$ 21,958,947	\$ 131,937,687	\$ 153,896,634
2022	127,975,417	128,860,976	256,836,393
2023	18,322,979	125,469,787	143,792,766
2024	51,041,664	123,986,940	175,028,604
2025	16,961,502	122,618,179	139,579,681
2026-2030	125,731,231	599,690,508	725,421,739
2031-2035	131,436,294	575,102,430	706,538,724
2036-2040	463,575,000	538,166,262	1,001,741,262
2041-2045	700,475,000	363,595,342	1,064,070,342
2046-2050	706,335,000	225,086,901	931,421,901
2051-2055	111,840,000	132,841,908	244,681,908
2056-2060	—	119,157,500	119,157,500
2061-2065	—	119,157,500	119,157,500
2066-2070	—	119,157,500	119,157,500
2071-2075	—	119,157,500	119,157,500
2076-2080	—	119,157,500	119,157,500
2081-2085	—	119,157,500	119,157,500
2086-2090	—	119,157,500	119,157,500
2091-2095	—	119,157,500	119,157,500
2096-2100	—	119,157,500	119,157,500
2101-2105	—	119,157,500	119,157,500
2106-2110	—	119,157,500	119,157,500
2111-2115	—	119,157,500	119,157,500
2116-2120	650,000,000	82,167,750	732,167,750
Add:			
Unamortized Premium	120,870,960	—	120,870,960
Total	<u>\$ 3,246,523,994</u>	<u>\$ 4,579,414,670</u>	<u>\$ 7,825,938,664</u>

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

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

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 3,260,000	\$ 1,526,998	\$ 4,786,998
2022	3,415,000	1,488,808	4,903,808
2023	3,535,000	1,449,280	4,984,280
2024	3,660,000	1,408,383	5,068,383
2025	7,855,000	1,308,717	9,163,717
2026-2030	44,065,000	4,914,081	48,979,081
2031-2035	62,795,000	2,313,993	65,108,993
2036-2040	45,370,000	297,472	45,667,472
Total	<u>\$ 173,955,000</u>	<u>\$ 14,707,732</u>	<u>\$ 188,662,732</u>

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

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 300,210,000	\$ 167,413,629	\$ 467,623,629
2022	292,070,000	153,667,962	445,737,962
2023	288,670,000	140,320,990	428,990,990
2024	282,695,000	127,149,442	409,844,442
2025	269,085,000	114,259,606	383,344,606
2026-2030	1,294,360,000	399,120,013	1,693,480,013
2031-2035	948,335,000	140,860,887	1,089,195,887
2036-2040	256,720,000	17,200,250	273,920,250
Add:			
Unamortized Premium	452,454,043	—	452,454,043
Total	<u>\$ 4,384,599,043</u>	<u>\$ 1,259,992,779</u>	<u>\$ 5,644,591,822</u>

Various higher education institutions' foundations (component units) and a museum foundation (component unit) have bonds outstanding as of year-end. The purpose of a majority of these bonds is for construction, property acquisition, and defeasance of prior debt. The following schedule details the future principal payments.

FOUNDATIONS' BONDS (1)
Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>
2021	\$ 46,275,947
2022	40,419,105
2023	40,438,238
2024	45,944,607
2025	40,867,229
Thereafter	874,496,682
Total	<u>\$ 1,088,441,808</u>

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

Virginia Port Authority

The Virginia Port Authority (nonmajor) has issued Section 9(d) revenue bonds and notes pursuant to powers provided to its Board of Commissioners by the *Code of Virginia*. The interest rates for these bonds range from 1.9 percent to 5.0 percent, and the issuance dates range from January 25, 2012, to July 26, 2018. The following schedule details the annual funding requirements necessary to amortize these bonds.

9(d) VIRGINIA PORT AUTHORITY DEBT
Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 16,065,000	\$ 19,821,606	\$ 35,886,606
2022	16,535,000	19,336,890	35,871,890
2023	17,040,000	18,813,511	35,853,511
2024	17,575,000	18,250,967	35,825,967
2025	18,165,000	17,647,889	35,812,889
2026-2030	102,500,000	77,579,738	180,079,738
2031-2035	99,180,000	55,903,081	155,083,081
2036-2040	99,310,000	35,038,330	134,348,330
2041-2045	81,770,000	13,004,471	94,774,471
2046-2050	16,750,000	391,862	17,141,862
Add:			
Unamortized Premium	18,214,113	—	18,214,113
Total	<u>\$ 503,104,113</u>	<u>\$ 275,788,345</u>	<u>\$ 778,892,458</u>

Virginia Housing Development Authority

The Virginia Housing Development Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.1 percent to 6.5 percent and the issuance dates range from December 17, 2002, to May 27, 2020. The following schedule details the annual funding requirements necessary to amortize these bonds. VHDA has an option to redeem various bonds pursuant the terms of each bond issue. The redemptions generally cannot be exercised without condition until the bonds have been outstanding for approximately ten years.

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

Maturity	Principal	Interest	Total
2021	\$ 103,148,235	\$ 129,347,334	\$ 232,495,569
2022	94,855,000	126,803,252	221,658,252
2023	130,075,000	124,078,579	254,153,579
2024	119,240,000	120,796,338	240,036,338
2025	90,445,000	117,826,365	208,271,365
2026-2030	416,190,000	550,839,628	967,029,628
2031-2035	472,389,984	476,537,925	948,927,909
2036-2040	634,679,702	375,702,869	1,010,382,571
2041-2045	800,439,675	226,948,415	1,027,388,090
2046-2050	625,129,660	113,200,816	738,330,476
2051-2055	274,545,000	27,805,557	302,350,557
Less:			
Unamortized			
Discount	(1,362,067)	—	(1,362,067)
Total	\$ 3,759,775,189	\$ 2,389,887,078	\$ 6,149,662,267

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

Maturity	Principal	Interest	Total
2021	\$ 6,930,000	\$ 9,235,682	\$ 16,165,682
2022	7,170,000	8,962,088	16,132,088
2023	7,415,000	8,679,066	16,094,066
2024	7,670,000	8,386,227	16,056,227
2025	7,930,000	8,083,470	16,013,470
2026-2030	43,965,000	35,495,258	79,460,258
2031-2035	52,090,000	26,188,678	78,278,678
2036-2040	61,745,000	15,154,038	76,899,038
2041-2045	42,435,000	2,955,080	45,390,080
Total	\$ 237,350,000	\$ 123,139,587	\$ 360,489,587

Virginia Resources Authority

The Virginia Resources Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.2 percent to 6.3 percent and the issuance dates range from June 6, 2002, to June 3, 2020. The following schedule details the annual funding requirements necessary to amortize these bonds.

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

Maturity	Principal	Interest	Total
2021	\$ 196,638,623	\$ 126,853,738	\$ 323,492,361
2022	193,772,048	118,165,203	311,937,251
2023	194,604,860	109,288,157	303,893,017
2024	184,594,097	100,761,200	285,355,297
2025	191,889,805	92,515,998	284,405,803
2026-2030	948,020,009	339,226,062	1,287,246,071
2031-2035	676,366,857	176,688,417	853,055,274
2036-2040	401,697,982	79,250,951	480,948,933
2041-2045	174,505,000	21,438,677	195,943,677
2046-2050	42,405,000	2,821,500	45,226,500
Less: Unaccrued			
Capital Appreciation			
Bonds	(22,760,641)	—	(22,760,641)
Add:			
Unamortized			
Premium	234,156,667	—	234,156,667
Total	\$ 3,415,890,307	\$ 1,167,009,903	\$ 4,582,900,210

Virginia Public School Authority

The Virginia Public School Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.0 percent to 5.5 percent, and the issuance dates range from April 20, 2005, to May 8, 2020. The following schedules detail the annual funding requirements necessary to amortize these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$118.7 million for Qualified School Construction Bonds (QSCBs) issued. The QSCBs are applicable to Series 2010-1, 2011-1, 2011-2, and 2012-1 Revenue Bonds. VPASA's 2014-1 QZAB Bond Series shall bear interest at the default rate, payable on demand by the owner of the Bonds.

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

Maturity	Principal	Interest	Total
2021	\$ 252,965,000	\$ 134,510,105	\$ 387,475,105
2022	244,470,000	121,665,064	366,135,064
2023	232,945,000	109,992,173	342,937,173
2024	225,330,000	98,822,807	324,152,807
2025	219,965,000	87,940,683	307,905,683
2026-2030	1,129,385,000	280,324,831	1,409,709,831
2031-2035	695,735,000	98,146,464	793,881,464
2036-2040	258,250,000	24,986,248	283,236,248
2041-2045	30,365,000	5,287,069	35,652,069
2046-2050	18,785,000	1,296,638	20,081,638
Add:			
Unamortized Premium	160,016,872	—	160,016,872
Total	\$ 3,468,211,872	\$ 962,972,082	\$ 4,431,183,954

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

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ —	\$ 1,852,846	\$ 1,852,846
2022	3,910,000	2,480,498	6,390,498
2023	3,960,000	2,368,350	6,328,350
2024	4,010,000	2,254,778	6,264,778
2025	7,871,000	2,139,851	10,010,851
2026-2030	21,080,000	8,924,348	30,004,348
2031-2035	24,925,000	5,816,209	30,741,209
2036-2040	24,305,000	2,478,716	26,783,716
2041-2045	5,095,000	72,604	5,167,604
Total	<u>\$ 95,156,000</u>	<u>\$ 28,388,200</u>	<u>\$ 123,544,200</u>

Hampton Roads Sanitation District Commission

The Hampton Roads Sanitation District Commission (nonmajor) issues revenue bonds for various capital improvements including, but not limited to, wastewater treatment plants and interceptor system improvements. Bond issue dates range from November 12, 2009 to June 11, 2020. The interest cost for these bonds range from 1.2 percent to 5.9 percent. The following schedule details the annual funding requirements necessary to amortize these bonds. The fiscal year 2021 principal amount includes \$50.0 million for demand bonds, which are also classified as “due within one year” in the accompanying financial statements.

HAMPTON ROADS SANITATION DISTRICT COMMISSION
Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 85,906,000	\$ 27,501,000	\$ 113,407,000
2022	34,836,000	26,179,000	61,015,000
2023	36,963,000	24,846,000	61,809,000
2024	38,027,000	23,439,000	61,466,000
2025	39,419,000	21,958,000	61,377,000
2026-2030	203,895,000	88,471,000	292,366,000
2031-2035	201,157,000	53,513,000	254,670,000
2036-2040	144,861,000	21,032,000	165,893,000
2041-2045	30,613,000	5,297,000	35,910,000
2046-2050	—	740,000	740,000
Add:			
Unamortized Premium	19,802,000	—	19,802,000
Total	<u>\$ 835,479,000</u>	<u>\$ 292,976,000</u>	<u>\$ 1,128,455,000</u>

Virginia Biotechnology Research Partnership Authority

The Virginia Biotechnology Research Partnership Authority (nonmajor) consists of Series 2009 Commonwealth of Virginia Lease Revenue bonds. Coupon interest rates range from 3.0 percent to 5.0 percent.

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY
Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 4,415,000	\$ 342,375	\$ 4,757,375
2022	4,640,000	116,000	4,756,000
Add:			
Unamortized Premium	614,103	—	614,103
Total	<u>\$ 9,669,103</u>	<u>\$ 458,375</u>	<u>\$ 10,127,478</u>

Total principal outstanding as of June 30, 2020, on all component unit bonds amounted to \$22.1 billion.

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

(Dollars in Thousands)

	Schedule of Changes in Long-term Debt and Obligations (1) (2)			
	Balance July 1, as restated (3)	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
Primary Government				
Governmental Activities:				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - 9(b) and 9(c):				
Public Facilities Bonds	\$ 355,770	\$ 66,830	\$ (129,660)	\$ 292,940
Parking Facilities Bonds	7,479	1,005	(1,835)	6,649
Transportation Facilities Bonds	5,500	—	(2,685)	2,815
Add: Unamortized Premium	47,752	3,969	(12,525)	39,196
Total General Obligation Bonds	416,501	71,804	(146,705)	341,600
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Transportation Facilities Bonds	3,649,174	—	(199,728)	3,449,446
Virginia Public Building Authority Bonds	2,597,810	509,245	(403,510)	2,703,545
Hampton Roads Transportation Accountability Commission	500,000	414,345	—	914,345
Economic Development Authority Obligations	20,645	—	(6,795)	13,850
Add: Unamortized Premium	788,712	124,659	(81,531)	831,840
Accretion on Capital Appreciation Bonds	29,503	2,550	(4,522)	27,531
Less: Unamortized Discount	(76)	4	—	(72)
Installment Purchase Obligations from Direct Borrowings	114,931	37,909	(20,066)	132,774
Compensated Absences	317,540	205,439	(198,615)	324,364
Capital Lease Obligations	30,882	3,697	(6,166)	28,413
Net Pension Liability*	3,799,956	607,869	—	4,407,825
Net OPEB Liability* (5)	802,024	37,444	—	839,468
Total OPEB Liability* (5)	565,457	—	(187,127)	378,330
Pollution Remediation Obligations	10,430	10	(965)	9,475
Other	30,322	—	(1,059)	29,263
Total Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	13,257,310	1,943,171	(1,110,084)	14,090,397
Total Governmental Activities	13,673,811	2,014,975	(1,256,789)	14,431,997
Business-type Activities:				
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Compensated Absences	11,071	6,148	(3,556)	13,663
Net Pension Liability*	128,005	24,102	—	152,107
Net OPEB Liability* (5)	22,299	1,378	—	23,677
Total OPEB Liability* (5)	20,042	—	(6,261)	13,781
Installment Purchase Obligations from Direct Borrowings	518	595	(149)	964
Lottery Prizes Payable	112,983	12,872	(5,984)	119,871
Tuition Benefits Payable	1,991,469	15,437	(175,842)	1,831,064
Total Business-type Activities	2,286,387	60,532	(191,792)	2,155,127
Total Primary Government	\$ 15,960,198	\$ 2,075,507	\$ (1,448,581)	\$ 16,587,124

*Net increase/decrease is shown.

Foundations (4)		Balance June 30	Due Within One Year
\$	—	\$ 292,940	\$ 45,750
	—	6,649	805
	—	2,815	2,815
	—	39,196	268
	—	341,600	49,638
	—		
	—	3,449,446	204,036
	—	2,703,545	173,205
	—	914,345	—
	—	13,850	7,135
	—	831,840	—
	—	27,531	—
	—	(72)	—
	—	132,774	19,340
	—	324,364	190,330
	—	28,413	6,433
	—	4,407,825	—
	—	839,468	5,280
	—	378,330	16,108
	—	9,475	1,779
	—	29,263	5,107
	—	14,090,397	628,753
	—	14,431,997	678,391
	—		
	—	13,663	9,330
	—	152,107	—
	—	23,677	54
	—	13,781	585
	—	964	194
	—	119,871	11,116
	—	1,831,064	287,670
	—	2,155,127	308,949
\$	—	\$ 16,587,124	\$ 987,340

Continued on next page

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

(Dollars in Thousands)

(Continued)

	Balance July 1, as restated (3)	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
Component Units				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - Higher Education 9(c) (6)	\$ 893,106	\$ 100,277	\$ (106,546)	\$ 886,837
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Bonds (6)	18,486,175	3,727,398	(2,590,321)	19,623,252
Bonds from Direct Placements (6)	427,331	88,990	(9,860)	506,461
Installment Purchase Obligations from Direct Borrowings	55,259	41,047	(12,921)	83,385
Capital Lease Obligations	2,312,999	50,490	(16,255)	2,347,234
Notes Payable	2,011,982	102,010	(273,819)	1,840,173
Notes Payable from Direct Borrowings	177,906	353	(11,044)	167,215
Compensated Absences	349,246	356,535	(342,672)	363,109
Net Pension Liability*	2,490,864	433,857	—	2,924,721
Net OPEB Liability* (5)	799,030	17,676	—	816,706
Total OPEB Liability* (5)	479,384	—	(127,134)	352,250
Trust and Annuity Obligations	65,116	3,741	(3,934)	64,923
Other	214,714	88,257	(52,568)	250,403
Total Component Units	\$ 28,763,112	\$ 5,010,631	\$ (3,547,074)	\$ 30,226,669

*Net increase/decrease is shown.

Note (1) Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.

Note (2) Payments on bonded debt that pertain to the Commonwealth's governmental activities are made through the debt service funds. Payments for installment purchases, compensated absences, capital leases, pension, other post-employment benefits, and other obligations that pertain to the Commonwealth's governmental activities are made through the general and all special revenue funds, excluding the Literary Fund (major). Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the total for governmental activities. Enterprise funds, or business-type activities, are self-supporting funds. Accordingly, long-term liabilities are paid from each respective fund.

Note (3) As a result of the early implementation of GASB Statement No. 84, *Fiduciary Activities*, certain activities were reclassified between the Primary Government and Fiduciary Funds. As a result, Net Pension Liability, Net OPEB Liability, and Total OPEB Liability have been restated by \$65,845, \$12,134, and \$8,855, respectively, for governmental activities; Compensated Absences has been restated by \$595 for a nonmajor Enterprise fund; and Other Liabilities have been restated by \$15,072 (dollars in thousands) for the Virginia Housing and Development Authority and \$17,466 (dollars in thousands) for a nonmajor component unit. Additionally, Other Liabilities has been restated by \$25,120 (dollars in thousands) for a nonmajor component unit due to correction of a prior year error.

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

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

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

Foundations (4)	Balance June 30	Due Within One Year
\$ —	\$ 886,837	\$ 59,625
1,088,442	20,711,694	1,027,583
—	506,461	10,190
—	83,385	11,146
1,558	2,348,792	4,750
291,554	2,131,727	209,483
—	167,215	9,397
17,913	381,022	273,924
—	2,924,721	—
—	816,706	270
—	352,250	12,210
71,570	136,493	2,248
324,746	575,149	34,141
<u>\$ 1,795,783</u>	<u>\$ 32,022,452</u>	<u>\$ 1,654,967</u>

Bond and Note Defeasance

GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2020, there were \$1.4 billion in bonds from the primary government that have been refunded and defeased in-substance from the governmental activities column by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments. In addition, there were \$2.2 billion in bonds and notes outstanding considered defeased from the component units.

Primary Government

In August 2019, the Commonwealth issued \$93.8 million of General Obligation Refunding Bonds, Series 2019B, pursuant to Sections 9(b) and 9(c) of Article X of the Constitution of Virginia, with a true interest cost (TIC) of 1.1 percent to refund \$99.5 million of certain outstanding bonds. The bonds that were refunded include Series 2009C and 2009D. The net proceeds from the sale of the Refunding Bonds of \$100.5 million (after payment of underwriter's fees and other issuance costs) were used on the date of closing to pay the debt service requirements with respect to the Refunded Bonds through and including their redemption date of August 14, 2019. The debt defeasance resulted in an accounting gain of \$2.6 million. It will reduce total debt service payments over the next five years by \$7.2 million resulting in an economic gain of \$6.7 million discounted at the rate of 1.1 percent.

In August 2019, the Commonwealth issued \$10.5 million of General Obligation Refunding Bonds, Series 2019C,

pursuant to Sections 9(b) and 9(c) of Article X of the Constitution of Virginia with a true interest costs (TIC) of 2.2 percent to refund \$23.7 million of certain outstanding bonds. The bonds that were refunded include Series 2009E-2. The net proceeds from the sale of the Refunding Bonds and transfer of unspent bond proceeds of \$23.9 million (after payment of underwriter's fees and other issuance costs) were used on the date of closing to pay the debt service requirements with respect to the Refunded Bonds through and including their redemption date of August 14, 2019. The debt defeasance did not result in any accounting gains or losses. It will, however, reduce total debt service payments over the next nine years by \$16.1 million resulting in an economic gain of \$949,402 discounted at the rate of 2.2 percent.

In April 2020, the Virginia Public Building Authority (VPBA) issued \$204.8 million of Series 2020B Public Facilities Revenue Refunding Bonds with a true interest cost (TIC) of 1.4 percent to refund \$238.8 million of certain outstanding bonds. The bonds that were refunded include Public Facilities Revenue Bonds, Series 2005D, 2009D, and 2010A-2. Of the net proceeds from the sale of the Refunding Bonds of \$243.7 million (after payment of underwriter's fees and other issuance costs), \$50.0 million was used to payoff principal and accrued interest on Series 2005D Bonds and \$193.7 million were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the remaining refunded bonds. The debt defeasance resulted in an accounting loss of \$2.7 million. It will, however, reduce total debt service payments over the next 12 years by \$23.9 million resulting in an economic gain of \$21.9 million discounted at the rate of 1.7 percent.

Component Units

For fiscal year 2020, the Virginia Public School Authority (VPSA) (major) issued \$86.5 million of Series Prince William 2019B refunding bonds, Prince William 2020A refunding bonds, and 2019D refunding bonds. The net proceeds have been placed with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of \$1.9 million. Total debt service payments over the next 21 years will be reduced by \$1.4 million. Present value savings of \$1.1 million reflect the True Interest Cost of each component of the refunding at the discount rate. Total debt service payments over the next 15 years of Series Prince William 2019B refunding bonds will be reduced by \$3.5 million resulting in a present value savings of \$3.0 million discounted at a rate of 2.6 percent.

In December 2019, the Virginia College Building Authority (major) issued \$229.1 million of Series 2019C 21st Century Program refunding bonds. The bonds were issued to refund \$265.8 million of its 2009F-2 bonds. The net proceeds from the sale of the refunding bonds of \$272.2 million were deposited in an irrevocable trust with an escrow agent to provide for all

future debt service on the defeased bonds. This defeasance resulted in an accounting loss of \$1.5 million. Total debt service payments over the next eleven years will be reduced by \$29.8 million resulting in a present value savings of \$27.2 million discounted at a rate of 1.6 percent.

In September 2019, University of Virginia (nonmajor) issued \$200.1 million and \$87.3 million in General Revenue Pledge Refunding Bonds, Series 2019C-1 and Series 2019C-2, respectively. These bonds were used to advance refund a portion of the University's General Revenue Pledge Refunding Bonds, Series 2011, Series 2013A, and Series 2013B. For additional information, see the University's separately issued financial statements.

In June 2020, Virginia Commonwealth University (nonmajor) issued \$25.3 million and \$71.6 million in General Revenue Pledge Refunding Bonds, Series 2020A and Series 2020B, respectively. A portion of these bonds were used to advance refund \$6.2 million of the University's General Revenue Pledge Bonds, Series 2013C and Series 2014A, and \$65.1 million of the Virginia College Building Authority's Pooled Bond Program Series 2010B, 2011A, and 2012A. For additional information, see the University's separately issued financial statements.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt calculate and rebate arbitrage earnings to the Federal government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulations in order for their bonds to maintain tax-exempt status. The regulations require earnings on investments purchased with bond proceeds in excess of the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, be subject to rebate to the Federal government. Income earned on excess earnings is also subject to rebate. Rebate liability, if any, must be paid every five years over the life of the bonds. Governmental issuers may at the time of issuance elect to pay a penalty in lieu of rebate. Bonds may be exempt from the rebate requirements if they qualify for certain exceptions under the regulations. If the issuer meets one of the exceptions, the issuer retains any arbitrage earnings. Rebate and penalty payments are calculated and paid as required by law on bond issues that do not qualify for an exception.

Rebate liability on bonds of the VPSA (major component unit) issued under its Pooled Bond Programs is payable from earnings on related bond funds and from local issuers whose local school bonds were purchased by the VPSA. During fiscal year 2020, no rebate payments were owed on VPSA bonds issued under its Pooled Bonds Programs. Rebate liability on notes of the VPSA issued under its School Technology and Security Notes Program is payable from earnings on related note funds and funds of the Commonwealth. During fiscal year 2020, a final arbitrage rebate calculation for VPSA's School Technology and Security Notes, Series III identified a yield reduction payment of \$98,912 due to the Federal government in fiscal year 2020. The liability was paid in fiscal year 2020 by the VPSA. The Virginia Department of Education reimbursed the VPSA in fiscal year 2021.

Rebatable arbitrage need only be calculated for tax purposes every fifth year that debt is outstanding. Consistent with the modified accrual basis of accounting, it is not recognized as a liability in governmental funds until amounts actually become due and payable; however, a liability is recognized in accrual basis government-wide statements as soon as the underlying event has occurred. Accordingly, as of June 30, 2020, the Virginia Resources Authority (major component unit) has recognized a liability of \$5,854.

Amounts remitted to the Federal government for rebate liability are generally paid from earnings derived from the issue. However, if all proceeds have been expended and depending on the type of issue, it may be necessary to use project revenues or general or non-general fund appropriations to satisfy any rebate liability. During fiscal year 2020, no rebate payments were owed on the Commonwealth's General Obligation Bonds, Virginia Public Building Authority, Commonwealth Transportation Board, the Virginia College Building Authority 21st Century or Pooled Bond Programs, or the Virginia Port Authority.

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, 2020, are shown in the following table (dollars in thousands).

	Governmental Activities	Business-Type Activities	Component Units (1)
2021	\$ 7,159	\$ —	\$ 97,877
2022	9,123	—	99,919
2023	4,030	—	101,761
2024	3,919	—	123,833
2025	3,480	—	122,282
2026-2030	15,679	—	528,309
2031-2035	2,083	—	572,404
2036-2040	2,112	—	618,242
2041-2045	828	—	660,572
2046-2050	—	—	708,262
2051-2055	—	—	765,356
2056-2060	—	—	828,575
2061-2065	—	—	897,016
2066-2070	—	—	126,433
Total Gross Minimum Lease Payments	48,413	—	6,250,841
Less: Amount Representing Executory Costs	(7,340)	—	(5,676)
Net Minimum Lease Payments	41,073	—	6,245,165
Less: Amount Representing Interest	(12,660)	—	(3,897,931)
Present Value of Net Minimum Lease Payments	\$ 28,413	\$ —	\$ 2,347,234

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

	Foundations (2)
2021	\$ 508
2022	422
2023	340
2024	239
2025	49
Net Minimum Lease Payments	1,558
Less: Amount Representing Interest	—
Present Value of Net Minimum Lease Payments	\$ 1,558

Note (2): Foundations represent FASB reporting entities defined in Note 1.B.

As of June 30, 2020, assets purchased under capital leases were included in depreciable capital assets as follows (dollars in thousands). The amounts are net of accumulated depreciation where applicable. For a portion of these assets, ownership will pass to the Commonwealth at the end of the lease term.

	Buildings	Equipment	Infrastructure	Total
Governmental Activities:				
Gross Capital Assets	\$ 162,770	\$ 2,997	\$ —	\$ 165,767
Less: Accumulated Depreciation	(80,582)	(1,257)	—	(81,839)
Total Governmental Activities	\$ 82,188	\$ 1,740	\$ —	\$ 83,928
Business-Type Activities:				
Gross Capital Assets	\$ —	\$ —	\$ —	\$ —
Less: Accumulated Depreciation	—	—	—	—
Total Business-Type Activities	\$ —	\$ —	\$ —	\$ —
Component Units:				
Gross Capital Assets	\$ 134,286	\$ 120,195	\$ 2,049,108	\$ 2,303,589
Less: Accumulated Depreciation	(43,985)	(41,184)	(108,400)	(193,569)
Subtotal (excluding Foundations)	90,301	79,011	1,940,708	2,110,020
Foundations:				
Gross Capital Assets	—	2,126	—	2,126
Less: Accumulated Depreciation	—	(476)	—	(476)
Subtotal Foundations	—	1,650	—	1,650
Total Component Units (3)	\$ 90,301	\$ 80,661	\$ 1,940,708	\$ 2,111,670

Note (3): In addition to the above, land purchased under capital leases by the University of Virginia (nonmajor) is \$8,095 (dollars in thousands).

Notes Payable

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

Primary Government	
Installment Notes from Direct Borrowings	\$ 133,738
Total Primary Government	133,738
Component Units	
Virginia Public School Authority	187,175
Virginia Resources Authority from Direct Borrowings	78,249
Nonmajor Component Units	1,652,998
Nonmajor Component Units from Direct Borrowings	88,966
Installment Notes from Direct Borrowings	83,385
Subtotal (excluding Foundations)	2,090,773
Foundations:	
Notes Payable	291,554
Subtotal - Foundations	291,554
Total Component Units	2,382,327
Total Notes Payable	\$ 2,516,065

The Virginia Public School Authority (major component unit) notes of \$187.2 million are for the School Technology and Security Notes Program. The note proceeds were used to finance technology equipment purchases and to make grants to school divisions for the purchase of security equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund (major special revenue).

The Virginia Resources Authority (major component unit) direct borrowing note of \$78.2 million is for the Series 2019 Clean Water State Match and contains a provision that in the event of default, the annual interest rate increases to the higher of the Prime Rate plus 4.0

percent, the Federal Funds Rate plus 5.0 percent or 10.0 percent.

An additional amount of \$1.7 billion is comprised primarily of higher education institutions' (nonmajor component units) promissory notes with the Virginia College Building Authority (VCBA) (major component unit) to finance the construction of various higher education facilities pursuant to the Pooled Bond Program. Interest rates range from 2.1 percent to 5.6 percent and shall be paid semi-annually and the planned interest payments total \$497.0 million. Additionally, in accordance with the American Recovery and Reinvestment Act, the Commonwealth expects to receive a Build America Bonds (BABs) interest subsidy to reimburse interest payments of \$20.9 million. The final principal payment is due in fiscal year 2049.

The following higher education institutions (nonmajor component units) reported notes payables primarily for construction: Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) \$86.2 million and Virginia State University \$313,208. In addition, the Virginia Port Authority and Fort Monroe Authority (nonmajor component units) reported notes payable of \$2.1 million and \$353,311, respectively. For additional information pertaining to these direct borrowings, refer to the separately issued financial statements.

Various foundations (component units) have notes outstanding as of year-end. The purpose of a majority of these notes is for property acquisition, working capital, and construction. Future principal payments as of June 30, 2020, are shown in the following table (dollars in thousands).

Foundations' Notes Payable (Component Units) (1)	
Maturity	Principal
2021	\$ 31,448
2022	60,093
2023	25,714
2024	10,761
2025	61,362
Thereafter	102,176
Total	<u>\$ 291,554</u>

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

Installment purchase obligations have been entered into by agencies and institutions of the Commonwealth. These agreements, other than those in the component units and certain institutions of higher education, contain nonappropriation clauses indicating that continuation of the installment purchase obligations is subject to funding by the General Assembly. Installment purchase obligations represent \$217.1 million of the total outstanding debt of the Commonwealth. Presented in the following tables are repayment schedules for installment purchase obligations as of June 30, 2020.

Installment Purchase Obligations from Direct Borrowings

Governmental Funds

June 30, 2020

Maturity	Principal	Interest	Total
2021	\$ 19,340,092	\$ 3,079,213	\$ 22,419,305
2022	18,787,148	2,563,413	21,350,561
2023	16,879,549	2,102,525	18,982,074
2024	15,853,101	1,715,116	17,568,217
2025	15,159,944	1,468,477	16,628,421
2026-2030	35,601,618	3,183,607	38,785,225
2031-2035	11,152,957	648,974	11,801,931
Total	<u>\$ 132,774,409</u>	<u>\$ 14,761,325</u>	<u>\$ 147,535,734</u>

Installment Purchase Obligations from Direct Borrowings

Business-type Activities

June 30, 2020

Maturity	Principal	Interest	Total
2021	\$ 193,575	\$ 21,411	\$ 214,986
2022	198,656	16,330	214,986
2023	203,880	11,106	214,986
2024	146,956	5,735	152,691
2025	87,177	3,219	90,396
2026-2030	88,740	1,656	90,396
2031-2035	44,965	233	45,198
Total	<u>\$ 963,949</u>	<u>\$ 59,690</u>	<u>\$ 1,023,639</u>

Installment Purchase Obligations from Direct Borrowings

Component Units

June 30, 2020

Maturity	Principal	Interest	Total
2021	\$ 11,145,776	\$ 2,002,296	\$ 13,148,072
2022	9,473,213	1,728,680	11,201,893
2023	8,207,457	1,526,130	9,733,587
2024	7,833,252	1,338,337	9,171,589
2025	6,687,183	1,159,231	7,846,414
2026-2030	27,424,620	3,521,567	30,946,187
2031-2035	12,613,556	746,943	13,360,499
Total	<u>\$ 83,385,057</u>	<u>\$ 12,023,184</u>	<u>\$ 95,408,241</u>

The foundations (component units) had no installment purchase obligations as of June 30, 2020.

On May 23, 2016, the Virginia Department of Transportation (VDOT) (primary government) and Chesterfield County (County) signed a memorandum of understanding concerning payment of interest relating to the County's contribution to VDOT for the construction of the Powhite Parkway Extension Project. The parties agreed that the interest to be paid by VDOT on the County's contribution to the construction of the Powhite Parkway Extension is \$18.5 million. The interest requirement paid during fiscal year 2020 totaled \$1.4 million. The remaining outstanding interest amount of \$3.4 million is payable in annual installments on September 1 in the years 2020 to 2022. This interest is applicable to a note payable that VDOT repaid to the County in fiscal year 2014.

Lottery Prizes Payable

Lottery prizes are paid in 20, 25, 26, or 30 installments. The first installment is paid on the day the prize is claimed. The subsequent annual payments are funded with U.S. Treasury STRIPS purchased by the Virginia Lottery. For Life prizes payable represent estimated prizes payable monthly, quarterly or annually for the life of the winner based on life expectancy tables from the Virginia Bureau of Insurance, and funded with a pool of U.S. Treasury STRIPS.

Lottery prizes payable represent the future annual prize payments valued at cost plus accrued interest (current value of securities held to maturity) of the assets funding the payments.

Lottery prizes payable for the fiscal year ended June 30, 2020, are shown in the following table:

	Jackpot	Win For Life	Total
Due within one year	\$ 5,650,991	\$ 5,465,097	\$ 11,116,088
Due in subsequent years	38,628,730	70,126,528	108,755,258
Total (current value)	44,279,721	75,591,625	119,871,346
Add: Interest to Maturity	13,019,279	28,185,375	41,204,654
Lottery Prizes Payable at Maturity	<u>\$ 57,299,000</u>	<u>\$ 103,777,000</u>	<u>\$ 161,076,000</u>

Tuition Benefits Payable

The Virginia College Savings Plan administers the Prepaid529 program. Prepaid529 offers contracts at actuarially determined amounts that provide for future tuition and mandatory fee payments at state higher education institutions. The contract provisions also allow the benefits to be used for private or out-of-state institutions at differing amounts.

As of June 30, 2020, tuition benefits payable of \$1.8 billion have been recorded for the Prepaid529 program on the statement of net position for the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the Prepaid529 program. In addition, a receivable in the amount of \$164.3 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.

28. OTHER REVENUE

The following table (dollars in thousands) summarizes Other Revenue for the fiscal year ended June 30, 2020.

	Assessments and Receipts for Support of Special Services	Fines, Forfeitures, Court Fees, Penalties, and Escheats	Receipts from Cities, Counties, and Towns	Private Gifts, Grants, and Contracts	Sales of Property
Primary Government:					
General	\$ 5,970	\$ 212,586	\$ 8,352	\$ 904	\$ 39,477
Major Special Revenue Funds:					
Commonwealth Transportation	17,849	21,291	389,461	6,515	1,066
Federal Trust	—	613	—	—	—
Literary	—	33,940	—	—	—
Nonmajor Governmental Funds	133,873	58,669	77,648	4,761	52,425
Major Enterprise Funds:					
Virginia Lottery	—	—	—	—	—
Unemployment Compensation	—	241	—	—	—
Nonmajor Enterprise Funds	—	14,948	—	—	—
Internal Service Funds	—	—	—	—	—
Private Purpose Trust Funds	—	—	—	—	—
Pension and Other Employee Benefit Trust Funds	—	—	—	—	—
Custodial Funds - Other	—	—	—	—	—
Total Primary Government	<u>\$ 157,692</u>	<u>\$ 342,288</u>	<u>\$ 475,461</u>	<u>\$ 12,180</u>	<u>\$ 92,968</u>

	Tobacco Master Settlement	Taxes	Other (1)	Total Other Revenue
Primary Government:				
General	\$ 54,134	\$ —	\$ 85,218	\$ 406,641
Major Special Revenue Funds:				
Commonwealth Transportation	—	—	200,736	636,918
Federal Trust	—	—	299,683	300,296
Literary	—	—	1	33,941
Nonmajor Governmental Funds	—	—	331,583	658,959
Major Enterprise Funds:				
Virginia Lottery	—	—	393	393
Unemployment Compensation	—	—	—	241
Nonmajor Enterprise Funds	—	3,797	1,438	20,183
Internal Service Funds	—	—	27	27
Private Purpose Trust Funds	—	—	15	15
Pension and Other Employee Benefit Trust Funds	—	—	3,012	3,012
Custodial Funds - Other	—	—	12,945	12,945
Total Primary Government	<u>\$ 54,134</u>	<u>\$ 3,797</u>	<u>\$ 935,051</u>	<u>\$ 2,073,571</u>

Note (1): \$53,208 (dollars in thousands), \$151,862 (dollars in thousands), and \$232,829 (dollars in thousands), are related to prior year expenditures refunded in the current fiscal year for the General Fund, the Commonwealth Transportation Fund, and Federal Trust, respectively. \$149,460 (dollars in thousands) is related to proceeds from unclaimed property in the Unclaimed Property Fund, \$76,828 (dollars in thousands) is related to indirect costs, reimbursable employee benefits, charge card rebate fees and court collection fees in the Other Special Revenue Fund, \$36,467 (dollars in thousands) is related to welfare activity receipts in the Health and Social Services Special Revenue Fund, and the remaining \$68,828 (dollars in thousands) is related to other miscellaneous activities in the nonmajor governmental funds.

29. TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatements*, requires disclosures to be made for tax abatements. These arise from agreements between the Commonwealth and taxpayers and result in reduced tax revenue when the taxpayer promises to provide economic benefits to the Commonwealth. As of June 30, 2020, the Commonwealth participates in the following tax abatements programs in excess of \$1.0 million. There are no provisions for recapturing abated taxes since the requirements must be met prior to receiving the abatement.

- The Retail Sales and Use Tax Data Center Exemptions are intended to attract data centers to the Commonwealth pursuant to Title 58.1-609.3(18) of the *Code of Virginia*. Qualifying entities may purchase or lease certain computer equipment, enabling software and other enabling hardware for use in the data center exempt from the retail sales and use tax. Each recipient's retail sales and use taxes are reduced by being able to purchase qualifying items for use in the data center without having to pay the retail sales and use tax on the purchase price. The amount of the abatement for each recipient is determined by multiplying the purchase price of the qualifying computer equipment, enabling software and other enabling hardware purchased by the recipient by the rate of the retail sales and use tax that would be imposed on the purchase if the exemption was not available. The rate of the retail sales and use tax is 6.0 percent in the Northern Virginia and Hampton Roads localities and 5.3 percent in the remainder of the state. The exemption is available for data centers that (i) are located in a Virginia locality; (ii) result in a new capital investment of at least \$150.0 million on or after January 1, 2009; and (iii) meet specified employment and salary requirements. On or after July 1, 2009, the data center or tenants must result in the creation of at least 50 new jobs paying at least one and one-half the prevailing average wage in the locality, or 25 new jobs paying at least one and one-half the prevailing average wage in the locality if the data center is located in a locality that has an unemployment rate for the preceding year of at least 150.0 percent of the average statewide unemployment rate or is located in an enterprise zone. Effective July 1, 2012, the exemption was extended to purchases and leases made by tenants of a data center that meets the requirements of the data center exemption.

In order to qualify for the exemption, the data center operator must enter into a memorandum of understanding with the Virginia Economic Development Partnership Authority (component unit). The exemption is scheduled to sunset June 30, 2035. The amount of abated taxes for fiscal year 2020 is \$110.5 million.

- The Motion Picture Production Tax Credit is intended to encourage the filming of motion picture productions in the Commonwealth. Pursuant to Section 58.1-439.12:03 of the *Code of Virginia*, a motion picture production company with qualifying expenses of at least \$250,000 may abate its individual income tax or corporate income tax liability by the amount of the Motion Picture Production Tax Credit. The amount of the tax credit is equal to (i) 15.0 percent of the production company's qualifying expenses or (ii) 20.0 percent of such expenses if the production is filmed in an economically distressed area of the Commonwealth. In addition to the credit for the qualifying expenses incurred by a motion picture production company, such company may receive an Additional Virginia Resident Credit and an Additional Virginia Resident First-Time Industry Employee Credit. The Additional Virginia Resident Credit equals (i) 10.0 percent of the total aggregate payroll for Virginia residents employed in connection with the production of a film in Virginia when total production costs in Virginia are at least \$250,000, but not more than \$1.0 million or (ii) 20.0 percent of the total aggregate payroll of such residents when total production costs in Virginia exceed \$1.0 million. The Additional Virginia Resident First-Time Industry Employee Credit is equal to 10.0 percent of the total aggregate payroll for Virginia residents employed for the first time as actors or members of a production crew in connection with the production of a film in Virginia.

The Motion Picture Production Tax Credit is a refundable tax credit. Therefore, if the amount of credit that a company is allowed to claim exceeds the company's tax liability for the taxable year, the excess amount of credit will be refunded to the company. Companies must have a memorandum of understanding with the Virginia Film Office (part of primary government) in order to participate in this program.

The credit is scheduled to sunset January 1, 2022. The annual cap on the amount of credits granted during a fiscal year is \$6.5 million, and this amount is expected to be claimed annually. While a motion picture production company may receive approval within a given year, the credits are not claimed by the taxpayer until filing a return. As a result, the credits claimed in a fiscal year may fluctuate compared to the \$6.5 million annual cap. For fiscal year 2020, \$7.2 million of income taxes were abated.

30. PRIZES AND CLAIMS

The following table summarizes Prizes and Claims Expense for the fiscal year ended June 30, 2020.

(Dollars in Thousands)

	Insurance Claims	Lottery Prize Expense	Total Prizes and Claims
Proprietary Funds:			
Major Enterprise Funds:			
Virginia Lottery	\$ —	\$ 1,303,938	\$ 1,303,938
Unemployment Compensation	1,245,599	—	1,245,599
Nonmajor Enterprise Funds	428,108	—	428,108
Total Enterprise Funds	<u>\$ 1,673,707</u>	<u>\$ 1,303,938</u>	<u>\$ 2,977,645</u>
Internal Service Funds	<u>\$ 1,520,597</u>	<u>\$ —</u>	<u>\$ 1,520,597</u>

31. OTHER EXPENSES

The following table summarizes Other Expenses for the fiscal year ended June 30, 2020.

(Dollars in Thousands)

	Grants and Distributions To Localities	Expendable Equipment/ Improvements	Other (1)	Total Other Expenses
Proprietary Funds:				
Major Enterprise Funds:				
Virginia College Savings Plan	\$ —	\$ 505	\$ 2,074	\$ 2,579
Nonmajor Enterprise Funds	82	3,533	372	3,987
Total Enterprise Funds	<u>\$ 82</u>	<u>\$ 4,038</u>	<u>\$ 2,446</u>	<u>\$ 6,566</u>
Internal Service Funds	<u>\$ 2,134</u>	<u>\$ 2,127</u>	<u>\$ 10,068</u>	<u>\$ 14,329</u>
Fiduciary Funds:				
Pension and Other Employee Benefit Trust Funds (2)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,342</u>	<u>\$ 5,342</u>
Custodial Funds - Other (2)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,339</u>	<u>\$ 1,339</u>

Note (1): \$2,074 (dollars in thousands) can be attributed to the Prepaid529 Program for the SOAR scholarship program and other promotional scholarships. \$9,327 (dollars in thousands) can be attributed to expenses related to cyber insurance in the Risk Management internal service fund and \$465,899 can be attributed to Affordable Care Act related fees in the Health Care Fund internal service fund.

Note (2): Fiduciary expenses of \$6,681 (dollars in thousands) are not included in the Government-wide Statement of Activities.

32. OTHER NON-OPERATING REVENUE/EXPENSES

The following table summarizes Other Non-Operating Revenue/Expenses for the fiscal year ended June 30, 2020.

(Dollars in Thousands)

	Gain/(Loss) on Sale of Capital Assets	Securities Lending	Coronavirus Aid, Relief, and Economic Security Act Receipts	Interest Expense	Other (1)	Total Other Non- Operating Revenue/ (Expenses)
Proprietary Funds:						
Major Enterprise Funds:						
Virginia Lottery	\$ 23	\$ (232)	\$ —	\$ —	\$ —	\$ (209)
Virginia College Savings Plan	—	(5)	—	—	—	(5)
Unemployment Compensation	—	—	66,304	—	(111)	66,193
Nonmajor Enterprise Funds	(3)	(259)	—	(21)	9,117	8,834
Total Enterprise Funds	<u>\$ 20</u>	<u>\$ (496)</u>	<u>\$ 66,304</u>	<u>\$ (21)</u>	<u>\$ 9,006</u>	<u>\$ 74,813</u>
Internal Service Funds						
	<u>\$ 2,586</u>	<u>\$ (807)</u>	<u>\$ —</u>	<u>\$ (2,469)</u>	<u>\$ 139</u>	<u>\$ (551)</u>

Note (1): Other Non-Operating Revenue/Expenses of the nonmajor enterprise funds are primarily comprised of amounts reported by Alcoholic Beverage Control.

33. TRANSFERS

The following table summarizes Transfers In and Transfers Out for the fiscal year ended June 30, 2020 (dollars in thousands).

Transfers In (Reported In):									
Transfers Out (Reported In):	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds	Virginia Lottery	Nonmajor Enterprise Funds	Internal Service Funds	Total Primary Government
Primary Government									
General	\$ —	\$ 6,611	\$ —	\$ —	\$ 432,855	\$ —	\$ 77	\$ —	\$ 439,543
Major Special Revenue Funds:									
Commonwealth Transportation	31,272	—	27	—	394,561	—	—	388	426,248
Federal Trust	304	2,642	—	—	5,587	23	1,771	—	10,327
Nonmajor Governmental Funds	49,075	405	3,559	165,000	52,821	—	1,575	—	272,435
Major Enterprise Funds:									
Virginia Lottery	595,363	—	—	14,165	—	—	—	—	609,528
Virginia College Savings Plan	381	—	—	—	—	—	—	—	381
Unemployment Compensation	—	—	12,067	—	—	—	—	—	12,067
Nonmajor Enterprise Funds	221,842	—	—	1	15,413	—	2	—	237,258
Internal Service Funds	734	—	—	—	2,732	—	—	—	3,466
Total Primary Government	<u>\$ 898,971</u>	<u>\$ 9,658</u>	<u>\$ 15,653</u>	<u>\$ 179,166</u>	<u>\$ 903,969</u>	<u>\$ 23</u>	<u>\$ 3,425</u>	<u>\$ 388</u>	<u>\$ 2,011,253</u>

Transfers are used to (1) move revenues from the fund that the *Code of Virginia* or budget requires to collect them to the fund that the *Code of Virginia* or budget requires to expend them; (2) move receipts restricted for debt service from the funds holding the resources to the debt service fund as principal and interest payments become due; and (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the fiscal year, the following significant transfers were made that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer.

- General Fund transfer of \$2.8 million to the Department of Motor Vehicles as required by Chapter 1283, 2020 Virginia Acts of Assembly.
- General Fund transfer of \$5.0 million to the Department of Health as required by Chapter 1283, 2020 Virginia Acts of Assembly.

34. ENDOWMENTS

Donor restricted endowments reside primarily within the higher education institutions. The net appreciation available for expenditure is \$1.5 billion as of June 30, 2020. Of this amount, \$2.5 million is reported as unrestricted net position and the remainder is reported as restricted net position. The *Code of Virginia* authorizes

acceptance of donations. The governing boards of these entities and the donor agreements determine whether net appreciation can be spent and the accepted spending rate. These policies are entity specific and vary with each institution.

35. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (dollars in thousands) summarizes specific cash flows for the fiscal year ended June 30, 2020.

	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows Resulting from:						
Payments for Prizes, Claims, and Loss Control:						
Lottery Prizes	\$ (1,319,921)	\$ —	\$ —	\$ —	\$ (1,319,921)	\$ —
Claims and Loss Control	—	—	(1,170,295)	(422,307)	(1,592,602)	(1,391,868)
Total	<u>\$ (1,319,921)</u>	<u>\$ —</u>	<u>\$ (1,170,295)</u>	<u>\$ (422,307)</u>	<u>\$ (2,912,523)</u>	<u>\$ (1,391,868)</u>
Other Operating Revenue:						
Other Operating Revenue	\$ 404	\$ —	\$ 174	\$ 11,115	\$ 11,693	\$ 27
Total	<u>\$ 404</u>	<u>\$ —</u>	<u>\$ 174</u>	<u>\$ 11,115</u>	<u>\$ 11,693</u>	<u>\$ 27</u>
Other Operating Expense:						
Other Operating Expenses (1)	\$ —	\$ (2,074)	\$ —	\$ (28,083)	\$ (30,157)	\$ (12,868)
Total	<u>\$ —</u>	<u>\$ (2,074)</u>	<u>\$ —</u>	<u>\$ (28,083)</u>	<u>\$ (30,157)</u>	<u>\$ (12,868)</u>
Other Noncapital Financing Receipt Activities:						
Advances/Contributions from the Commonwealth	\$ 25,000	\$ —	\$ —	\$ 33,130	\$ 58,130	\$ 31,640
Receipts from Taxes	—	—	—	290,948	290,948	—
Coronavirus Aid, Relief, and Economic Security Act Receipts	—	—	35,282	—	35,282	—
Interest	—	—	—	—	—	113
Total	<u>\$ 25,000</u>	<u>\$ —</u>	<u>\$ 35,282</u>	<u>\$ 324,078</u>	<u>\$ 384,360</u>	<u>\$ 31,753</u>
Other Noncapital Financing Disbursement Activities:						
Repayments of Advances/Contributions from the Commonwealth	\$ —	\$ —	\$ —	\$ (44,995)	\$ (44,995)	\$ (90,493)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (44,995)</u>	<u>\$ (44,995)</u>	<u>\$ (90,493)</u>
Other Capital and Related Financing Receipt Activities:						
Interest	\$ —	\$ —	\$ —	\$ 355	\$ 355	\$ —
Lease Incentive	—	—	—	—	—	2,548
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 355</u>	<u>\$ 355</u>	<u>\$ 2,548</u>
Other Capital and Related Financing Disbursement Activities:						
Interest Expense	\$ —	\$ —	\$ —	\$ (57)	\$ (57)	\$ —
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (57)</u>	<u>\$ (57)</u>	<u>\$ —</u>

Note (1): \$2,074 (dollars in thousands) can be attributed to SOAR scholarship expenses and other scholarships and awards. Also, \$9,327 (dollars in thousands) can be attributed to expenses related to cyber insurance in the Risk Management internal service fund and \$465,899 can be attributed to Affordable Care Act related fees in the Health Care Fund internal service fund.

36. TOBACCO SETTLEMENT AND SECURITIZATION

On November 23, 1998, 46 states' Attorneys General and the major tobacco companies signed a proposed settlement that reimburses states for smoking-related medical expenses paid through Medicaid and other healthcare programs. At the time of the settlement, it was estimated that the Commonwealth could receive approximately \$4.1 billion over the duration of the settlement. The settlement was approved in a Consent Decree in December 1998. On March 29, 1999, the General Assembly enacted a law approving the establishment of the Tobacco Region Revitalization Commission (nonmajor component unit), in compliance with the Consent Decree, to help communities in Virginia hurt by the decline of tobacco.

The Commission was established for the purposes of determining the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund. The monies are to be used to provide payments to tobacco farmers as compensation for the tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota. The monies are also to be used to revitalize tobacco dependent communities.

The General Assembly also created the Virginia Foundation for Healthy Youth (Foundation) (nonmajor component unit). The purpose of the Foundation is to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund. The Foundation will also be responsible for distributing monies for the purposes provided in the legislation. Disbursements can be made to assist in financing efforts to restrict the use of tobacco products by minors, through educational and awareness programs describing the health effects of tobacco use on minors, and laws restricting the distribution of tobacco products to minors.

Additionally, the General Assembly created two special non-reverting funds. The Tobacco Settlement monies were accounted for in these funds and in the General Fund. Of the Settlement monies, 50.0 percent was deposited into the Tobacco Indemnification and Community Revitalization Fund at the Commission and 10.0 percent continues to be deposited into the Virginia Tobacco Settlement Fund at the Foundation. The remaining 40.0 percent continues to be reported in the General Fund.

Pursuant to Purchase and Sale Agreements executed in 2005 and 2007, the Commonwealth, acting as an agent on behalf of the Commission, sold the Commission's future right, title and interest in the Tobacco Settlement Revenues (TSRs) to the Tobacco Settlement Financing Corporation (Corporation) (related organization).

Consideration paid by the Corporation to the Commission for TSRs consisted of a cash amount deposited into an endowment to fund the long-term spending plan approved by the Commission. Bonds issued by the Corporation to finance the purchase price are asset-backed instruments secured solely by the Corporation's right to receive TSRs. At the time of

issuance these revenues were expected to produce sufficient funds to repay the bond obligations issued by the Corporation.

The Commission is a nonmajor component unit of the Commonwealth, and the Corporation is disclosed as a related organization.

37. SERVICE CONCESSION ARRANGEMENTS

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, describes the criteria for when an arrangement is classified as a Service Concession Arrangement (SCA). The basic criteria are: the operator of the capital asset owned by the transferor has the right to provide services in exchange for significant consideration; the operator's revenue must come from a third party; the transferor must retain some level of control over the asset; and the transferor must receive significant residual interest at the conclusion of the arrangement.

Primary Government

The Commonwealth of Virginia has five SCAs as of June 30, 2020: Pocahontas 895, the 495 Express Lanes, Elizabeth River – Midtown Tunnel, the 95 Express Lanes, and the I-66 Outside the Beltway Express Lanes. They are all related to highway construction and operation and were established per the Public-Private Transportation Act of 1995, as amended (PPTA). PPTA project goals are to provide highway projects to the public in a timely and cost effective manner with private funding and support.

Pocahontas 895

On June 21, 2006, the Pocahontas Parkway Association (Association – previously reported as a blended component unit of the Virginia Department of Transportation (VDOT), part of primary government) signed an agreement with Transurban (895) LLC (Transurban). Under the terms of the agreement, all assets and rights of the Association under the Comprehensive Agreement with VDOT were transferred to Transurban. In exchange for the existing toll road and other assets, Transurban transferred sufficient funds and securities to pay or defease all outstanding bonds of the Association and pay all other outstanding obligations owed to VDOT. Additionally, Transurban agreed to construct an enhancement to the original toll road, and this enhancement was completed and placed in service in 2011.

During the 99-year agreement term, VDOT will have fee title or good and valid interest in the asset. VDOT retains the right of inspection of the asset and has outlined maximum toll charges and increases in the terms of the agreement. Capital assets of \$337.2 million and deferred inflows of \$489.2 million are included in the government-wide financial statements. No contractual liabilities exist for this arrangement as of June 30.

During fiscal year 2014, the Transurban Board approved the transfer of Pocahontas 895 to the lenders

of the asset due to lower revenues than anticipated. On May 15, 2014, DBi Services assumed control of Pocahontas 895. In December 2016, the majority owner of toll rights, Macquarie and other rights owners closed on the sale of 100.0 percent of the tolling rights to Globalvia. Macquarie CAF Management LLC, Pocahontas Holdings LLC and Meeko LLC entered into a Sale and Purchase Agreement with Pocahontas Parkway Holdings LLC and Magnolia Operations LLC (Globalvia Inversiones SAU Subsidiaries) (as the buyers) in September 2016. The acquisition was effective on December 20, 2016 after VDOT's approval.

VDOT approved Globalvia Operations USA LLC as the new O&M contractor (as defined in the Concession Agreement) and the O&M agreement between Globalvia Operations USA LLC and Pocahontas Parkway Operations LLC (company the concession agreement with VDOT was transferred to after the acquisition in December 2016) on December 2017. Globalvia Operations USA LLC replaced DBi as the new O&M contractor in February 2018.

Globalvia acquired the company that had, at that time, the agreement with VDOT to develop, finance, operate, manage the tolls and maintain Route 895-Pocahontas Parkway. The concession agreement period will end in 2105.

495 Express Lanes

On December 19, 2007, VDOT signed an 80-year public-private partnership agreement with Capital Beltway Express, LLC. The purpose of this agreement is to build new express lanes to provide users with a faster and more reliable travel option. The construction of the express lanes was completed in November 2012.

During the 80-year agreement, VDOT maintains regulatory control and jurisdiction of the express lanes. VDOT will have fee title or good and valid interest in the express lanes. The lanes will remain open for the public as long as the applicable tolls are paid. Capital assets of \$782.8 million and deferred inflows of \$953.8 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

On December 7, 2018, VDOT and Capital Beltway Express, LLC executed the Development Framework Agreement related to the northern extension of the 495 Express Lanes (495 NEXT), which is the approximately 2-mile extension of the existing express lanes from Route 738 to the vicinity of George Washington Memorial Parkway. As of June 2020, 495 NEXT is undergoing environmental assessment.

Elizabeth River – Midtown Tunnel

On December 5, 2011, VDOT signed a 58-year public-private partnership agreement with Elizabeth River Crossings OPCO, LLC. The purposes of this agreement are to design, build, finance, operate, and maintain a new Midtown Tunnel, adjacent to the existing Midtown Tunnel, provide improvements to the existing Midtown Tunnel and the Downtown Tunnel, and to provide

various extensions and improvements of the Martin Luther King Jr. (MLK) Freeway and I-264. As of September 1, 2017, all project components of this agreement have reached substantial completion and are in service.

During the agreement, Elizabeth River Crossings OPCO, LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections, excluding the MLK Freeway, which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 58-year term, control of and the rights to operate the facilities will revert back to VDOT. Capital assets of \$878.2 million and deferred inflows of \$866.6 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement. In July 2017, VDOT issued a Department Project Enhancement directive for Elizabeth River Crossings OPCO LLC, to design and build noise barrier walls for the MLK Freeway. VDOT is committed for these costs estimated at \$23.4 million. The design activity has advanced through the Preliminary Field Inspection (30.0 percent) stage and Public Hearing Plans have been completed. Field Inspection plans are targeted for submittal by mid-December 2020. In addition to these project enhancements, the Federal Highway Administration (FHWA) has also required an annual traffic study for the Value Pricing Pilot Program (VPPP) to monitor driver behavior, traffic volume, transit ridership, air quality, and availability of funds for transportation programs. VDOT is currently conducting a Year Four VPPP study at a cost of \$142,000.

95 Express Lanes

On July 31, 2012, VDOT signed a 73-year public-private partnership agreement with 95 Express Lanes, LLC. This project will create approximately 29 miles of Express Lanes on I-95 in Northern Virginia. The project will also add capacity to the existing high occupancy vehicle (HOV) lanes. The construction of the express lanes was completed in December 2014.

During the agreement, 95 Express Lanes LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 73-year term, control of and the rights to operate the facilities will revert back to VDOT. The lanes will remain open for the public as long as the applicable tolls are paid. Capital assets of \$537.4 million and deferred inflows of \$583.6 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

During fiscal year 2016, the Commonwealth Transportation Board awarded a contract to design and construct a reversible extension of the 95 Express Lanes at the southern terminus in Stafford County. The approximately 2.5-mile extension will carry traffic beyond the location where the 95 Express Lanes currently end. The construction began in fiscal year

2017 and lanes opened to traffic on October 31, 2017. This 2.5-mile extension resulted in an increased value of \$25.7 million to the 95 Express Lanes SCA.

On June 8, 2017, an amended and restated Comprehensive Agreement was signed between VDOT and 95 Express Lanes LLC to include the scope of the project work for the I-395 northern extension. The Comprehensive Agreement was updated to include this addition to the project and payments to VDOT for transit improvements. VDOT reached commercial close with 95 Express Lanes LLC on June 8, 2017, and financial close was completed on July 25, 2017, for this project. Construction on the 8-mile I-395 extension began in summer of 2017 and opened to traffic on November 17, 2019. In consideration for the rights granted by VDOT to 95 Express Lanes LLC, solely in respect of the I-395 Project, 95 Express Lanes LLC made an up-front payment to VDOT of \$15.0 million on the I-395 Project Service Commencement date. Deferred inflows of \$14.9 million relating to the 395 Express Lanes are included in the fund financial statements. Additionally, as part of the up-front consideration, VDOT will receive an annual payment that escalates at a rate of 2.5 percent per annum set forth in the Amended and Restated Comprehensive Agreement (ARCA). Accordingly, accounts receivable of \$1.02 billion and deferred inflows of \$1.02 billion, relating to the present value of the annual installment payments are included in the fund financial statements. Capital assets of \$279.4 million and deferred inflows of \$288.7 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

In fiscal year 2017, planning was initiated on the additional extension of the Express Lanes from Garrisonville Road to Route 17 in Stafford County, which is about 10 miles. It will have direct connection with both the northbound and southbound Rappahannock River crossing projects, access points and operational improvements.

On April 18, 2019, a second amended and restated Comprehensive Agreement was signed between VDOT and 95 Express Lanes LLC to add the scope of the project work for the Fredericksburg Extension. The Comprehensive Agreement was updated to include payments to VDOT. At financial close on April 30, 2019, 95 Express Lanes LLC made a \$45.0 million Initial Permit Fee Buyout Payment. The Concessionaire also provided a right of way cost deposit of \$2.5 million and \$4.0 million for southbound Rappahannock River Crossing work overlap funding. Deferred inflows of \$50.5 million are included in the fund financial statements. VDOT received an additional \$65.9 million from 95 Express Lanes LLC at the additional financial close in July 2019, which is a sum of \$11.5 million Private Activity Bonds (PABs) payment and \$54.4 million design-build price protection benefits. At service commencement, the concessionaire will make payment of \$232.0 million Final Permit Fee Buyout Payment as set forth in the second amended and restated Comprehensive Agreement. Deferred inflows of \$64.9 million are included in the fund financial statements.

I-66 Outside the Beltway Express Lanes

On December 8, 2016, a 50-year Public Private Partnership Agreement (the Agreement) between VDOT, the Department of Rail and Public Transportation (DRPT), and private partner, I-66 Express Mobility Partners LLC, was signed.

The \$2.2 billion I-66 Outside the Beltway Project with Express Mobility Partners is to build express lanes on I-66 outside the I-495 Capital Beltway. During the 50-year Agreement, VDOT maintains regulatory control and jurisdiction of the express lanes. VDOT will have fee title or good and valid interest in the express lanes. The purpose of this Agreement is to build new express lanes to provide users with a faster and more reliable travel option.

The I-66 Outside the Beltway Project will include 22.5 miles of new express lanes alongside three regular lanes from I-495 to University Boulevard in Gainesville, Virginia. The project will also provide new and improved bus service and transit routes, new and improved park and ride lots, and interchange improvements to enhance safety and reduce congestion.

Express Mobility Partners will be responsible for all costs to design, build, operate and maintain the I-66 Express Lanes, without any upfront public contribution.

Financial close on the project occurred on November 9, 2017. Construction work continued on the project during fiscal year 2020. The express lanes will open to traffic at the end of 2022. These lanes will remain open for the public as long as the applicable tolls are paid. Liabilities for VDOT from the Agreement are contingent on specific events occurring pursuant to the Agreement.

Express Mobility Partners provided \$578.9 million during fiscal 2018, as an up-front concession payment to VDOT. Pending approval by the Commonwealth Transportation Board, these funds will be used for project oversight by VDOT, contingency risk during construction that is released during the construction period, and projects in the corridor as selected by the Commonwealth Transportation Board. Deferred inflows of \$548.0 million are included in the fund financial statements.

Additional consideration to be provided by Express Mobility Partners includes several components of the permit fee established in the Agreement. A description of these components and the stipulations around receiving is provided below.

Express Mobility Partners is required to pay VDOT a permit fee that consists of transit funding payments, support for corridor improvements, and revenue sharing as further described below.

The transit funding payment portion of the permit fee that becomes due during the operating period will be payable after debt service and required reserve accounts, and will be subject to the lock-up provisions required in the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement, but prior to

support for corridor improvements and distributions. If funds are insufficient to make scheduled transit funding payments at the time due, such payments or any unpaid portion thereof will be considered past due and will remain due and payable without interest charges. The net present value of these payments is \$768.0 million.

The support for corridor improvements is to be paid as indicated in the Agreement. Amounts to be paid annually are contingent on actual toll revenues. The net present value of the support for corridor improvements is expected to total \$350.0 million. At the end of the term of the Agreement, any unpaid balance of these payments is to be forgiven or cancelled.

Express Mobility Partners will make revenue sharing payments in amounts calculated based on actual cumulative net present value of gross revenue at the end of each year of the Agreement. The percentage of gross revenue to be paid by Express Mobility Partners to VDOT increases in accordance with a five-tier revenue sharing scale. Revenue sharing payments do not have to be made if transit funding payments or support for corridor improvements are past due or unpaid.

Additional information on these payments can be found in the Agreement executed between VDOT, DRPT, and Express Mobility Partners.

Component Units

Aramark – Dining Services

During the year ended June 30, 2015, the University of Virginia (nonmajor) entered into an agreement with Aramark Educational Services, LLC (Aramark) for Aramark to provide dining services to the University. In return for use of University facilities, Aramark is required to make certain payments to the University and the University is required to provide certain repair and maintenance services related to the facilities during the term of the agreement. The University also receives a yearly minimum guarantee on dining and vending commissions and has a minimum guaranteed profit split on residential and athletics services regardless of gross sales. As of June 30, 2020, the University has accrued \$135.0 million in current and noncurrent receivables and a \$192.8 million deferred inflow of resources related to the service concession arrangement.

38. INFORMATION TECHNOLOGY INFRASTRUCTURE

The Commonwealth is into its second or third contract year with all of its current IT service providers. This includes SAIC for Multi-Services Integrator (MSI) services, Atos for managed security services, Xerox for managed print services, and Verizon for voice and data network services. The Commonwealth will be pursuing additional IT service providers to ensure the Commonwealth has a competitive portfolio of IT services to take advantage of. The contract terms

range from five years to seven years, with additional renewal options on each.

Expenses in fiscal year 2020 associated with the new service providers were \$195.6 million. The Commonwealth expects to spend an additional \$710.9 million over the remaining life of the current contracts with the new suppliers.

Additionally in fiscal year 2020, the Commonwealth completed full repayment of its line of credit drawdowns performed to fund the implementation of new IT service providers and complete termination from the Comprehensive Infrastructure Agreement between the Commonwealth of Virginia acting through the Virginia Information Technologies Agency and Northrop Grumman Systems Corporation. The final repayment of \$81.7 million occurred in June 2020.

39. CONTINGENCIES

A. Grants and Contracts

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

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

The U.S. Department of Health and Human Services (DHHS) Office of the Inspector General conducted a review and indicated that the Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed over-recoveries and transfers in the internal service funds and portions of selected rebates. The Commonwealth has paid the amount it believes is owed for fiscal years 2009-2014, and appealed a DHHS determination letter indicating that an additional amount is owed for this time period. While the DHHS Departmental Appeals Board upheld the DHHS determination, the Commonwealth is currently continuing the appeal process. The Commonwealth still disputes that this amount is owed and expects to recover this amount from the appeal settlement. Accordingly, this amount is not included in the accompanying financial statements.

Additionally, the DHHS has received the 2017 and 2016 payback schedules which are based on fiscal year 2016 and 2015 data, respectively. Further, the Commonwealth has computed payback schedules for 2020, 2019 and 2018 which are based on fiscal years 2019, 2018 and 2017 data, respectively. The Commonwealth has computed a liability of \$33.3 million representing the amounts owed to the federal government for internal service fund over-recoveries and transfers, as well as the federal share of various rebates received. This amount has been reflected in the accompanying financial statements.

The Virginia Tourism Authority (nonmajor component unit) had unclaimed awards totaling \$2.1 million payable to awardees upon submission of proper claims for reimbursement for the Marketing Leverage Program, in addition to, unclaimed awards totaling \$12,860 payable to awardees upon submission of proper claims for reimbursement for the World War Tourism Program. Additionally, property at the Virginia/Maryland border to be used for the Gateway Welcome Center was donated to the Authority in July 2008. The deed to the property includes a covenant requiring any or all land to revert to the U.S. Government should it become needed for national defense. The net book value of the property as of June 30, 2020 was \$812,400.

B. Litigation

The Commonwealth is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have a material, adverse effect on the financial condition of the Commonwealth.

C. Subject to Appropriation

Both the primary government and the discretely presented component units enter into agreements and issue debt secured solely by future appropriations from the General Fund of the Commonwealth. The primary government has leases and other agreements of such debt of \$3.1 billion. The discretely presented component units have such debt of \$4.4 billion.

D. Bailment Inventory

The Virginia Alcoholic Beverage Control Authority (ABC) houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by ABC or returned to the supplier. ABC uses the bailment system for payment of merchandise for resale. ABC initiates payments to the vendors based on shipments from

the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. As of June 30, 2020, the bailment inventory was valued at \$62.0 million.

E. Loan Guarantees

The Virginia Small Business Financing Authority (VSBFA) (nonmajor component unit) has a loan guaranty program which provides guarantees up to the lesser of \$750,000, or 75.0 percent, of a bank loan for lines of credit and short-term working capital loans for small businesses as defined by Section 2.2-2285 of the *Code of Virginia*. The relationship of the Commonwealth to the issuer or issuers of the obligations are private banks that contact VSBFA to obtain guarantees if they deem it necessary to approve the loan. The VSBFA staff underwrites the request for guarantees and approves applications of \$500,000 or less with subsequent ratification by the Board of Directors. The Board of Directors approves applications in excess of \$500,000. The maximum term of support for guarantees is up to five years for lines of credit and seven years for term loans. In the event the small business borrower fails to repay a loan guaranteed through the program, the originating bank lender exercises its rights against the collateral and the guarantors of the loan and proceeds from the sale of the collateral are applied to the loan. In the event the originating bank lender incurs a deficiency principal balance, the bank submits a claim to VSBFA under the program. If a claim payment is subsequently paid under the program, VSBFA retains the right to pursue collection from the borrower or the guarantor to the extent possible and provided that neither the borrower nor the guarantor has been adjudicated bankrupt. VSBFA submits collections to the Office of the Attorney General, Division of Debt Collection for legal action and collection of debt. As of June 30, 2020, the loan guaranty program has guarantees outstanding of \$6.6 million.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires that certain information be disclosed regarding selected nonexchange financial guarantees. As of June 30, 2020, the VSBFA recognized a nonexchange financial guarantee liability of \$132,832. This is a decrease of \$845 from the beginning balance of \$133,677. There were no required payments made during fiscal year 2020. Additionally, there have been no cumulative amounts paid on these outstanding loan guarantees nor are there any expected recoveries.

F. Regional Wet Weather Management Plan

Hampton Roads Sanitation District (HRSD) (nonmajor component unit) is party to a federal consent decree with the federal and state governments (the Consent Decree), which requires the HRSD to evaluate the wet weather capacity of the regional sewer system, including collection systems owned by 14 of the localities which the

HRSD serves in the Hampton Roads area. Based upon that evaluation, the HRSD, in consultation with the localities, is required to develop a regional wet weather management plan (RWWMP) for submittal to the federal and state environmental agencies for their approval.

The HRSD and the localities believe that addressing wet weather capacity issues from a regional perspective will result in the most affordable and cost-effective approach for rate payers throughout the region. Toward that end, the HRSD and the localities entered into a legally binding Memorandum of Agreement in March of 2014 (the MOA). The MOA commits HRSD to (1) develop the RWWMP in consultation with the localities, (2) fund the approved plan through a regional rate imposed on all regional ratepayers, (3) design and construct the necessary improvements, and (4) assume responsibility for wet weather capacity throughout the region in each area once the RWWMP is implemented. In exchange, the localities have agreed to (1) cooperate with the HRSD, (2) facilitate the construction of and accept ownership of any improvements which the HRSD may need to construct in the localities' systems, and (3) maintain the integrity of their systems to industry standards. The Consent Decree and MOA also contemplate that the localities' obligation to maintain the integrity of their sewer systems to industry standards was embodied in a State administrative order. While the HRSD is preparing the RWWMP, the Consent Decree also requires the HRSD to implement approximately \$200.0 million in priority capital system upgrade projects over a 10-year period, which is included in the capital improvement and expansion program. The HRSD is on schedule to complete these projects. The HRSD has a major capital improvement and expansion program funded through the issuance of debt and its own resources. As of June 30, 2020, the HRSD has outstanding commitments for contracts in progress of approximately \$195.8 million.

40. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

The GASB has issued Statement No. 87, *Leases*, which will redefine leases and significantly impact the Commonwealth's reporting disclosures when implemented in fiscal year 2022.

Additionally, the GASB has issued Statement No. 89, *Accounting for Accrued Interest Cost before the End of a Construction Period*, and Statement No. 92, *Omnibus 2020*, (paragraphs 6-10 and 12) which will also be implemented in fiscal year 2022. Statement No. 89 establishes guidance designed to enhance the relevance and comparability of information about capital assets and the costs of borrowing for a reporting period and simplifies accounting for interest costs incurred. Statement No. 92 provides guidance to enhance comparability in accounting and financial reporting for

leases, pension plans, postemployment benefit arrangements, and a wide range of other accounting and financial reporting issues that have been identified during the implementation and application of certain other GASB statements. Management is evaluating the impact of Statement No. 89 and No. 92 on the Commonwealth's financial statements.

41. SUBSEQUENT EVENTS

In response to the COVID-19 pandemic, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to assist with the economic impact resulting from the pandemic. Part of the economic assistance provided by the CARES Act was the establishment of the Coronavirus Relief Fund (CRF), representing \$150.0 billion to states, local governments, and other specifically identified governments. Payments from the CRF may only cover expenses that are (1) necessary expenditures due to the public health emergency resulting from COVID-19; (2) were not included in the government's most recently approved budget as of March 27, 2020; and (3) were incurred during the period March 1 through December 30, 2020.

The Commonwealth received more than \$3.0 billion prior to June 30, and due to timing, the majority of these funds were unspent at fiscal year-end. Subsequent to June 30, the Commonwealth has identified several planned uses, and some of the allocations are provided below:

- \$644.6 million representing the second disbursement to cities and counties to assist with the direct impact of the COVID-19 pandemic;
- \$60.0 million allocated to support municipal utility relief efforts during the COVID-19 pandemic;
- \$58.3 million allocated to increase child care access to support working families by providing safe child care; and
- \$30.0 million allocated to support expansion of high-speed, broadband internet in underserved cities and counties.

Additionally, the Commonwealth is evaluating allocations of CRF funding and related disbursements and identifying any unspent allocations. Virginia law requires unspent allocations to be transferred to the Unemployment Insurance Trust Fund. Any funds that do not meet eligibility requirements and remain unspent by the Commonwealth following the March 1 through December 30, 2020 period will be returned to the United States Treasury.

Primary Government

Debt

On September 22, 2020, the Commonwealth Transportation Board issued \$100.8 million of Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes (GARVEEs), Series 2020

to provide for the payment of certain transportation projects.

On October 22, 2020, the Hampton Roads Transportation Accountability Commission (nonmajor governmental fund) issued \$614.6 million of Series 2020A Senior Lien Revenue Bonds to provide for the payment of certain transportation projects.

On November 5, 2020, the Commonwealth of Virginia issued \$110.3 million of General Obligation Bonds, Series 2020A and \$118.1 million of General Obligation Refunding Bonds, Series 2020B (Federally Taxable). The 2020A Bonds will provide funding for authorized 9(c) projects. The 2020B Bonds will refund certain maturities of its Series 2011A-1 and 2011A-2 Bonds.

Other

Joint owners Skanska and Macquarie Infrastructure Partners II have sold the Elizabeth River Crossings Holding Co LLC, the operator of the Downtown and Midtown tunnels that run between Norfolk and Portsmouth, to Abertis Infraestructuras S.A. and Manulife Investment Management Ltd for more than \$2.0 billion.

Elizabeth River Crossings is part of a public-private partnership with the Virginia Department of Transportation (VDOT). The partnership was formed to rehabilitate the existing Downtown and Midtown tunnels, construct a new, parallel Midtown Tunnel and extend the Martin Luther King Freeway to Interstate 264. The partnership saw Elizabeth River Crossings assume all tolling, operations and maintenance of these facilities through 2070.

VDOT is currently evaluating what impact if any the sale of the Elizabeth River Crossings Holding Co LLC, will have in the operation of the Downtown and Midtown tunnels.

Component Units

Debt

On July 14, 2020, the University of Virginia (nonmajor) issued \$600.0 million federally taxable General Revenue Pledge and Refunding Bonds, Series 2020. The bonds were issued with a coupon rate of 2.3 percent and are due on September 1, 2050. The bonds are callable on March 1, 2050 for 100.0 percent of the principal amount to be redeemed and accrued interest. The bonds are also callable prior to March 1, 2050 for 100.0 percent of the principal amount to be redeemed, the sum of the present values of the remaining scheduled payments of principal and interest to the par call date, and accrued interest on the redemption date. The proceeds will primarily be used to finance or refinance costs of capital projects at the University's academic facilities, working capital, and general operating purposes, and refund a portion of the outstanding principal balance of the University's Series 2015B bonds originally issued to finance or refinance

costs of capital projects at the University's academic facilities. In conjunction with the Series 2020 bond issuance, the University terminated its fixed receiver swaps that were originally used as a hedging derivative for the Series 2015B bonds. The University received \$1.5 million from the termination.

On July 21, 2020, the Virginia Housing Development Authority (VHDA) (major) issued Rental Housing Bond 2020 Series F-Taxable in the amount of \$200.0 million.

On July 28, 2020, the VHDA issued Rental Housing Bond 2020 Series E-Non-AMT in the amount of \$44.8 million.

On July 29, 2020, the Virginia Resources Authority (VRA) (major) issued revenue bonds in the amount of \$61.4 million. Interest rate range from 1.6 percent to 2.5 percent with a final maturity date of November 1, 2041. Proceeds from the sale were used to refund and defease certain maturities of the Series 2012 bonds.

On July 31, 2020, the VRA used uncommitted equity in the Virginia Airports Revolving Fund (VARF) program to defease and redeem \$2.7 million of the Series 2007 Virginia Airports Revolving Fund Revenue Bonds. The defeasance will allow interest rate reductions on the underlying borrower loans, providing debt service savings to borrowers.

On August 4, 2020, the Virginia Port Authority (VPA) (nonmajor) issued \$77.8 million of Commonwealth Port Fund Revenue Refunding Bonds, Series 2020A (Taxable). The bonds are payable in annual principal installments varying from \$295,000 to \$11.7 million beginning July 1, 2021, with semi-annual interest payments with rates ranging from 0.3 percent to 2.3 percent beginning January 1, 2021, and the final installment due July 1, 2035. Proceeds of the bonds will be used (a) to pay the costs of refunding Commonwealth Port Fund Revenue Bonds, Series 2012C (Non-AMT) maturing in the years July 1, 2029 and 2030 and Commonwealth Port Fund Revenue Bonds, Series 2015 (AMT) maturing in the years July 1, 2028 through 2040, and (b) pay all, or a portion of, the expenses incurred with respect to the issuance of the bonds and the refunding of the refunded bonds. The VPA also issued on the same day \$19.8 million of Commonwealth Port Fund Revenue Refunding Bonds, Series 2020B (AMT). The bonds are payable in annual principal installments varying from \$2.5 million to \$3.2 million beginning July 1, 2023 with semi-annual interest payments with a rate of 5.0 percent beginning January 1, 2021, and the final installment due July 1, 2029. Proceeds of the bonds will be used (a) to pay the costs of refunding Commonwealth Port Fund Revenue Bonds, Series 2012B (Taxable) maturing in the years July 1, 2023 and 2029, and (b) pay all or a portion of the expenses incurred with respect to the issuance of the bonds and the refunding of the refunded bonds.

On August 5, 2020, the VRA issued revenue bonds in the amount of \$62.5 million through the VPPF. Interest rates range from 1.0 percent to 5.0 percent with a final maturity date of November 1, 2050.

On August 6, 2020, the Virginia College Building Authority (VCBA) (major) issued \$339.4 million in Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2020A, and \$341.5 million in Educational Facilities Revenue and Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2020B (Federally Taxable). The 2020A Bonds will provide funding for authorized VCBA capital projects at public institutions of higher education in the Commonwealth and will provide for the acquisition of equipment for public higher education institutions. The 2020B Bonds will provide funding for authorized VCBA capital projects at public institutions of higher education in the Commonwealth and refund certain maturities of VCBA's Series 2012A, 2012B, 2013A, and 2014A Bonds.

On August 13, 2020, the VRA used uncommitted equity and existing bond reserve funds to defease and redeem \$117.1 million of Series 2010A CWSRF, Series 2016 CWSRF, and Series 2019 Clean Water State Match Revenue Bonds. The defeasance will result in debt service savings and provide additional program capacity.

The Water Infrastructure Finance and Innovation Act (WIFIA) program, managed by the Environmental Protection Agency (EPA), accelerates investment in our nation's water infrastructure by providing long-term, low-cost supplemental loans for regionally and nationally significant projects. WIFIA loans allow borrowers to lock-in a rate equivalent to the US Treasury rate plus one basis point at closing. The Hampton Roads Transportation District (HRSD) (nonmajor) submitted a Letter of Interest in 2019 and was approved to apply for the SWIFT program. Due to the long duration of the SWIFT program, a Master Financing Agreement (MFA) was required to allow for multiple loans (tranches). Each tranche will be a group of projects that have met environmental requirements. On September 28, 2020, HRSD executed an MFA that outlines the terms and conditions of the loans and caps the amount borrowed at \$1.0 billion. In addition, it closed on the first tranche, which was \$225.0 million for approximately 34 years at a rate of 1.4 percent.

On October 7, 2020, VHDA issued Rental Housing Bond 2020 Series H-Taxable for \$175.0 million.

On October 14, 2020, VHDA issued Rental Housing Bond 2020 Series G-Non-AMT for \$23.1 million.

On October 15, 2020, Virginia Public School Authority (VPSA) (major) issued its Special Obligation School Financing Bonds, Prince William County Series 2020 in the amount of \$106.5 million. The Bonds will be used to purchase general obligation school bonds to finance the costs of various school capital improvement projects.

In October 2020, the College of William and Mary (nonmajor) issued series 2020A Tax Exempt General Revenue Pledge bonds in the amount of \$13.7 million. The bonds were issued with interest rates varying from 3.0 percent to 5.0 percent and will mature in 2038. In addition, the University issued Series 2020B Taxable General Revenue Pledge bonds in the amount of \$137.5 million. The taxable bonds were issued with interest rates varying from 0.6 percent to 3.1 percent and mature in 2051.

On November 10, 2020, the VPSA (major) issued \$142.2 million of School Financing and Refunding Bonds (1997 Resolution), Series 2020B and \$320.8 million of School Financing Refunding Bonds (1997 Resolution), Series 2020C (Federally Taxable). The 2020B Bonds will be used to purchase certain general obligation local school bonds to finance capital projects for schools and to refund its School Financing Bonds (1997 Resolution) Refunding Series 2010C. The 2020C Bonds will be used to refund certain maturities of its School Financing Bonds (1997 Resolution) Series 2012C, 2012D, and 2013A, its School Financing Refunding Bonds (1997 Resolution) Refunding Series 2012A, and its Special Obligation School Financing Bonds, Warren County Series 2014.

Other

In March 2020, the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) signed a letter of intent to purchase Riverside Tappahannock Hospital located in Tappahannock, Virginia. The transaction is expected to close early 2021. Riverside Tappahannock Hospital is a 67-bed hospital located in the eastern neck of Virginia with services ranging from a traditional hospital care to intensive care.

Required Supplementary Information

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds**

Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ 15,262,500	\$ 15,419,400	\$ 15,351,592	\$ (67,808)
Sales and Use	4,138,800	4,266,100	4,112,843	(153,257)
Corporation Income	1,030,800	1,031,500	1,011,650	(19,850)
Motor Fuel	—	—	—	—
Motor Vehicle Sales and Use	—	—	—	—
Communications Sales and Use	368,000	350,000	347,101	(2,899)
Deeds, Contracts, Wills, and Suits	377,275	477,275	493,389	16,114
Premiums of Insurance Companies	410,300	394,100	360,588	(33,512)
Alcoholic Beverage Sales	248,400	251,700	267,214	15,514
Tobacco Products	145,300	145,500	153,638	8,138
Estate	—	—	80	80
Public Service Corporations	98,700	98,900	97,039	(1,861)
Other Taxes	38,554	36,366	35,873	(493)
Rights and Privileges	88,023	87,596	94,695	7,099
Sales of Property and Commodities	31,015	30,534	39,463	8,929
Assessments and Receipts for Support of Special Services	5,000	5,583	5,813	230
Institutional Revenue	48,460	51,454	37,963	(13,491)
Interest, Dividends, and Rents	76,456	131,870	136,821	4,951
Fines, Forfeitures, Court Fees, Penalties, and Escheats	213,809	219,587	214,750	(4,837)
Federal Grants and Contracts	7,445	7,445	8,029	584
Receipts from Cities, Counties, and Towns	11,497	10,523	8,469	(2,054)
Private Donations, Gifts and Contracts	235	287	904	617
Tobacco Master Settlement	58,123	56,000	54,134	(1,866)
Other	177,074	172,948	223,456	50,508
Total Revenues	22,835,766	23,244,668	23,055,504	(189,164)
Expenditures:				
Current:				
General Government	2,769,169	3,103,116	2,872,703	230,413
Education	9,560,961	9,722,175	9,526,097	196,078
Transportation	59	189	140	49
Resources and Economic Development	604,056	636,191	530,365	105,826
Individual and Family Services	7,485,058	7,345,513	6,884,183	461,330
Administration of Justice	2,938,106	3,065,651	2,983,904	81,747
Capital Outlay	10,261	15,814	4,535	11,279
Total Expenditures	23,367,670	23,888,649	22,801,927	1,086,722
Revenues Over (Under) Expenditures	(531,904)	(643,981)	253,577	897,558
Other Financing Sources (Uses):				
Transfers:				
Transfers In	885,834	874,430	911,229	36,799
Transfers Out	(433,016)	(442,031)	(439,543)	2,488
Total Other Financing Sources (Uses)	452,818	432,399	471,686	39,287
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(79,086)	(211,582)	725,263	936,845
Fund Balance, July 1, as restated	2,799,336	2,799,336	2,799,336	—
Fund Balance, June 30	\$ 2,720,250	\$ 2,587,754	\$ 3,524,599	\$ 936,845

See notes on page 201 in this section.

Special Revenue Funds				
Commonwealth Transportation Fund				
Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)	
\$ —	\$ —	\$ —	\$ —	—
1,533,655	1,590,071	1,508,228	(81,843)	
—	—	—	—	
1,159,631	1,210,651	1,073,313	(137,338)	
922,800	988,800	940,672	(48,128)	
—	—	—	—	
43,500	71,800	59,670	(12,130)	
183,558	183,558	183,558	—	
—	—	—	—	
—	—	—	—	
—	—	—	—	
175,545	177,225	159,338	(17,887)	
731,478	855,217	780,737	(74,480)	
556	550	3,442	2,892	
17,224	21,085	17,889	(3,196)	
—	—	—	—	
22,890	28,987	85,571	56,584	
14,916	15,026	21,941	6,915	
1,182,326	1,181,406	1,038,746	(142,660)	
171,353	171,293	362,285	190,992	
25	25	15,286	15,261	
—	—	—	—	
403,709	329,918	199,471	(130,447)	
6,563,166	6,825,612	6,450,147	(375,465)	
57,080	57,080	53,709	3,371	
2,370	2,370	2,340	30	
6,846,032	8,136,380	5,575,370	2,561,010	
22,203	26,958	26,236	722	
—	—	—	—	
10,684	10,684	10,684	—	
44,805	61,589	29,559	32,030	
6,983,174	8,295,061	5,697,898	2,597,163	
(420,008)	(1,469,449)	752,249	2,221,698	
3,788	3,788	9,658	5,870	
(410,420)	(423,693)	(428,050)	(4,357)	
(406,632)	(419,905)	(418,392)	1,513	
(826,640)	(1,889,354)	333,857	2,223,211	
3,716,063	3,716,063	3,716,063	—	
\$ 2,889,423	\$ 1,826,709	\$ 4,049,920	\$ 2,223,211	

Continued on next page

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds** *(Continued from previous page)*

Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Special Revenue Funds			
	Federal Trust			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ —	\$ —	\$ —	\$ —
Sales and Use	—	—	—	—
Corporation Income	—	—	—	—
Motor Fuel	—	—	—	—
Motor Vehicle Sales and Use	—	—	—	—
Communications Sales and Use	—	—	—	—
Deeds, Contracts, Wills, and Suits	—	—	—	—
Premiums of Insurance Companies	—	—	—	—
Alcoholic Beverage Sales	—	—	—	—
Tobacco Products	—	—	—	—
Estate	—	—	—	—
Public Service Corporations	—	—	—	—
Other Taxes	—	—	—	—
Rights and Privileges	—	—	30	30
Sales of Property and Commodities	2,813	—	—	—
Assessments and Receipts for Support of Special Services	—	—	—	—
Institutional Revenue	—	—	—	—
Interest, Dividends, and Rents	301	689	8,019	7,330
Fines, Forfeitures, Court Fees, Penalties, and Escheats	1,830	549	613	64
Federal Grants and Contracts	12,811,144	18,068,607	17,659,317	(409,290)
Receipts from Cities, Counties, and Towns	—	—	—	—
Private Donations, Gifts and Contracts	—	—	—	—
Tobacco Master Settlement	—	—	—	—
Other	197,485	224,520	286,990	62,470
Total Revenues	13,013,573	18,294,365	17,954,969	(339,396)
Expenditures:				
Current:				
General Government	155,142	888,878	917,366	(28,488)
Education	1,137,377	1,416,169	1,107,675	308,494
Transportation	34,268	30,307	20,351	9,956
Resources and Economic Development	186,512	221,036	177,967	43,069
Individual and Family Services	11,287,525	15,498,097	15,627,078	(128,981)
Administration of Justice	87,562	103,769	87,381	16,388
Capital Outlay	125,187	136,109	22,721	113,388
Total Expenditures	13,013,573	18,294,365	17,960,539	333,826
Revenues Over (Under) Expenditures	—	—	(5,570)	(5,570)
Other Financing Sources (Uses):				
Transfers:				
Transfers In	—	—	15,395	15,395
Transfers Out	—	—	(9,825)	(9,825)
Total Other Financing Sources (Uses)	—	—	5,570	5,570
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	—	—	—	—
Fund Balance, July 1, as restated	—	—	—	—
Fund Balance, June 30	\$ —	\$ —	\$ —	\$ —

See notes on page 201 in this section.

**Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds**

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2020, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison Budgetary Basis to GAAP Basis			
(Dollars in Thousands)			
	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	\$ 3,524,599	\$ 4,049,920	\$ —
Adjustments from Budget to Modified Accrual:			
Net Accrued Revenues:			
Taxes	1,175,147	159,252	—
Tax Refunds	(408,095)	—	—
Other Revenue/Other Sources	183,927	110,941	4,622,401
Deferral of Up-front SCA payment	—	(80,875)	—
Medicaid Payable	(399,117)	—	(1,036,250)
Net Accrued Expenditures/Other Uses	(727,656)	(391,566)	(1,039,764)
Fund Reclassification - Budget to Modified Accrual	—	(613,658)	—
Fund Balance, Modified Accrual Basis	\$ 3,348,805	\$ 3,234,014	\$ 2,546,387

- As discussed in Note 1.E., the Literary Fund has no approved budget.

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the General Fund and Major Special Revenue Funds, at June 30, 2020, except the Literary Fund which has no approved budget.

(Dollars in Thousands)			
	General Fund (9)	Commonwealth Transportation Fund	Federal Trust Fund (10)
Appropriations (1)	\$ 23,367,670	\$ 6,983,174	\$ 13,013,573
Supplemental Appropriations:			
Reappropriations (2)	135,048	44,805	132,412
Subsequent Executive (3)	104,844	255,931	6,502,940
Subsequent Legislative (4)	3,643	1,044,014	(279,839)
Capital Outlay and Operating Reversions (5)	(525)	(8,216)	(3,132)
Deficit (6)	5,820	—	—
Transfers (7)	293,379	(4,842)	(952,783)
Capital Outlay Adjustment (8)	(21,230)	(19,805)	(118,806)
Appropriations, as adjusted	\$ 23,888,649	\$ 8,295,061	\$ 18,294,365

- Represents the budget appropriated through Chapter 854, 2019 Acts of Assembly, as amended by Chapter 1283, 2020 Acts of Assembly.
- Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
- Actions taken by the Governor to carry forward any prior year unexpended balances, sum sufficient authority, and year 2 to year 1 reductions (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
- Actions taken by the Governor and the General Assembly to adjust the budget.
- Represents reversions of unexpended capital outlay and operating balances.
- Represents additional appropriations the Governor authorized subsequent to the 2020 General Assembly Session in response to specific agencies' COVID-19 needs. This is not all-inclusive of COVID-19 appropriations.
- Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately \$1.8 billion (General Fund) and \$2.7 million (Commonwealth Transportation Fund) for transfers to component units and fiduciary funds that have been reclassified as expenditures in accordance with GASB Statement No. 34.
- Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.
- Budgetary reductions totaling \$9.9 million are excluded since they were not available for disbursement during the current fiscal year.
- Appropriations do not include food stamp issuances of \$1.3 billion since this is a noncash item; however, this amount is included in actual expenditures.

Schedule of Changes in Employers' Net Pension Liability (1) (2)

Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Change in the Net Pension Liability	VRS State					
	2020	2019	2018	2017	2016	2015
Total pension liability:						
Service cost	\$ 379,359	\$ 375,965	\$ 370,235	\$ 369,779	\$ 375,149	\$ 369,120
Interest	1,627,637	1,606,772	1,562,819	1,533,764	1,482,951	1,436,064
Benefit changes	—	—	—	—	—	—
Difference between actual and expected experience	181,189	(327,289)	(85,975)	(245,642)	59,923	—
Assumption changes	663,566	—	76,965	—	—	—
Benefit payments	(1,360,833)	(1,296,803)	(1,234,388)	(1,195,198)	(1,136,102)	(1,081,866)
Refunds of contributions	(26,897)	(30,236)	(30,837)	(25,240)	(27,724)	(25,036)
Net change in total pension liability	1,464,021	328,409	658,819	437,463	754,197	698,282
Total pension liability - beginning	23,945,821	23,617,412	22,958,593	22,521,130	21,766,933	21,068,651
Total pension liability - ending (a)	\$25,409,842	\$23,945,821	\$23,617,412	\$22,958,593	\$22,521,130	\$21,766,933
Plan fiduciary net position:						
Contributions - employer	\$ 545,584	\$ 548,158	\$ 535,424	\$ 722,617	\$ 480,657	\$ 343,259
Contributions - member	201,481	201,920	201,391	200,184	195,582	198,035
Net investment income	1,211,722	1,302,241	1,963,811	277,166	728,083	2,243,999
Benefit payments	(1,360,833)	(1,296,803)	(1,234,388)	(1,195,198)	(1,136,102)	(1,081,866)
Refunds of contributions	(26,897)	(30,236)	(30,837)	(25,240)	(27,724)	(25,036)
Administrative expense	(12,374)	(11,481)	(11,612)	(10,140)	(10,302)	(12,341)
Other	(762)	28,502	(1,743)	(122)	(154)	123
Net change in plan fiduciary net position	557,921	742,301	1,422,046	(30,733)	230,040	1,666,173
Plan fiduciary net position - beginning	18,532,189	17,789,888	16,367,842	16,398,575	16,168,535	14,502,362
Plan fiduciary net position - ending (b)	19,090,110	18,532,189	17,789,888	16,367,842	16,398,575	16,168,535
Net pension liability - ending (a-b)	\$ 6,319,732	\$ 5,413,632	\$ 5,827,524	\$ 6,590,751	\$ 6,122,555	\$ 5,598,398
Plan fiduciary net position as a percentage of the total pension liability (b/a)	75.1 %	77.4 %	75.3 %	71.3 %	72.8 %	74.3 %
Covered payroll (c)	\$ 4,197,484	\$ 4,152,368	\$ 4,020,893	\$ 3,977,759	\$ 3,878,632	\$ 3,861,712
Net pension liability as a percentage of covered payroll ((a-b)/c)	150.6 %	130.4 %	144.9 %	165.7 %	157.9 %	145.0 %

(1) The Commonwealth implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective for the fiscal year ended June 30, 2015, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2020 net pension liability measurement date is June 30, 2019, as reported in Note 16.

See notes on page 210 in this section.

VRS Teacher

2020	2019	2018	2017	2016	2015
\$ 889,003	\$ 885,510	\$ 830,475	\$ 828,856	\$ 828,901	\$ 831,501
3,184,697	3,099,338	3,016,207	2,931,065	2,834,138	2,722,788
—	—	—	—	—	—
(174,815)	(440,308)	(642,745)	(391,881)	(212,089)	—
1,472,649	—	218,559	—	—	—
(2,331,038)	(2,241,927)	(2,147,781)	(2,081,069)	(1,980,353)	(1,874,636)
(36,715)	(40,578)	(39,521)	(35,067)	(36,058)	(36,103)
3,003,781	1,262,035	1,235,194	1,251,904	1,434,539	1,643,550
46,679,555	45,417,520	44,182,326	42,930,422	41,495,883	39,852,333
<u>\$49,683,336</u>	<u>\$46,679,555</u>	<u>\$45,417,520</u>	<u>\$44,182,326</u>	<u>\$42,930,422</u>	<u>\$41,495,883</u>

\$ 1,280,964	\$ 1,292,988	\$ 1,137,976	\$ 1,062,338	\$ 1,267,250	\$ 853,634
403,258	391,490	392,730	380,314	373,525	371,241
2,311,028	2,421,157	3,632,291	516,704	1,327,047	4,042,441
(2,331,038)	(2,241,927)	(2,147,781)	(2,081,069)	(1,980,353)	(1,874,636)
(36,715)	(40,578)	(39,521)	(35,067)	(36,058)	(36,103)
(22,843)	(20,945)	(21,123)	(18,859)	(18,238)	(22,036)
(1,448)	(2,167)	(3,238)	(222)	(284)	217
1,603,206	1,800,018	2,951,334	(175,861)	932,889	3,334,758
34,919,563	33,119,545	30,168,211	30,344,072	29,411,183	26,076,425
36,522,769	34,919,563	33,119,545	30,168,211	30,344,072	29,411,183
<u>\$13,160,567</u>	<u>\$11,759,992</u>	<u>\$12,297,975</u>	<u>\$14,014,115</u>	<u>\$12,586,350</u>	<u>\$12,084,700</u>

73.5 %	74.8 %	72.9 %	68.3 %	70.7 %	70.9 %
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\$ 8,387,503	\$ 8,086,986	\$ 7,891,783	\$ 7,624,612	\$ 7,434,932	\$ 7,313,025
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156.9 %	145.4 %	155.8 %	183.8 %	169.3 %	165.2 %
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Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)

Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Change in the Net Pension Liability	VRS Political Subdivisions					
	2020	2019	2018	2017	2016	2015
Total pension liability:						
Service cost	\$ 556,149	\$ 544,762	\$ 541,594	\$ 535,322	\$ 530,945	\$ 524,758
Interest	1,535,532	1,472,680	1,422,753	1,362,892	1,309,484	1,243,386
Benefit changes	3,948	10,811	36,652	2,053	1,135	—
Difference between actual and expected experience	45,032	(43,177)	(205,649)	(87,268)	(185,419)	—
Assumption changes	691,407	—	(64,510)	—	—	—
Benefit payments	(1,082,791)	(1,010,021)	(941,856)	(893,585)	(819,201)	(754,706)
Refunds of contributions	(40,249)	(41,324)	(42,068)	(37,380)	(36,898)	(36,876)
Net change in total pension liability	1,709,028	933,731	746,916	882,034	800,046	976,562
Total pension liability - beginning	22,497,735	21,564,004	20,817,088	19,935,054	19,135,008	18,158,446
Total pension liability - ending (a)	\$24,206,763	\$22,497,735	\$21,564,004	\$20,817,088	\$19,935,054	\$19,135,008
Plan fiduciary net position:						
Contributions - employer	\$ 499,293	\$ 490,286	\$ 477,563	\$ 543,947	\$ 533,877	\$ 539,366
Contributions - member	248,421	241,339	238,636	231,934	227,060	225,555
Net investment income	1,345,759	1,415,454	2,113,973	300,995	761,164	2,272,284
Benefit payments	(1,082,791)	(1,010,021)	(941,856)	(893,585)	(819,201)	(754,706)
Refunds of contributions	(40,249)	(41,324)	(42,068)	(37,380)	(36,898)	(36,876)
Administrative expense	(13,369)	(12,236)	(12,220)	(10,696)	(10,358)	(12,153)
Other	(853)	(30,924)	(1,887)	(130)	(162)	120
Net change in plan fiduciary net position	956,211	1,052,574	1,832,141	135,085	655,482	2,233,590
Plan fiduciary net position - beginning	20,302,821	19,250,247	17,418,106	17,283,021	16,627,539	14,393,949
Plan fiduciary net position - ending (b)	21,259,032	20,302,821	19,250,247	17,418,106	17,283,021	16,627,539
Net pension liability - ending (a-b)	\$ 2,947,731	\$ 2,194,914	\$ 2,313,757	\$ 3,398,982	\$ 2,652,033	\$ 2,507,469
Plan fiduciary net position as a percentage of the total pension liability (b/a)	87.8 %	90.2 %	89.3 %	83.7 %	86.7 %	86.9 %
Covered payroll (c)	\$ 5,118,622	\$ 4,932,344	\$ 4,765,842	\$ 4,628,806	\$ 4,513,335	\$ 4,434,764
Net pension liability as a percentage of covered payroll ((a-b)/c)	57.6 %	44.5 %	48.5 %	73.4 %	58.8 %	56.5 %

See notes on page 210 in this section.

SPORS

2020	2019	2018	2017	2016	2015
\$ 20,079	\$ 18,187	\$ 18,880	\$ 18,700	\$ 18,847	\$ 18,341
72,715	71,251	74,042	72,618	70,350	67,978
—	—	—	—	—	—
45,330	(7,248)	(5,327)	(14,711)	(2,890)	—
31,773	—	(68,707)	—	—	—
(62,683)	(58,197)	(57,814)	(53,515)	(53,338)	(50,467)
(805)	(867)	(630)	(584)	(375)	(685)
106,409	23,126	(39,556)	22,508	32,594	35,167
1,070,528	1,047,402	1,086,958	1,064,450	1,031,856	996,689
<u>\$ 1,176,937</u>	<u>\$ 1,070,528</u>	<u>\$ 1,047,402</u>	<u>\$ 1,086,958</u>	<u>\$ 1,064,450</u>	<u>\$ 1,031,856</u>

\$ 31,437	\$ 35,806	\$ 31,888	\$ 33,655	\$ 28,427	\$ 42,683
6,379	6,311	5,701	5,759	5,680	5,646
54,792	58,148	87,265	12,634	32,466	98,682
(62,683)	(58,197)	(57,814)	(53,515)	(53,338)	(50,467)
(805)	(867)	(630)	(584)	(375)	(685)
(488)	(509)	(926)	(590)	(471)	(431)
(61)	(63)	(99)	(23)	(27)	—
28,571	40,629	65,385	(2,664)	12,362	95,428
836,702	796,073	730,688	733,352	720,990	625,562
865,273	836,702	796,073	730,688	733,352	720,990
<u>\$ 311,664</u>	<u>\$ 233,826</u>	<u>\$ 251,329</u>	<u>\$ 356,270</u>	<u>\$ 331,098</u>	<u>\$ 310,866</u>

73.5 % 78.2 % 76.0 % 67.2 % 68.9 % 69.9 %

\$ 126,483 \$ 124,003 \$ 111,395 \$ 114,395 \$ 110,059 \$ 112,010

246.4 % 188.6 % 225.6 % 311.4 % 300.8 % 277.5 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)

Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Change in the Net Pension Liability	VaLORS					
	2020	2019	2018	2017	2016	2015
Total pension liability:						
Service cost	\$ 44,526	\$ 45,179	\$ 47,189	\$ 45,608	\$ 47,531	\$ 46,504
Interest	139,307	136,289	135,453	129,756	124,579	119,040
Benefit changes	—	—	—	—	—	—
Difference between actual and expected experience	11,067	(26,111)	(1,457)	4,997	(4,849)	—
Assumption changes	62,090	—	(63,457)	—	—	—
Benefit payments	(109,193)	(104,776)	(96,224)	(92,270)	(84,990)	(78,412)
Refunds of contributions	(4,933)	(5,604)	(4,938)	(4,524)	(4,797)	(4,665)
Net change in total pension liability	142,864	44,977	16,566	83,567	77,474	82,467
Total pension liability - beginning	<u>2,047,161</u>	<u>2,002,184</u>	<u>1,985,618</u>	<u>1,902,051</u>	<u>1,824,577</u>	<u>1,742,110</u>
Total pension liability - ending (a)	<u>\$ 2,190,025</u>	<u>\$ 2,047,161</u>	<u>\$ 2,002,184</u>	<u>\$ 1,985,618</u>	<u>\$ 1,902,051</u>	<u>\$ 1,824,577</u>
Plan fiduciary net position:						
Contributions - employer	\$ 75,327	\$ 73,793	\$ 73,816	\$ 79,392	\$ 62,084	\$ 67,483
Contributions - member	17,871	17,496	17,598	17,574	17,081	17,908
Net investment income	93,872	98,292	146,039	20,899	52,312	156,786
Benefit payments	(109,193)	(104,776)	(96,224)	(92,270)	(84,990)	(78,412)
Refunds of contributions	(4,933)	(5,604)	(4,938)	(4,524)	(4,797)	(4,665)
Administrative expense	(831)	(861)	(1,540)	(940)	(743)	(681)
Other	(103)	(247)	(310)	(38)	(44)	—
Net change in plan fiduciary net position	72,010	78,093	134,441	20,093	40,903	158,419
Plan fiduciary net position - beginning	<u>1,423,980</u>	<u>1,345,887</u>	<u>1,211,446</u>	<u>1,191,353</u>	<u>1,150,450</u>	<u>992,031</u>
Plan fiduciary net position - ending (b)	<u>1,495,990</u>	<u>1,423,980</u>	<u>1,345,887</u>	<u>1,211,446</u>	<u>1,191,353</u>	<u>1,150,450</u>
Net pension liability - ending (a-b)	<u>\$ 694,035</u>	<u>\$ 623,181</u>	<u>\$ 656,297</u>	<u>\$ 774,172</u>	<u>\$ 710,698</u>	<u>\$ 674,127</u>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	68.3 %	69.6 %	67.2 %	61.0 %	62.6 %	63.1 %
Covered payroll (c)	\$ 349,998	\$ 345,531	\$ 344,468	\$ 345,504	\$ 338,562	\$ 352,492
Net pension liability as a percentage of covered payroll ((a-b)/c)	198.3 %	180.4 %	190.5 %	224.1 %	209.9 %	191.2 %

See notes on page 210 in this section.

JRS

2020	2019	2018	2017	2016	2015
\$ 18,767	\$ 19,228	\$ 22,144	\$ 21,978	\$ 23,254	\$ 24,024
44,139	43,799	42,081	42,820	41,759	40,013
—	—	—	(15,552)	—	—
(7,157)	(15,786)	(14,774)	(18,681)	(9,107)	—
14,077	—	16,114	—	—	—
(43,584)	(41,165)	(40,895)	(41,341)	(40,205)	(37,984)
—	—	—	—	—	—
26,242	6,076	24,670	(10,776)	15,701	26,053
652,351	646,275	621,605	632,381	616,680	590,627
<u>\$ 678,593</u>	<u>\$ 652,351</u>	<u>\$ 646,275</u>	<u>\$ 621,605</u>	<u>\$ 632,381</u>	<u>\$ 616,680</u>
\$ 22,890	\$ 28,096	\$ 27,612	\$ 41,502	\$ 31,503	\$ 27,727
3,208	3,231	3,272	3,236	3,015	3,051
35,372	37,466	56,029	8,112	20,051	60,833
(43,584)	(41,165)	(40,895)	(41,341)	(40,205)	(37,984)
—	—	—	—	—	—
(315)	(326)	(594)	(363)	(283)	(268)
(39)	(42)	(64)	(15)	(17)	—
17,532	27,260	45,360	11,131	14,064	53,359
540,009	512,749	467,389	456,258	442,194	388,835
557,541	540,009	512,749	467,389	456,258	442,194
<u>\$ 121,052</u>	<u>\$ 112,342</u>	<u>\$ 133,526</u>	<u>\$ 154,216</u>	<u>\$ 176,123</u>	<u>\$ 174,486</u>
82.2 %	82.8 %	79.3 %	75.2 %	72.1 %	71.7 %
\$ 68,330	\$ 68,245	\$ 66,826	\$ 66,621	\$ 61,092	\$ 61,020
177.2 %	164.6 %	199.8 %	231.5 %	288.3 %	285.9 %

Schedule of Employer Contributions – Pension Plans

(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
VIRGINIA RETIREMENT SYSTEM (VRS) - STATE					
2020	\$ 600,306	\$ 600,306	\$ —	\$ 4,440,135	13.52%
2019	567,450	567,450	—	4,197,484	13.52%
2018	560,154	560,154	—	4,152,368	13.49%
2017	542,418	542,418	—	4,020,893	13.49%
2016	628,486	557,160	71,326	3,977,759	14.01%
2015	612,824	478,235	134,589	3,878,632	12.33%
2014	504,726	338,286	166,440	3,861,712	8.76%
2013	485,577	325,452	160,125	3,715,205	8.76%
2012	309,930	117,696	192,234	3,663,475	3.21%
2011	294,363	74,113	220,250	3,479,484	2.13%
VIRGINIA RETIREMENT SYSTEM (VRS) - TEACHER					
2020	\$ 1,374,613	\$ 1,374,613	\$ —	\$ 8,766,667	15.68%
2019	1,315,160	1,315,160	—	8,387,503	15.68%
2018	1,319,796	1,319,796	—	8,086,986	16.32%
2017	1,287,939	1,156,935	131,004	7,891,783	14.66%
2016	1,344,981	1,072,020	272,961	7,624,612	14.06%
2015	1,353,158	1,078,065	275,093	7,434,932	14.50%
2014	1,226,394	852,699	373,695	7,313,025	11.66%
2013	1,203,856	837,028	366,828	7,178,629	11.66%
2012	903,655	443,078	460,577	6,999,653	6.33%
2011	891,237	271,306	619,931	6,903,465	3.93%
VIRGINIA RETIREMENT SYSTEM (VRS) - POLITICAL SUBDIVISIONS					
2020	\$ 544,676	\$ 547,382	\$ (2,706)	\$ 5,368,250	10.20%
2019	515,904	518,513	(2,609)	5,118,622	10.13%
2018	504,955	505,603	(648)	4,932,344	10.25%
2017	487,067	487,702	(635)	4,765,842	10.23%
2016	554,335	549,408	4,927	4,628,806	11.87%
2015	540,859	535,919	4,940	4,513,335	11.87%
2014	551,822	539,131	12,691	4,434,764	12.16%
2013	537,657	525,385	12,272	4,321,565	12.16%
2012	400,879	400,879	—	4,142,150	9.68%
2011	391,531	391,531	—	4,078,580	9.60%

See notes on page 210 in this section.

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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STATE POLICE OFFICERS' RETIREMENT SYSTEM (SPORS)

2020	\$	32,533	\$	32,533	\$	—	\$	130,759	24.88%
2019		31,469		31,469		—		126,483	24.88%
2018		35,391		35,391		—		124,003	28.54%
2017		31,792		31,792		—		111,395	28.54%
2016		35,211		31,561		3,650		114,395	27.59%
2015		33,876		28,417		5,459		110,059	25.82%
2014		36,538		27,711		8,827		112,010	24.74%
2013		34,535		26,193		8,342		105,872	24.74%
2012		26,250		11,441		14,809		102,701	11.14%
2011		24,570		7,460		17,110		96,128	7.76%

VIRGINIA LAW OFFICERS' RETIREMENT SYSTEM (VaLORS)

2020	\$	79,956	\$	79,956	\$	—	\$	369,996	21.61%
2019		75,635		75,635		—		349,998	21.61%
2018		72,734		72,734		—		345,531	21.05%
2017		72,511		72,511		—		344,468	21.05%
2016		72,763		65,101		7,662		345,504	18.84%
2015		71,301		59,824		11,477		338,562	17.67%
2014		68,806		52,169		16,637		352,492	14.80%
2013		66,463		50,392		16,071		340,489	14.80%
2012		55,306		24,481		30,825		347,181	7.05%
2011		53,686		17,255		36,431		337,010	5.12%

JUDICIAL RETIREMENT SYSTEM (JRS)

2020	\$	25,713	\$	25,713	\$	—	\$	74,769	34.39%
2019		23,498		23,498		—		68,330	34.39%
2018		28,642		28,642		—		68,245	41.97%
2017		28,047		28,047		—		66,826	41.97%
2016		37,008		33,291		3,717		66,621	49.97%
2015		35,336		31,560		3,776		61,092	51.66%
2014		33,018		27,728		5,290		61,020	45.44%
2013		32,185		27,028		5,157		59,481	45.44%
2012		27,631		18,907		8,724		59,053	32.02%
2011		28,101		17,303		10,798		60,058	28.81%

Notes for Pension Schedules

	VRS			SPORS	VaLORS	JRS
	State	Teacher	Political Subdivisions			
Valuation Date	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:						
Investment Rate of Return*	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Projected Salary Increases:*						
State Employees/Teachers	3.50% to 5.35%	3.50% to 5.95%	N/A	3.50% to 4.75%	3.50% to 4.75%	4.50%
Political Subdivision -						
Non-Hazardous Duty Employees	N/A	N/A	3.50% to 5.35%	N/A	N/A	N/A
Political Subdivision -						
Hazardous Duty Employees	N/A	N/A	3.50% to 4.75%	N/A	N/A	N/A
Post-Retirement Benefits Increases**						
Plan 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plan 2	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Hybrid	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

* Includes inflation at 2.50%.

** Compounded annually.

As discussed in Note 16, visit the Virginia Retirement System's website at www.varetire.org to obtain a copy of the separately issued financial statements.

Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset) (1) (2)

Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Change in the Net OPEB Liability	RHIC			VSDP		
	2020	2019	2018	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 19,446	\$ 19,645	\$ 19,231	\$ 29,232	\$ 27,527	\$ 27,884
Interest	68,023	66,883	66,641	15,788	15,503	15,810
Benefit changes	—	—	—	—	—	—
Difference between actual and expected experience	(13,402)	745	—	29,489	(11,237)	—
Assumption changes	22,700	—	(12,229)	4,180	—	(17,511)
Benefit payments	(72,857)	(69,117)	(71,256)	(24,376)	(31,073)	(30,056)
Refunds of contributions	—	—	—	—	—	—
Net change in total OPEB liability	23,910	18,156	2,387	54,313	720	(3,873)
Total OPEB liability - beginning	1,008,184	990,028	987,641	237,733	237,013	240,886
Total OPEB liability - ending (a)	\$1,032,094	\$1,008,184	\$ 990,028	\$ 292,046	\$ 237,733	\$ 237,013
Plan fiduciary net position:						
Contributions - employer	\$ 79,926	\$ 79,416	\$ 75,058	\$ 25,263	\$ 27,260	\$ 24,130
Contributions - member	—	—	—	—	—	—
Net investment income	6,189	5,706	7,706	30,494	32,073	48,206
Benefit payments	(72,857)	(69,117)	(71,256)	(24,376)	(31,073)	(30,056)
Third-party administrator charges	—	—	—	(6,431)	(6,637)	(7,001)
Administrative expense	(135)	(149)	(131)	(787)	(961)	(717)
Other	(8)	536	(546)	1,117	(35)	(54)
Net change in plan fiduciary net position	13,115	16,392	10,831	25,280	20,627	34,508
Plan fiduciary net position - beginning	95,908	79,516	68,685	462,961	442,334	407,826
Plan fiduciary net position - ending (b)	109,023	95,908	79,516	488,241	462,961	442,334
Net OPEB liability (asset) - ending (a-b)	\$ 923,071	\$ 912,276	\$ 910,512	\$ (196,195)	\$ (225,228)	\$ (205,321)
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	10.6 %	9.5 %	8.0 %	167.2 %	194.7 %	186.6 %
Covered payroll (c)	\$6,844,807	\$6,762,917	\$6,489,069	\$4,077,627	\$3,972,637	\$3,799,590
Net OPEB liability (asset) as a percentage of covered payroll ((a-b)/c)	13.5 %	13.5 %	14.0 %	(4.8%)	(5.7%)	(5.4%)

(1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, as amended by GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2020 net OPEB liability measurement date is June 30, 2019, as reported in Note 18.

See notes on page 216 in this section.

Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability (1) (2)

Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	GLI			LODA		
	2020	2019	2018	2020	2019	2018
Commonwealth's proportion of the net OPEB liability	30.1 %	30.5 %	30.3 %	59.9 %	59.9 %	60.9 %
Commonwealth's proportionate share of the net OPEB liability	\$490,250	\$463,787	\$456,387	\$214,981	\$187,869	\$160,064
Commonwealth's covered payroll	\$5,936,396	\$5,836,331	\$5,621,670	N/A	N/A	N/A
Commonwealth's covered employee payroll	N/A	N/A	N/A	\$460,426	\$440,535	\$431,978
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	8.3 %	7.9 %	8.1 %	46.7 %	42.6 %	37.1 %
Plan fiduciary net position as a percentage of the total OPEB liability	52.0 %	51.2 %	48.9 %	0.8 %	0.6 %	1.3 %

(1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, and GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2020 net OPEB liability measurement date is June 30, 2019, as reported in Note 18.

(3) Since the Commonwealth is considered the governmental nonemployer contributing entity for the state-funded Retiree Health Insurance Credit for constitutional officers, social services employees and registrars (RHIC: Non-State), the covered payroll information is not applicable.

See notes on page 216 in this section.

RHIC: Non-State (3)

Constitutional Officers			Social Service Employees			Registrars		
2020	2019	2018	2020	2019	2018	2020	2019	2018
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$26,877	\$26,351	\$25,766	\$12,457	\$12,903	\$12,725	\$503	\$499	\$486
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14.3 %	11.1 %	8.6 %	15.4 %	9.3 %	7.9 %	14.8 %	10.4 %	6.5 %

Schedule of Employer Contributions – Other Postemployment Benefit Plans

(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll / Covered Employee Payroll
RETIREE HEALTH INSURANCE CREDIT						
2020	\$ 84,674	\$ 84,674	\$ —	\$ 7,237,090	N/A	1.2 %
2019	80,084	80,084	—	6,844,807	N/A	1.2 %
2018	79,802	79,802	—	6,762,917	N/A	1.2 %
2017	76,571	76,571	—	6,489,069	N/A	1.2 %
2016	73,961	66,375	7,586	6,321,454	N/A	1.0 %
2015	71,522	64,186	7,336	6,112,951	N/A	1.1 %
2014	63,385	60,367	3,018	6,036,629	N/A	1.0 %
2013	59,618	56,779	2,839	5,677,848	N/A	1.0 %
2012	60,222	7,686	52,536	5,681,295	N/A	0.1 %
2011	57,193	5,395	51,798	5,395,598	N/A	0.1 %
VIRGINIA SICKNESS AND DISABILITY PROGRAM (Also referred to Disability Insurance Trust Fund)						
2020	\$ 27,065	\$ 27,065	\$ —	\$ 4,365,296	N/A	0.6 %
2019	25,281	25,281	—	4,077,627	N/A	0.6 %
2018	26,219	26,219	—	3,972,637	N/A	0.7 %
2017	25,077	25,077	—	3,799,590	N/A	0.7 %
2016	27,187	24,580	2,607	3,724,248	N/A	0.7 %
2015	26,244	23,728	2,516	3,595,080	N/A	0.7 %
2014	20,610	16,701	3,909	3,553,444	N/A	0.5 %
2013	21,032	17,043	3,989	3,626,208	N/A	0.5 %
2012	30,285	1,096	29,189	4,037,955	N/A	0.0 %
2011	28,646	—	28,646	3,819,462	N/A	0.0 %
GROUP LIFE INSURANCE (1)						
2020	\$ 32,711	\$ 32,711	\$ —	\$ 6,290,591	N/A	0.5 %
2019	30,869	30,869	—	5,936,396	N/A	0.5 %
2018	30,349	30,349	—	5,836,331	N/A	0.5 %
2017	29,089	29,089	—	5,621,670	N/A	0.5 %
2016	29,358	26,588	2,770	5,539,210	N/A	0.5 %
2015	28,487	25,799	2,688	5,374,853	N/A	0.5 %
2014	28,248	25,583	2,665	5,329,884	N/A	0.5 %
2013	27,002	24,455	2,547	5,094,773	N/A	0.5 %
2012	22,039	15,527	6,512	5,008,786	N/A	0.3 %
2011	21,052	13,397	7,655	4,784,622	N/A	0.3 %

- (1) The Group Life Insurance and the Line of Duty Trust Fund (Line of Duty Act) are cost-sharing plans and amounts in this schedule are only for the Commonwealth and does not include other employers.
- (2) Covered employee payroll is provided since the contributions are not based on a measure of pay. Ten years of data is not available for this plan.
- (3) Although the Retiree Health Insurance Credit program for constitutional officers, social services employees, and registrars existed prior to fiscal year 2016, the program was funded in a different manner and the results do not provide comparability with the current presentations. Since the Commonwealth is considered the governmental nonemployer contributing entity, the column regarding covered payroll is not applicable.

See notes on page 216 in this section.

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll / Covered Employee Payroll
LINE OF DUTY TRUST FUND (1) (2)						
2020	\$ 14,706	\$ 8,164	\$ 6,542	N/A	\$ 484,167	1.7 %
2019	14,486	8,042	6,444	N/A	460,426	1.7 %
2018	13,870	6,364	7,506	N/A	440,535	1.4 %
2017	14,275	6,550	7,725	N/A	431,978	1.5 %

RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3)
For Constitutional Officers

2020	\$ 2,734	\$ 2,734	\$ —	N/A	N/A	N/A
2019	2,593	2,593	—	N/A	N/A	N/A
2018	2,362	2,362	—	N/A	N/A	N/A
2017	2,280	2,280	—	N/A	N/A	N/A
2016	1,950	1,830	120	N/A	N/A	N/A

RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3)
(For Social Services Employees)

2020	\$ 1,283	\$ 1,283	\$ —	N/A	N/A	N/A
2019	1,202	1,202	—	N/A	N/A	N/A
2018	1,106	1,106	—	N/A	N/A	N/A
2017	1,055	1,055	—	N/A	N/A	N/A
2016	961	824	137	N/A	N/A	N/A

RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3)
(For Registrars)

2020	\$ 50	\$ 50	\$ —	N/A	N/A	N/A
2019	46	46	—	N/A	N/A	N/A
2018	47	47	—	N/A	N/A	N/A
2017	45	45	—	N/A	N/A	N/A
2016	36	30	6	N/A	N/A	N/A

Notes for Other Postemployment Benefit Schedules

	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Line of Duty Act Trust Fund
Valuation Date	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method (1)	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Open
Payroll Growth Rate:				
State Employees	3.0%	3.0%	3.0%	3.0%
Teachers	3.0%	3.0%	N/A	N/A
Political Subdivision Employees	3.0%	3.0%	N/A	3.0%
State Police / Virginia Law Officers	3.0%	3.0%	3.0%	3.0%
Judges	3.0%	3.0%	N/A	N/A
Asset Valuation Method				
State Employees and Teachers	5-Year, Smoothed Market	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value
Political Subdivision Employees and State-Funded Local Employees	5-Year, Smoothed Market	Market Value	N/A	Market Value
Actuarial Assumptions:				
Investment Rate of Return (2)	6.8%	6.8%	6.8%	4.8%
Projected Salary Increases (3)				
State Employees	3.5% to 5.4%	3.5% to 5.4%	3.5% to 5.4%	N/A
Teachers	3.5% to 6.0%	3.5% to 6.0%	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty Employees)	3.5% to 5.4%	3.5% to 5.4%	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.5% to 4.8%	3.5% to 4.8%	N/A	N/A
State Police / Virginia Law Officers	3.5% to 4.8%	3.5% to 4.8%	3.5% to 4.8%	N/A
Judges	4.5%	4.5%	N/A	N/A
Medical Trend Assumptions (Under Age 65)	N/A	N/A	N/A	7.3% to 4.8%
Medical Trend Assumptions (Ages 65 and Older)	N/A	N/A	N/A	5.5% to 4.8%
Year of Ultimate Trend Rate (Ages 65 and Older)	N/A	N/A	N/A	2023
Year of Ultimate Trend Rate (Under Age 65)	N/A	N/A	N/A	2028

(1) The amortization period of the Unfunded Actuarial Accrued Liability (UAAL) was a closed 30-year period for the June 30, 2013 balance and closed 20-year period for each subsequent year. The Line of Duty Act Program amortization period is 30 years for the UAAL.

(2) Includes inflation rate of 2.5 percent.

(3) Projected salary increases for the Retiree Health Insurance Credit Fund are used in the application of the actuarial cost method. Projected salary increase factors are not applicable to the Line of Duty Act Program since neither the benefit nor the cost is salary-based.

Schedule of Changes in Employers' Total Other Postemployment Benefit Liability (1) (2)

Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Change in the Total OPEB Liability	PMRH		
	2020	2019	2018
Total OPEB liability:			
Service cost	\$ 72,737	\$ 94,665	\$ 116,627
Interest cost	40,941	49,279	47,346
Changes of benefit terms	—	—	—
Difference between expected and actual experience	(216,886)	(191,000)	(61,865)
Changes of assumptions	(182,206)	(211,762)	(326,082)
Benefit payments	(41,346)	(34,446)	(43,244)
Net change in total OPEB liability	(326,760)	(293,264)	(267,218)
Total OPEB liability - beginning	1,005,640	1,298,904	1,566,122
Total OPEB liability - ending (a)	\$ 678,880	\$ 1,005,640	\$ 1,298,904
Covered employee payroll (b)	\$ 5,616,229	\$ 5,485,993	\$ 5,229,024
Total OPEB liability as a percentage of covered employee payroll (a/b)	12.1 %	18.3 %	24.8 %

- (1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, as amended by GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.
- (2) The Commonwealth's fiscal year 2020 total OPEB liability measurement date is June 30, 2019, as reported in Note 18. There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2018 valuation based on recent experience:

- Spousal Coverage - reduced the rate from 35.0 percent to 25.0 percent.
- Retiree Participation - reduced the rate from 60.0 percent to 50.0 percent.

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect modified pre-retirement Mortality base rates to exclude age over 65 instead of applying mortality improvement projection scale BB. The excise tax was modified to reflect updated projection of the tax thresholds. Trend rates were updated based on economic conditions as of June 30, 2019. Additionally, the discount rate was decreased from 3.9 percent to 3.5 percent based on the Bond Buyers GO 20 Municipal Bond Index.

Claims Development Information – Risk Management

(Dollars in Thousands)

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

Fiscal and Policy Year Ended	2011	2012	2013	2014
1. Required contribution and investment revenue:				
Earned	\$ 4,131	\$ 5,019	\$ 5,043	\$ 8,500
Ceded (a)	—	—	—	—
Net earned	4,131	5,019	5,043	8,500
2. Unallocated expenses	1,310	1,382	1,273	1,435
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	3,213	5,390	3,394	4,025
Ceded (a)	—	—	—	—
Net incurred	3,213	5,390	3,394	4,025
4. Net paid (cumulative) as of:				
End of policy year	396	1,677	335	367
One year later	1,940	4,468	3,401	3,210
Two years later	3,943	7,554	8,118	4,291
Three years later	4,317	8,137	8,278	5,002
Four years later	4,380	8,991	7,702	5,386
Five years later	4,392	9,034	7,747	6,509
Six years later	4,401	9,200	7,946	6,674
Seven years later	4,417	9,200	7,976	
Eight years later	4,669	9,200		
Nine years later	4,669			
5. Reestimated ceded claims and expenses (a)	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	3,213	5,390	3,394	4,025
One year later	3,919	8,704	9,397	6,454
Two years later	4,523	9,107	9,939	6,979
Three years later	4,570	9,727	10,333	8,045
Four years later	4,474	9,368	8,213	6,771
Five years later	4,444	9,307	7,980	7,289
Six years later	4,456	9,206	8,057	7,377
Seven years later	4,417	9,206	8,095	
Eight years later	4,669	9,206		
Nine years later	4,669			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	1,456	3,816	4,701	3,352

The Commonwealth, through the Department of the Treasury, Division of Risk Management, provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units, which went into effect in fiscal year 1987. Some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

See Notes on page 224 in this section.

2015		2016		2017		2018		2019		2020	
\$	8,487	\$	8,733	\$	13,213	\$	13,232	\$	13,236	\$	14,327
	—		—		—		—		—		—
	8,487		8,733		13,213		13,232		13,236		14,327
	1,331		1,357		1,460		1,603		1,530		1,670
	4,696		6,893		4,235		10,155		9,160		7,462
	—		—		—		—		—		—
	4,696		6,893		4,235		10,155		9,160		7,462
	922		1,206		836		1,979		1,075		1,267
	3,270		4,680		3,195		5,573		4,180		
	5,844		6,557		4,203		8,027				
	8,280		8,841		4,434						
	9,122		9,230								
	9,270										
	—		—		—		—		—		—
	4,696		6,893		4,235		10,155		9,160		7,462
	6,775		10,307		4,820		11,598		10,725		
	8,961		9,908		5,031		12,880				
	8,836		9,764		5,100						
	9,312		9,979								
	9,395										
	4,699		3,086		865		2,725		1,565		—

Claims Development Information - Health Care

(Dollars in Thousands)

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

Fiscal and Policy Year Ended	2011	2012	2013	2014
1. Required contribution and investment revenue:				
Earned	\$ 246,730	\$ 259,135	\$ 284,526	\$ 320,678
Ceded (a)	—	—	—	—
Net earned	246,730	259,135	284,526	320,678
2. Unallocated expenses	15,849	16,701	18,781	17,738
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	213,694	250,019	277,455	290,557
Ceded (a)	—	—	—	—
Net incurred	213,694	250,019	277,455	290,557
4. Net paid (cumulative) as of:				
End of policy year	209,365	235,058	267,256	291,711
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	213,694	250,019	277,455	290,557
One year later	213,694	250,019	277,455	290,557
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	—	—	—	—

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

See Notes on page 224 in this section.

	2015	2016	2017	2018	2019	2020
\$	343,470	\$ 392,778	\$ 430,247	\$ 464,631	\$ 481,856	\$ 494,233
	—	—	—	—	—	—
	343,470	392,778	430,247	464,631	481,856	494,233
	22,748	25,422	26,650	27,497	26,334	27,540
	327,154	386,227	419,841	433,437	446,606	395,950
	—	—	—	—	—	—
	327,154	386,227	419,841	433,437	446,606	395,950
	329,099	379,376	417,869	421,802	443,931	398,497
	N/A	N/A	N/A	N/A	N/A	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	—	—	—	—	—	—
	327,154	386,227	419,841	433,437	446,606	395,450
	327,154	386,227	419,841	433,437	446,606	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	—	—	—	—	—	—

Claims Development Information – Line of Duty

(Dollars in Thousands)

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

Fiscal and Policy Year Ended	2011	2012	2013	2014
1. Required contribution and investment revenue:				
Earned	N/A	N/A	N/A	N/A
Ceded (a)	N/A	N/A	N/A	N/A
Net earned	N/A	N/A	N/A	N/A
2. Unallocated expenses	N/A	N/A	N/A	N/A
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	N/A	N/A	N/A	N/A
Ceded (a)	N/A	N/A	N/A	N/A
Net incurred	N/A	N/A	N/A	N/A
4. Net paid (cumulative) as of:				
End of policy year	N/A	N/A	N/A	N/A
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	N/A	N/A	N/A	N/A
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	—	—	—	—

The Commonwealth, through its Department of Human Resource Management, provides disability, death, and health benefits to eligible employees and their eligible family members. The Commonwealth began administering the insurance program for localities that do not participate in the State plan effective with fiscal year 2018.

See Notes on page 224 in this section.

2015	2016	2017	2018	2019	2020
N/A	N/A	N/A	\$ 19,910	\$ 17,790	\$ 17,245
N/A	N/A	N/A	—	—	—
N/A	N/A	N/A	19,910	17,790	17,245
N/A	N/A	N/A	832	594	679
N/A	N/A	N/A	17,210	16,786	15,715
N/A	N/A	N/A	—	—	—
N/A	N/A	N/A	17,210	16,786	15,715
N/A	N/A	N/A	14,779	17,302	15,737
N/A	N/A	N/A	N/A	N/A	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
—	—	—	—	—	—
N/A	N/A	N/A	17,210	16,786	15,715
N/A	N/A	N/A	17,210	16,786	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
—	—	—	—	—	—

Notes for Claims Development Information Tables

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

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

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

Notes:

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

Combining and Individual Fund Statements and Schedules



Nonmajor Governmental Funds

Special Revenue Funds

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

The Health and Social Services Special Revenue Fund accounts for revenues and expenditures related to local health care assistance.

The Unclaimed Property Fund accounts for unclaimed and escheat property that the Commonwealth holds for its rightful owner. Due to the nature of these transactions, the Commonwealth incurs a liability upon receipt of the assets.

The accompanying financial statements reflect an estimate of the amount that will be paid to claimants as required by governmental accounting standards.

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

Debt Service Funds

The Debt Service Funds account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations recorded in the Governmental Activities column on the Government-wide Statement of Net Position. Resources include transfers in from other governmental funds and Federal revenue solely to be used for debt service payments.

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

The 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.

The Hampton Roads Transportation Accountability Commission accounts for the payment of principal and interest on bonds used for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

Capital Project Funds

The Capital Project Funds are maintained to account for resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds, with the exception of certain Virginia Public Building Authority disbursements.

Primary Government accounts for the financial resources acquired through the issuance of General Obligation Bonds and Energy Performance Contracts. The resources are used to acquire, construct, or improve land, public buildings, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for financial resources acquired through the issuance of section 9(d) bonds. These resources are used to acquire, construct, finance, refinance and operate public buildings used by the Commonwealth and any of its political subdivisions.

Resources are also used to finance or refinance reimbursements to localities or governmental entities for the Commonwealth's share of the capital costs for certain authorized projects.

Hampton Roads Transportation Accountability Commission accounts for financial resources acquired through the sales and use and motor fuels taxes designated for Planning District 23. These resources will be used for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

Permanent Funds

Permanent Funds are funds whose principal must remain intact.

Commonwealth Health Research Fund provides financial grants for human health research benefiting the Commonwealth's citizens. The entire fund balance is restricted for use as such as a condition of a legal settlement.

Behavioral Health Endowment Funds provide funds for the welfare of patients in behavioral health facilities. The entire fund balance is restricted for use as such.

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2020

(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Unclaimed Property	Other	Total
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 298,395	\$ 154,193	\$ 506,428	\$ 959,016
Investments	—	198,385	18,233	216,618
Assets Held Pending Distribution	—	—	7,771	7,771
Receivables, Net	126,839	—	29,635	156,474
Due from Other Funds	50	—	8,337	8,387
Due from External Parties (Fiduciary Funds)	—	—	248	248
Interfund Receivable	—	—	227,446	227,446
Inventory	4,919	—	1,959	6,878
Prepaid Items	13,302	530	2,148	15,980
Other Assets	6	—	318	324
Loans Receivable from Component Units	—	—	55,824	55,824
Total Assets	443,511	353,108	858,347	1,654,966
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 443,511	\$ 353,108	\$ 858,347	\$ 1,654,966
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable	\$ 9,706	\$ 560	\$ 31,476	\$ 41,742
Amounts Due to Other Governments	253	—	2,498	2,751
Due to Other Funds	1,095	76	3,670	4,841
Due to Component Units	—	—	—	—
Due to External Parties (Fiduciary Funds)	557	28	1,750	2,335
Unearned Revenue	19,180	—	12,070	31,250
Obligations Under Securities Lending Program	8,740	—	26,431	35,171
Due to Claimants, Participants, Escrows and Providers	—	440,605	—	440,605
Other Liabilities	115,503	—	28,148	143,651
Long-term Liabilities Due Within One Year	116	11	50	177
Total Liabilities	155,150	441,280	106,093	702,523
Deferred Inflows of Resources	17,636	—	14,103	31,739
Total Liabilities and Deferred Inflows of Resources	172,786	441,280	120,196	734,262
Fund Balances:				
Nonspendable	18,221	530	4,080	22,831
Restricted	53,674	—	81,190	134,864
Committed	192,283	—	620,864	813,147
Assigned	6,547	—	32,017	38,564
Unassigned	—	(88,702)	—	(88,702)
Total Fund Balances (Deficit)	270,725	(88,172)	738,151	920,704
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 443,511	\$ 353,108	\$ 858,347	\$ 1,654,966

Debt Service Funds

Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
\$ 40,448	\$ 226	\$ —	\$ 40,674
—	—	—	—
—	—	—	—
8,385	1,973	—	10,358
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
48,833	2,199	—	51,032
—	—	—	—
\$ 48,833	\$ 2,199	\$ —	\$ 51,032
—	—	—	—
\$ —	\$ —	\$ —	\$ —
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
5,818	—	—	5,818
5,818	—	—	5,818
—	—	—	—
—	—	—	—
43,015	2,199	—	45,214
—	—	—	—
—	—	—	—
—	—	—	—
43,015	2,199	—	45,214
\$ 48,833	\$ 2,199	\$ —	\$ 51,032

Continued on next page

Combining Balance Sheet – Nonmajor Governmental Funds (Continued from previous page)

June 30, 2020

(Dollars in Thousands)

	Capital Project Funds			
	Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 18,454	\$ 240,313	\$ 1,092,211	\$ 1,350,978
Investments	—	—	347,038	347,038
Assets Held Pending Distribution	—	—	—	—
Receivables, Net	—	128	1,702	1,830
Due from Other Funds	—	—	37,458	37,458
Due from External Parties (Fiduciary Funds)	—	—	—	—
Interfund Receivable	—	—	—	—
Inventory	—	—	—	—
Prepaid Items	—	—	4	4
Other Assets	—	—	—	—
Loans Receivable from Component Units	—	—	—	—
Total Assets	18,454	240,441	1,478,413	1,737,308
Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	\$ 18,454	\$ 240,441	\$ 1,478,413	\$ 1,737,308
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable	\$ 532	\$ 52,961	\$ 557	\$ 54,050
Amounts Due to Other Governments	—	6,202	601	6,803
Due to Other Funds	—	2	76,218	76,220
Due to Component Units	4	19,883	—	19,887
Due to External Parties (Fiduciary Funds)	—	2	—	2
Unearned Revenue	—	—	—	—
Obligations Under Securities Lending Program	—	—	—	—
Due to Claimants, Participants, Escrows and Providers	—	—	—	—
Other Liabilities	—	—	—	—
Long-term Liabilities Due Within One Year	—	—	—	—
Total Liabilities	536	79,050	77,376	156,962
Deferred Inflows of Resources				
Total Liabilities and Deferred Inflows of Resources	536	79,050	77,376	156,962
Fund Balances:				
Nonspendable	—	—	4	4
Restricted	17,918	161,391	1,401,033	1,580,342
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total Fund Balances (Deficit)	17,918	161,391	1,401,037	1,580,346
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,454	\$ 240,441	\$ 1,478,413	\$ 1,737,308

Permanent Funds			Total Nonmajor Governmental Funds
Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	
\$ 406	\$ 136	\$ 542	\$ 2,351,210
39,633	—	39,633	603,289
—	—	—	7,771
—	—	—	168,662
—	—	—	45,845
—	—	—	248
—	—	—	227,446
—	—	—	6,878
—	—	—	15,984
—	—	—	324
—	—	—	55,824
40,039	136	40,175	3,483,481
—	—	—	—
\$ 40,039	\$ 136	\$ 40,175	\$ 3,483,481
\$ 9	\$ —	\$ 9	\$ 95,801
—	—	—	9,554
1	—	1	81,062
—	—	—	19,887
1	—	1	2,338
—	—	—	31,250
31	—	31	35,202
—	—	—	440,605
—	—	—	143,651
—	—	—	177
42	—	42	859,527
—	—	—	37,557
42	—	42	897,084
38,210	48	38,258	61,093
1,787	88	1,875	1,762,295
—	—	—	813,147
—	—	—	38,564
—	—	—	(88,702)
39,997	136	40,133	2,586,397
\$ 40,039	\$ 136	\$ 40,175	\$ 3,483,481

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Unclaimed Property	Other	Total
Revenues				
Taxes	\$ 597,864	\$ —	\$ 112,099	\$ 709,963
Rights and Privileges	134,044	—	195,433	329,477
Institutional Revenue	98,931	—	26,328	125,259
Interest, Dividends, Rents, and Other Investment Income	2,974	(3,182)	19,982	19,774
Federal Grants and Contracts	—	—	—	—
Other	128,702	149,469	370,352	648,523
Total Revenues	962,515	146,287	724,194	1,832,996
Expenditures				
Current:				
General Government	130	7,379	131,340	138,849
Education	62	—	30,049	30,111
Transportation	—	—	5,199	5,199
Resources and Economic Development	45,745	—	331,240	376,985
Individual and Family Services	843,169	—	74,362	917,531
Administration of Justice	674	—	87,371	88,045
Capital Outlay	717	—	10,839	11,556
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Charges	—	—	—	—
Total Expenditures	890,497	7,379	670,400	1,568,276
Revenues Over (Under) Expenditures	72,018	138,908	53,794	264,720
Other Financing Sources (Uses)				
Transfers In	11,662	—	59,589	71,251
Transfers Out	(14,032)	(165,000)	(41,071)	(220,103)
Notes Issued	—	—	—	—
Insurance Recoveries	—	—	5,549	5,549
Bonds Issued	—	—	—	—
Premium on Debt Issuance	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agents	—	—	—	—
Total Other Financing Sources (Uses)	(2,370)	(165,000)	24,067	(143,303)
Net Change in Fund Balances	69,648	(26,092)	77,861	121,417
Fund Balance (Deficit), July 1, as restated	201,077	(62,080)	660,290	799,287
Fund Balance (Deficit), June 30	\$ 270,725	\$ (88,172)	\$ 738,151	\$ 920,704

Debt Service Funds			
Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
\$ —	\$ —	\$ —	\$ —
—	—	—	—
—	—	—	—
978	3	114	1,095
125,838	5,792	—	131,630
10,436	—	—	10,436
137,252	5,795	114	143,161
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
260,693	214,670	—	475,363
189,066	110,974	37,019	337,059
449,759	325,644	37,019	812,422
(312,507)	(319,849)	(36,905)	(669,261)
325,929	268,376	36,905	631,210
—	—	—	—
—	—	—	—
—	—	—	—
3,968	39,760	—	43,728
67,835	204,770	—	272,605
(85,043)	(193,719)	—	(278,762)
312,689	319,187	36,905	668,781
182	(662)	—	(480)
42,833	2,861	—	45,694
\$ 43,015	\$ 2,199	\$ —	\$ 45,214

Continued on next page

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
Nonmajor Governmental Funds** *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Capital Project Funds			
	Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
Revenues				
Taxes	\$ —	\$ —	\$ —	\$ —
Rights and Privileges	—	—	—	—
Institutional Revenue	—	—	—	—
Interest, Dividends, Rents, and Other Investment Income	189	3,964	26,536	30,689
Federal Grants and Contracts	—	—	—	—
Other	—	—	—	—
Total Revenues	189	3,964	26,536	30,689
Expenditures				
Current:				
General Government	—	—	—	—
Education	—	—	—	—
Transportation	—	—	—	—
Resources and Economic Development	—	—	—	—
Individual and Family Services	—	—	—	—
Administration of Justice	—	—	—	—
Capital Outlay	4,806	459,771	313,996	778,573
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Charges	—	—	—	—
Total Expenditures	4,806	459,771	313,996	778,573
Revenues Over (Under) Expenditures	(4,617)	(455,807)	(287,460)	(747,884)
Other Financing Sources (Uses)				
Transfers In	—	—	201,508	201,508
Transfers Out	(13,430)	(1,996)	(36,905)	(52,331)
Notes Issued	11,573	—	—	11,573
Insurance Recoveries	—	—	—	—
Bonds Issued	—	304,475	414,345	718,820
Premium on Debt Issuance	—	46,411	38,489	84,900
Refunding Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agents	—	—	—	—
Total Other Financing Sources (Uses)	(1,857)	348,890	617,437	964,470
Net Change in Fund Balances	(6,474)	(106,917)	329,977	216,586
Fund Balance (Deficit), July 1, as restated	24,392	268,308	1,071,060	1,363,760
Fund Balance (Deficit), June 30	\$ 17,918	\$ 161,391	\$ 1,401,037	\$ 1,580,346

Permanent Funds			
Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	Total Nonmajor Governmental Funds
\$ —	\$ —	\$ —	\$ 709,963
—	—	—	329,477
—	—	—	125,259
767	2	769	52,327
—	—	—	131,630
—	—	—	658,959
767	2	769	2,007,615
—	—	—	—
—	—	—	138,849
—	—	—	30,111
—	—	—	5,199
—	—	—	376,985
1,558	—	1,558	919,089
—	—	—	88,045
—	—	—	790,129
—	—	—	475,363
—	—	—	337,059
1,558	—	1,558	3,160,829
(791)	2	(789)	(1,153,214)
—	—	—	—
—	—	—	903,969
—	(1)	(1)	(272,435)
—	—	—	11,573
—	—	—	5,549
—	—	—	718,820
—	—	—	128,628
—	—	—	272,605
—	—	—	(278,762)
—	(1)	(1)	1,489,947
(791)	1	(790)	336,733
40,788	135	40,923	2,249,664
\$ 39,997	\$ 136	\$ 40,133	\$ 2,586,397

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2020
(Dollars in Thousands)

	Health and Social Services			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Sales and Use	\$ —	\$ —	\$ —	\$ —
Motor Fuel	—	—	—	—
Deeds, Contracts, Suits	—	—	—	—
Alcoholic Beverage Sales	—	—	—	—
Tobacco Products	—	—	—	—
Public Service Corporations	3,148	3,148	2,335	(813)
Other Taxes	703,240	721,026	612,036	(108,990)
Rights and Privileges	147,055	144,935	134,514	(10,421)
Sales of Property and Commodities	963	16,399	1,669	(14,730)
Assessments and Receipts for Support of Special Services	1,050	6,710	8,154	1,444
Institutional Revenue	88,509	102,632	101,577	(1,055)
Interest, Dividends, and Rents	377	1,299	2,855	1,556
Fines, Forfeitures, Court Fees, Penalties, and Escheats	1,992	3,130	2,485	(645)
Receipts from Cities, Counties, and Towns	63,423	63,861	65,794	1,933
Private Donations, Gifts and Contracts	2,308	2,357	2,876	519
Other	38,310	35,976	49,174	13,198
Total Revenues	1,050,375	1,101,473	983,469	(118,004)
Expenditures:				
Current:				
General Government	—	—	—	—
Education	216	216	62	154
Transportation	—	—	—	—
Resources and Economic Development	44,312	48,280	45,997	2,283
Individual and Family Services	1,105,297	1,140,162	882,922	257,240
Administration of Justice	683	720	675	45
Capital Outlay	5,023	5,023	819	4,204
Total Expenditures	1,155,531	1,194,401	930,475	263,926
Revenues Over (Under) Expenditures	(105,156)	(92,928)	52,994	145,922
Other Financing Sources (Uses):				
Transfers:				
Transfers In	225	5,225	11,662	6,437
Transfers Out	(12,644)	(10,784)	(14,036)	(3,252)
Total Other Financing Sources (Uses)	(12,419)	(5,559)	(2,374)	3,185
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(117,575)	(98,487)	50,620	149,107
Fund Balance, July 1, as restated	236,644	236,644	236,644	—
Fund Balance, June 30	\$ 119,069	\$ 138,157	\$ 287,264	\$ 149,107

See Notes on page 238 in this section.

Other

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ 28,000	\$ 26,400	\$ 22,731	\$ (3,669)
34,562	33,098	32,709	(389)
750	100	1,219	1,119
827	827	769	(58)
113	177	117	(60)
11,446	11,771	11,374	(397)
38,260	42,206	46,138	3,932
210,760	219,055	198,163	(20,892)
7,727	8,906	50,439	41,533
124,885	123,920	124,906	986
30,813	30,810	26,063	(4,747)
20,299	16,088	19,858	3,770
56,426	55,762	56,483	721
1,228	1,260	1,349	89
1,024	1,191	3,582	2,391
112,885	121,488	138,411	16,923
680,005	693,059	734,311	41,252
144,555	151,632	129,061	22,571
34,613	34,715	29,501	5,214
7,903	6,451	5,266	1,185
372,185	387,571	335,520	52,051
84,775	90,943	74,713	16,230
92,575	98,165	87,663	10,502
26,333	32,566	10,409	22,157
762,939	802,043	672,133	129,910
(82,934)	(108,984)	62,178	171,162
27,205	27,205	59,543	32,338
(11,498)	(16,592)	(40,950)	(24,358)
15,707	10,613	18,593	7,980
(67,227)	(98,371)	80,771	179,142
672,034	672,034	672,034	—
\$ 604,807	\$ 573,663	\$ 752,805	\$ 179,142

Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2020, to the fund balance on a modified accrual basis follows.

<i>(Dollars in Thousands)</i>	Health and Social Services	Other
Fund Balance, Basis of Budgeting	\$ 287,264	\$ 752,805
Adjustments from Budget to Modified Accrual:		
Net Accrued Revenues:		
Taxes	77,720	5,076
Other Revenue/Other Sources	(2,347)	4,687
Medicaid Payable	(115,084)	—
Net Accrued Expenditures/Other Uses	24,646	(23,248)
Fund Reclassification - Budget to Modified Accrual	(1,474)	(1,169)
Fund Balance, Modified Accrual Basis	<u>\$ 270,725</u>	<u>\$ 738,151</u>

1. As discussed in Note 1.E., the Unclaimed Property Fund has no approved budget.

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the Nonmajor Special Revenue Funds, at June 30, 2020, except for the Unclaimed Property Fund which has no approved budget.

<i>(Dollars in Thousands)</i>	Health and Social Services	Other
Appropriations (1)	\$ 1,155,531	\$ 762,939
Supplemental Appropriations:		
Reappropriations (2)	4,433	34,750
Subsequent Executive (3)	11,660	36,881
Subsequent Legislative (4)	22,026	(492)
Capital Outlay Reversions (5)	—	(9)
Transfers (6)	5,773	355
Capital Outlay Adjustment (7)	(5,022)	(32,381)
Appropriations, as adjusted	<u>\$ 1,194,401</u>	<u>\$ 802,043</u>

1. Represents the budget appropriated through Chapter 854, 2019 Acts of Assembly as amended by Chapter 1283, 2020 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to appropriate any additional revenues collected so that they can be legally spent.
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay balances.
6. Represents transfers required by the Appropriation Act.
7. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.

Nonmajor Enterprise Funds

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

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

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

Local Choice Health Care administers a health care plan for the employees of participating local governments.

Line of Duty accounts for the disability, death, and health benefits provided to eligible local government employees and their family members.

Advantage Vanpool Self Insurance accounts for pooled resources to provide liability, uninsured motorist, and physical damage protection for commuter vanpools. The basis for estimating the liabilities for unpaid claims and claim adjustment expenses is the actuarial analysis performed by the Commonwealth's actuary for Risk Management.

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

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

eVA Procurement System accounts for the statewide electronic procurement system.

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

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

Virginia Museum of Fine Arts accounts for gift shop and food service activities.

Science Museum of Virginia accounts for gift shop activities.

Behavioral Health Local Funds account for the canteen store and work activity programs.

Combining Statement of Fund Net Position – Nonmajor Enterprise Funds

June 30, 2020

(Dollars in Thousands)

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents	\$ 30,919	\$ 33,877	\$ 162,909	\$ 3,781
Receivables, Net	6,289	1	40,876	233
Due From Other Funds	—	—	—	—
Inventory	80,297	—	—	—
Prepaid Items	1,973	108	—	—
Other Assets	200	—	—	—
Total Current Assets	119,678	33,986	203,785	4,014
Noncurrent Assets:				
Other Assets	2,524	29	41	—
Nondepreciable Capital Assets	24,308	—	—	—
Depreciable Capital Assets, Net	8,808	101	—	—
Total Noncurrent Assets	35,640	130	41	—
Total Assets	155,318	34,116	203,826	4,014
Deferred Outflows of Resources	24,048	242	376	—
Total Assets and Deferred Outflows of Resources	179,366	34,358	204,202	4,014
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable	70,498	1,058	4,756	129
Amounts Due to Other Governments	—	—	—	—
Due to Other Funds	23,000	22	11	—
Due to External Parties (Fiduciary Funds)	603	7	9	—
Interfund Payable	33,130	—	—	—
Unearned Revenue	1,485	114	—	—
Obligations Under Securities Lending Program	2,287	2,558	12,300	286
Other Liabilities	—	—	—	—
Claims Payable Due Within One Year	—	12,498	50,486	1,450
Long-term Liabilities Due Within One Year	6,018	56	100	—
Total Current Liabilities	137,021	16,313	67,662	1,865
Noncurrent Liabilities:				
Claims Payable Due in More Than One Year	—	35,111	—	—
Long-term Liabilities Due in More Than One Year	107,213	999	1,586	—
Total Noncurrent Liabilities	107,213	36,110	1,586	—
Total Liabilities	244,234	52,423	69,248	1,865
Deferred Inflows of Resources	15,454	150	212	—
Total Liabilities and Deferred Inflows of Resources	259,688	52,573	69,460	1,865
Net Position				
Net Investment in Capital Assets	33,116	101	—	—
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	2,346	28	39	—
Unrestricted	(115,784)	(18,344)	134,703	2,149
Total Net Position (Deficit)	\$ (80,322)	\$ (18,215)	\$ 134,742	\$ 2,149

Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 3,261	\$ 4,807	\$ 1,457	\$ 9,214	\$ 3,151	\$ 42,691	\$ 24
95	1,338	400	4,849	—	5,694	15
—	—	—	775	—	—	—
—	8,909	58	—	—	—	742
—	—	—	—	—	—	—
40	—	—	—	—	—	6
3,396	15,054	1,915	14,838	3,151	48,385	787
—	103	128	104	240	49	57
—	149	28	—	—	—	—
3	9,541	2,991	—	—	—	—
3	9,793	3,147	104	240	49	57
3,399	24,847	5,062	14,942	3,391	48,434	844
—	1,028	1,055	911	1,807	350	593
3,399	25,875	6,117	15,853	5,198	48,784	1,437
—	2,507	484	2,954	346	899	112
—	—	—	—	—	8,326	—
—	93	1,595	399	1,172	—	17
—	14	35	27	53	3	12
—	—	—	—	—	—	—
—	77	1,847	—	27	—	104
246	—	—	—	238	3,223	—
—	—	—	—	—	—	—
—	250	445	215	519	81	10
246	2,941	4,406	3,595	2,355	12,532	255
—	—	—	—	—	—	—
—	5,222	5,664	5,930	10,584	1,727	2,425
—	5,222	5,664	5,930	10,584	1,727	2,425
246	8,163	10,070	9,525	12,939	14,259	2,680
—	1,617	727	681	1,470	226	392
246	9,780	10,797	10,206	14,409	14,485	3,072
3	9,690	2,055	—	—	—	—
—	109	130	106	251	50	53
3,150	6,296	(6,865)	5,541	(9,462)	34,249	(1,688)
\$ 3,153	\$ 16,095	\$ (4,680)	\$ 5,647	\$ (9,211)	\$ 34,299	\$ (1,635)

Continued on next page

Combining Statement of Fund Net Position – Nonmajor Enterprise Funds (Continued from previous page)

June 30, 2020

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash and Cash Equivalents	\$ 385	\$ 379	\$ 296,855
Receivables, Net	9	—	59,799
Due From Other Funds	—	—	775
Inventory	63	—	90,069
Prepaid Items	—	—	2,081
Other Assets	—	—	246
Total Current Assets	457	379	449,825
Noncurrent Assets:			
Other Assets	3	—	3,278
Nondepreciable Capital Assets	—	—	24,485
Depreciable Capital Assets, Net	—	—	21,444
Total Noncurrent Assets	3	—	49,207
Total Assets	460	379	499,032
Deferred Outflows of Resources			
	19	—	30,429
Total Assets and Deferred Outflows of Resources	479	379	529,461
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	177	—	83,920
Amounts Due to Other Governments	—	—	8,326
Due to Other Funds	16	—	26,325
Due to External Parties (Fiduciary Funds)	—	—	763
Interfund Payable	—	—	33,130
Unearned Revenue	2	—	3,656
Obligations Under Securities Lending Program	—	—	21,138
Other Liabilities	—	161	161
Claims Payable Due Within One Year	—	—	64,434
Long-term Liabilities Due Within One Year	—	—	7,694
Total Current Liabilities	195	161	249,547
Noncurrent Liabilities:			
Claims Payable Due in More Than One Year	—	—	35,111
Long-term Liabilities Due in More Than One Year	152	—	141,502
Total Noncurrent Liabilities	152	—	176,613
Total Liabilities	347	161	426,160
Deferred Inflows of Resources			
	13	—	20,942
Total Liabilities and Deferred Inflows of Resources	360	161	447,102
Net Position			
Net Investment in Capital Assets	—	—	44,965
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	3	—	3,115
Unrestricted	116	218	34,279
Total Net Position (Deficit)	\$ 119	\$ 218	\$ 82,359



**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
Operating Revenues				
Charges for Sales and Services	\$ 980,173	\$ 13,628	\$ 490,169	\$ 17,256
Interest, Dividends, Rents, and Other Investment Income	—	—	—	—
Other	20,089	—	—	—
Total Operating Revenues	1,000,262	13,628	490,169	17,256
Operating Expenses				
Cost of Sales and Services	563,154	—	—	—
Prizes and Claims	—	16,208	395,951	15,715
Personal Services	129,106	965	1,538	—
Contractual Services	50,074	620	23,654	978
Supplies and Materials	4,784	3	466	—
Depreciation	2,890	16	—	—
Rent, Insurance, and Other Related Charges	35,976	72	—	—
Non-recurring Cost Estimate Payments to Providers	—	—	—	—
Other	3,825	5	—	—
Total Operating Expenses	789,809	17,889	421,609	16,693
Operating Income (Loss)	210,453	(4,261)	68,560	563
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	408	733	2,224	68
Other	9,034	(34)	(97)	(3)
Total Nonoperating Revenues (Expenses)	9,442	699	2,127	65
Income (Loss) Before Capital Contributions and Transfers	219,895	(3,562)	70,687	628
Capital Contributions	9,969	—	—	—
Transfers In	1,771	—	—	—
Transfers Out	(221,235)	—	(559)	—
Change in Net Position	10,400	(3,562)	70,128	628
Total Net Position (Deficit), July 1, as restated	(90,722)	(14,653)	64,614	1,521
Total Net Position (Deficit), June 30	\$ (80,322)	\$ (18,215)	\$ 134,742	\$ 2,149

Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 686	\$ 50,601	\$ 14,307	\$ 23,329	\$ 13,154	\$ 65,358	\$ 5,132
—	3	—	—	—	—	—
—	41	—	—	—	—	53
686	50,645	14,307	23,329	13,154	65,358	5,185
—	38,303	—	—	—	—	1,793
234	—	—	—	—	—	—
1	9,337	4,594	3,961	10,538	858	3,313
34	2,185	3,370	16,627	906	1,216	487
—	123	4,128	8	49	9	162
1	416	567	—	—	—	—
—	1,551	1,072	1,460	694	55	32
—	—	—	—	—	41,025	—
—	135	15	—	—	4	—
270	52,050	13,746	22,056	12,187	43,167	5,787
416	(1,405)	561	1,273	967	22,191	(602)
60	—	—	—	6	734	—
(3)	—	(24)	—	(6)	(33)	—
57	—	(24)	—	—	701	—
473	(1,405)	537	1,273	967	22,892	(602)
—	—	—	—	—	—	—
—	—	1,548	77	—	—	28
—	(32)	(1,625)	—	—	(13,450)	(327)
473	(1,437)	460	1,350	967	9,442	(901)
2,680	17,532	(5,140)	4,297	(10,178)	24,857	(734)
\$ 3,153	\$ 16,095	\$ (4,680)	\$ 5,647	\$ (9,211)	\$ 34,299	\$ (1,635)

Continued on next page

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Nonmajor Enterprise Funds** *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Operating Revenues			
Charges for Sales and Services	\$ 318	\$ 372	\$ 1,674,483
Interest, Dividends, Rents, and Other Investment Income	—	—	3
Other	—	—	20,183
Total Operating Revenues	318	372	1,694,669
Operating Expenses			
Cost of Sales and Services	165	355	603,770
Prizes and Claims	—	—	428,108
Personal Services	151	—	164,362
Contractual Services	17	—	100,168
Supplies and Materials	25	—	9,757
Depreciation	—	—	3,890
Rent, Insurance, and Other Related Charges	—	—	40,912
Non-recurring Cost Estimate Payments to Providers	—	—	41,025
Other	3	—	3,987
Total Operating Expenses	361	355	1,395,979
Operating Income (Loss)	(43)	17	298,690
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	—	—	4,233
Other	—	—	8,834
Total Nonoperating Revenues (Expenses)	—	—	13,067
Income (Loss) Before Capital Contributions and Transfers	(43)	17	311,757
Capital Contributions	—	—	9,969
Transfers In	—	1	3,425
Transfers Out	—	(30)	(237,258)
Change in Net Position	(43)	(12)	87,893
Total Net Position (Deficit), July 1, as restated	162	230	(5,534)
Total Net Position (Deficit), June 30	\$ 119	\$ 218	\$ 82,359



Combining Statement of Cash Flows – Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 994,990	\$ 13,342	\$ 483,520	\$ 17,639
Internal Activity-Receipts from Other Funds	—	—	—	—
Internal Activity-Payments to Other Funds	—	—	—	—
Payments to Suppliers for Goods and Services	(548,268)	—	(361)	—
Payments for Contractual Services	(50,090)	(512)	(27,594)	(967)
Payments for Prizes, Claims, and Loss Control	—	(7,833)	(398,497)	(15,737)
Payments to Employees	(126,088)	(1,110)	(1,486)	—
Payments to Providers for Non-recurring Cost Estimates	—	—	—	—
Other Operating Revenue	10,994	—	—	—
Other Operating Expense	(25,678)	—	—	—
Net Cash Provided by (Used for) Operating Activities	255,860	3,887	55,582	935
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	1,771	—	—	—
Transfers Out to Other Funds	(499,138)	—	(559)	—
Other Noncapital Financing Receipt Activities	324,078	—	—	—
Other Noncapital Financing Disbursement Activities	(44,995)	—	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	(218,284)	—	(559)	—
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(11,936)	(2)	—	—
Payment of Principal and Interest on Bonds and Notes	—	—	—	—
Proceeds from Sale of Capital Assets	1,384	—	—	—
Other Capital and Related Financing Receipt Activities	355	—	—	—
Other Capital and Related Financing Disbursement Activities	(57)	—	—	—
Net Cash Used for Capital and Related Financing Activities	(10,254)	(2)	—	—
Cash Flows from Investing Activities				
Investment Income on Cash, Cash Equivalents, and Investments	—	699	2,126	64
Net Cash Provided by Investing Activities	—	699	2,126	64
Net Increase (Decrease) in Cash and Cash Equivalents	27,322	4,584	57,149	999
Cash and Cash Equivalents, July 1, as restated	1,510	26,735	93,460	2,496
Cash and Cash Equivalents, June 30	\$ 28,832	\$ 31,319	\$ 150,609	\$ 3,495
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 30,919	\$ 33,877	\$ 162,909	\$ 3,781
Cash and Travel Advances	200	—	—	—
Less:				
Securities Lending Cash Equivalents	(2,287)	(2,558)	(12,300)	(286)
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 28,832	\$ 31,319	\$ 150,609	\$ 3,495

Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 672	\$ 44,973	\$ 13,724	\$ 19,087	\$ 13,116	\$ 65,061	\$ 5,378
—	5,713	—	3,625	—	—	—
—	—	(1,422)	(1,688)	—	(70)	—
—	(39,934)	(3,892)	(8)	(54)	(28)	(2,284)
(37)	(2,182)	(2,920)	(16,236)	(885)	(1,164)	(520)
(240)	—	—	—	—	—	—
(2)	(9,249)	(4,590)	(3,936)	(10,245)	(1,437)	(3,317)
—	—	—	—	—	(40,585)	—
—	121	—	—	—	—	—
—	(1,696)	—	—	(673)	—	—
393	(2,254)	900	844	1,259	21,777	(743)
—	—	—	—	—	—	—
—	—	1,548	77	—	—	29
—	(32)	(1,625)	—	—	(13,450)	(327)
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	(32)	(77)	77	—	(13,450)	(298)
—	—	—	—	—	—	—
—	(5)	(1,031)	—	—	—	—
—	—	(170)	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	(5)	(1,201)	—	—	—	—
—	—	—	—	—	—	—
57	—	—	—	—	701	—
57	—	—	—	—	701	—
—	—	—	—	—	—	—
450	(2,291)	(378)	921	1,259	9,028	(1,041)
2,565	7,098	1,835	8,293	1,654	30,440	1,071
\$ 3,015	\$ 4,807	\$ 1,457	\$ 9,214	\$ 2,913	\$ 39,468	\$ 30
—	—	—	—	—	—	—
\$ 3,261	\$ 4,807	\$ 1,457	\$ 9,214	\$ 3,151	\$ 42,691	\$ 24
—	—	—	—	—	—	6
—	—	—	—	—	—	—
(246)	—	—	—	(238)	(3,223)	—
\$ 3,015	\$ 4,807	\$ 1,457	\$ 9,214	\$ 2,913	\$ 39,468	\$ 30

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 318	\$ 397	\$ 1,672,217
Internal Activity-Receipts from Other Funds	—	—	9,338
Internal Activity-Payments to Other Funds	—	—	(3,180)
Payments to Suppliers for Goods and Services	(165)	(355)	(595,349)
Payments for Contractual Services	—	—	(103,107)
Payments for Prizes, Claims, and Loss Control	—	—	(422,307)
Payments to Employees	—	—	(161,460)
Payments to Providers for Non-recurring Cost Estimates	—	—	(40,585)
Other Operating Revenue	—	—	11,115
Other Operating Expense	(36)	—	(28,083)
Net Cash Provided by (Used for) Operating Activities	117	42	338,599
Cash Flows from Noncapital Financing Activities			
Transfers In from Other Funds	—	1	3,426
Transfers Out to Other Funds	—	(30)	(515,161)
Other Noncapital Financing Receipt Activities	—	—	324,078
Other Noncapital Financing Disbursement Activities	—	—	(44,995)
Net Cash Provided by (Used for) Noncapital Financing Activities	—	(29)	(232,652)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	—	—	(12,974)
Payment of Principal and Interest on Bonds and Notes	—	—	(170)
Proceeds from Sale of Capital Assets	—	—	1,384
Other Capital and Related Financing Receipt Activities	—	—	355
Other Capital and Related Financing Disbursement Activities	—	—	(57)
Net Cash Used for Capital and Related Financing Activities	—	—	(11,462)
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	—	—	3,647
Net Cash Provided by Investing Activities	—	—	3,647
Net Increase (Decrease) in Cash and Cash Equivalents	117	13	98,132
Cash and Cash Equivalents, July 1, as restated	268	366	177,791
Cash and Cash Equivalents, June 30	\$ 385	\$ 379	\$ 275,923
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Position:			
Cash and Cash Equivalents	\$ 385	\$ 379	\$ 296,855
Cash and Travel Advances	—	—	206
Less:			
Securities Lending Cash Equivalents	—	—	(21,138)
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 385	\$ 379	\$ 275,923

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 210,453	\$ (4,261)	\$ 68,560	\$ 563
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation	2,890	16	—	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	5,500	—	(6,648)	383
(Increase) Decrease in Due from Other Funds	—	—	—	—
(Increase) Decrease in Other Assets: Due Within One Year	—	—	—	—
(Increase) Decrease in Other Assets: Due in More Than One Year	204	3	7	—
(Increase) Decrease in Inventory	(2,615)	—	—	—
(Increase) Decrease in Prepaid Items	(72)	15	—	—
(Increase) Decrease in Deferred Outflows of Resources	(10,542)	(136)	(122)	—
Increase (Decrease) in Accounts Payable	38,133	305	(10,010)	52
Increase (Decrease) in Amounts Due to Other Governments	—	—	—	—
Increase (Decrease) in Due to Other Funds	(947)	(19)	(21)	—
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	56	1	1	—
Increase (Decrease) in Unearned Revenue	224	(285)	—	—
Increase (Decrease) in Other Liabilities	—	—	—	—
Increase (Decrease) in Claims Payable: Due Within One Year	—	1,626	3,650	(63)
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	6,474	—	—
Increase (Decrease) in Long-term Liabilities: Due Within One Year	656	4	(8)	—
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	11,557	131	179	—
Increase (Decrease) in Deferred Inflows of Resources	363	13	(6)	—
Net Cash Provided by (Used for) Operating Activities	<u>\$ 255,860</u>	<u>\$ 3,887</u>	<u>\$ 55,582</u>	<u>\$ 935</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Installment Purchases Used to Finance Capital Assets	\$ —	\$ —	\$ —	\$ —
Donated Land	9,969	—	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 9,969</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ 416	\$ (1,405)	\$ 561
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	1	416	567
Change in Assets, Deferred Outflows of Resources, Liabilities, and			
Deferred Inflows of Resources			
(Increase) Decrease in Accounts Receivable	(16)	(15)	(180)
(Increase) Decrease in Due from Other Funds	—	100	—
(Increase) Decrease in Other Assets: Due Within One Year	(5)	—	—
(Increase) Decrease in Other Assets: Due in More Than One Year	—	25	19
(Increase) Decrease in Inventory	—	(1,779)	(9)
(Increase) Decrease in Prepaid Items	—	1	—
(Increase) Decrease in Deferred Outflows of Resources	—	(277)	(528)
Increase (Decrease) in Accounts Payable	(3)	475	197
Increase (Decrease) in Amounts Due to Other Governments	—	—	—
Increase (Decrease) in Due to Other Funds	—	(128)	123
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	—	(9)	3
Increase (Decrease) in Unearned Revenue	—	77	(355)
Increase (Decrease) in Other Liabilities	—	—	—
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—
Increase (Decrease) in Long-term Liabilities: Due Within One Year	—	(109)	(7)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	—	(43)	581
Increase (Decrease) in Deferred Inflows of Resources	—	417	(72)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 393</u>	<u>\$ (2,254)</u>	<u>\$ 900</u>
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the Statement of Net Position date:			
Installment Purchases Used to Finance Capital Assets	\$ —	\$ —	\$ 595
Donated Land	—	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 595</u>

eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia	Behavioral Health Local Funds	Total
\$ 1,273	\$ 967	\$ 22,191	\$ (602)	\$ (43)	\$ 17	\$ 298,690
—	—	—	—	—	—	3,890
(672)	—	(296)	185	(1)	—	(1,760)
123	—	—	—	—	—	223
—	—	—	—	—	—	(5)
16	41	8	7	1	—	331
—	—	—	(216)	(1)	—	(4,620)
—	—	—	—	—	—	(56)
(483)	(844)	(132)	(195)	(4)	—	(13,263)
169	(9)	(462)	(214)	145	—	28,778
—	—	401	—	—	—	401
(43)	283	(7)	2	6	—	(751)
4	2	(6)	1	—	—	53
—	(8)	—	9	—	—	(338)
—	—	—	—	—	25	25
—	—	—	—	—	—	5,213
—	—	—	—	—	—	6,474
6	3	(5)	(4)	—	—	536
448	837	195	250	16	—	14,151
3	(13)	(110)	34	(2)	—	627
\$ 844	\$ 1,259	\$ 21,777	\$ (743)	\$ 117	\$ 42	\$ 338,599
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 595
—	—	—	—	—	—	9,969
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10,564



Internal Service Funds

Internal Service Funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Virginia Information Technologies Agency accounts for the installation and maintenance of the state government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; and the development of automated systems.

Enterprise Application accounts for the development and operation of the Commonwealth's Performance Budgeting System, Cardinal Financial System, and Human Capital Management Replacement Project. Funding is derived from charges to agencies for the ongoing costs of the Commonwealth's enterprise applications, including recovery of the development and implementation costs initially funded through working capital advances.

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

Health Care accounts for the health insurance programs provided to state employees and for retirees who are not yet eligible to participate in Medicare.

Line of Duty accounts for the disability, death, and health benefits provided to eligible state employees and their family members.

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

Property Management accounts for real estate services, non-routine facility maintenance, and the disposal of state-owned property.

Personnel Management Information accounts for the personnel, compensation and health benefits database.

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

General Services accounts for a variety of services, including the purchase of supplies, the sale of surplus property, water testing, graphic design and engineering.

Payroll Service Bureau accounts for the payroll and leave accounting services provided to state agencies and institutions.

Combining Statement of Fund Net Position – Internal Service Funds

June 30, 2020

(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises	Health Care
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents	\$ 97,827	\$ 10,519	\$ 5,304	\$ 621,357
Receivables, Net	2,088	—	806	16,097
Due From Other Funds	25,630	—	681	33,919
Due From External Parties (Fiduciary Funds)	—	—	—	244
Due From Component Units	—	—	—	25,070
Inventory	—	—	12,288	—
Prepaid Items	14,785	5	—	—
Other Assets	33,864	—	855	—
Total Current Assets	174,194	10,524	19,934	696,687
Noncurrent Assets:				
Other Assets	668	110	437	101
Nondepreciable Capital Assets	—	57,510	228	—
Depreciable Capital Assets, Net	3,028	47,946	7,361	—
Total Noncurrent Assets	3,696	105,566	8,026	101
Total Assets	177,890	116,090	27,960	696,788
Deferred Outflows of Resources	5,365	938	4,293	1,046
Total Assets and Deferred Outflows of Resources	183,255	117,028	32,253	697,834
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable	52,356	7,028	2,718	9,570
Amounts Due to Other Governments	—	—	—	—
Due to Other Funds	88	34	285	8
Due to External Parties (Fiduciary Funds)	142	22	85	25
Interfund Payable	—	8,719	—	—
Unearned Revenue	31,410	—	1,007	—
Obligations Under Securities Lending Program	—	—	—	46,913
Other Liabilities	—	—	—	—
Claims Payable Due Within One Year	—	—	—	136,804
Long-term Liabilities Due within One Year	1,304	213	66	270
Total Current Liabilities	85,300	16,016	4,161	193,590
Noncurrent Liabilities:				
Interfund Payable	—	112,693	—	—
Claims Payable Due In More Than One Year	—	—	—	—
Long-term Liabilities Due in More Than One Year	25,898	4,015	19,549	3,956
Total Noncurrent Liabilities	25,898	116,708	19,549	3,956
Total Liabilities	111,198	132,724	23,710	197,546
Deferred Inflows of Resources	3,210	511	2,821	556
Total Liabilities and Deferred Inflows of Resources	114,408	133,235	26,531	198,102
Net Position				
Net Investment in Capital Assets	3,028	105,456	7,589	—
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	687	112	411	95
Unrestricted	65,132	(121,775)	(2,278)	499,637
Total Net Position (Deficit)	\$ 68,847	\$ (16,207)	\$ 5,722	\$ 499,732

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 1,544	\$ 4,709	\$ 33,332	\$ 325	\$ 285,766	\$ 5,795	\$ 877	\$ 1,067,355
67	1,507	133	—	69	1,146	—	21,913
28	1,039	4,009	—	—	2,993	—	68,299
—	—	—	—	—	—	—	244
—	—	—	—	—	—	—	25,070
—	46	417	—	—	5,503	—	18,254
—	—	402	—	703	—	125	16,020
—	—	—	—	—	—	—	34,719
1,639	7,301	38,293	325	286,538	15,437	1,002	1,251,874
—	36	380	27	67	225	64	2,115
—	—	—	—	—	150	—	57,888
—	44,157	15,561	—	148	2,546	68	120,815
—	44,193	15,941	27	215	2,921	132	180,818
1,639	51,494	54,234	352	286,753	18,358	1,134	1,432,692
—	230	3,026	263	625	1,747	500	18,033
1,639	51,724	57,260	615	287,378	20,105	1,634	1,450,725
52	690	3,592	62	2,306	4,028	100	82,502
—	—	233	—	—	—	—	233
—	92	684	6	16	435	11	1,659
—	6	85	6	16	50	15	452
—	—	—	—	1,719	—	—	10,438
—	—	23,737	—	45,821	84	—	102,059
117	—	—	—	21,425	—	—	68,455
—	—	—	—	—	117	—	117
592	—	—	—	64,322	—	—	201,718
—	5,356	3,030	17	165	647	99	11,167
761	6,144	31,361	91	135,790	5,361	225	478,800
—	—	—	—	12,618	—	—	125,311
—	—	—	—	827,868	—	—	827,868
—	24,943	40,851	1,082	2,651	10,145	3,151	136,241
—	24,943	40,851	1,082	843,137	10,145	3,151	1,089,420
761	31,087	72,212	1,173	978,927	15,506	3,376	1,568,220
—	165	2,391	128	381	1,310	354	11,827
761	31,252	74,603	1,301	979,308	16,816	3,730	1,580,047
—	15,480	(693)	—	148	1,905	68	132,981
—	36	388	25	65	229	66	2,114
878	4,956	(17,038)	(711)	(692,143)	1,155	(2,230)	(264,417)
\$ 878	\$ 20,472	\$ (17,343)	\$ (686)	\$ (691,930)	\$ 3,289	\$ (2,096)	\$ (129,322)

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Internal Service Funds**

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises	Health Care
Operating Revenues				
Charges for Sales and Services	\$ 410,588	\$ 36,729	\$ 47,003	\$ 1,482,774
Other	—	—	—	—
Total Operating Revenues	410,588	36,729	47,003	1,482,774
Operating Expenses				
Cost of Sales and Services	—	—	33,565	—
Prizes and Claims	—	—	—	1,302,158
Personal Services	21,218	2,716	7,976	3,979
Contractual Services	268,970	25,450	2,370	68,437
Supplies and Materials	35	20	417	—
Depreciation	3,339	8,805	859	—
Rent, Insurance, and Other Related Charges	22,705	662	508	—
Interest Expense	—	11	—	—
Other	1,381	3	93	515
Total Operating Expenses	317,648	37,667	45,788	1,375,089
Operating Income (Loss)	92,940	(938)	1,215	107,685
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	—	—	—	11,671
Other	2,248	—	(8)	(536)
Total Nonoperating Revenues (Expenses)	2,248	—	(8)	11,135
Income (Loss) Before Transfers	95,188	(938)	1,207	118,820
Transfers In	—	—	—	—
Transfers Out	—	(27)	(733)	—
Change in Net Position	95,188	(965)	474	118,820
Total Net Position (Deficit), July 1	(26,341)	(15,242)	5,248	380,912
Total Net Position (Deficit), June 30	\$ 68,847	\$ (16,207)	\$ 5,722	\$ 499,732

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 7,049	\$ 17,857	\$ 109,935	\$ 1,183	\$ 114,147	\$ 42,103	\$ 2,758	\$ 2,272,126
—	—	—	—	27	—	—	27
7,049	17,857	109,935	1,183	114,174	42,103	2,758	2,272,153
—	—	—	—	—	27,680	—	61,245
6,419	—	—	—	212,020	—	—	1,520,597
—	990	12,532	1,011	2,499	7,375	2,330	62,626
399	4,313	13,760	421	12,336	3,915	95	400,466
—	2,380	2,747	25	5	1,414	10	7,053
—	9,976	1,678	—	23	949	4	25,633
—	1,015	72,346	—	2,010	1,457	117	100,820
—	—	—	—	—	—	—	11
—	39	2,706	—	9,333	247	12	14,329
6,818	18,713	105,769	1,457	238,226	43,037	2,568	2,192,780
231	(856)	4,166	(274)	(124,052)	(934)	190	79,373
27	—	—	—	5,398	100	—	17,196
(1)	(369)	(1,611)	—	(270)	(4)	—	(551)
26	(369)	(1,611)	—	5,128	96	—	16,645
257	(1,225)	2,555	(274)	(118,924)	(838)	190	96,018
—	—	—	—	—	388	—	388
—	(230)	—	—	(2,476)	—	—	(3,466)
257	(1,455)	2,555	(274)	(121,400)	(450)	190	92,940
621	21,927	(19,898)	(412)	(570,530)	3,739	(2,286)	(222,262)
\$ 878	\$ 20,472	\$ (17,343)	\$ (686)	\$ (691,930)	\$ 3,289	\$ (2,096)	\$ (129,322)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 8,809	\$ 3,219	\$ 13,707	\$ 749,523
Internal Activity-Receipts from Other Funds	385,023	33,510	33,561	751,518
Internal Activity-Payments to Other Funds	(1,555)	—	(561)	—
Payments to Suppliers for Goods and Services	(24,691)	(19)	(34,848)	—
Payments for Contractual Services	(255,993)	(26,312)	(2,447)	(78,997)
Payments for Prizes, Claims, and Loss Control	—	—	—	(1,313,909)
Payments to Employees	(21,917)	(2,626)	(7,029)	(3,925)
Other Operating Revenue	—	—	—	—
Other Operating Expense	—	(677)	—	(466)
Net Cash Provided by (Used for) Operating Activities	89,676	7,095	2,383	103,744
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	(27)	(733)	—
Other Noncapital Financing Receipt Activities	—	28,640	—	—
Other Noncapital Financing Disbursement Activities	(81,774)	(8,719)	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	(81,774)	19,894	(733)	—
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	—	(22,663)	(146)	—
Payment of Principal and Interest on Bonds and Notes	—	—	—	—
Proceeds from Sale of Capital Assets	2,248	—	—	—
Other Capital and Related Financing Receipt Activities	—	—	—	—
Net Cash Used for Capital and Related Financing Activities	2,248	(22,663)	(146)	—
Cash Flows from Investing Activities				
Investment Income on Cash, Cash Equivalents, and Investments	—	—	—	11,135
Net Cash Provided by Investing Activities	—	—	—	11,135
Net Increase (Decrease) in Cash and Cash Equivalents	10,150	4,326	1,504	114,879
Cash and Cash Equivalents, July 1	87,677	6,193	3,800	459,565
Cash and Cash Equivalents, June 30	\$ 97,827	\$ 10,519	\$ 5,304	\$ 574,444
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 97,827	\$ 10,519	\$ 5,304	\$ 621,357
Less:				
Securities Lending Cash Equivalents	—	—	—	(46,913)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 97,827</u>	<u>\$ 10,519</u>	<u>\$ 5,304</u>	<u>\$ 574,444</u>

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 5,944	\$ 1,992	\$ 3,054	\$ 548	\$ 48,537	\$ 8,710	\$ 59	\$ 844,102
1,261	16,676	104,772	635	81,066	32,145	2,699	1,442,866
—	(1,116)	(4,388)	—	—	(3,606)	—	(11,226)
—	(2,744)	(73,646)	(21)	(5)	(27,394)	(10)	(163,378)
(395)	(4,286)	(12,973)	(421)	(12,394)	(3,995)	(94)	(398,307)
(6,428)	—	—	—	(71,531)	—	—	(1,391,868)
—	(992)	(12,498)	(994)	(2,440)	(7,424)	(2,211)	(62,056)
—	—	—	—	27	—	—	27
—	(24)	—	—	(11,556)	—	(145)	(12,868)
382	9,506	4,321	(253)	31,704	(1,564)	298	247,292
—	—	—	—	—	388	—	388
—	(230)	—	—	(2,476)	—	—	(3,466)
—	—	—	—	3,000	113	—	31,753
—	—	—	—	—	—	—	(90,493)
—	(230)	—	—	524	501	—	(61,818)
—	(993)	(2,693)	—	(4)	(127)	—	(26,626)
—	(10,273)	(3,888)	—	—	(170)	—	(14,331)
—	1,193	—	—	—	—	—	3,441
—	—	2,548	—	—	—	—	2,548
—	(10,073)	(4,033)	—	(4)	(297)	—	(34,968)
26	—	—	—	5,128	—	—	16,289
26	—	—	—	5,128	—	—	16,289
408	(797)	288	(253)	37,352	(1,360)	298	166,795
1,019	5,506	33,044	578	226,989	7,155	579	832,105
\$ 1,427	\$ 4,709	\$ 33,332	\$ 325	\$ 264,341	\$ 5,795	\$ 877	\$ 998,900
1,544	4,709	33,332	325	285,766	5,795	877	1,067,355
(117)	—	—	—	(21,425)	—	—	(68,455)
\$ 1,427	\$ 4,709	\$ 33,332	\$ 325	\$ 264,341	\$ 5,795	\$ 877	\$ 998,900

Continued on next page

Combining Statement of Cash Flows – Internal Service Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises	Health Care
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 92,940	\$ (938)	\$ 1,215	\$ 107,685
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation	3,339	8,805	859	—
Miscellaneous Nonoperating Income	—	—	12	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	(253)	—	892	12,819
(Increase) Decrease in Due from Other Funds	2,300	—	88	107
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	3
(Increase) Decrease in Due from Component Units	—	—	—	5,321
(Increase) Decrease in Other Assets: Due Within One Year	(4,131)	—	706	—
(Increase) Decrease in Other Assets: Due in More Than One Year	109	17	58	14
(Increase) Decrease in Inventory	—	—	545	—
(Increase) Decrease in Prepaid Items	(3,666)	(1)	—	—
(Increase) Decrease in Deferred Outflows of Resources	(2,374)	(371)	(951)	(452)
Increase (Decrease) in Accounts Payable	15,074	(746)	(1,549)	(27,639)
Increase (Decrease) in Amounts Due to Other Governments	—	—	—	—
Increase (Decrease) in Due to Other Funds	(16)	(128)	118	(49)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	8	(1)	4	1
Increase (Decrease) in Unearned Revenue	(15,192)	—	(1,470)	—
Increase (Decrease) in Other Liabilities	—	—	—	—
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—	5,420
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—	—
Increase (Decrease) in Long-term Liabilities: Due Within One Year	105	(23)	(77)	(16)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	2,579	513	1,739	481
Increase (Decrease) in Deferred Inflows of Resources	(1,146)	(32)	194	49
Net Cash Provided by (Used for) Operating Activities	<u>\$ 89,676</u>	<u>\$ 7,095</u>	<u>\$ 2,383</u>	<u>\$ 103,744</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Capital Leases Used to Finance Capital Assets	\$ —	\$ —	\$ —	\$ —
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	1,726	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ 1,726</u>	<u>\$ —</u>	<u>\$ —</u>

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 231	\$ (856)	\$ 4,166	\$ (274)	\$ (124,052)	\$ (934)	\$ 190	\$ 79,373
—	9,976	1,678	—	23	949	4	25,633
—	—	—	—	—	—	—	12
185	(146)	(82)	—	104	104	—	13,623
(28)	987	(87)	—	—	(1,193)	—	2,174
—	—	—	—	—	—	—	3
—	—	—	—	—	—	—	5,321
—	—	—	—	—	—	—	(3,425)
—	4	54	3	8	31	10	308
—	(24)	(4)	—	—	(1,690)	—	(1,173)
—	—	(38)	—	(241)	—	(14)	(3,960)
—	(113)	(1,539)	(125)	(300)	(893)	(175)	(7,293)
20	(416)	496	1	252	1,493	19	(12,995)
—	—	193	—	—	—	—	193
—	(18)	(90)	2	(3)	(410)	—	(594)
—	(1)	5	—	2	1	3	22
—	—	(1,898)	—	15,353	55	—	(3,152)
—	—	—	—	—	94	—	94
(26)	—	—	—	(9,999)	—	—	(4,605)
—	—	—	—	150,220	—	—	150,220
—	(5)	(18)	1	(4)	(18)	16	(39)
—	129	1,567	122	320	906	251	8,607
—	(11)	(82)	17	21	(59)	(6)	(1,055)
<u>\$ 382</u>	<u>\$ 9,506</u>	<u>\$ 4,321</u>	<u>\$ (253)</u>	<u>\$ 31,704</u>	<u>\$ (1,564)</u>	<u>\$ 298</u>	<u>\$ 247,292</u>
\$ —	\$ —	\$ 2,421	\$ —	\$ —	\$ —	\$ —	\$ 2,421
—	13,492	—	—	—	388	—	13,880
—	—	—	—	—	—	—	1,726
<u>\$ —</u>	<u>\$ 13,492</u>	<u>\$ 2,421</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 388</u>	<u>\$ —</u>	<u>\$ 18,027</u>

Fiduciary Funds

Private Purpose Trust Funds

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

Invest529 accounts for program activities offered by the Virginia College Savings Plan (The Plan). The program is a defined contribution college savings program in which participants can save for qualified higher education expenses by making contributions and investments into portfolios of their choice. Eide Bailly, LLP, audits the Plan, and a separate report is issued.

Legal Settlement accounts for receipts from court judgments that are deposited and subsequently distributed to the appropriate injured parties.

Gas and Oil Board Escrow Account accounts for the funds held in escrow awaiting disbursement to the validated owner of property containing gas and oil interest.

Miscellaneous Trust accounts for perpetual trusts created through donations to the state. Earnings are used for the benefit of donor-specified local entities.

Pension and Other Employee Benefit Trust Funds

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

The Virginia Retirement System provides retirement benefits to Commonwealth employees, teachers, political subdivision employees, and other qualifying employees.

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

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

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

Other Postemployment Retiree Health Insurance Credit accounts for the health insurance credits provided by the Commonwealth which offset a portion of the retirees' monthly insurance premiums.

Other Employment Group Life provides life insurance coverage to members of the retirement systems.

Other Postemployment Disability Insurance Trust provides income protection to Commonwealth employees for absences caused by sickness or disability.

Other Postemployment Line of Duty Death and Disability provides death and health benefits to beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty.

Virginia Local Disability Program provides long-term disability benefits to local government employees of participating localities.

Custodial Funds - External Investment Pool

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

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

Custodial Funds - Other

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

Collection of Taxes and Fees account for taxes and fees imposed by localities and collected by the Commonwealth on behalf of the localities to be distributed to localities.

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

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

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

Behavioral Health Patient accounts for the savings of patients in the Commonwealth's behavioral health facilities including amounts for patient burial.

Wilson Workforce and Rehabilitation Center accounts for student funds held by the center.

Third Party Administrator accounts for funds held in custody for assets of the Virginia Railway Express commuter rail liability insurance plan.

Virginia Veterans' Care Center Resident accounts for the savings of residents of the Virginia Veterans Care Centers.

Volunteer Firefighters and Rescue Squad Workers accounts for the Volunteer Firefighters' and Rescue Squad Workers' Service Award Program.

VRS Investment Portfolio accounts for the investment option for the VRS administered DC Plans that is the VRS Investment Portfolio (VRSIP).

Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds

June 30, 2020

(Dollars in Thousands)

	Invest529	Legal Settlement	Gas and Oil Board Escrow Account
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	\$ 209,627	\$ 4,329	\$ —
Investments:			
Bonds and Mortgage Securities	131,294	—	—
Stocks	90,300	—	—
Fixed Income Commingled Funds	919,378	—	—
Index and Pooled Funds	2,090,028	—	—
Real Estate	230,266	—	—
Mutual and Money Market Funds	667,875	—	—
Other	1,293,881	—	—
Total Investments	5,423,022	—	—
Assets Held Pending Distribution	—	—	8,637
Receivables, Net:			
Accounts	309	—	—
Interest and Dividends	4,395	—	—
Other Receivables	201	—	—
Total Receivables	4,905	—	—
Other Assets	—	—	—
Total Assets	5,637,554	4,329	8,637
Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	5,637,554	4,329	8,637
Liabilities and Deferred Inflows of Resources			
Accounts Payable	1,546	—	—
Obligations Under Securities Lending	—	163	—
Due to Claimants, Participants, Escrows and Providers	8,396	—	—
Other Liabilities	—	31	—
Payable for Security Transactions	1,380	—	—
Total Liabilities	11,322	194	—
Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	11,322	194	—
Net Position Restricted for Individuals, Organizations, and Other Governments	\$ 5,626,232	\$ 4,135	\$ 8,637

Miscellaneous Trust	Total
\$ 66	\$ 214,022
—	131,294
—	90,300
—	919,378
—	2,090,028
—	230,266
—	667,875
—	1,293,881
—	5,423,022
—	8,637
—	309
—	4,395
—	201
—	4,905
—	—
66	5,650,586
—	—
66	5,650,586
—	—
—	1,546
—	163
—	8,396
—	31
—	1,380
—	11,516
—	—
—	—
—	11,516
\$ 66	\$ 5,639,070

Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Invest529	Legal Settlement	Gas and Oil Board Escrow Account
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ 173,669	\$ 43	\$ —
Total Investment Income	173,669	43	—
Less Investment Expenses	7,211	2	—
Net Investment Income	166,458	41	—
Contributions:			
Participants	780,589	—	210
Total Contributions	780,589	—	210
Other Revenue	—	—	15
Legal Settlement Collections	—	264	—
Total Additions	947,047	305	225
Deductions:			
Educational Expense Benefits	394,882	—	—
Beneficiary Payments	—	—	1,463
Shares Redeemed	29,601	—	—
Legal Settlement Payments to Injured Parties	—	18	—
Other Deductions	—	—	—
Total Deductions	424,483	18	1,463
Net Increase (Decrease) in Fiduciary Net Position	522,564	287	(1,238)
Net Position, July 1, as restated	5,103,668	3,848	9,875
Net Position, June 30	\$ 5,626,232	\$ 4,135	\$ 8,637

Miscellaneous Trust	Total
\$ 1	\$ 173,713
1	173,713
—	7,213
1	166,500
—	780,799
—	780,799
—	15
—	264
1	947,578
—	394,882
—	1,463
—	29,601
—	18
1	1
1	425,965
—	521,613
66	5,117,457
\$ 66	\$ 5,639,070

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

June 30, 2020

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	\$ 397,973	\$ 4,762	\$ 3,062
Investments:			
Bonds and Mortgage Securities	18,682,911	209,425	134,643
Stocks	21,386,631	239,732	154,129
Fixed Income Commingled Funds	1,281,266	14,362	9,234
Index and Pooled Funds	9,518,452	106,697	68,597
Real Estate	9,240,047	103,576	66,591
Private Equity	17,396,050	195,000	125,370
Short-term Investments	3,274,692	36,707	23,601
Total Investments	80,780,049	905,499	582,165
Receivables, Net:			
Contributions	214,460	1,439	1,030
Interest and Dividends	227,043	2,545	1,636
Security Transactions	1,287,681	14,434	9,280
Other Receivables	222,078	2,247	1,445
Total Receivables	1,951,262	20,665	13,391
Due from Internal Parties (Governmental Funds and Business-type Activities)	27,458	184	134
Due from Component Units	27,763	—	—
Property, Plant, Furniture and Equipment	36,550	—	—
Total Assets	83,221,055	931,110	598,752
Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	83,221,055	931,110	598,752
Liabilities and Deferred Inflows of Resources			
Accounts Payable	33,072	306	197
Due to Internal Parties (Governmental Funds and Business-type Activities)	244	—	—
Obligations Under Securities Lending	3,218,307	36,075	23,194
Other Liabilities	108,334	1,185	762
Retirement Benefits Payable	424,298	5,403	3,684
Refunds Payable	2,427	—	—
Compensated Absences Payable	3,218	—	—
Insurance Premiums and Claims Payable	—	—	—
Payable for Security Transactions	2,977,768	33,379	21,460
Total Liabilities	6,767,668	76,348	49,297
Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	6,767,668	76,348	49,297
Net Position Restricted for Pensions and Other Employment Benefits	\$ 76,453,387	\$ 854,762	\$ 549,455

Virginia Law Officers' Retirement System	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program	Total
\$ 8,354	\$ 1,659	\$ 10,620	\$ 2,672	\$ 24	\$ 33	\$ 429,159
367,373	72,985	467,024	117,497	1,057	1,430	20,054,345
420,539	83,547	534,611	134,501	1,210	1,637	22,956,537
25,194	5,005	32,028	8,058	72	98	1,375,317
187,167	37,184	237,937	59,862	538	729	10,217,163
181,692	36,096	230,977	58,111	523	707	9,918,320
342,070	67,958	434,855	109,405	984	1,332	18,673,024
64,392	12,793	81,860	20,594	185	250	3,515,074
1,588,427	315,568	2,019,292	508,028	4,569	6,183	86,709,780
3,167	10,881	16,320	667	—	481	248,445
4,464	887	5,675	1,428	13	17	243,708
25,320	5,031	32,189	8,098	73	99	1,382,205
3,942	810	5,012	11,115	11	25	246,685
36,893	17,609	59,196	21,308	97	622	2,121,043
404	1,393	2,090	86	—	60	31,809
658	4,069	3,497	711	—	—	36,698
—	—	—	—	—	—	36,550
1,634,736	340,298	2,094,695	532,805	4,690	6,898	89,365,039
—	—	—	—	—	—	—
1,634,736	340,298	2,094,695	532,805	4,690	6,898	89,365,039
538	14,369	683	2,953	2	2	52,122
—	—	—	—	—	—	244
63,284	12,572	80,450	20,240	182	246	3,454,550
2,079	413	2,643	665	5	217	116,303
9,813	—	—	—	—	—	443,198
—	133	—	—	—	—	2,560
—	—	—	—	—	—	3,218
—	—	81,380	—	—	—	81,380
58,553	11,633	74,437	18,727	168	229	3,196,354
134,267	39,120	239,593	42,585	357	694	7,349,929
—	—	—	—	—	—	—
134,267	39,120	239,593	42,585	357	694	7,349,929
\$ 1,500,469	\$ 301,178	\$ 1,855,102	\$ 490,220	\$ 4,333	\$ 6,204	\$ 82,015,110

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ 1,974,883	\$ 22,146	\$ 14,230
Total Investment Income	1,974,883	22,146	14,230
Less Investment Expenses	519,761	5,813	3,739
Net Investment Income	1,455,122	16,333	10,491
Contributions:			
Member	888,213	6,600	3,436
Employer	2,425,760	32,497	24,819
Total Contributions	3,313,973	39,097	28,255
Other Revenue	1,723	—	—
Total Additions	4,770,818	55,430	38,746
Deductions:			
Retirement Benefits	5,033,582	64,991	46,546
Refunds to Former Members	101,961	552	12
Retiree Health Insurance Credits	—	—	—
Insurance Premiums and Claims	—	—	—
Administrative Expenses	50,094	360	232
Other Expenses	3,705	38	42
Long-term Disability Benefits	—	—	—
Total Deductions	5,189,342	65,941	46,832
Net Increase/Decrease in Fiduciary Net Position	(418,524)	(10,511)	(8,086)
Net Position Restricted for Pensions and Other Employment Benefits			
July 1, as restated	76,871,911	865,273	557,541
June 30	\$ 76,453,387	\$ 854,762	\$ 549,455

Virginia Law Officers' Retirement System	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program	Total
\$ 38,707	\$ 6,876	\$ 48,814	\$ 12,716	\$ 423	\$ 127	\$ 2,118,922
38,707	6,876	48,814	12,716	423	127	2,118,922
10,128	1,788	12,538	3,271	77	34	557,149
28,579	5,088	36,276	9,445	346	93	1,561,773
18,712	—	162,925	—	—	—	1,079,886
79,914	195,872	107,252	26,994	13,567	5,110	2,911,785
98,626	195,872	270,177	26,994	13,567	5,110	3,991,671
—	—	—	708	581	—	3,012
127,205	200,960	306,453	37,147	14,494	5,203	5,556,456
117,137	—	—	—	—	—	5,262,256
4,893	—	—	—	—	—	107,418
—	168,557	—	—	—	—	168,557
—	—	212,060	—	12,191	—	224,251
623	548	824	631	810	204	54,326
73	23	1,439	22	—	—	5,342
—	—	—	34,515	—	2,418	36,933
122,726	169,128	214,323	35,168	13,001	2,622	5,859,083
4,479	31,832	92,130	1,979	1,493	2,581	(302,627)
1,495,990	269,346	1,762,972	488,241	2,840	3,623	82,317,737
\$ 1,500,469	\$ 301,178	\$ 1,855,102	\$ 490,220	\$ 4,333	\$ 6,204	\$ 82,015,110

Combining Statement of Fiduciary Net Position – Custodial Funds - External Investment Pool

June 30, 2020

(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Assets and Deferred Outflows of Resources		
Cash and Cash Equivalents	\$ 2,318,963	\$ 2,318,963
Investments:		
Bonds and Mortgage Securities	519,264	519,264
Short-term Investments	3,970,091	3,970,091
Total Investments	4,489,355	4,489,355
Receivables, Net:		
Interest and Dividends	7,013	7,013
Total Receivables	7,013	7,013
Total Assets	6,815,331	6,815,331
Deferred Outflows of Resources		
Total Assets and Deferred Outflows of Resources	6,815,331	6,815,331
Liabilities and Deferred Inflows of Resources		
Total Liabilities	—	—
Deferred Inflows of Resources		
Total Liabilities and Deferred Inflows of Resources	—	—
Net Position Restricted for Pool Participants	\$ 6,815,331	\$ 6,815,331

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds - External Investment Pool

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Additions:		
Investment Income:		
Interest, Dividends, and Other Investment Income	\$ 77,337	\$ 77,337
Net Investment Income	77,337	77,337
Shares Sold	9,825,005	9,825,005
Reinvested Distributions	77,238	77,238
Total Additions	9,979,580	9,979,580
Deductions:		
Shares Redeemed	8,512,741	8,512,741
Distributions to Shareholders from Net Investment Income	77,337	77,337
Total Deductions	8,590,078	8,590,078
Net Increase in Fiduciary Net Position	1,389,502	1,389,502
Net Position Restricted for Pool Participants		
July 1, as restated	5,425,829	5,425,829
June 30	\$ 6,815,331	\$ 6,815,331

Combining Statement of Fiduciary Net Position – Custodial Funds - Other

June 30, 2020

(Dollars in Thousands)

	Collection of Taxes and Fees	Deposits of Insurance Carriers	Inmate and Ward	Child Support Collection
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 196,483	\$ —	\$ 24,252	\$ 26,154
Investments				
Bonds and Mortgage Securities	—	—	—	—
Stocks	—	—	—	—
Fixed Income Commingled Funds	—	—	—	—
Index and Pooled Funds	—	—	—	—
Real Estate	—	—	—	—
Private Equity	—	—	—	—
Short-term Investments	—	—	—	—
Total Investments	—	—	—	—
Assets Held Pending Distribution	—	459,407	—	—
Receivables, Net:				
Accounts	2	—	631	—
Interest and Dividends	—	—	—	—
Security Transactions	—	—	—	—
Taxes	73,030	—	—	—
Other Receivables	—	—	—	—
Total Receivables	73,032	—	631	—
Due from Internal Parties (Governmental and Business-type Activities)	6,094	—	—	—
Other Assets	—	—	—	—
Total Assets	275,609	459,407	24,883	26,154
Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	275,609	459,407	24,883	26,154
Liabilities and Deferred Inflows of Resources				
Accounts Payable	—	—	3,497	—
Amounts Due to Other Governments	271,982	—	—	—
Due to Internal Parties (Governmental Funds and Business-type Activities)	806	—	248	—
Obligations Under Securities Lending Program	154	—	—	—
Due to Claimants, Participants, Escrows and Providers	—	—	16	—
Other Liabilities	1,034	—	707	—
Compensated Absences Payable	—	—	—	—
Insurance Premiums and Claims Payable	—	—	—	—
Payable for Security Transactions	—	—	—	—
Total Liabilities	273,976	—	4,468	—
Deferred Inflows of Resources				
Total Liabilities and Deferred Inflows of Resources	273,976	—	4,468	—
Net Position Restricted for Individuals, Organizations, and Other Governments	\$ 1,633	\$ 459,407	\$ 20,415	\$ 26,154

Behavioral Health Patient	Wilson Workforce Rehabilitation Center	Third Party Administrator	Virginia Veterans' Care Center Resident	Volunteer Firefighters and Rescue Squad Workers	VRS Investment Portfolio	Total
\$ 1,228	\$ 7	\$ 11,102	\$ 277	\$ 38	\$ 52	\$ 259,593
—	—	—	—	1,012	11,091	12,103
—	—	—	—	1,158	12,696	13,854
—	—	—	—	69	761	830
—	—	—	—	515	5,650	6,165
—	—	—	—	500	5,485	5,985
—	—	—	—	942	10,327	11,269
—	—	—	—	195	2,144	2,339
—	—	—	—	4,391	48,154	52,545
—	—	—	—	—	—	459,407
—	—	—	—	—	—	633
—	—	—	—	12	135	147
—	—	—	—	70	764	834
—	—	—	—	—	—	73,030
—	—	—	—	11	119	130
—	—	—	—	93	1,018	74,774
—	—	—	—	—	—	6,094
—	—	3	—	—	—	3
1,228	7	11,105	277	4,522	49,224	852,416
—	—	—	—	—	—	—
1,228	7	11,105	277	4,522	49,224	852,416
—	—	—	—	—	—	—
—	—	1	—	1	16	3,515
—	—	—	—	—	—	271,982
—	—	—	—	—	—	1,054
—	—	838	—	174	1,910	3,076
—	—	—	—	—	—	16
—	—	—	—	6	63	1,810
—	—	1	—	—	—	1
—	—	391	—	—	—	391
—	—	—	—	161	1,769	1,930
—	—	1,231	—	342	3,758	283,775
—	—	—	—	—	—	—
—	—	1,231	—	342	3,758	283,775
\$ 1,228	\$ 7	\$ 9,874	\$ 277	\$ 4,180	\$ 45,466	\$ 568,641

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds - Other

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Collection of Taxes and Fees	Deposits of Insurance Carriers	Inmate and Ward	Child Support Collection
Additions:				
Investment Income:				
Interest, Dividends, and Other Investment Income	\$ 31	\$ —	\$ —	\$ —
Total Investment Income	31	—	—	—
Less Investment Expenses	2	—	—	—
Net Investment Income	29	—	—	—
Contributions:				
Participants	—	—	—	—
Member	—	—	—	—
Employer	—	—	—	—
Total Contributions	—	—	—	—
Other Revenue	—	12,945	—	—
Sales Tax Collections for Other Governments	1,364,026	—	—	—
Child Support Collections	—	—	—	674,703
Collections for Inmates and Wards	—	—	5,802	—
Collections for Behavioral Health Patients	—	—	—	—
Collateral Received and Related Additions	—	277,652	—	—
Fee Collections for Other Governments	9,565	—	—	—
Collections for Veterans' Care Center Residents	—	—	—	—
Other Additions	—	—	—	—
Total Additions	1,373,620	290,597	5,802	674,703
Deductions:				
Insurance Premiums and Claims	—	—	—	—
Administrative Expenses	—	—	—	—
Other Expenses	—	—	—	—
Sales Tax Payments to Other Governments	1,365,073	—	—	—
Child Support Payments to Individuals	—	—	—	662,990
Payments for Inmates and Wards	—	—	4,211	—
Payments for Behavioral Health Patients	—	—	—	—
Collateral Disbursed and Related Deductions	—	281,546	—	—
Fee Payments to Other Governments	9,651	—	—	—
Payments for Veterans' Care Center Residents	—	—	—	—
Other Deductions	742	—	—	—
Total Deductions	1,375,466	281,546	4,211	662,990
Net Increase (Decrease) in Fiduciary Net Position	(1,846)	9,051	1,591	11,713
Net Position, July 1, as restated	3,479	450,356	18,824	14,441
Net Position, June 30	\$ 1,633	\$ 459,407	\$ 20,415	\$ 26,154

Behavioral Health Patient	Wilson Workforce Rehabilitation Center	Third Party Administrator	Virginia Veterans' Care Center Resident	Volunteer Firefighters and Rescue Squad Workers	VRS Investment Portfolio	Total
\$ —	\$ —	\$ 229	\$ —	\$ 102	\$ 773	\$ 1,135
—	—	229	—	102	773	1,135
—	—	11	—	28	198	239
—	—	218	—	74	575	896
—	—	3,900	—	—	—	3,900
—	—	—	—	38	—	38
—	—	—	—	81	690	771
—	—	3,900	—	119	690	4,709
—	—	—	—	—	—	12,945
—	—	—	—	—	—	1,364,026
—	—	—	—	—	—	674,703
—	—	—	—	—	—	5,802
2,585	—	—	—	—	—	2,585
—	—	—	—	—	—	277,652
—	—	—	—	—	—	9,565
—	—	—	1,673	—	—	1,673
—	4	—	—	—	—	4
2,585	4	4,118	1,673	193	1,265	2,354,560
—	—	4,031	—	—	—	4,031
—	—	15	—	—	—	15
—	—	—	—	160	1,179	1,339
—	—	—	—	—	—	1,365,073
—	—	—	—	—	—	662,990
—	—	—	—	—	—	4,211
2,158	—	—	—	—	—	2,158
—	—	—	—	—	—	281,546
—	—	—	—	—	—	9,651
—	—	—	1,608	—	—	1,608
—	4	1	—	—	—	747
2,158	4	4,047	1,608	160	1,179	2,333,369
427	—	71	65	33	86	21,191
801	7	9,803	212	4,147	45,380	547,450
\$ 1,228	\$ 7	\$ 9,874	\$ 277	\$ 4,180	\$ 45,466	\$ 568,641

Nonmajor Component Units

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

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

Higher Education Institutions included in this section are:

- University of Virginia, including the University of Virginia Medical Center, and the University of Virginia's College at Wise
- Virginia Polytechnic Institute and State University
- Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority
- The College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science
- Virginia Military Institute
- Virginia State University
- Norfolk State University
- University of Mary Washington
- James Madison University
- Radford University
- Old Dominion University
- George Mason University
- Virginia Community College System
- Christopher Newport University
- Longwood University
- Southwest Virginia Higher Education Center
- Roanoke Higher Education Authority
- Innovation and Entrepreneurship Investment Authority
- Institute for Advanced Learning and Research
- Southern Virginia Higher Education Center
- New College Institute

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

The Virginia Outdoors Foundation promotes preservation and fundraising for the purchase of preservation land.

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

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

The Virginia Foundation for Healthy Youth determines the appropriate recipients of monies in the Virginia Tobacco Settlement Fund.

The Tobacco Region Revitalization Commission determines the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund.

The Hampton Roads Sanitation District Commission operates a sewage system for 18 localities in the Chesapeake Bay Area.

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

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

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

The Science Museum of Virginia Foundation operates to implement and fund projects and operations of the Science Museum of Virginia.

The Virginia Commercial Space Flight Authority disseminates knowledge pertaining to scientific and technological research and development among public and private entities including, but not limited to, knowledge in the area of commercial space flight, and to promote industrial and economic development.

The Danville Science Center, Inc., promotes programs, projects and operations to educate students.

The Virginia Museum of Fine Arts Foundation implements and funds programs, projects, and operations of the Virginia Museum of Fine Arts.

The A. L. Philpott Manufacturing Extension Partnership promotes industrial expansion by providing consulting services to manufacturers.

The Fort Monroe Authority assists in implementing a reuse plan for Fort Monroe.

The Assistive Technology Loan Fund Authority provides assistance with loans and in the purchase of assistive technology or other equipment to enable Virginians with disabilities to become more independent.

The Virginia Land Conservation Foundation acquires interests in preservation land and provides grants to other entities to acquire interests in preservation land.

The Virginia Arts Foundation works to promote the arts in the Commonwealth.

The Library of Virginia Foundation promotes and supports the Library of Virginia.

The Virginia Health Workforce Development Authority provides assistance to the health professions.

Combining Statement of Net Position – Nonmajor Component Units

June 30, 2020

(Dollars in Thousands)

	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Commonwealth University	The College of William and Mary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 523,212	\$ 161,870	\$ 750,917	\$ 80,919
Investments	8,953,150	688,855	2,052,804	362,235
Receivables, Net	650,733	122,262	520,292	19,807
Contributions Receivable, Net	238,033	151,364	38,687	53,698
Due from Primary Government	12,989	—	162	174
Due from Component Units	14,818	25,446	10,573	2,507
Inventory	39,205	13,741	40,218	635
Prepaid Items	29,701	17,846	22,221	3,502
Other Assets	17,952	8,680	85,137	2,892
Restricted Cash and Cash Equivalents	107,870	221,257	77,240	57,132
Restricted Investments	1,630,113	982,767	699,672	558,655
Other Restricted Assets	56,279	17,250	33,418	159,786
Nondepreciable Capital Assets	691,931	393,655	546,249	171,340
Depreciable Capital Assets, Net	4,083,176	1,878,482	1,932,453	813,972
Total Assets	17,049,162	4,683,475	6,810,043	2,287,254
Deferred Outflows of Resources				
	200,479	120,057	176,636	37,345
Total Assets and Deferred Outflows of Resources	17,249,641	4,803,532	6,986,679	2,324,599
Liabilities and Deferred Inflows of Resources				
Accounts Payable	442,512	151,858	292,516	39,822
Amounts Due to Other Governments	—	—	—	—
Due to Primary Government	—	5,235	4,497	1,621
Due to Component Units	—	—	—	—
Due to External Parties (Fiduciary Funds)	8,326	6,169	5,179	1,324
Unearned Revenue	115,513	64,587	66,564	15,743
Obligations Under Securities Lending Program	—	—	—	137
Other Liabilities	876,531	140,894	385,246	5,364
Loans Payable to Primary Government	—	—	—	—
Claims Payable:				
Due Within One Year	8,609	—	7,300	—
Due in More Than One Year	—	—	31,463	—
Long-term Liabilities:				
Due Within One Year	159,940	73,769	112,961	33,995
Due in More Than One Year	3,842,678	1,332,827	1,669,895	477,687
Total Liabilities	5,454,109	1,775,339	2,575,621	575,693
Deferred Inflows of Resources				
	301,641	104,176	95,571	34,477
Total Liabilities and Deferred Inflows of Resources	5,755,750	1,879,515	2,671,192	610,170
Net Position				
Net Investment in Capital Assets	2,260,105	1,616,983	1,566,827	717,669
Restricted For:				
Nonexpendable:				
Higher Education	1,974,864	691,711	381,699	641,232
Other	—	—	—	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	—	—	—	—
Debt Service	—	—	—	—
Gifts and Grants	—	—	—	—
Higher Education	4,244,072	621,751	444,915	412,530
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	14,721	7,552	10,233	2,824
Other	—	—	—	—
Unrestricted	3,000,129	(13,980)	1,911,813	(59,826)
Total Net Position (Deficit)	\$ 11,493,891	\$ 2,924,017	\$ 4,315,487	\$ 1,714,429

Virginia Military Institute	Virginia State University	Norfolk State University	University of Mary Washington	James Madison University	Radford University	Old Dominion University	George Mason University
\$ 54,185	\$ 42,626	\$ 29,275	\$ 25,059	\$ 239,172	\$ 144,514	\$ 119,674	\$ 575,094
100,915	909	24,106	—	28,617	6,091	47,177	9,962
2,215	5,569	7,536	3,112	21,167	8,681	74,093	61,603
16,552	78	1,737	786	12,878	6,248	37,433	23,753
137	55	640	—	48	—	1,508	4
10,012	1,779	1,011	2,322	4,998	2,590	8,004	20,098
8,424	—	—	186	857	347	396	765
1,125	2,185	2,354	1,900	9,488	6,608	9,973	25,662
197	23	247	927	13	—	285	4,770
3,892	5,752	6,778	32,218	1,808	—	52,450	22,667
421,109	56,058	12,176	51,960	125,522	61,459	261,613	240,865
5,985	1,719	1,662	854	10,991	3,551	5,721	16,848
71,780	23,900	7,919	53,122	194,949	26,451	174,377	181,455
309,367	269,516	317,075	422,161	1,168,260	398,555	622,238	1,150,732
1,005,895	410,169	412,516	594,607	1,818,768	665,095	1,414,942	2,334,278
7,392	15,940	14,756	9,710	60,284	21,181	42,403	72,667
1,013,287	426,109	427,272	604,317	1,879,052	686,276	1,457,345	2,406,945
22,071	8,662	12,462	12,417	53,850	18,973	53,047	66,303
849	—	—	—	—	—	—	—
381	433	504	427	2,127	881	1,487	2,392
—	—	—	—	—	—	—	—
256	1,060	313	555	3,254	327	1,100	2,584
1,042	2,706	3,717	2,943	14,628	4,869	17,976	82,717
1,362	2,172	591	12	11,589	9,071	4,750	32,588
1,012	6,497	6,374	34,460	7,217	3,760	17,694	30,832
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
13,326	8,759	7,918	9,495	32,595	6,625	31,380	49,381
103,348	159,926	189,779	331,314	716,972	211,892	510,826	904,405
143,647	190,215	221,658	391,623	842,232	256,398	638,260	1,171,202
7,413	10,483	11,567	11,793	40,612	17,648	30,144	52,144
151,060	200,698	233,225	403,416	882,844	274,046	668,404	1,223,346
358,056	210,000	207,347	212,822	896,080	312,680	544,565	734,149
225,007	23,962	12,226	48,295	85,835	39,417	157,472	165,846
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
227,555	38,326	32,256	17,221	68,206	33,462	136,136	100,584
646	1,727	1,669	898	4,500	2,064	3,540	6,028
—	—	—	—	—	—	—	—
50,963	(48,604)	(59,451)	(78,335)	(58,413)	24,607	(52,772)	176,992
\$ 862,227	\$ 225,411	\$ 194,047	\$ 200,901	\$ 996,208	\$ 412,230	\$ 788,941	\$ 1,183,599

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units (Continued from previous page)

June 30, 2020

(Dollars in Thousands)

	Virginia Community College System	Christopher Newport University	Longwood University	Southwest Virginia Higher Education Center
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 296,004	\$ 44,982	\$ 47,005	\$ —
Investments	74,415	3,504	1,000	—
Receivables, Net	21,642	2,234	6,361	1,770
Contributions Receivable, Net	13,079	12,722	2,807	—
Due from Primary Government	84	65	12	—
Due from Component Units	12,341	4,751	2,597	87
Inventory	1,261	229	465	—
Prepaid Items	9,328	2,491	965	—
Other Assets	—	421	625	—
Restricted Cash and Cash Equivalents	16,257	3,058	7,092	—
Restricted Investments	277,391	39,167	130,298	—
Other Restricted Assets	14,745	3,755	840	52
Nondepreciable Capital Assets	106,087	94,476	73,874	2,151
Depreciable Capital Assets, Net	1,319,368	564,585	384,483	10,039
Total Assets	2,162,002	776,440	658,424	14,099
Deferred Outflows of Resources				
	126,694	16,914	13,291	396
Total Assets and Deferred Outflows of Resources	2,288,696	793,354	671,715	14,495
Liabilities and Deferred Inflows of Resources				
Accounts Payable	67,240	19,868	15,242	79
Amounts Due to Other Governments	2,788	—	—	—
Due to Primary Government	3,762	578	521	12
Due to Component Units	—	—	—	—
Due to External Parties (Fiduciary Funds)	5,659	212	167	8
Unearned Revenue	63,958	3,827	25,223	—
Obligations Under Securities Lending Program	58	2,506	1,738	—
Other Liabilities	16,418	7,379	7,683	—
Loans Payable to Primary Government	—	—	—	—
Claims Payable:				
Due Within One Year	—	—	—	—
Due in More Than One Year	—	—	—	—
Long-term Liabilities:				
Due Within One Year	25,372	20,523	19,852	177
Due in More Than One Year	734,847	280,172	343,792	2,255
Total Liabilities	920,102	335,065	414,218	2,531
Deferred Inflows of Resources				
	133,381	12,613	10,034	437
Total Liabilities and Deferred Inflows of Resources	1,053,483	347,678	424,252	2,968
Net Position				
Net Investment in Capital Assets	1,323,818	427,358	214,835	11,984
Restricted For:				
Nonexpendable:				
Higher Education	118,388	30,812	54,917	—
Other	—	—	—	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	—	—	—	—
Debt Service	—	—	—	—
Gifts and Grants	—	—	—	—
Higher Education	133,403	26,530	28,284	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	16,026	1,362	830	55
Other	—	—	—	—
Unrestricted	(356,422)	(40,386)	(51,403)	(512)
Total Net Position (Deficit)	\$ 1,235,213	\$ 445,676	\$ 247,463	\$ 11,527

Roanoke Higher Education Authority	Innovation and Entrepreneurship Investment Authority	Institute for Advanced Learning and Research	Southern Virginia Higher Education Center	New College Institute	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Virginia Port Authority
\$ 3,294	\$ 24,725	\$ 6,750	\$ 485	\$ 1,566	\$ 10,417	\$ 5,137	\$ 110,406
—	—	2,608	—	1,486	—	15,943	82,516
41	893	794	117	5	31	960	65,131
4	—	—	—	—	—	—	—
—	—	—	41	203	—	—	19,883
79	—	1,130	141	—	—	—	—
—	—	—	—	—	—	—	23,953
30	187	628	—	19	1,099	30	2,508
221	63	—	—	1	25	—	8,016
—	—	207	18	—	—	1,329	97,921
—	—	—	—	1,848	—	272	46,359
—	—	668	100	38	440	—	—
1,407	—	2,783	—	546	—	8,933	313,657
28,784	—	15,176	1,065	14,161	1,763	1,453	2,876,253
33,860	25,868	30,744	1,967	19,873	13,775	34,057	3,646,603
169	—	151	802	439	4,357	99	34,227
34,029	25,868	30,895	2,769	20,312	18,132	34,156	3,680,830
102	915	653	158	313	416	182	35,355
—	—	—	—	—	—	—	—
—	—	—	21	10	85	—	—
—	—	—	—	—	—	—	—
—	—	—	17	6	—	122	11
555	22	2,491	—	—	79	3,885	—
—	—	—	—	—	—	—	4,101
—	425	128	—	13	—	—	27,265
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
47	30	72	165	46	683	134	22,246
158	187	24	4,154	1,531	17,098	530	2,812,486
862	1,579	3,368	4,515	1,919	18,361	4,853	2,901,464
94	—	29	528	201	1,978	31	5,121
956	1,579	3,397	5,043	2,120	20,339	4,884	2,906,585
30,191	—	17,909	1,065	14,707	1,669	10,386	388,986
—	—	—	—	569	—	—	—
—	—	—	—	—	—	30	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	138,302
—	—	—	—	—	—	—	—
4	—	977	18	1,279	—	—	—
—	—	—	100	36	416	—	—
—	—	—	—	—	—	1,240	—
2,878	24,289	8,612	(3,457)	1,601	(4,292)	17,616	246,957
\$ 33,073	\$ 24,289	\$ 27,498	\$ (2,274)	\$ 18,192	\$ (2,207)	\$ 29,272	\$ 774,245

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units (Continued from previous page)

June 30, 2020

(Dollars in Thousands)

	Virginia Tourism Authority	Virginia Foundation for Healthy Youth	Tobacco Region Revitalization Commission	Hampton Roads Sanitation District Commission
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 7,193	\$ 20,001	\$ 11,722	\$ 240,109
Investments	—	—	207,931	—
Receivables, Net	209	—	6,264	41,791
Contributions Receivable, Net	—	—	—	—
Due from Primary Government	—	—	—	—
Due from Component Units	—	—	—	—
Inventory	—	—	—	26,857
Prepaid Items	190	—	—	—
Other Assets	1	6	973	321
Restricted Cash and Cash Equivalents	—	—	5,139	28,155
Restricted Investments	—	—	186,191	—
Other Restricted Assets	244	55	268	—
Nondepreciable Capital Assets	811	—	—	302,814
Depreciable Capital Assets, Net	590	—	—	1,155,141
Total Assets	9,238	20,062	418,488	1,795,188
Deferred Outflows of Resources	2,538	414	340	37,596
Total Assets and Deferred Outflows of Resources	11,776	20,476	418,828	1,832,784
Liabilities and Deferred Inflows of Resources				
Accounts Payable	331	583	80	48,234
Amounts Due to Other Governments	—	—	—	—
Due to Primary Government	47	11	11	—
Due to Component Units	—	—	—	—
Due to External Parties (Fiduciary Funds)	—	11	8	—
Unearned Revenue	24	—	—	—
Obligations Under Securities Lending Program	—	1,510	416	—
Other Liabilities	—	851	6,120	17,452
Loans Payable to Primary Government	—	—	—	—
Claims Payable:				
Due Within One Year	—	—	—	—
Due in More Than One Year	—	—	—	—
Long-term Liabilities:				
Due Within One Year	322	41	17	92,066
Due in More Than One Year	10,041	2,264	1,597	791,705
Total Liabilities	10,765	5,271	8,249	949,457
Deferred Inflows of Resources	1,192	302	318	13,420
Total Liabilities and Deferred Inflows of Resources	11,957	5,573	8,567	962,877
Net Position				
Net Investment in Capital Assets	1,401	—	—	646,720
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	—
Other	—	—	—	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	—	—	188,124	—
Debt Service	—	—	—	28,155
Gifts and Grants	—	—	—	—
Higher Education	—	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	232	57	41	—
Other	—	—	—	—
Unrestricted	(1,814)	14,846	222,096	195,032
Total Net Position (Deficit)	\$ (181)	\$ 14,903	\$ 410,261	\$ 869,907

Virginia Biotechnology Research Partnership Authority	Virginia Small Business Financing Authority	Virginia School for the Deaf and Blind Foundation	Science Museum of Virginia Foundation	Virginia Commercial Space Flight Authority	Danville Science Center, Inc.	Virginia Museum of Fine Arts Foundation	A. L. Philpott Manufacturing Extension Partnership
\$ 6,412	\$ 8,017	\$ 4,546	\$ 723	\$ 14,326	\$ 240	\$ 4,507	\$ 1,798
10,090	—	1,583	889	—	695	21,939	—
9,212	12,451	—	8	618	86	—	464
—	—	—	211	—	—	10,788	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	4	—	—
11	—	—	10	978	—	45	—
—	—	—	—	—	—	4,381	—
—	29,452	—	4,647	—	2,387	19,661	—
—	—	—	15,689	—	466	221,827	—
257	7,840	—	—	—	—	—	—
6,199	—	—	—	19,857	—	1,316	—
164	—	—	4	129,885	1,607	1,606	7
32,345	57,760	6,129	22,181	165,664	5,485	286,070	2,269
522	281	—	—	—	—	—	—
32,867	58,041	6,129	22,181	165,664	5,485	286,070	2,269
264	84	—	—	3,500	25	1,638	562
—	—	—	—	—	—	—	—
—	—	—	1,246	—	—	—	—
—	—	—	—	—	—	—	—
—	5	—	—	—	—	—	—
91	—	—	139	2,119	83	—	149
—	895	—	—	—	—	—	—
9	1,064	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
4,505	2	—	—	53	9	610	211
5,317	1,319	—	—	17	—	46,222	—
10,186	3,369	—	1,385	5,689	117	48,470	922
24	119	—	—	—	—	—	—
10,210	3,488	—	1,385	5,689	117	48,470	922
6,363	—	—	4	149,672	1,607	432	7
—	—	—	—	—	—	—	—
—	—	—	5,875	—	254	162,711	—
—	—	—	2,369	—	—	14	—
—	—	—	—	—	—	—	—
—	38,549	—	11,057	—	2,599	96,463	—
—	—	—	—	—	—	—	—
—	22	—	—	—	—	—	—
3,543	6,509	—	—	4,740	—	—	—
12,751	9,473	6,129	1,491	5,563	908	(22,020)	1,340
\$ 22,657	\$ 54,553	\$ 6,129	\$ 20,796	\$ 159,975	\$ 5,368	\$ 237,600	\$ 1,347

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units (Continued from previous page)

June 30, 2020

(Dollars in Thousands)

	Fort Monroe Authority	Assistive Technology Loan Fund Authority	Virginia Land Conservation Foundation	Virginia Arts Foundation
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 4,926	\$ 3,754	\$ 16,133	\$ 98
Investments	—	—	—	—
Receivables, Net	544	4,362	—	—
Contributions Receivable, Net	—	—	—	—
Due from Primary Government	—	—	—	—
Due from Component Units	—	—	—	—
Inventory	—	—	—	—
Prepaid Items	18	—	—	—
Other Assets	439	—	—	—
Restricted Cash and Cash Equivalents	874	—	—	1,194
Restricted Investments	—	—	—	—
Other Restricted Assets	72	—	—	—
Nondepreciable Capital Assets	60	—	—	—
Depreciable Capital Assets, Net	314	—	—	—
Total Assets	7,247	8,116	16,133	1,292
Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	8,035	8,116	16,133	1,292
Liabilities and Deferred Inflows of Resources				
Accounts Payable	745	—	4	—
Amounts Due to Other Governments	—	—	—	—
Due to Primary Government	27	—	—	—
Due to Component Units	—	—	—	—
Due to External Parties (Fiduciary Funds)	25	—	—	—
Unearned Revenue	172	—	—	—
Obligations Under Securities Lending Program	—	—	1,218	98
Other Liabilities	343	—	—	—
Loans Payable to Primary Government	—	—	—	—
Claims Payable:				
Due Within One Year	—	—	—	—
Due in More Than One Year	—	—	—	—
Long-term Liabilities:				
Due Within One Year	123	13	—	—
Due in More Than One Year	3,021	—	—	—
Total Liabilities	4,456	13	1,222	98
Deferred Inflows of Resources				
Total Liabilities and Deferred Inflows of Resources	5,013	13	1,222	98
Net Position				
Net Investment in Capital Assets	20	—	—	—
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	—
Other	874	—	—	1,148
Expendable:				
Capital Projects/Construction/Capital Acquisition	—	—	—	—
Debt Service	—	—	—	—
Gifts and Grants	—	58	—	45
Higher Education	—	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	70	—	—	—
Other	—	—	—	1
Unrestricted	2,058	8,045	14,911	—
Total Net Position (Deficit)	\$ 3,022	\$ 8,103	\$ 14,911	\$ 1,194

Library of Virginia Foundation	Virginia Health Workforce Development Authority	Total Nonmajor Component Units
\$ 204	\$ 202	\$ 3,642,199
1,036	—	12,700,456
—	—	1,673,058
—	—	620,858
—	—	36,005
—	—	125,284
76	—	157,619
1	—	151,103
—	—	136,616
168	—	806,623
2,471	—	6,023,948
—	—	343,438
—	—	3,472,099
13	—	19,872,448
3,969	202	49,761,754
—	—	1,018,868
3,969	202	50,780,622
8	28	1,371,102
—	—	3,637
—	—	26,316
—	—	—
—	—	36,698
—	—	495,822
—	—	74,812
18	—	1,601,049
—	—	—
—	—	15,909
—	—	31,463
21	—	727,484
34	—	15,510,320
81	28	19,894,612
—	—	898,048
81	28	20,792,660
13	—	12,886,430
—	—	4,652,252
1,815	—	172,707
—	—	190,507
—	—	166,457
825	—	149,596
—	—	6,567,509
—	—	75,649
—	—	16,033
1,235	174	5,110,822
\$ 3,888	\$ 174	\$ 29,987,962

Combining Statement of Activities – Nonmajor Component Units

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue
Higher Education					
University of Virginia	\$ 4,327,178	\$ 2,906,875	\$ 968,415	\$ 73,622	\$ (378,266)
Virginia Polytechnic Institute and State University	1,635,887	895,737	404,790	83,473	(251,887)
Virginia Commonwealth University	4,937,279	4,293,332	407,987	53,560	(182,400)
The College of William and Mary	519,837	279,449	73,683	52,863	(113,842)
Virginia Military Institute	108,483	52,073	19,855	44,316	7,761
Virginia State University	155,465	62,113	39,160	6,450	(47,742)
Norfolk State University	181,066	67,128	42,706	3,394	(67,838)
University of Mary Washington	130,610	77,118	13,270	10,307	(29,915)
James Madison University	585,847	413,960	60,638	44,886	(66,363)
Radford University	242,582	131,437	36,617	12,339	(62,189)
Old Dominion University	545,595	283,935	122,546	46,600	(92,514)
George Mason University	1,044,501	615,329	238,220	71,956	(118,996)
Virginia Community College System	1,209,327	342,051	385,364	59,472	(422,440)
Christopher Newport University	168,057	116,307	10,199	30,176	(11,375)
Longwood University	158,653	88,577	13,297	19,504	(37,275)
Southwest Virginia Higher Education Center	4,284	1,734	403	1,451	(696)
Roanoke Higher Education Authority	4,801	1,374	116	403	(2,908)
Innovation and Entrepreneurship Investment Authority	29,960	4,897	181	—	(24,882)
Institute for Advanced Learning and Research	13,342	2,647	4,756	3,863	(2,076)
Southern Virginia Higher Education Center	7,648	602	432	1,532	(5,082)
New College Institute	4,275	843	345	—	(3,087)
Total Higher Education	16,014,677	10,637,518	2,842,980	620,167	(1,914,012)
Other Nonmajor Component Units					
Virginia Economic Development Partnership	37,624	380	203	—	(37,041)
Virginia Outdoors Foundation	5,122	2,373	615	—	(2,134)
Virginia Port Authority	639,417	507,205	27,855	97,775	(6,582)
Virginia Tourism Authority	22,787	1,400	1,323	—	(20,064)
Virginia Foundation for Healthy Youth	10,175	—	42	—	(10,133)
Tobacco Region Revitalization Commission	32,195	—	—	—	(32,195)
Hampton Roads Sanitation District Commission	255,373	328,476	—	578	73,681
Virginia Biotechnology Research Partnership Authority	3,756	1,327	1,500	908	(21)
Virginia Small Business Financing Authority	1,475	1,650	13	—	188
Virginia School for the Deaf and Blind Foundation	230	—	—	—	(230)
Science Museum of Virginia Foundation	3,997	—	161	262	(3,574)
Virginia Commercial Space Flight Authority	32,567	4,240	7,736	9,496	(11,095)
Danville Science Center, Inc.	275	8	(11)	—	(278)
Virginia Museum of Fine Arts Foundation	26,754	—	(1,002)	—	(27,756)
A. L. Philpott Manufacturing Extension Partnership	6,420	3,062	2,160	—	(1,198)
Fort Monroe Authority	14,383	7,525	—	379	(6,479)
Assistive Technology Loan Fund Authority	568	—	2	—	(566)
Virginia Land Conservation Foundation	4,575	—	2,432	—	(2,143)
Virginia Arts Foundation	2	25	43	—	66
Library of Virginia Foundation	642	139	66	—	(437)
Virginia Health Workforce Development Authority	877	—	954	—	77
Total Other Nonmajor	1,099,214	857,810	44,092	109,398	(87,914)
Total Nonmajor Component Units	\$ 17,113,891	\$ 11,495,328	\$ 2,887,072	\$ 729,565	\$ (2,001,926)

General Revenues				Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1, as restated	Net Position (Deficit) June 30
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous				
\$ 192,642	\$ 33,364	\$ 240,320	\$ 86,381	\$ 111,414	\$ 285,855	\$ 11,208,036	\$ 11,493,891
303,948	43,642	(9,963)	24,804	39,357	149,901	2,774,116	2,924,017
248,201	4,100	56,104	21,353	8,305	155,663	4,159,824	4,315,487
90,414	21,244	5,725	8,777	23,841	36,159	1,678,270	1,714,429
19,393	—	2,441	429	10,588	40,612	821,615	862,227
53,634	2,434	158	1,431	595	10,510	214,901	225,411
64,289	2,836	6,096	564	1,238	7,185	186,862	194,047
34,145	1,776	(8,676)	685	6,084	4,099	196,802	200,901
115,965	1,329	5,448	2,750	3,286	62,415	933,793	996,208
68,100	278	2,669	3,978	1,457	14,293	397,937	412,230
163,907	—	25,967	1	12,295	109,656	679,285	788,941
184,503	4,363	13,106	4,582	9,408	96,966	1,086,633	1,183,599
438,332	7,197	7,080	15,302	10,830	56,301	1,178,912	1,235,213
39,529	102	2,248	484	1,731	32,719	412,957	445,676
37,289	4,320	2,899	4,201	2,802	14,236	233,227	247,463
2,153	—	—	—	—	1,457	10,070	11,527
1,479	33	55	—	—	(1,341)	34,414	33,073
12,890	—	11,152	—	—	(840)	25,129	24,289
6,414	—	77	—	—	4,415	23,083	27,498
3,665	299	—	—	—	(1,118)	(1,156)	(2,274)
2,637	—	(162)	1	—	(611)	18,803	18,192
2,083,529	127,317	362,744	175,723	243,231	1,078,532	26,273,513	27,352,045
38,490	—	197	699	—	2,345	(4,552)	(2,207)
2,877	59	487	—	—	1,289	27,983	29,272
41,923	—	6,177	271	—	41,789	732,456	774,245
21,585	—	104	—	—	1,625	(1,806)	(181)
—	11,088	302	2	—	1,259	13,644	14,903
—	—	15,610	1,004	—	(15,581)	425,842	410,261
—	—	5,876	2,205	—	81,762	788,145	869,907
—	—	1,258	—	—	1,237	21,420	22,657
—	—	546	—	—	734	53,819	54,553
—	59	1,083	32	—	944	5,185	6,129
—	1,786	74	—	490	(1,224)	22,020	20,796
23,300	—	—	232	—	12,437	147,538	159,975
—	95	73	—	2,072	1,962	3,406	5,368
—	9,992	122	20,876	9,638	12,872	224,728	237,600
1,252	—	—	—	—	54	1,293	1,347
6,148	—	—	443	—	112	2,910	3,022
—	—	277	—	—	(289)	8,392	8,103
4,500	—	—	—	—	2,357	12,554	14,911
—	—	25	—	—	91	1,103	1,194
—	199	49	—	110	(79)	3,967	3,888
—	—	—	—	—	77	97	174
140,075	23,278	32,260	25,764	12,310	145,773	2,490,144	2,635,917
\$ 2,223,604	\$ 150,595	\$ 395,004	\$ 201,487	\$ 255,541	\$ 1,224,305	\$ 28,763,657	\$ 29,987,962



Debt Schedules

Summary Schedule – Total Debt and Other Long-term Obligations of the Commonwealth

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Tax-Supported Debt:					
Primary Government:					
General Obligation Bonds (1):					
Section 9(b) Bonds (2)	\$ 330,934	\$ 401,873	\$ 457,764	\$ 515,468	\$ 571,915
Section 9(c) Bonds (2)	10,666	14,628	18,764	22,743	29,717
Subtotal - General Obligation Bonds	341,600	416,501	476,528	538,211	601,632
Nongeneral Obligation Debt:					
Section 9(d) Bonds (2)	5,842,140	5,830,241	5,538,920	5,252,795	5,163,651
Other Long-term Debt and Obligations (3)	6,165,536	5,694,821	6,109,393	6,068,634	5,729,566
Total Primary Government	12,349,276	11,941,563	12,124,841	11,859,640	11,494,849
Component Units:					
General Obligation Bonds (1):					
Section 9(c) Bonds (2)	886,837	893,106	836,874	897,018	877,118
Subtotal - General Obligation Bonds	886,837	893,106	836,874	897,018	877,118
Nongeneral Obligation Bonds:					
Section 9(d) Bonds (2)	4,617,976	4,815,106	4,567,143	4,134,860	4,351,059
Other Long-term Debt (3)	4,431,713	4,066,538	4,350,598	4,509,272	4,154,182
Total Component Units	9,936,526	9,774,750	9,754,615	9,541,150	9,382,359
Total Tax-Supported Debt	22,285,802	21,716,313	21,879,456	21,400,790	20,877,208
Debt Not Supported by Taxes:					
Primary Government:					
Total Primary Government (2)	4,237,848	4,018,547	4,181,040	3,357,056	3,009,647
Component Units:					
Section 9(d) Moral Obligation Bonds (2)	933,279	926,540	927,834	928,088	907,209
Section 9(d) Other Debt (2)	13,742,979	12,280,231	12,755,055	12,560,525	13,015,624
Other Long-term Debt (4)	5,613,885	5,839,249	5,654,219	5,373,236	3,287,095
Foundations (5)	1,795,783	1,712,396	1,686,510	1,562,580	1,714,748
Total Component Units	22,085,926	20,758,416	21,023,618	20,424,429	18,924,676
Total Debt Not Supported by Taxes	26,323,774	24,776,963	25,204,658	23,781,485	21,934,323
Total Debt of the Commonwealth	\$ 48,609,576	\$ 46,493,276	\$ 47,084,114	\$ 45,182,275	\$ 42,811,531

	2020	2019	2018	2017	2016
Section 9(b) Debt:					
Public Facilities Bonds (2)	\$ 330,934	\$ 401,873	\$ 457,764	\$ 515,468	\$ 571,915
Subtotal 9(b) Debt	330,934	401,873	457,764	515,468	571,915
Section 9(c) Debt:					
Higher Educational Institution Bonds (2)	886,837	893,106	836,874	897,018	877,118
Transportation Facilities Bonds (2)	3,083	6,061	8,914	11,642	14,562
Parking Facilities Bonds (2)	7,583	8,567	9,850	11,101	15,155
Subtotal 9(c) Debt	897,503	907,734	855,638	919,761	906,835
Total General Obligation Debt (1)	\$ 1,228,437	\$ 1,309,607	\$ 1,313,402	\$ 1,435,229	\$ 1,478,750

- (1) Total general obligation debt for the fiscal year ended.
- (2) All amounts are net of unamortized discounts and premiums.
- (3) Includes capital lease obligations, installment purchase obligations, pension liability, the long-term portion of the liability for compensated absences, and other debt supported by taxes.
- (4) Includes bonds payable, notes payable, and other debt not supported by taxes.
- (5) Foundations represent FASB reporting entities defined in Note 1.B.

Tax-Supported Debt and Other Long-term Obligations

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Primary Government:					
General Obligation Debt (1) (3):					
Section 9(b) Debt					
Public Facilities (2)	\$ 330,934	\$ 401,873	\$ 457,764	\$ 515,468	\$ 571,915
Subtotal Section 9(b) Debt	330,934	401,873	457,764	515,468	571,915
Section 9(c) Debt					
Parking Facilities (2)	7,583	8,567	9,850	11,101	15,155
Transportation Facilities (2)	3,083	6,061	8,914	11,642	14,562
Subtotal Section 9(c) Debt	10,666	14,628	18,764	22,743	29,717
Subtotal General Obligation Debt	341,600	416,501	476,528	538,211	601,632
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Transportation Debt (2)	2,813,942	2,966,581	2,875,112	2,578,232	2,722,238
Virginia Public Building Authority (2)	3,028,198	2,863,660	2,663,808	2,674,563	2,441,413
Subtotal Section 9(d) Debt	5,842,140	5,830,241	5,538,920	5,252,795	5,163,651
Other Long-term Debt:					
Capital Lease Obligations	28,413	30,882	36,742	41,024	46,524
Installment Purchase Obligations (4)	132,774	114,931	103,655	109,721	108,877
Economic Development Authority Obligations (2)	15,624	23,366	30,783	37,895	44,712
Aviation Notes Payable	—	—	—	—	114
Subtotal Other Long-term Debt	176,811	169,179	171,180	188,640	200,227
Other Long-term Obligations:					
Compensated Absences	324,364	317,540	307,329	300,501	317,053
Net Pension Liability	4,407,825	3,799,890	4,082,679	4,721,816	4,419,257
OPEB Liability (5)	—	—	—	814,560	734,064
Net OPEB Liability (5)	839,468	802,012	775,186	—	—
Total OPEB Liability (5)	378,330	565,448	735,108	—	—
Pollution Remediation Liability	9,475	10,430	6,963	9,437	11,308
Other Liabilities	29,263	30,322	30,948	33,680	47,657
Subtotal Other Long-term Obligations	5,988,725	5,525,642	5,938,213	5,879,994	5,529,339
Total Primary Government	12,349,276	11,941,563	12,124,841	11,859,640	11,494,849
Component Units:					
General Obligation Bonds (1) (3):					
Section 9(c) Debt					
Higher Educational Institutions (2)	886,837	893,106	836,874	897,018	877,118
Subtotal General Obligation Debt	886,837	893,106	836,874	897,018	877,118
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Virginia Port Authority (2)	223,708	234,114	243,448	253,208	275,256
Virginia College Building Authority (2)	4,384,599	4,566,772	4,305,134	3,858,925	4,049,060
Virginia Biotechnology Research Partnership Authority (2)	9,669	14,220	18,561	22,727	26,743
Subtotal Section 9(d) Debt	4,617,976	4,815,106	4,567,143	4,134,860	4,351,059
Other Long-term Debt:					
Capital Lease Obligations	6,905	7,510	5,878	76,889	71,403
Installment Purchase Obligations (4)	83,385	55,259	63,050	29,959	50,825
Subtotal Other Long-term Debt	90,290	62,769	68,928	106,848	122,228
Other Long-term Obligations:					
Compensated Absences	363,109	349,246	323,953	300,591	293,026
Net Pension Liability	2,886,551	2,455,020	2,650,301	3,002,030	2,777,020
OPEB Liability (5)	—	—	—	1,099,803	961,908
Net OPEB Liability (5)	804,994	779,362	769,063	—	—
Total OPEB Liability (5)	286,769	420,141	538,353	—	—
Subtotal Other Long-term Obligations	4,341,423	4,003,769	4,281,670	4,402,424	4,031,954
Total Component Units	9,936,526	9,774,750	9,754,615	9,541,150	9,382,359
Total Tax-Supported Debt	\$ 22,285,802	\$ 21,716,313	\$ 21,879,456	\$ 21,400,790	\$ 20,877,208

(1) The general obligation debt is the only debt or long-term obligation that is backed by the full faith and credit of the Commonwealth.

(2) All amounts are net of unamortized discounts and premiums.

(3) See Note 1 on previous page.

(4) As discussed in Note 27, certain balances above contain Direct Borrowings and Direct Placements.

(5) GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was effective starting with fiscal year 2018. This statement changed the OPEB Liability classifications.

Debt and Other Long-term Obligations Not Supported by Taxes

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Primary Government:					
Other Long-term Debt & Obligations:					
Grant Anticipation Notes (GARVEES) (1)	\$ 1,059,387	\$ 1,151,850	\$ 1,153,617	\$ 992,214	\$ 663,147
Hampton Roads Transportation Accountability Commission (1)	1,023,334	580,311	582,425	—	—
Net Pension Liability	152,107	128,005	135,632	151,486	140,522
OPEB Liability (2)	—	—	—	28,058	25,113
Net OPEB Liability (2)	23,677	22,299	21,680	—	—
Total OPEB Liability (2)	13,781	20,042	25,434	—	—
Capital Lease Obligations	—	—	—	5,025	5,359
Compensated Absences	13,663	11,070	10,546	10,096	10,003
Installment Purchase Obligations	964	518	—	—	—
Tuition Benefits Payable	1,831,064	1,991,469	2,135,222	2,048,168	2,035,608
Lottery Prizes Payable	119,871	112,983	116,484	122,009	129,895
Total Primary Government	4,237,848	4,018,547	4,181,040	3,357,056	3,009,647
Component Units:					
Section 9(d) Moral Obligation Debt: (1)					
Virginia Resources Authority	933,279	926,540	927,834	928,088	907,209
Subtotal Section 9(d) Moral Obligation Debt	933,279	926,540	927,834	928,088	907,209
Section 9(d) Other Debt:					
Higher Educational Institutions (1):					
Auxiliary Enterprise Revenue Bonds	2,826,103	2,241,523	2,207,901	1,728,052	1,579,951
Teaching Hospitals Revenue Bonds (3) (4)	594,376	603,133	610,091	496,449	501,872
Subtotal Higher Education Institutions Debt	3,420,479	2,844,656	2,817,992	2,224,501	2,081,823
Virginia Housing Development Authority (1) (4)	3,997,125	3,042,060	3,301,380	3,737,479	4,320,935
Virginia Public School Authority (1) (4)	3,563,368	3,554,603	3,641,402	3,580,954	3,655,914
Virginia Port Authority (1)	279,396	285,782	291,985	294,757	252,631
Virginia Resources Authority (1)	2,482,611	2,553,130	2,702,296	2,722,834	2,704,321
Subtotal Section 9(d) Other Debt	13,742,979	12,280,231	12,755,055	12,560,525	13,015,624
Other Long-term Debt:					
Hampton Roads Sanitation District Commission (1)	835,479	891,629	891,442	846,783	879,294
Notes Payable (4)	2,007,388	2,189,888	1,948,362	1,938,288	2,041,726
Net Pension Liability	38,170	35,844	38,427	57,787	44,339
Net OPEB Liability (2)	11,712	19,668	14,736	—	—
Total OPEB Liability (2)	65,481	59,243	101,081	—	—
Capital Lease Obligations	2,340,329	2,305,489	2,289,887	2,194,493	—
Other Long-term Debt	315,326	337,488	370,284	335,885	321,736
Foundations (5)	1,795,783	1,712,396	1,686,510	1,562,580	1,714,748
Subtotal Other Long-term Debt	7,409,668	7,551,645	7,340,729	6,935,816	5,001,843
Subtotal Section 9(d) and Other Debt	21,152,647	19,831,876	20,095,784	19,496,341	18,017,467
Total Component Units	22,085,926	20,758,416	21,023,618	20,424,429	18,924,676
Total Debt Not Supported by Taxes (6)	\$ 26,323,774	\$ 24,776,963	\$ 25,204,658	\$ 23,781,485	\$ 21,934,323

- (1) All amounts are net of unamortized discounts and premiums.
- (2) GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was effective starting with fiscal year 2018. This statement changed the OPEB Liability classifications.
- (3) Includes the Virginia Commonwealth University Health System Authority.
- (4) As discussed in Note 27, certain balances above contain Direct Borrowings and Direct Placements.
- (5) Foundations represent FASB reporting entities defined in Note 1.B.
- (6) These amounts are not backed by the full faith and credit of the Commonwealth.

Authorized and Unissued Tax-Supported Debt

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

	As of June 30, 2019	New Debt Authorized	Debt Issued	Other Adjustments	As of June 30, 2020
Section 9(c) Debt (Primary Government):					
Higher Educational Institution Bonds	\$ 566,417	\$ 279,470	\$ 54,325	\$ (6,496)	\$ 785,066
Parking Facilities Bonds	226	—	—	—	226
Subtotal Section 9(c) Debt	566,643	279,470	54,325	(6,496)	785,292
Section 9(d) Debt:					
Primary Government:					
Transportation Contract Revenue Bonds					
(Northern Virginia Transportation District					
Fund Program)	24,700	—	—	—	24,700
U.S. Route 58 Corridor Development Program	595,700	—	—	—	595,700
Transportation Capital Projects Revenue Bonds	243,234	—	—	—	243,234
Component Units:					
Virginia Public Building Authority					
(Projects)	1,917,973	868,884	304,475	(42,120)	2,440,262
Virginia Public Building Authority					
(Jails)	48,261	1,486	3,338	—	46,409
Virginia College Building Authority					
(21st Century)	1,885,221	1,190,029	134,855	(15,145)	2,925,250
Virginia College Building Authority					
(Equipment Program)	83,000	169,875	—	—	252,875
Subtotal Section 9(d) Debt	4,798,089	2,230,274	442,668	(57,265)	6,528,430
Total Authorized and Unissued					
Tax-Supported Debt	<u>\$ 5,364,732</u>	<u>\$ 2,509,744</u>	<u>\$ 496,993</u>	<u>\$ (63,761)</u>	<u>\$ 7,313,722</u>

Tax-Supported Debt – Annual Debt Service Requirements [1]

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Fiscal Year Ending June 30	General Obligation Debt Sections 9(a), 9(b) and 9(c)			Other Tax-Supported Debt Section 9(d) [1] [2]		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 108,995	\$ 47,797	\$ 156,792	\$ 622,782	\$ 400,321	\$ 1,023,103
2022	104,880	42,628	147,508	610,245	376,505	986,750
2023	107,720	37,810	145,530	605,295	348,291	953,586
2024	107,830	32,877	140,707	611,371	320,283	931,654
2025	100,210	28,048	128,258	595,619	291,730	887,349
2026	95,355	23,662	119,017	590,214	264,257	854,471
2027	87,570	19,455	107,025	569,791	238,032	807,823
2028	72,735	15,445	88,180	565,665	212,673	778,338
2029	58,590	12,471	71,061	569,030	186,634	755,664
2030	51,765	10,027	61,792	559,400	160,834	720,234
2031	47,945	7,902	55,847	519,970	135,272	655,242
2032	37,705	6,036	43,741	502,160	112,840	615,000
2033	37,645	4,768	42,413	453,590	92,965	546,555
2034	30,710	3,407	34,117	445,940	74,628	520,568
2035	23,960	2,335	26,295	407,350	57,014	464,364
2036	16,705	1,480	18,185	333,900	41,787	375,687
2037	9,165	880	10,045	266,970	29,651	296,621
2038	9,170	572	9,742	164,480	20,179	184,659
2039	5,490	259	5,749	170,435	14,225	184,660
2040	1,785	84	1,869	103,950	8,383	112,333
2041	—	—	—	83,945	4,784	88,729
2042	—	—	—	38,605	2,180	40,785
2043	—	—	—	23,475	785	24,260
Subtotal	1,115,930	297,943	1,413,873	9,414,182	3,394,253	12,808,435
Add						
Accretion on						
Capital Appreciation						
Bonds	—	—	—	27,530	—	27,530
Add						
Unamortized						
Premium	112,507	—	112,507	1,034,100	—	1,034,100
Less						
Unamortized						
Discount	—	—	—	(72)	—	(72)
Total	\$ 1,228,437	\$ 297,943	\$ 1,526,380	\$ 10,475,740	\$ 3,394,253	\$ 13,869,993

[1] Includes Fairfax County Economic Development Authority. Does not include other capital leases, installment purchase obligations, regional jail reimbursements under the original treasury board program, compensated absences, pension liability, OPEB liability, pollution remediation liability and other liabilities.

[2] Includes principal amount of \$5,857,764 (dollars in thousands) for the primary government, net of accretion on capital appreciation and unamortized premiums and discounts.

Total		
Principal	Interest	Total
\$ 731,777	\$ 448,118	\$ 1,179,895
715,125	419,133	1,134,258
713,015	386,101	1,099,116
719,201	353,160	1,072,361
695,829	319,778	1,015,607
685,569	287,919	973,488
657,361	257,487	914,848
638,400	228,118	866,518
627,620	199,105	826,725
611,165	170,861	782,026
567,915	143,174	711,089
539,865	118,876	658,741
491,235	97,733	588,968
476,650	78,035	554,685
431,310	59,349	490,659
350,605	43,267	393,872
276,135	30,531	306,666
173,650	20,751	194,401
175,925	14,484	190,409
105,735	8,467	114,202
83,945	4,784	88,729
38,605	2,180	40,785
23,475	785	24,260
10,530,112	3,692,196	14,222,308
27,530	—	27,530
1,146,607	—	1,146,607
(72)	—	(72)
\$ 11,704,177	\$ 3,692,196	\$ 15,396,373

Tax-Supported Debt – Detail of Long-term Indebtedness (1)

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2019 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2020	Maturity
General Obligation Debt					
Section 9(b) Debt (Primary Government):					
Public Facilities Bonds					
Series 2009 Refunding	\$ 121,765	\$ 59,435	\$ (59,435)	\$ —	
Series 2009 Taxable BABs	45,000	23,715	(23,715)	—	
Series 2012A Refunding	71,065	37,270	(2,390)	34,880	06/01/21-24
Series 2013 Refunding	128,250	105,640	(10,540)	95,100	06/01/21-27
Series 2015	102,520	90,015	(9,140)	80,875	06/01/21-28
Series 2016B Refunding	39,695	39,695	(3,860)	35,835	06/01/21-29
Series 2019B Refunding	56,295	—	37,085	37,085	06/01/21-22
Series 2019C Refunding	10,535	—	9,165	9,165	06/01/21-29
Unamortized Premium	—	46,103	(8,109)	37,994	
Total Public Facilities Bonds	575,125	401,873	(70,939)	330,934	
Total Section 9(b) Debt	575,125	401,873	(70,939)	330,934	
Section 9(c) Debt					
Higher Educational Institution bonds (Component Units)					
Series 2009 Bonds					
Christopher Newport University					
Residence Hall '01 Refunded Portion	1,878	1,814	(1,814)	—	
The College of William and Mary					
Dining Commons Hall Renovation '05 Refunded Portion	3,200	1,715	(1,715)	—	
Dormitory Renovations '06B Refunded Portion	1,270	800	(800)	—	
Dormitory Renovations '02 Refunded	2,582	1,045	(1,045)	—	
Dormitory Renovations '05 Refunded	1,940	1,040	(1,040)	—	
Dormitory Renovations '01 Refunded Portion	384	371	(371)	—	
George Mason University					
Housing Building V '01 Refunded Portion	6,267	6,088	(6,088)	—	
Housing Building V '02 Refunded Portion	4,448	1,795	(1,795)	—	
Student Housing Construction VII '05 Refunded	6,630	3,555	(3,555)	—	
Student Housing Construction VII '06B Refunded	8,230	5,175	(5,175)	—	
James Madison University					
Bluestone Dorm Phase II '01 Refunded Portion	458	442	(442)	—	
Renovate Bluestone Res Hall III '06B Refunded Portion	1,750	1,100	(1,100)	—	
Renovate Bluestone Dorms '02 Refunded Portion	1,048	422	(422)	—	
Renovate Bluestone Dorms II '02 Refunded Portion	1,089	437	(437)	—	
Longwood University					
Housing Facilities Renovations '05 Refunded Portion	1,340	720	(720)	—	
Renovate Housing Facilities '06B Refunded Portion	1,655	1,040	(1,040)	—	
Old Dominion University					
Construct Residence Hall Ph II '06B Refunded Portion	2,465	1,550	(1,550)	—	
Housing Renovations '02 Refunded Portion	1,319	533	(533)	—	
Housing Renovations Ph I '05 Refunded Portion	1,625	870	(870)	—	
University of Mary Washington					
Residence Hall Renovation '01 Refunded Portion	153	147	(147)	—	
Seacobeck Dining Hall '05 Refunded Portion	1,625	870	(870)	—	
University of Virginia					
Residence Hall Monroe Lane '01 Refunded Portion	368	356	(356)	—	
Virginia Military Institute					
Crozet Hall & Parking '04A Refunded Portion	4,242	2,115	(2,115)	—	
Virginia Polytechnic Institute and State University					
Parking Aux Projects '06B Refunded Portion	190	120	(120)	—	
Renovate Dietrick Servery Ph II '04A Refunded Portion	1,891	945	(945)	—	
Virginia State University					
Construct Residence Hall '06B Refunded Portion	4,965	3,120	(3,120)	—	
Construct Dining Hall '06B Refunded Portion	1,280	805	(805)	—	
Subtotal Series 2009 Bonds	64,292	38,990	(38,990)	—	
Series 2010 Bonds					
Christopher Newport University					
Construct Residence Hall	34,480	28,045	(1,005)	27,040	06/01/21-40

Series	Amount issued	Outstanding June 30, 2019 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2020	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units)					
<i>(continued)</i>					
Series 2010 Bonds (continued)					
The College of William and Mary					
Construct New Dormitory	2,010	1,250	(100)	1,150	06/01/21-30
Renovate Residence Halls	4,440	2,745	(220)	2,525	06/01/21-30
George Mason University					
Housing VIII	39,420	29,710	(1,520)	28,190	06/01/21-35
Renovate Commons	1,325	875	(70)	805	06/01/21-30
Renovate Student Housing, President's Park II	2,790	335	(335)	—	
Smithsonian CRC Housing	5,415	4,080	(210)	3,870	06/01/21-35
James Madison University					
Renovate Bluestone Dormitories, Phase IV	14,890	9,215	(745)	8,470	06/01/21-30
Old Dominion University					
Renovate Student Housing, Phase I	1,975	1,220	(100)	1,120	06/01/21-30
Virginia Commonwealth University					
Construct West Grace Housing and Parking Phase I	29,130	21,935	(1,125)	20,810	06/01/21-35
Virginia Polytechnic Institute and State University					
Construct Academic and Student Affairs Building	34,650	21,935	(1,770)	20,165	06/01/21-30
Parking Auxiliary Projects	745	460	(35)	425	06/01/21-30
Subtotal Series 2010 Bonds	171,270	121,805	(7,235)	114,570	
Series 2011 Bonds					
Christopher Newport University					
Renovate Santoro Residence Hall	4,100	980	(485)	495	06/01/21
The College of William and Mary					
Construct New Dormitory	14,400	10,240	(675)	9,565	06/01/21-31
George Mason University					
Housing VIII	20,230	16,210	(650)	15,560	06/01/21-36
Presidential Park Housing Renovation	2,700	675	(335)	340	06/01/21
Renovate Commons	14,350	10,605	(695)	9,910	06/01/21-31
Smithsonian CRC Housing	4,070	3,340	(135)	3,205	06/01/21-36
Student Housing VII-C	1,045	860	(35)	825	06/01/21-36
Virginia Commonwealth University					
West Grace Housing - North	25,830	21,240	(845)	20,395	06/01/21-36
Virginia Polytechnic Institute and State University					
Renovate Ambler Johnston Hall	18,860	13,395	(875)	12,520	06/01/21-31
Virginia State University					
Construct Gateway Residence Hall Phase II	34,735	24,135	(1,590)	22,545	06/01/21-31
Construct Quad Phase II	28,555	21,120	(1,380)	19,740	06/01/21-31
Subtotal Series 2011 Bonds	168,875	122,800	(7,700)	115,100	
Series 2012 Bonds					
The College of William and Mary					
Dining Commons Hall Renovation 2005 Refunding	1,289	1,289	—	1,289	06/01/23-24
Dorm Renovation - 2005 Refunding	779	779	—	779	06/01/23-24
George Mason University					
Student Housing Construction, VII - 2005 Refunding	2,674	2,674	—	2,674	06/01/23-24
Longwood University					
Housing Facilities Renovation - 2005 Refunding	545	545	—	545	06/01/23-24
Old Dominion University					
Housing Renovation, Phase I - 2005 Refunding	655	655	—	655	06/01/23-24

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Tax-Supported Debt – Detail of Long-term Indebtedness (1) (Continued from previous page)

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Series	Amount issued	Outstanding June 30, 2019 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2020	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2012 Bonds (continued)					
University of Mary Washington					
Seacobeck Dining Hall - 2005 Refunding	655	655	—	655	06/01/23-24
Virginia Military Institute					
Crozet Hall & Parking - 2004A Refunding	3,019	2,489	—	2,489	06/01/23-25
Virginia Polytechnic Institute and State University					
Renovate Dietrick Servery - 2004A Refunding	942	705	—	705	06/01/23-24
Subtotal Series 2012 Bonds	10,558	9,791	—	9,791	
Series 2013 Bonds					
The College of William and Mary					
Construct New Dormitory	8,770	6,820	(380)	6,440	06/01/21-33
Dining Commons Hall Renovation - 2005A Ref Portion	1,831	1,389	—	1,389	06/01/25-26
Dorm Renovations - 2005A Ref Portion	1,113	844	—	844	06/01/25-26
Dorm Renovations - 2006B Ref Portion	1,412	1,201	—	1,201	06/01/23-26
Renovate Dormitory	4,660	3,625	(205)	3,420	06/01/21-33
George Mason University					
Construct Student Housing VII & Entrance Rd - 2007B Ref Portion	4,579	4,012	(596)	3,416	06/01/21-25
Construct Student Housing VII - 2007B Refunded Portion	584	512	(77)	435	06/01/21-25
Construct Student Housing VII - 2006B Refunded Portion	9,187	7,822	—	7,822	06/01/23-26
Student Housing Construction, VII - 2005A Ref Portion	10,504	9,533	—	9,533	06/01/25-30
James Madison University					
Construct Dining Hall - 2007B Refunded Portion	8,207	7,188	(1,066)	6,122	06/01/21-25
Renovate Bluestone Residence Hall, Ph 3 - 2007B Ref Portion	893	784	(115)	669	06/01/21-25
Renovate Residence Hall - 2006B Refunded Portion	1,953	1,665	—	1,665	06/01/23-26
Longwood University					
Housing Facility Renovation - 2005A Refunded Portion	472	286	—	286	06/01/25
Renovate Cox Hall - 2007B Refunded Portion	2,461	2,156	(322)	1,834	06/01/21-25
Renovate Housing Facilities - 2006B Refunded Portion	1,852	1,578	—	1,578	06/01/23-26
Old Dominion University					
Construct Residence Hall, Ph II - 2007B Refunded Portion	6,344	5,559	(826)	4,733	06/01/21-25
Construct Residence Hall, Ph II - 2006B Refunded Portion	2,761	2,352	—	2,352	06/01/23-26
Housing Renovations, Ph I - 2005A Refunded Portion	570	349	—	349	06/01/25
Radford University					
Washington Hall	5,040	3,920	(220)	3,700	06/01/21-33
University of Mary Washington					
Seacobeck Dining Hall - 2005A Refunded Portion	565	344	—	344	06/01/25
Virginia Commonwealth University					
Monroe Park Housing - 2007B Refunded Portion	3,252	2,847	(423)	2,424	06/01/21-25
Virginia Polytechnic Institute and State University					
Construct New Residence Hall - 2007A Refunded Portion	7,842	7,115	(758)	6,357	06/01/21-27
Improve Residence and Dining Halls - 2007A Refunded Portion	3,576	3,243	(346)	2,897	06/01/21-27
Parking Projects - 2006B Refunded Portion	217	183	—	183	06/01/23-26
Virginia State University					
Construct Dining Hall - 2006B Refunded Portion	1,431	1,219	—	1,219	06/01/23-26
Construct Residence Hall - 2007A Refunded Portion	1,132	1,028	(111)	917	06/01/21-27
Construct Residence Halls - 2006B Refunded Portion	5,541	4,719	—	4,719	06/01/23-26
Construct Two Residence Halls - 2007B Refunded Portion	11,231	9,837	(1,460)	8,377	06/01/21-25
Subtotal Series 2013 Bonds	107,980	92,130	(6,905)	85,225	
Series 2014 Bonds					
Christopher Newport University					
New Residence Hall - 2004B Refunded Portion	8,147	1,560	(1,560)	—	
College Of William and Mary					
Renovate Dormitories - 2004B Refunding Portion	1,666	321	(321)	—	
Renovate Dormitories	9,005	7,455	(365)	7,090	06/01/21-34

Series	Amount issued	Outstanding June 30, 2019 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2020	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units)					
<i>(continued)</i>					
Series 2014 Bonds (continued)					
George Mason University					
Housing Building V - 2004B Refunding Portion	6,306	1,207	(1,207)	—	
Student Housing VIII	2,235	1,850	(90)	1,760	06/01/21-34
James Madison University					
Bluestone Dormitory Phase II- 2004B Refunding Portion	1,985	381	(381)	—	
Student Housing Phase I	46,660	38,635	(1,890)	36,745	06/01/21-34
Radford University					
Renovate Residence Halls	11,080	9,175	(450)	8,725	06/01/21-34
University of Mary Washington					
Residence Hall Renovation - 2004B Refunding Portion	656	124	(124)	—	
University of Virginia					
Residence Hall - Monroe Lane - 2004B Refunding Portion	1,595	307	(307)	—	
Subtotal Series 2014 Bonds	89,335	61,015	(6,695)	54,320	
Series 2015 Bonds					
Christopher Newport University					
Construct Residential Housing	18,860	16,870	(730)	16,140	06/01/21-35
Expand Dining Hall	8,960	8,010	(345)	7,665	06/01/21-35
College of William and Mary					
Renovate Graduate St. - 2008B Ref Portion	1,482	1,365	(121)	1,244	06/01/21-28
Renovate Dormitories	10,980	9,530	(410)	9,120	06/01/21-35
George Mason University					
Construct Housing VII & Entrance Road - 2007B Ref Portion	6,817	6,255	—	6,255	06/01/26-32
Construct Student Housing VII - 2006B Refunding Portion	11,765	11,765	—	11,765	06/01/27-31
Construct Student Housing VII - 2007B Refunding Portion	854	781	—	781	06/01/26-32
Renovate President Park, Phase II - 2008B Refunding Portion	1,999	1,838	(165)	1,673	06/01/21-28
Student Housing VII - 2008B Refunding Portion	1,366	1,302	(68)	1,234	06/01/21-33
Student Housing VII - C - 2008B Refunding Portion	17,566	16,734	(867)	15,867	06/01/21-33
James Madison University					
Construct Dining Hall - 2007B Refunding Portion	3,650	2,649	—	2,649	06/01/26-27
Construct New Residence Hall - 2008B Refunding Portion	11,695	10,761	(973)	9,788	06/01/21-28
Renovate Bluestone Residence Hall, Ph 3 - 2007B Ref Portion	403	291	—	291	06/01/26-27
Longwood University					
Renovate Cox Hall - 2007B Refunding Portion	1,089	791	—	791	06/01/26-27
Renovate Cox Hall - 2008B Refunding Portion	2,785	2,560	(233)	2,327	06/01/21-28
Old Dominion University					
Construct Residence Hall, Phase II - 2007B Refunding Portion	2,827	2,050	—	2,050	06/01/26-27
Quad Housing Phase II - 2008B Refunding Portion	24,074	22,151	(2,000)	20,151	06/01/21-28
Radford University					
Renovate Residence Halls	8,820	7,655	(330)	7,325	06/01/21-35
Virginia Commonwealth University					
Monroe Park Housing - 2007B Refunding Portion	6,806	6,411	—	6,411	06/01/26-37

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Tax-Supported Debt – Detail of Long-term Indebtedness (1) (Continued from previous page)

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Series	Amount issued	Outstanding June 30, 2019 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2020	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2015 Bonds (continued)					
Virginia Polytechnic Institute and State University					
New Residence Hall - 2008B Refunding Portion	10,671	9,820	(886)	8,934	06/01/21-28
Parking Auxiliary Project - 2008B Refunding Portion	921	848	(77)	771	06/01/21-28
Virginia State University					
Construct Two Residence Halls - 2007B Refunding Portion	4,995	3,623	—	3,623	06/01/26-27
Subtotal Series 2015 Bonds	159,385	144,060	(7,205)	136,855	
Series 2016 Bonds					
Christopher Newport University					
Dorm & Dining Hall 1996 Ref - 2006A Refunding Portion	750	310	(150)	160	06/01/21
George Mason University					
Housing VIII - 09B Refunding Portion	6,230	6,230	(300)	5,930	06/01/21-34
Student Housing VII-C - 2009B Refunding Portion	6,190	6,190	(295)	5,895	06/01/21-34
James Madison University					
Construct Dining Hall	53,700	49,070	(1,970)	47,100	06/01/21-36
Norfolk State University					
Renovate and Upgrade Dormitories	7,875	6,860	(435)	6,425	06/01/21-31
Radford University					
Renovate Residence Halls	7,160	6,540	(260)	6,280	06/01/21-36
Richard Bland College					
Convert Humanities & Social Science Building to Student Housing	2,465	2,290	(90)	2,200	06/01/21-36
Virginia Polytechnic Institute and State University					
Improve Residence & Dining Halls - 2009B Refunding Portion	2,310	2,310	(185)	2,125	06/01/21-29
Parking Structure - 2009B Refunding Portion	18,890	18,890	(905)	17,985	06/01/21-34
Renovate Ambler Johnston Hall - 2009 B Refunding Portion	24,200	24,200	(1,930)	22,270	06/01/21-29
Subtotal Series 2016 Bonds	129,770	122,890	(6,520)	116,370	
Series 2018 Bonds					
College of William & Mary					
Renovate Dormitories	13,405	13,065	(440)	12,625	06/01/21-38
James Madison University					
Construct Dining Hall	16,785	16,360	(555)	15,805	06/01/21-38
Construct Phillips Dining	24,515	23,895	(810)	23,085	06/01/21-38
Norfolk State University					
Construct Residential Housing	52,185	52,185	(2,670)	49,515	06/01/21-33
Subtotal Series 2018 Bonds	106,890	105,505	(4,475)	101,030	
Series 2019 Bonds					
Christopher Newport University					
Residential Hall 2009C Refunding - 2001 Refunding	1,720	—	1,720	1,720	06/01/21
College of William & Mary					
Dining Hall Renovation 2009 Refunding - 2005 Refunding	1,575	—	1,065	1,065	06/01/21-22
Dorm Renovation 2009C Refunding - 2002 Refunding	990	—	680	680	06/01/21-22
Dorm Renovation 2009D Refunding - 2005 Refunding	830	—	560	560	06/01/21-22
Dorm Renovation 2009D Refunding - 2006B Refunding	760	—	510	510	06/01/21-22
Renovate Dorm 2009C Refunding - 2001 Refunding	350	—	350	350	06/01/21
Renovate Dormitories	2,625	—	2,550	2,550	06/01/21-39
Renovate Dormitories	2,235	—	2,175	2,175	06/01/21-39

Series	Amount issued	Outstanding June 30, 2019 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2020	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2019 Bonds (continued)					
George Mason University					
Housing Building V 2009C Refunding - 2001 Refunding	5,645	—	5,595	5,595	06/01/21-24
Housing Building V 2009C Refunding - 2002 Refunding	1,690	—	1,160	1,160	06/01/21-22
Student Housing VII 2009D Refunding - 2005 Refunding	3,345	—	2,260	2,260	06/01/21-22
Student Housing VII 2009D Refunding - 2006B Refunding	4,890	—	3,305	3,305	06/01/21-22
James Madison University					
Bluestone Dorm Phase II 2009C Refunding - 2001 Refunding	420	—	420	420	06/01/21
Renovate Bluestone Residential Hall Phase III 2009D Refunding	1,040	—	700	700	06/01/21-22
Renovate Bluestone Dorm 2009C Refunding - 2002 Refunding	400	—	270	270	06/01/21-22
Renovate Bluestone Dorm II 2009C Refunding - 2002 Refunding	410	—	280	280	06/01/21-22
Longwood University					
Housing Facility Renovation 2009D Refunding - 2005 Refunding	680	—	460	460	06/01/21-22
Renovate Housing Facility 2009D Refunding - 2006B Refunding	985	—	660	660	06/01/21-22
Old Dominion University					
New Residential Halls, Phase 1	49,465	—	48,110	48,110	06/01/21-39
Housing Renovation 2009C Refunding - 2002 Refunding	500	—	345	345	06/01/21-22
Housing Renovation Phase I 2009D Refunding - 2005 Refunding	755	—	510	510	06/01/21-22
Residence Hall Phase II 2009D Refunding - 2006B Refunding	1,465	—	995	995	06/01/21-22
University of Mary Washington					
Residential Hall Renovation 2009C Refunding - 2001 Refunding	140	—	140	140	06/01/21
Seacobeck Dining Hall 2009D Refunding	810	—	550	550	06/01/21-22
University of Virginia					
Residential Hall 2009C Refunding - 2001 Refunding	335	—	335	335	06/01/21
Virginia Military Institute					
Crozet Hall Parking 2009D Refunding - 2004A Refunding	2,000	—	1,355	1,355	06/01/21-22
Virginia Polytechnic Institute and State University					
Parking Auxiliary 2009D Refunding - 2006B Refunding	115	—	75	75	06/01/21-22
Renovate Dietrick Phase II 2009D Refunding - 2004A Refunding	895	—	605	605	06/01/21-22
Virginia State University					
Dining Hall 2009D Refunding - 2006B Refunding	765	—	515	515	06/01/21-22
Residential Hall 2009D Refunding - 2006B Refunding	2,950	—	2,010	2,010	06/01/21-22
Subtotal Series 2019 Bonds	90,785	—	80,265	80,265	
Unamortized Premium	—	74,120	(809)	73,311	
Subtotal Higher Educational Institution Bonds					
	1,099,140	893,106	(6,269)	886,837	

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Tax-Supported Debt – Detail of Long-term Indebtedness (1) (Continued from previous page)

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Series	Amount issued	Outstanding June 30, 2019 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2020	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Transportation Facilities Bonds (Primary Government)					
Series 2016, Coleman Refunding 1996 Ref - 2006A Refunding Portion	13,185	5,500	(2,685)	2,815	06/01/21
Unamortized Premium	—	561	(293)	268	
Subtotal Transportation Facilities					
Bonds	13,185	6,061	(2,978)	3,083	
Parking Facilities Bonds (Primary Government)					
Series 2009 Refunding	2,122	1,060	(1,060)	—	
Series 2012 Refunding (2004A Ref)	1,061	794	—	794	06/01/23-24
Series 2016 Refunding - 2009B Refunding Portion	5,625	5,625	(450)	5,175	06/01/21-29
Series 2019B Refunding (2009D Ref)	680	—	680	680	06/01/21-22
Unamortized Premium	—	1,088	(154)	934	
Subtotal Parking Facilities					
Bonds	9,488	8,567	(984)	7,583	
Total Section 9(c) Debt	1,121,813	907,734	(10,231)	897,503	
Total General Obligation Debt	1,696,938	1,309,607	(81,170)	1,228,437	
Nongeneral Obligation Debt					
Section 9(d) Debt					
Virginia Public Building Authority Bonds (Primary Government)					
Series 2005D	50,000	50,000	(50,000)	—	
Series 2009A	40,995	12,885	(4,045)	8,840	08/01/20-21
Series 2009B	265,000	16,380	(16,380)	—	
Series 2009C	10,000	3,020	(955)	2,065	08/01/20-21
Series 2009D Refunding	42,745	10,840	(10,840)	—	
Series 2010A2 BABs	256,710	213,900	(198,655)	15,245	08/01/20
Series 2010B2 Taxable BABs	195,310	191,285	(13,695)	177,590	08/01/20-30
Series 2010B3 Refunding	50,780	39,850	(9,065)	30,785	08/01/20-22
Series 2011A	280,000	37,725	(11,950)	25,775	08/01/20-21
Series 2011B	18,500	13,270	(830)	12,440	08/01/20-31
Series 2012A Refunding	72,415	48,930	(4,365)	44,565	08/01/20-24
Series 2013A	143,400	86,345	(5,670)	80,675	08/01/20-33
Series 2013B Refunding	72,370	72,370	(14,050)	58,320	08/01/20-23
Series 2014A	132,875	100,865	(4,965)	95,900	08/01/20-34
Series 2014B Taxable	29,735	24,890	(1,250)	23,640	08/01/20-34
Series 2014C Refunding	298,390	186,540	(17,920)	168,620	08/01/20-27
Series 2015A	232,980	210,450	(8,290)	202,160	08/01/20-35
Series 2015B Refunding	134,730	95,925	(12,495)	83,430	08/01/20-28
Series 2016A	206,420	193,090	(7,180)	185,910	08/01/20-36
Series 2016B Refunding	178,955	177,880	—	177,880	08/01/20-29
Series 2016C AMT	147,420	138,375	(4,860)	133,515	08/01/20-36
Series 2016D Taxable	13,830	12,715	(565)	12,150	08/01/20-36
Series 2017A Refunding	145,325	145,325	—	145,325	08/01/22-31

Series	Amount issued	Outstanding June 30, 2019 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2020	Maturity
Nongeneral Obligation Debt (continued)					
Section 9(d) Debt (continued)					
Virginia Public Building Authority Bonds (Primary Government) (continued)					
Series 2018A	160,605	160,605	(4,890)	155,715	08/01/20-38
Series 2018B Taxable	17,400	17,400	(595)	16,805	08/01/20-38
Series 2019A	178,105	178,105	—	178,105	08/01/20-39
Series 2019B Taxable	133,805	133,805	—	133,805	08/01/20-39
Series 2019C AMT	25,040	25,040	—	25,040	08/01/20-24
Series 2020A	204,180	—	204,180	204,180	08/01/21-40
Series 2020B	204,770	—	204,770	204,770	08/01/20-30
Series 2020C	100,295	—	100,295	100,295	08/01/21-40
Unamortized Premium	—	265,850	58,803	324,653	
Total Virginia Public Building Authority Bonds	4,043,085	2,863,660	164,538	3,028,198	
Virginia College Building Authority Bonds (Component Unit)					
21st Century College Program					
Series 2009E Refunding	208,860	110,220	(21,465)	88,755	02/01/21-24
Series 2009F2 Taxable BABs	390,575	287,955	(287,955)	—	
Series 2010B2 Taxable BABs	290,600	222,985	(17,760)	205,225	02/01/21-30
Series 2011A	272,515	19,555	(9,750)	9,805	02/01/21
Series 2012A	335,075	96,130	(12,190)	83,940	02/01/21-32
Series 2012B	349,255	184,710	(15,180)	169,530	02/01/21-33
Series 2013A	331,705	143,730	(19,545)	124,185	02/01/21-34
Series 2014A	319,155	175,340	(19,010)	156,330	02/01/21-34
Series 2014B	27,985	6,020	(1,135)	4,885	02/01/25
Series 2015A	373,230	205,230	(16,010)	189,220	02/01/21-35
Series 2015B Refunding	204,880	192,570	(7,980)	184,590	02/01/21-27
Series 2015C Taxable	6,785	1,455	(1,455)	—	
Series 2015D1	233,300	204,375	(5,800)	198,575	02/01/21-35
Series 2015D2	56,765	28,540	(9,055)	19,485	02/01/21-22
Series 2016A	360,485	307,465	(17,655)	289,810	02/01/21-36
Series 2016 B Refunding	49,300	49,300	—	49,300	02/01/28-29
Series 2016C	39,980	28,495	(3,865)	24,630	02/01/21-26
Series 2017A	75,100	56,275	(9,040)	47,235	02/01/21-24
Series 2017B Refunding	173,295	145,125	(12,595)	132,530	02/01/21-28
Series 2017C	492,730	460,720	(11,720)	449,000	02/01/21-37
Series 2017D Taxable	99,915	80,650	(9,290)	71,360	02/01/21-27
Series 2017E Refunding	560,555	548,980	(14,035)	534,945	02/01/22-32
Series 2018A	75,685	65,290	(9,600)	55,690	02/01/21-25
Series 2019A	513,245	513,245	(29,550)	483,695	02/01/21-39
Series 2019B	134,855	—	134,855	134,855	02/01/21-39
Series 2019C	224,570	—	224,570	224,570	02/01/21-30
Unamortized Premium	—	432,412	20,042	452,454	
Total Virginia College Building Authority Bonds	6,200,400	4,566,772	(182,173)	4,384,599	

Continued on next page

Tax-Supported Debt – Detail of Long-term Indebtedness (1) (Continued from previous page)

For the Fiscal Year Ended June 30, 2020

(Dollars in Thousands)

Series	Amount issued	Outstanding June 30, 2019 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2020	Maturity
Nongeneral Obligation Debt (continued)					
Section 9(d) Debt (continued)					
Transportation Debt (Primary Government)					
Route 28 Refunding Bonds	111,680	68,628	(5,551)	63,077	04/01/21-32
Transportation Revenue Bonds (U.S. Route 58)	195,245	101,045	(21,680)	79,365	05/15/21-26
Northern Virginia Transportation District Program	198,305	101,685	(16,630)	85,055	05/15/21-34
Oak Grove Connector (Chesapeake)	10,100	5,415	(1,720)	3,695	05/15/21-22
Capital Projects	3,427,165	2,418,120	(84,000)	2,334,120	05/15/21-43
Unamortized Premium	—	271,688	(23,058)	248,630	
Total Section 9(d) Transportation Debt	3,942,495	2,966,581	(152,639)	2,813,942	
Virginia Port Authority Debt (Component Unit)					
Series 2012	108,015	69,230	(6,835)	62,395	07/01/20-27
Series 2012B	45,230	34,840	(2,855)	31,985	07/01/20-29
Series 2012C	4,795	4,795	—	4,795	07/01/29-30
Series 2015	58,680	58,680	—	58,680	07/01/28-31, 37-40
Series 2018	60,345	60,345	(395)	59,950	07/01/20-36
Unamortized Premium	—	6,224	(321)	5,903	
Total Virginia Port Authority Debt	277,065	234,114	(10,406)	223,708	
Virginia Biotechnology Research Partnership					
Authority (Component Unit)					
Series 2009	91,010	13,255	(4,200)	9,055	09/01/20-21
Unamortized Premium	—	965	(351)	614	
Total Virginia Biotechnology Research Partnership	91,010	14,220	(4,551)	9,669	
Economic Development Authority Obligations					
Series 2009	55,875	20,645	(6,795)	13,850	05/15/20-22
Unamortized Premium	—	2,721	(947)	1,774	
Total Economic Development Authority Obligations	55,875	23,366	(7,742)	15,624	
Total Section 9(d) Debt	14,609,930	10,668,713	(192,973)	10,475,740	
Nongeneral Obligation Debt and Other Obligations					
Other Long-term Debt (2)					
Capital Leases	—	38,392	(3,074)	35,318	
Installment Purchase Obligations	—	170,190	45,969	216,159	
Total Other Long-term Debt	—	208,582	42,895	251,477	
Other Long-term Obligations					
Compensated Absences	—	666,786	20,687	687,473	
Net Pension Liability	—	6,254,976	1,039,400	7,294,376	
Net OPEB Liability	—	1,581,386	63,076	1,644,462	
Total OPEB Liability	—	985,598	(320,499)	665,099	
Other	—	40,752	(2,014)	38,738	
Total Other Long-term Obligations	—	9,529,498	800,650	10,330,148	
Total Nongeneral Obligation Debt and Other Obligations	14,609,930	20,406,793	650,572	21,057,365	
Total Tax-Supported Debt and Other Obligations	\$ 16,306,868	\$ 21,716,400	\$ 569,402	\$ 22,285,802	

 (1) Pursuant to GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Governmental Activities include internal service funds.

(2) As discussed in Note 27, beginning balances have been restated.

STATISTICAL SECTION

The financial presentations included in this section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commonwealth's overall financial health.

Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

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These schedules contain trend information to help the reader understand how the Commonwealth's financial performance and well-being have changed over time.	
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These schedules contain information about the Commonwealth's operations and resources to help the reader understand how the Commonwealth's financial information relates to the services the Commonwealth provides and the activities it performs.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	



Financial Trends

Ten-Year Schedule of Revenues and Expenditures – Modified Accrual Basis
General Governmental Revenues by Source and Expenditures by Function

For Fiscal Year Ended June 30

(Dollars in Millions)

	2020	2019	2018	2017
Tax Revenues:				
Individual and Fiduciary Income	\$ 15,664	\$ 14,836	\$ 14,141	\$ 13,070
Sales and Use	5,726	5,457	5,277	5,089
Motor Fuels	1,098	1,084	1,032	997
Corporation Income	1,059	920	875	806
Public Service Corporations	110	112	112	108
Motor Vehicle Sales and Use	941	972	935	948
Communications Sales and Use	347	359	383	395
Gross Premiums of Insurance Companies	544	552	508	504
Alcoholic Beverage Sales	194	174	161	154
Deeds, Contracts, Wills, and Suits	554	443	505	503
Beer and Beverage Excise	42	42	42	42
Estate	—	—	1	8
Tobacco Products	162	151	161	170
Bank Stock	27	30	24	22
Wine and Spirits/ABC Liter	30	29	29	27
Other Taxes	816	515	133	120
Total Tax Revenues	27,314	25,676	24,319	22,963
Other Revenues:				
Federal Grants and Contracts	22,067	11,999	10,537	10,392
Institutional Revenue	164	210	233	241
Sales of Property and Commodities	93	33	54	40
Rights and Privileges	1,135	1,129	1,081	1,021
Interest, Dividends, and Rents	369	360	159	146
Fines, Forfeitures, Costs, Penalties and Escheats	327	362	343	354
Assessments	158	151	150	137
Other Revenues	1,459	1,020	1,849	1,101
Total Other Revenues	25,772	15,264	14,406	13,432
Total Revenues	\$ 53,086	\$ 40,940	\$ 38,725	\$ 36,395
Percentage Increase Over Previous Year	29.7 %	5.7 %	6.4 %	3.7 %
Expenditures by Function:				
Education	\$ 10,868	\$ 10,448	\$ 10,129	\$ 9,816
Administration of Justice	3,172	3,086	3,044	2,875
Individual and Family Services	24,141	16,954	15,641	14,805
Resources and Economic Development	1,107	1,015	926	981
Transportation	5,542	5,455	6,015	5,732
General Government (1)	4,334	3,522	3,420	3,385
Capital Outlay	848	616	504	381
Total Expenditures	\$ 50,012	\$ 41,096	\$ 39,679	\$ 37,975
Percentage Increase Over Previous Year	21.7 %	3.6 %	4.5 %	2.8 %

(1) General Government expenditure amounts include debt service principal retirement and interest charges.

Source: Department of Accounts

2016	2015	2014	2013	2012	2011
\$ 12,652	\$ 12,248	\$ 11,659	\$ 11,378	\$ 10,714	\$ 10,050
4,984	4,832	4,606	3,935	3,866	3,674
977	887	793	879	900	903
773	797	774	778	950	827
108	119	119	116	115	113
910	846	781	582	538	495
405	416	422	425	425	556
490	454	449	396	391	412
148	140	132	127	121	114
471	441	395	436	371	335
43	43	43	43	44	44
—	—	—	—	—	2
176	179	182	182	195	175
18	19	23	20	19	25
26	26	26	25	24	23
115	110	95	78	75	77
22,296	21,557	20,499	19,400	18,748	17,825
9,885	9,727	9,681	9,913	9,933	10,749
267	303	325	360	385	384
56	38	56	35	41	36
977	978	950	957	921	917
134	91	144	83	164	159
347	352	435	366	362	368
137	137	132	125	120	122
995	987	739	824	814	712
12,798	12,613	12,462	12,663	12,740	13,447
\$ 35,094	\$ 34,170	\$ 32,961	\$ 32,063	\$ 31,488	\$ 31,272
2.7 %	3.7 %	2.8 %	1.8 %	0.7 %	5.7 %
\$ 9,373	\$ 9,372	\$ 8,970	\$ 8,886	\$ 8,733	\$ 8,682
2,801	2,690	2,724	2,566	2,422	2,398
14,186	13,421	13,196	13,039	12,682	12,688
915	929	912	876	870	886
5,817	5,348	5,057	4,613	4,474	3,860
3,527	3,261	3,238	3,187	3,007	3,129
331	251	194	219	330	439
\$ 36,950	\$ 35,272	\$ 34,291	\$ 33,386	\$ 32,518	\$ 32,082
4.8 %	2.9 %	2.7 %	2.7 %	1.4 %	2.4 %

Net Position by Component
Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	2020	2019	2018	2017
Governmental Activities:				
Net Investment in Capital Assets (1)	\$ 26,758	\$ 26,032	\$ 25,527	\$ 25,539
Restricted	4,555	2,194	1,918	954
Unrestricted	(1,331)	(3,483)	(5,115)	(5,344)
Total Governmental Activities Net Position	29,982	24,743	22,330	21,149
Business-type Activities:				
Net Investment in Capital Assets (1)	64	40	34	38
Restricted	665	1,485	1,349	1,208
Unrestricted	1,050	947	684	692
Total Business-type Activities Net Position	1,779	2,472	2,067	1,938
Primary Government:				
Net Investment in Capital Assets (1)	26,822	26,072	25,561	25,577
Restricted	5,220	3,679	3,267	2,162
Unrestricted	(281)	(2,536)	(4,431)	(4,652)
Total Primary Government Net Position	\$ 31,761	\$ 27,215	\$ 24,397	\$ 23,087

(1) Beginning with fiscal year 2013, GASB Statement No. 63 changed the title of Invested in Capital Assets, Net of Related Debt to Net Investment in Capital Assets. Balances reported in prior fiscal years were not affected.

Source: Department of Accounts

2016	2015	2014	2013	2012	2011
\$ 24,309	\$ 23,407	\$ 22,317	\$ 20,259	\$ 19,891	\$ 18,320
1,365	1,436	1,465	1,456	1,648	1,171
(5,560)	(5,406)	(2,820)	(1,531)	(2,216)	(1,596)
20,114	19,437	20,962	20,184	19,323	17,895
33	34	12	30	34	35
1,045	845	587	371	179	16
508	500	563	261	143	70
1,586	1,379	1,162	662	356	121
24,342	23,441	22,329	20,289	19,925	18,355
2,410	2,281	2,052	1,827	1,827	1,187
(5,052)	(4,906)	(2,257)	(1,270)	(2,073)	(1,526)
\$ 21,700	\$ 20,816	\$ 22,124	\$ 20,846	\$ 19,679	\$ 18,016

Changes in Net Position
Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	2020	2019	2018	2017
Expenses				
Governmental Activities:				
General Government	\$ 4,017	\$ 3,218	\$ 3,194	\$ 3,119
Education	11,541	11,104	10,731	10,457
Transportation	5,175	4,927	5,240	4,611
Resources and Economic Development	1,158	1,027	971	1,074
Individual and Family Services	24,120	16,566	15,598	14,708
Administration of Justice	3,180	2,946	2,989	2,853
Interest and Charges on Long-term Debt	262	257	167	222
Total Governmental Activities Expenses	49,453	40,045	38,890	37,044
Business-type Activities:				
Virginia Lottery	1,542	1,643	1,521	1,420
Virginia College Savings Plan	56	61	294	206
Unemployment Compensation	1,246	274	323	348
Alcoholic Beverage Control	792	699	666	632
Risk Management	18	15	10	10
Local Choice Health Care	422	473	460	447
Line of Duty	17	18	18	—
Advantage Vanpool Self Insurance Fund	—	—	—	—
Route 460 Funding Corporation of Virginia	—	—	—	—
Virginia Industries for the Blind	52	50	46	53
Consolidated Laboratory	14	11	11	11
eVA Procurement System	22	21	20	21
Department of Environmental Quality Title V	12	10	10	11
Wireless E-911	43	44	43	44
Museum and Library Gift Shops	6	7	8	7
Behavioral Health Canteen and Work Activity	—	—	—	—
Total Business-type Activities Expenses	4,242	3,326	3,430	3,210
Total Primary Government Expenses	\$ 53,695	\$ 43,371	\$ 42,320	\$ 40,254
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 338	\$ 307	\$ 323	\$ 310
Education	633	684	649	608
Transportation	821	827	756	717
Resources and Economic Development	406	400	386	392
Individual and Family Services	258	280	350	345
Administration of Justice	241	299	283	280
Operating Grants and Contributions	21,488	10,927	9,871	9,469
Capital Grants and Contributions	1,463	1,528	1,953	1,642
Total Governmental Activities Program Revenues	25,648	15,252	14,571	13,763

Source: Department of Accounts

2016	2015	2014	2013	2012	2011
\$ 3,230	\$ 3,267	\$ 3,362	\$ 3,019	\$ 2,878	\$ 2,917
10,178	9,845	9,431	9,281	9,181	9,086
4,528	4,369	3,602	3,307	3,030	2,839
1,008	970	940	928	985	1,006
14,024	13,277	13,116	12,941	12,712	12,663
2,922	2,751	2,927	2,760	2,639	2,641
240	224	238	255	229	228
36,130	34,703	33,616	32,491	31,654	31,380
1,415	1,300	1,266	1,194	1,121	1,030
103	155	104	156	96	243
390	431	536	584	640	662
615	580	555	533	507	479
14	10	13	12	13	8
412	350	308	296	267	230
—	—	—	—	—	—
—	—	—	—	—	—
1	13	82	67	—	—
42	43	38	31	32	28
10	9	9	8	7	7
23	23	20	20	19	17
11	10	12	11	11	10
42	37	37	42	41	38
7	7	6	7	6	7
—	—	1	1	1	—
3,085	2,968	2,987	2,962	2,761	2,759
\$ 39,215	\$ 37,671	\$ 36,603	\$ 35,453	\$ 34,415	\$ 34,139
306	297	255	250	255	254
563	545	518	448	397	388
675	691	652	680	645	650
375	379	359	345	393	309
365	366	376	413	429	430
284	316	401	322	323	322
9,147	8,915	8,732	8,820	9,178	9,950
1,467	1,619	1,509	1,754	1,267	1,324
13,182	13,128	12,802	13,032	12,887	13,627

Continued on next page

Changes in Net Position
Accrual Basis of Accounting (Continued from previous page)

Last Ten Fiscal Years
(Dollars in Millions)

	2020	2019	2018	2017
Business-type Activities:				
Charges for Services:				
Virginia Lottery	2,150	2,294	2,140	1,991
Virginia College Savings Plan	95	307	296	404
Unemployment Compensation	372	411	461	513
Alcoholic Beverage Control	1,001	903	845	807
Risk Management	14	13	13	13
Local Choice Health Care	492	482	463	430
Line of Duty	17	18	20	—
Advantage Vanpool Self Insurance Fund	1	—	—	—
Virginia Industries for the Blind	51	51	44	53
Consolidated Laboratory	14	12	12	10
eVA Procurement System	23	21	21	21
Department of Environmental Quality Title V	13	12	9	9
Wireless E-911	66	64	61	60
Museum and Library Gift Shops	6	7	8	7
Behavioral Health Canteen and Work Activity	—	—	—	—
Operating Grants and Contributions	66	—	1	4
Capital Contributions	10	—	—	—
Total Business-type Activities Program Revenue	4,391	4,595	4,394	4,322
Total Primary Government Program Revenues	\$ 30,039	\$ 19,847	\$ 18,965	\$ 18,085
Net (Expense)/Revenue				
Governmental Activities	\$ (23,805)	\$ (24,793)	\$ (24,319)	\$ (23,281)
Business-type Activities	149	1,269	964	1,112
Total Primary Government Net Expense	\$ (23,656)	\$ (23,524)	\$ (23,355)	\$ (22,169)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual and Fiduciary Income	\$ 15,666	\$ 14,872	\$ 14,118	\$ 13,113
Sales and Use	5,721	5,458	5,267	5,104
Corporation Income	1,074	924	852	834
Motor Fuel	1,101	1,084	1,031	998
Motor Vehicle Sales and Use	941	972	935	948
Communications Sales and Use	347	359	383	396
Premiums of Insurance Companies	549	554	517	479
Public Service Corporations	110	112	112	108
Other Taxes	1,825	1,388	1,055	1,050
Unrestricted Grants and Contributions	56	60	61	55
Investment Earnings	247	239	72	65
Miscellaneous	469	369	525	467
Special Item	—	—	—	—
Transfers	856	875	827	770
Total Governmental Activities	28,962	27,266	25,755	24,387
Business-type Activities:				
Other Taxes	9	9	9	9
Investment Earnings	2	2	1	1
Miscellaneous	—	—	—	—
Special Items	—	—	—	—
Transfers	(856)	(875)	(827)	(770)
Total Business-type Activities	(845)	(864)	(817)	(760)
Total Primary Government	\$ 28,117	\$ 26,402	\$ 24,938	\$ 23,627
Change in Net Position				
Governmental Activities	\$ 5,157	\$ 2,473	\$ 1,436	\$ 1,106
Business-type Activities	(696)	405	147	352
Total Primary Government	\$ 4,461	\$ 2,878	\$ 1,583	\$ 1,458

Source: Department of Accounts

2016	2015	2014	2013	2012	2011
2,007	1,844	1,811	1,690	1,616	1,483
146	188	408	301	160	459
594	693	761	790	853	686
772	730	689	662	633	598
9	8	9	5	5	4
393	343	321	285	259	247
—	—	—	—	—	—
—	—	—	—	—	—
42	44	36	30	32	28
9	10	9	7	8	8
21	20	16	16	16	19
11	11	11	11	8	7
58	55	54	62	55	53
7	8	6	8	7	8
—	—	—	—	1	—
—	—	—	—	—	1
—	—	70	61	—	—
4,069	3,954	4,201	3,928	3,653	3,601
\$ 17,251	\$ 17,082	\$ 17,003	\$ 16,960	\$ 16,540	\$ 17,228
\$ (22,948)	\$ (21,575)	\$ (20,814)	\$ (19,459)	\$ (18,767)	\$ (17,753)
984	986	1,214	966	892	842
\$ (21,964)	\$ (20,589)	\$ (19,600)	\$ (18,493)	\$ (17,875)	\$ (16,911)
\$ 12,685	\$ 12,266	\$ 11,681	\$ 11,400	\$ 10,814	\$ 10,050
4,994	4,830	4,597	3,941	3,885	3,669
773	801	770	805	979	852
976	888	792	879	900	903
910	846	781	582	538	495
405	416	420	424	423	557
485	453	460	407	391	406
108	119	119	116	115	113
1,001	959	896	909	849	795
48	49	49	74	49	48
63	16	44	6	84	63
282	206	234	306	465	286
—	(134)	—	—	—	—
787	728	724	670	668	615
23,517	22,443	21,567	20,519	20,160	18,852
9	9	9	9	9	9
1	2	2	1	1	1
—	—	1	—	—	—
—	34	—	—	—	—
(787)	(728)	(724)	(670)	(668)	(614)
(777)	(683)	(712)	(660)	(658)	(604)
\$ 22,740	\$ 21,760	\$ 20,855	\$ 19,859	\$ 19,502	\$ 18,248
\$ 569	\$ 868	\$ 753	\$ 1,060	\$ 1,394	\$ 1,099
207	303	502	306	234	238
\$ 776	\$ 1,171	\$ 1,255	\$ 1,366	\$ 1,628	\$ 1,337

**Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting**

Last Ten Fiscal Years
(Dollars in Millions)

	2020	2019	2018	2017
General Fund				
Nonspendable	\$ 107	\$ 103	\$ 105	\$ 127
Restricted	659	669	567	568
Committed	1,326	1,095	759	482
Assigned	1,257	—	—	—
Unassigned	—	(264)	(588)	(679)
Total	\$ 3,349	\$ 1,603	\$ 843	\$ 498
All Other Governmental Funds				
Special Revenue Funds				
Nonspendable	\$ 207	\$ 157	\$ 159	\$ 147
Restricted	2,889	729	679	570
Committed	3,696	2,949	2,391	2,148
Assigned	39	34	32	29
Unassigned	(89)	(63)	(98)	(67)
Debt Service Funds				
Restricted	45	46	42	32
Capital Projects Funds				
Nonspendable	—	—	—	—
Restricted	1,580	1,366	1,292	194
Permanent Funds				
Nonspendable	38	39	38	37
Restricted	2	2	2	2
Total	\$ 8,407	\$ 5,259	\$ 4,537	\$ 3,092

Source: Department of Accounts

2016	2015	2014	2013	2012	2011
\$ 114	\$ 120	\$ 111	\$ 120	\$ 118	\$ 113
908	1,086	971	962	729	464
397	296	330	503	486	410
—	—	—	—	—	—
(709)	(653)	(782)	(947)	(821)	(1,046)
\$ 710	\$ 849	\$ 630	\$ 638	\$ 512	\$ (59)
\$ 159	\$ 128	\$ 104	\$ 118	\$ 105	\$ 111
583	759	880	588	567	422
2,094	2,244	2,145	2,556	2,923	2,683
29	29	17	14	12	10
—	(60)	—	—	—	—
22	45	44	35	79	68
—	—	—	—	—	—
40	288	53	214	202	145
34	35	34	31	28	29
1	1	1	1	1	1
\$ 2,962	\$ 3,469	\$ 3,278	\$ 3,557	\$ 3,917	\$ 3,469

Changes in Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	2020	2019	2018	2017
Revenues				
Taxes	\$ 27,314	\$ 25,676	\$ 24,319	\$ 22,963
Rights and Privileges	1,135	1,129	1,081	1,021
Institutional Revenue	164	210	233	241
Interest, Dividends, Rents, and Other Investment Income	369	360	159	146
Federal Grants and Contracts	22,067	11,999	10,537	10,392
Other	2,037	1,566	2,396	1,632
Total Revenues	53,086	40,940	38,725	36,395
Expenditures				
General Government	3,522	2,774	2,692	2,691
Education	10,868	10,448	10,129	9,816
Transportation	5,542	5,455	6,015	5,732
Resources and Economic Development	1,107	1,015	926	981
Individual and Family Services	24,141	16,954	15,641	14,805
Administration of Justice	3,172	3,086	3,044	2,875
Capital Outlay	848	616	504	381
Debt Service:				
Principal Retirement	475	427	433	413
Interest and Charges	337	321	295	281
Total Expenditures	50,012	41,096	39,679	37,975
Revenues Over (Under) Expenditures	3,074	(156)	(954)	(1,580)
Other Financing Sources (Uses)				
Transfers In	2,008	1,989	1,913	1,731
Transfers Out	(1,149)	(1,106)	(1,086)	(959)
Notes Issued	24	19	15	8
Insurance Recoveries	6	2	4	1
Capital Leases Issued	1	1	1	2
Bonds Issued	719	648	1,280	685
Premium on Debt Issuance	129	83	367	174
Refunding Bonds Issued	273	43	1,062	276
Sale of Capital Assets	5	7	22	11
Payments to Refunded Bond Escrow Agents	(279)	(49)	(1,271)	(331)
Total Other Financing Sources (Uses)	1,737	1,637	2,307	1,598
Net Change in Fund Balances	\$ 4,811	\$ 1,481	\$ 1,353	\$ 18
Debt Service as a Percentage of Noncapital Expenditures (1)	1.71 %	1.92 %	1.95 %	2.01 %

(1) Noncapital expenditures exclude expenditures for capital outlay, which are recorded by function. The majority of these expenditures were for Transportation.

Source: Department of Accounts

2016	2015	2014	2013	2012	2011
\$ 22,296	\$ 21,557	\$ 20,499	\$ 19,400	\$ 18,748	\$ 17,825
977	978	950	957	921	917
267	303	325	360	385	384
134	91	144	83	164	159
9,885	9,727	9,681	9,913	9,933	10,749
1,535	1,514	1,362	1,350	1,337	1,238
35,094	34,170	32,961	32,063	31,488	31,272
2,821	2,544	2,538	2,424	2,322	2,439
9,373	9,372	8,970	8,886	8,733	8,683
5,817	5,348	5,057	4,613	4,474	3,860
915	929	912	876	870	886
14,186	13,421	13,196	13,039	12,682	12,688
2,801	2,690	2,724	2,566	2,422	2,398
331	251	194	219	330	439
424	441	421	474	423	456
282	276	279	289	262	233
36,950	35,272	34,291	33,386	32,518	32,082
(1,856)	(1,102)	(1,330)	(1,323)	(1,030)	(810)
1,673	1,706	1,661	1,625	1,770	1,498
(884)	(972)	(927)	(940)	(1,097)	(876)
4	7	16	22	10	37
1	1	—	1	3	8
1	—	—	—	1	2
274	671	273	264	1,196	883
45	150	75	85	217	71
76	536	277	201	319	51
15	24	16	96	4	3
(93)	(618)	(337)	(258)	(373)	(55)
1,112	1,505	1,054	1,096	2,050	1,622
\$ (744)	\$ 403	\$ (276)	\$ (227)	\$ 1,020	\$ 812
2.05%	2.22%	2.21%	2.58%	2.29%	2.30%

Comparison of General Fund Balance

Last Ten Fiscal Years
(Dollars in Millions)

Fiscal Year Ended June 30,	Fund Balance	
	Budgetary Basis	Modified Accrual Basis
2020	\$ 3,524.6	\$ 3,348.8
2019	2,799.3	1,602.7
2018	1,787.0	843.5
2017	1,339.9	498.4
2016	1,478.4	710.3
2015	1,759.2	848.4
2014	1,349.3	629.6
2013	1,820.6	637.9
2012	1,683.4	512.4
2011	1,297.6	(58.8)

Source: Department of Accounts

Revenue Capacity

Personal Income Tax Rates

Last Ten Fiscal Years
(Dollars in Millions)

For the Fiscal Year Ended June 30,	Personal Income Tax Collections (1)	Personal Income (2)(3)	Average Effective Rate (3)(4)
2020	\$ 15,352	\$ 523,190	2.93%
2019	15,226	501,687	3.03%
2018	14,106	481,782	2.93%
2017	13,053	461,106	2.83%
2016	12,556	446,748	2.81%
2015	12,329	432,058	2.85%
2014	11,253	410,469	2.74%
2013	11,340	405,848	2.79%
2012	10,613	396,552	2.68%
2011	9,944	376,231	2.64%

(1) Tax revenues from individual and fiduciary income tax.

(2) Personal income amounts provided by U.S. Bureau of Economic Analysis website.

(3) Amounts for fiscal years 2011 through 2019 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

(4) Average effective rate equals tax collections divided by income.

Sources: Department of Taxation
U.S. Bureau of Economic Analysis

Effective Tax Rates (1)

Tax Years 2011 through 2019

Income Tax Bracket	Tax Rate
\$0 - \$3,000	2.00%
\$3,000 - \$5,000	2.00% - 2.40%
\$5,000 - \$17,000	2.40% - 4.23%
\$17,000 - \$30,000	4.23% - 4.89%
\$30,000 - \$50,000	4.89% - 5.23%
\$50,000 - \$100,000	5.23% - 5.49%
Over \$100,000	5.49% up to 5.75%

(1) Amounts shown are for all filing status returns.

Source: Department of Taxation

Personal Income Tax Filers and Liability by Income Level (1) (2)

Current Tax Year and Ten Years Ago

Income Level	Tax Year Ended December 31, 2018				Tax Year Ended December 31, 2009			
	Number of Returns	% of Total	Income Tax Liability	% of Total	Number of Returns	% of Total	Income Tax Liability	% of Total
\$100,000 and higher	862,168	21.6%	\$ 10,009,354,092	70.9%	577,253	16.3%	\$ 5,524,640,240	62.5%
\$75,000 - \$99,999	344,775	8.6%	1,338,349,979	9.5%	299,184	8.5%	1,044,908,894	11.8%
\$50,000 - \$74,999	524,334	13.2%	1,335,924,144	9.5%	462,143	13.1%	1,067,962,041	12.1%
\$25,000 - \$49,999	898,093	22.5%	1,154,435,884	8.2%	823,446	23.3%	947,709,943	10.7%
\$10,000 - \$24,999	729,797	18.3%	268,865,821	1.9%	736,551	20.9%	250,030,643	2.9%
\$9,999 and lower	630,656	15.8%	5,494,868	0.0%	630,183	17.9%	3,154,211	0.0%
Total	3,989,823	100.0%	\$ 14,112,424,788	100.0%	3,528,760	100.0%	\$ 8,838,405,972	100.0%

- (1) Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.
- (2) Tax year 2018 is the most recent year for which data are available.

Source: Department of Taxation

Personal Income by Industry

Last Ten Fiscal Years
(Dollars in Millions)

	2020	2019	2018	2017
Farm Earnings	\$ 350	\$ 286	\$ 426	\$ 427
Agricultural/Forestry, Fishing, and Other	457	475	467	473
Mining	607	655	626	432
Construction	19,812	18,917	18,142	17,425
Manufacturing	19,182	19,208	18,275	17,526
Transportation, Warehousing, Information and Public Utilities	19,299	18,784	17,374	17,357
Wholesale Trade	11,796	11,628	11,288	10,773
Retail Trade	16,538	16,402	15,973	15,800
Finance, Insurance, Real Estate, Rental and Leasing	26,167	25,257	24,185	22,471
Services	156,133	152,465	146,102	139,790
Federal, Civilian	28,815	27,955	26,972	26,035
Military	13,949	13,508	12,757	12,620
State and Local Government	38,165	37,601	36,381	35,569
Other (3)	171,920	158,546	152,814	144,408
Total Personal Income	\$ 523,190	\$ 501,687	\$ 481,782	\$ 461,106

(1) Personal income figures for fiscal year 2020 are estimated.

(2) Amounts for fiscal years 2011 through 2019 were revised to reflect the incorporation of newly available and revised source data.

(3) Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

Source: U.S. Bureau of Economic Analysis (BEA)

Note: Details may not agree to BEA due to rounding.

2016	2015	2014	2013	2012	2011
\$ 407	\$ 611	\$ 732	\$ 712	\$ 663	\$ 520
470	413	351	315	288	253
262	513	756	987	1,063	950
16,962	16,611	15,985	15,680	14,580	13,562
17,768	18,168	17,354	16,919	16,319	15,857
17,952	18,055	17,034	16,156	16,330	16,601
10,530	10,401	9,963	9,808	9,730	9,490
15,698	15,332	14,829	14,416	13,899	13,354
21,348	19,964	19,048	20,271	19,281	17,819
134,507	129,181	123,896	123,296	119,099	114,427
25,172	24,310	23,075	23,026	22,993	22,472
12,818	12,780	12,709	12,967	13,299	13,498
34,703	33,740	32,620	31,433	29,847	29,526
138,151	131,979	122,117	119,862	119,161	107,902
<u>\$ 446,748</u>	<u>\$ 432,058</u>	<u>\$ 410,469</u>	<u>\$ 405,848</u>	<u>\$ 396,552</u>	<u>\$ 376,231</u>

Taxable Sales by Business Class (1) (2) (3) (4)

Last Ten Calendar Years
(Dollars in Millions)

	2019	2018	2017	2016
Alcoholic Beverage	N/A	\$ 762	\$ 784	\$ 658
Apparel	4,996	5,061	4,986	5,049
Automotive	3,513	3,448	3,234	3,238
Food	34,320	32,935	31,908	31,564
Fuel	2,560	2,318	2,221	2,144
Furniture, Home Furnishings, and Equipment	2,251	2,228	2,338	3,222
General Merchandise	21,682	21,831	21,643	21,686
Hotels, Motels, Tourist Camps, etc.	3,989	3,857	3,738	3,590
Lumber, Building Materials, and Supply	9,775	9,567	7,739	9,123
Machinery, Equipment, and Supplies	290	290	287	292
Miscellaneous	21,524	21,215	22,179	18,888
Other Miscellaneous and Unidentifiable	2,860	2,537	2,520	2,225
Total	\$ 107,760	\$ 106,049	\$ 103,577	\$ 101,679
Direct Sales Tax Rate (2)	5.3 %	5.3 %	5.3 %	5.3 %

(1) Retail sales information is available only on a calendar-year basis.

(2) Effective July 1, 2013, the sales tax rate increased from 5.0 percent to 5.3 percent.

(3) Some prior year amounts may have been revised to reflect the incorporation of newly available and revised source data.

(4) Alcoholic Beverage is included in Food in tax year 2019.

Source: Bureau of Economic Analysis
Department of Taxation
Weldon Cooper Center for Public Service, University of Virginia

2015	2014	2013	2012	2011	2010
\$ 718	\$ 676	\$ 640	\$ 559	\$ 567	\$ 545
5,001	4,918	6,668	6,545	4,749	4,601
3,159	3,024	2,945	2,860	2,717	2,555
30,627	28,972	27,924	27,150	25,691	24,617
1,967	1,864	1,880	1,899	1,828	1,691
2,840	2,663	2,645	2,612	2,538	1,972
21,917	21,693	21,852	21,568	20,635	19,836
3,452	3,238	3,098	3,107	2,988	2,837
8,865	8,589	8,513	8,112	7,750	7,652
330	303	300	357	309	243
19,067	17,994	16,031	16,228	16,341	16,872
2,273	2,270	2,088	2,321	2,955	2,997
<u>\$ 100,216</u>	<u>\$ 96,204</u>	<u>\$ 94,584</u>	<u>\$ 93,318</u>	<u>\$ 89,068</u>	<u>\$ 86,418</u>
5.3 %	5.3 %	5.3 %	5.0 %	5.0 %	5.0 %

Sales Tax Revenue by Business Class (1)

Tax Year 2019 and Nine Years Ago

	Tax Year Ended December 31, 2019 (2) (3)				Tax Year Ended December 31, 2010			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Alcoholic Beverage	N/A	N/A	N/A	N/A	333	0.3%	\$ 544,875,259	0.6%
Apparel	3,860	3.8%	4,996,260,805	4.6%	3,949	3.8%	4,600,663,663	5.3%
Automotive	2,902	2.9%	3,512,795,428	3.3%	3,176	3.0%	2,554,662,126	3.0%
Food	23,049	22.9%	34,320,339,507	31.8%	20,522	19.5%	24,617,213,769	28.4%
Fuel	2,308	2.3%	2,560,106,739	2.4%	2,804	2.7%	1,691,355,684	2.0%
Furniture, Home Furnishings, and Equipment	2,144	2.1%	2,251,490,872	2.1%	3,140	3.0%	1,972,223,764	2.3%
General Merchandise	14,733	14.6%	21,681,782,049	20.1%	15,842	15.0%	19,836,481,924	23.0%
Hotels, Motels, Tourist Camps, etc.	2,418	2.4%	3,988,783,984	3.7%	2,208	2.1%	2,836,843,325	3.3%
Lumber, Building Materials, and Supply	5,318	5.3%	9,774,533,615	9.1%	5,912	5.6%	7,652,204,395	8.9%
Machinery, Equipment, and Supply	150	0.1%	289,745,544	0.2%	164	0.2%	243,014,105	0.3%
Miscellaneous	36,533	36.4%	21,523,877,975	20.0%	38,700	36.7%	16,871,740,025	19.4%
Other Miscellaneous and Unidentifiable	7,274	7.2%	2,859,598,486	2.7%	8,526	8.1%	2,997,293,036	3.5%
Total	100,689	100.0%	\$ 107,759,315,004	100.0%	105,276	100.0%	\$ 86,418,571,075	100.0%

- (1) Due to confidentiality issues, the names of the ten largest revenue payers are not presented. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.
- (2) Tax year 2019 is the most recent year for which data are available.
- (3) Alcoholic Beverage is included in Food in tax year 2019.

Sources: Weldon Cooper Center for Public Service, University of Virginia

Debt Capacity

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities		Total Primary Government	Debt as a Percentage of Personal Income (2)	Amount Per Capita (3)
	General Obligation Bonds	Non-General Obligation Bonds	Other Long- term Obligations (1)	Non-General Obligation Bonds	Other Long- term Obligations (1)			
2020	\$ 341,600	\$ 6,901,527	\$ 1,200,145	\$ —	\$ 964	\$ 8,444,236	1.61%	\$ 982
2019	416,501	6,982,091	749,490	—	518	8,148,600	1.62%	951
2018	476,528	7,274,962	171,180	—	—	7,922,670	1.64%	934
2017	538,211	6,245,009	188,640	—	5,025	6,976,885	1.51%	824
2016	601,632	5,826,798	200,227	—	5,359	6,634,016	1.48%	789
2015	675,371	5,911,768	222,877	320,110	5,708	7,135,834	1.65%	851
2014	742,869	5,555,935	233,002	317,305	6,072	6,855,183	1.67%	823
2013	791,992	5,593,228	285,594	314,662	6,453	6,991,929	1.72%	846
2012	873,741	5,703,448	326,543	—	449	6,904,181	1.74%	843
2011	960,374	4,701,764	348,972	—	918	6,012,028	1.60%	743

(1) Pension, compensated absences, other postemployment benefits, other liabilities, lottery prizes payable, tuition benefits payable, and pollution remediation obligations have been excluded.

(2) Personal income amounts used for this calculation were obtained from the U. S. Bureau of Economic Analysis.

(3) Population statistics used in this calculation were provided by the Department of Taxation and the Weldon Cooper Center for Public Service at the University of Virginia. Fiscal year 2020 population was estimated.

Sources: Department of Accounts
Department of Taxation
U. S. Bureau of Economic Analysis

Ratios of General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years
(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	General Bonded Debt Outstanding [1] [2]					Percentage of Tax Revenues [6]	Amount Per Capita [7]
	Governmental		Higher Education [5]		Total		
	9(b) [3]	9(c) [4]	9(c)				
2020	\$ 330,934	\$ 10,666	\$ 886,837	\$ 1,228,437	8.00%	\$ 143	
2019	401,873	14,628	893,106	1,309,607	8.85%	153	
2018	457,764	18,764	836,874	1,313,402	9.31%	155	
2017	515,468	22,743	897,018	1,435,229	11.00%	169	
2016	571,915	29,717	877,118	1,478,750	11.78%	176	
2015	642,181	33,190	936,857	1,612,228	13.08%	192	
2014	706,192	36,677	925,086	1,667,955	14.82%	200	
2013	752,493	39,499	877,858	1,669,850	14.73%	202	
2012	831,148	42,593	906,474	1,780,215	16.77%	217	
2011	914,574	45,800	765,280	1,725,654	17.35%	213	

[1] Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. Amounts are net of unamortized premiums, discounts, deferrals on debt defeasance, and/or issuance expenses.

[2] There are currently no Section 9(a) bonds outstanding.

[3] Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations.

[4] Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt.

[5] While these bonds are issued for and allocated to institutions, they are backed by the full faith and credit of the Commonwealth.

[6] Individual and fiduciary Income tax collections were used for this calculation.

[7] Population statistics used in this calculation are provided by the Department of Taxation and the Weldon Cooper Center for Public Service at the University of Virginia. Fiscal year 2020 population was estimated.

Source: Department of Accounts

Computation of Legal Debt Limit and Margin

Last Ten Fiscal Years
(Dollars in Thousands)

Tax Revenues Required for Computation	2020	2019	2018	2017
Taxes on Income and Retail Sales:				
Individual and Fiduciary Income Tax [1]	\$ 15,351,603	\$ 14,801,986	\$ 14,105,766	\$ 13,052,887
Corporate Income Tax [2]	1,011,650	943,391	861,897	826,961
State Sales and Use Tax [3]	4,112,861	3,972,960	3,827,078	3,720,552
Total	<u>\$ 20,476,114</u>	<u>\$ 19,718,337</u>	<u>\$ 18,794,741</u>	<u>\$ 17,600,400</u>
Average Tax Revenues (Three Fiscal Years)	<u>\$ 19,663,064</u>	<u>\$ 18,704,493</u>	<u>\$ 17,789,038</u>	<u>\$ 17,106,934</u>

Section 9(a) [2] General Obligation Debt Limit [4]

Debt Issuance Limit				
(30% of 1.15 times annual tax revenues)	\$ 7,064,259	\$ 6,802,826	\$ 6,484,186	\$ 6,072,138
Less Bonds Outstanding:	—	—	—	—
Debt Issuance Margin for Section 9(a) [2]				
General Obligation Bonds	<u>\$ 7,064,259</u>	<u>\$ 6,802,826</u>	<u>\$ 6,484,186</u>	<u>\$ 6,072,138</u>
Debt Applicable to Limit as a % Limit	0.00 %	0.00 %	0.00 %	0.00 %

Section 9(b) General Obligation Debt Limit

Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	\$ 22,612,524	\$ 21,510,167	\$ 20,457,393	\$ 19,672,974
Less Bonds Outstanding:**				
Public Facilities Bonds [6]	330,934	401,873	457,764	515,468
Transportation Facilities Refunding Bonds [5] [6]	—	—	—	—
Debt Issuance Margin for Section 9(b)				
General Obligation Bonds	<u>\$ 22,281,590</u>	<u>\$ 21,108,294</u>	<u>\$ 19,999,629</u>	<u>\$ 19,157,506</u>
Debt Applicable to Limit as a % Limit	1.46 %	1.87 %	2.24 %	2.62 %

Additional Section 9(b) Debt Borrowing Restriction:

Four-year Authorization Restriction (25% of 9(b) Debt Limit)	\$ 5,653,131	\$ 5,377,542	\$ 5,114,348	\$ 4,918,244
Less 9(b) Debt authorized in past three fiscal years	—	—	—	—
Maximum Additional Borrowing Restriction (amount that may be authorized by the General Assembly)	<u>\$ 5,653,131</u>	<u>\$ 5,377,542</u>	<u>\$ 5,114,348</u>	<u>\$ 4,918,244</u>

Section 9(c) General Obligation Debt Limit

Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	\$ 22,612,524	\$ 21,510,167	\$ 20,457,393	\$ 19,672,974
Less Bonds Outstanding:**				
Parking Facilities Bonds [6]	7,583	8,567	9,850	11,101
Transportation Facilities Bonds [6]	3,083	6,061	8,914	11,642
Higher Educational Institution Bonds [6]	886,837	893,106	836,874	897,018
Debt Issuance Margin for Section 9(c)				
General Obligation Bonds	<u>\$ 21,715,021</u>	<u>\$ 20,602,433</u>	<u>\$ 19,601,755</u>	<u>\$ 18,753,213</u>
Debt Applicable to Limit as a % Limit	3.97 %	4.22 %	4.18 %	4.68 %

**Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.

[1] Includes taxes imposed pursuant to Articles 2 and 9 of Chapter 3, Title 58.1 of the *Code of Virginia*.

[2] Includes taxes imposed pursuant to Article 10 of Chapter 3, Title 58.1 of the *Code of Virginia*.

[3] Includes taxes imposed pursuant to Chapter 6, Title 58.1 of the *Code of Virginia*, less taxes identified in Sections 58.1-605 and 58.1-638.

[4] Debt limit applies only to debt authorized pursuant to Article X, Section 9(a)(2) of the Constitution of Virginia.

[5] These bonds refunded certain Section 9(c) debt, and because the Governor did not certify the feasibility of the refinanced project, it must be applied against the Section 9(b) Debt Limit.

[6] Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. Net of unamortized discounts, premiums, and/or deferral on debt defeasance.

Sources: Department of Accounts, Department of the Treasury

2016	2015	2014	2013	2012	2011
\$ 12,555,624	\$ 12,328,675	\$ 11,253,348	\$ 11,339,965	\$ 10,612,836	\$ 9,944,370
764,948	831,907	757,491	796,728	859,923	822,259
3,651,400	3,587,849	3,399,223	3,419,489	3,314,677	3,190,452
\$ 16,971,972	\$ 16,748,431	\$ 15,410,062	\$ 15,556,182	\$ 14,787,436	\$ 13,957,081
\$ 16,376,822	\$ 15,904,892	\$ 15,251,227	\$ 14,766,900	\$ 13,967,817	\$ 13,453,996
\$ 5,855,330	\$ 5,778,209	\$ 5,316,471	\$ 5,366,883	\$ 5,101,665	\$ 4,815,193
—	—	—	—	—	—
\$ 5,855,330	\$ 5,778,209	\$ 5,316,471	\$ 5,366,883	\$ 5,101,665	\$ 4,815,193
0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
\$ 18,833,345	\$ 18,290,626	\$ 17,538,911	\$ 16,981,935	\$ 16,062,990	\$ 15,472,096
571,915	642,181	706,192	752,493	831,148	914,574
—	—	—	—	—	—
\$ 18,261,430	\$ 17,648,445	\$ 16,832,719	\$ 16,229,442	\$ 15,231,842	\$ 14,557,522
3.04 %	3.51 %	4.03 %	4.43 %	5.17 %	5.91 %
\$ 4,708,336	\$ 4,572,656	\$ 4,384,728	\$ 4,245,484	\$ 4,015,747	\$ 3,868,024
—	—	—	—	—	—
\$ 4,708,336	\$ 4,572,656	\$ 4,384,728	\$ 4,245,484	\$ 4,015,747	\$ 3,868,024
\$ 18,833,345	\$ 18,290,626	\$ 17,538,911	\$ 16,981,935	\$ 16,062,990	\$ 15,472,096
15,155	16,036	17,045	17,538	18,383	19,445
14,562	17,154	19,632	21,961	24,210	26,355
877,118	936,857	925,086	877,858	906,474	765,280
\$ 17,926,510	\$ 17,320,579	\$ 16,577,148	\$ 16,064,578	\$ 15,113,923	\$ 14,661,016
4.82 %	5.30 %	5.48 %	5.40 %	5.91 %	5.24 %

Schedule of Pledged Revenue Bond Coverage
Primary Government 9(d) General Long-term Debt

Last Ten Fiscal Years
(Dollars in Thousands except Coverage)

	For the Fiscal Year Ended June 30,	Beginning Balance, as restated (1)	Pledged Revenues	Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements (3) (4)		Coverage
						Principal	Interest	
Primary Government Revenue Bonds:								
Route 460 Funding Corporation of	2020	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
Virginia (4) (5)	2019	—	—	—	—	—	—	—
(Series 2012A and 2012B CAB)	2018	—	—	—	—	—	—	—
	2017	—	—	—	—	—	—	—
	2016	1,261	—	436	825	—	—	—
	2015	(20,991)	—	524	(21,515)	—	11,726	(1.83)
	2014	(8,958)	—	448	(9,406)	—	12,084	(0.78)
	2013	—	—	130	(130)	—	—	—

(1) The Route 460 Funding Corporation of Virginia was restated due to the implementation of GASB Statement No. 65 in fiscal year 2014.

(2) Operating expenses are exclusive of principal and interest.

(3) Includes principal and interest of revenue bonds only. Does not include debt defeasance transactions.

(4) This entity was established in fiscal year 2013. No debt service payments were required during fiscal year 2013.

(5) The Route 460 Funding Corporation of Virginia continuing operations ceased during fiscal year 2016.

Source: Department of Accounts

Demographic and Economic Information

Schedule of Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population In Thousands (1)	Personal Income In Thousands (2)(3)	Per Capita Income (3)	Public Primary and Secondary School Enrollment	Unemployment Rate
2020	8,603	\$ 523,192,026	\$ 60,815	1,252,756	4.4 %
2019	8,566	501,687,185	58,567	1,298,083	2.9 %
2018	8,481	481,783,163	56,807	1,290,513	3.3 %
2017	8,470	461,105,254	54,440	1,293,049	4.0 %
2016	8,412	446,750,439	53,109	1,267,591	4.1 %
2015	8,383	432,059,670	51,540	1,279,773	4.9 %
2014	8,326	410,467,201	49,299	1,273,211	5.2 %
2013	8,260	405,848,672	49,134	1,264,880	5.6 %
2012	8,186	396,552,026	48,443	1,258,521	6.0 %
2011	8,097	376,229,162	46,465	1,253,038	6.5 %

(1) Population figures are estimated.

(2) Personal income amount for fiscal year 2020 is estimated.

(3) PY Personal income and per capita income amounts for 2011 - 2019 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

Sources: Virginia Department of Education - School Enrollment
Virginia Department of Taxation - Population 2018-2020
Virginia Employment Commission - Unemployment Rate
U.S. Bureau of Economic Analysis - Personal Income
Weldon Cooper Center at UVA - Population 2011-2017

Principal Employers (1)

Current Year and Nine Years Ago (2)

Employer	2019	2010
U.S. Department of Defense	1	1
Wal-Mart	2	2
Fairfax County Public Schools	3	3
Sentara Healthcare	4	6
Huntington Ingalls Industries, Inc.	5	4
University of Virginia / Blue Ridge Hospital (3)	6	-
Capital One Bank (3)	7	-
Food Lion	8	8
Postal Service	9	5
Inova Health System (3)	10	-

(1) The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All Employers above have an employment size of 1,000 or more.

(2) Calendar year 2019 is the most recent information available.

(3) Previous ranking not available.

Source: Virginia Employment Commission (1)

Operating Information

State Employees by Function (1)

Last Ten Fiscal Years

	2020	2019	2018	2017
General Government				
Virginia Information Technologies Agency	189	203	208	207
Department of Taxation	806	854	856	846
Department of General Services	635	623	591	596
All other	1,796	1,791	1,746	1,760
Education				
Colleges and Universities	65,167	68,350	65,079	66,305
All other	2,344	2,805	2,323	2,853
Transportation				
Department of Transportation	7,558	7,661	7,745	7,806
Department of Motor Vehicles	2,094	2,137	2,016	2,074
All other	352	342	331	330
Resources and Economic Development				
Department of Conservation & Recreation	751	1,076	1,125	1,103
Department of Environmental Quality	787	789	797	803
All other	2,940	2,889	2,997	2,991
Individual and Family Services				
Department of Health	3,370	3,445	3,431	3,559
Behavioral Health Agencies	5,556	5,808	5,971	6,285
All other	5,492	5,410	5,444	5,509
Administration of Justice				
Department of State Police	2,744	2,704	2,675	2,654
Department of Juvenile Justice	1,866	1,883	1,876	1,934
Correctional Facilities	9,448	9,424	9,433	9,436
All other	6,780	6,654	6,577	6,538
Business-type Activities				
Alcoholic Beverage Control	2,375	2,280	2,355	1,682
Virginia Lottery	301	296	279	279
All other	119	113	102	100
State Total (2)	123,470	127,537	123,957	125,650

(1) Includes salaried and wage employees but excludes adjunct faculty.

(2) Totals have been rounded and may vary slightly from the Department of Human Resource Management reports.

Source: Department of Human Resource Management

2016	2015	2014	2013	2012	2011
213	260	263	270	262	261
862	855	877	873	917	976
594	608	614	621	624	634
1,730	1,675	1,663	1,677	1,571	1,936
64,450	56,777	56,086	55,223	53,979	49,107
2,714	2,634	2,663	2,662	2,667	3,287
7,601	7,372	7,365	7,212	7,167	7,024
2,078	2,023	2,040	1,999	1,926	1,949
317	263	198	193	190	242
1,130	1,106	747	1,165	933	909
814	826	822	779	731	743
2,935	2,957	2,950	2,898	2,957	3,001
3,408	3,565	3,593	3,646	3,784	3,827
6,628	7,378	7,629	8,314	8,803	8,757
5,539	5,505	5,545	5,804	5,740	5,576
2,725	2,773	2,792	2,779	2,640	2,627
2,057	2,086	2,339	2,405	2,499	2,380
9,731	9,272	9,922	9,738	9,656	9,656
6,552	6,505	6,579	6,606	6,363	6,262
2,737	2,294	2,272	2,182	3,306	2,483
285	284	279	275	270	267
96	100	94	84	81	82
125,196	117,118	117,332	117,405	117,066	111,986

Operating Indicators by Function

Last Ten Fiscal Years

	2020	2019	2018
General Government			
Virginia Department of Taxation			
Number of Returns Processed (calendar year) (1)	Not yet available	8,183,057	7,935,274
Education			
State Council of Higher Education			
Number of Students Enrolled at State-supported Colleges and Universities	525,335	521,471	521,444
Department of Education			
Number of Public Primary and Secondary School Enrollment	1,252,756	1,298,083	1,290,513
Resources and Economic Development			
Department of Environmental Quality			
Number of Permits Issued	6,550	3,020	2,719
Number of Inspections Conducted	3,904	5,971	6,095
Department of Housing and Community Development			
Number of Housing Units Improved to Define Standards through Housing Programs	2,602	3,333	2,413
Department of Agriculture and Consumer Services			
Number of Food Inspections Conducted	8,244	9,986	9,576
Number of Weights/Measure Equipment Inspected	103,047	101,551	98,643
Department of Forestry			
Number of Firefighters Trained in Forest Fire Control	139	794	707
Individual and Family Services			
Office of Children's Services			
Number of Youth Served	15,285	15,645	15,233
Department for Aging and Rehabilitative Services			
Number of Medicare Recipients	1,742,473	1,628,702	1,492,436
Department of Medical Assistance Services			
Number of Medicaid Recipients	1,644,569	1,486,511	1,310,815
Department of Behavioral Health and Developmental Services (2)			
Number of Patients Served	1,902	1,944	1,982
Number of Beds Used	2,202	2,255	2,306
Department of Social Services			
Average Number of Households Receiving Food Stamps	348,551	343,417	354,783
Number of Households Receiving Child Support Enforcement Assistance	235,548	292,176	302,984
Department of Health			
Number of WIC Participants	190,746	196,435	201,461
Number of Childhood Immunizations Administered	218,571	1,287,433	1,319,475
Administration of Justice			
Supreme Court			
Number of Criminal Trials (calendar year)	646,416	639,056	640,340
Number of Civil Trials (calendar year)	1,340,592	1,317,267	1,290,994
Number of Traffic Hearings (calendar year)	1,649,266	1,622,583	1,659,637
Compensation Board			
Number of Constitutional Officers Receiving Financial Support	653	652	651
Department of State Police			
Number of Traffic Citations Issued (calendar year)	344,414	456,318	479,208
Number of Arrests (calendar year)	17,916	20,130	19,565
Department of Corrections			
Number of Inmates	27,239	29,938	29,912

2017	2016	2015	2014	2013	2012	2011
7,842,664	7,849,647	7,746,235	7,575,225	7,520,463	7,446,060	6,969,581
524,340	528,673	534,280	537,370	539,025	535,294	519,772
1,293,049	1,267,591	1,279,773	1,273,211	1,264,880	1,258,521	1,253,038
5,393	2,564	7,173	5,890	1,750	4,063	2,486
8,706	7,962	7,848	8,307	9,044	9,834	10,441
3,614	3,031	3,491	3,677	7,396	7,279	7,675
9,175	8,246	5,583	8,886	10,441	12,966	12,003
83,558	79,876	82,355	76,342	62,488	68,292	66,760
982	892	1,178	1,233	1,197	1,178	1,192
15,042	16,135	15,700	15,025	13,516	15,425	16,617
1,420,405	1,358,179	1,328,435	1,203,462	1,244,136	1,190,827	1,143,243
1,300,028	1,319,227	1,255,960	1,177,922	1,046,790	996,835	992,816
2,058	2,104	2,229	2,269	2,455	2,608	2,724
2,448	2,619	2,813	2,822	3,071	3,471	3,317
372,773	391,632	411,768	451,640	453,244	434,223	396,613
304,565	310,933	314,377	320,942	347,729	349,661	352,825
223,931	239,711	249,499	244,181	267,465	270,962	270,219
1,410,886	1,371,582	1,534,373	1,675,572	1,736,396	1,439,233	1,773,402
642,593	642,216	686,795	699,270	720,630	708,943	697,360
1,166,949	1,166,073	1,171,042	1,232,899	1,264,219	1,299,053	1,289,633
1,622,252	1,714,779	1,903,845	1,887,252	1,891,207	1,956,836	2,069,668
652	649	650	649	651	650	650
495,404	592,670	644,218	686,812	588,307	550,122	567,480
20,872	22,320	20,608	21,777	19,611	19,460	20,132
29,991	30,038	30,258	30,275	29,803	29,685	32,116

Continued on next page

Operating Indicators by Function (Continued from previous page)

Last Ten Fiscal Years

	2020	2019	2018
Business-type Activities			
Virginia Lottery			
Number of Plays Sold - Pick 3	336,933,331	329,229,522	296,627,276
Number of Plays Sold - Pick 4	322,440,569	326,360,467	302,727,557
Number of Plays Sold - Cash 5	32,195,638	33,818,907	33,202,456
Number of Plays Sold - Megamillions	89,763,948	166,953,172	130,782,622
Number of Plays Sold - Win for Life (3)	—	—	—
Number of Plays Sold - Decades of Dollars (3)	—	—	—
Number of Plays Sold - Millionaire Raffle	7,500,000	7,500,000	7,491,580
Number of Plays Sold - Powerball	76,072,327	125,460,795	110,388,116
Number of Plays Sold - Bank A Million (4)	11,710,004	13,184,754	13,282,492
Number of Plays Sold - Money Ball (5) (6)	—	—	—
Number of Plays Sold - Cash 4 Life (5)	27,400,930	18,174,238	15,241,200
Number of Plays Sold - Print 'n Play (7)	75,470,085	50,562,452	45,434,462
Number of Tickets Sold - Instant Tickets	1,166,776,472	1,221,921,293	1,184,641,974
Number of Tickets Sold - Digital E-games (8)	2,341,949	399,969	—
Virginia College Savings Plan			
Number of Virginia529 Prepaid529 Tuition Contractholders	57,952	62,514	63,073
Virginia Employment Commission			
Number of Individuals Receiving Unemployment Benefits	1,088,208	64,932	66,632
New Unemployment Benefit Claims	1,020,588	134,411	141,554

- (1) Information for fiscal year 2020 is not yet available.
- (2) This agency is structured to provide services primarily in a community setting. Although they have a significant amount of capital and operating costs in facility operations, inpatient treatment methodology is being de-emphasized over time. Their inpatient census will continue to decline in the future. Over \$250 million of community funding (state and Federal dollars) each fiscal year supports 40 community services boards across the Commonwealth. These entities serve approximately 300,000 Virginians each year.
- (3) Win for Life and Decades for Dollars ended during fiscal year 2015; therefore, information for fiscal year 2016 and thereafter is not available.
- (4) Bank A Million began during fiscal year 2016; therefore, information for fiscal year 2015 and prior years is not available.
- (5) Money Ball and Cash 4 Life began during fiscal year 2015; therefore, information for fiscal year 2014 and prior years is not available.
- (6) Money Ball ended during fiscal year 2016; therefore, information for fiscal year 2017 and thereafter is not available.
- (7) Fast Play Bingo was renamed Print 'n Play during fiscal year 2017.
- (8) Digital E-games, which are available through the Lottery Mobile App, began during fiscal year 2019; therefore, information for fiscal 2018 and prior is not available.

2017	2016	2015	2014	2013	2012	2011
276,560,578	272,748,955	272,253,482	265,144,318	253,682,839	243,270,273	241,963,816
291,852,118	279,841,494	268,645,030	244,143,030	232,184,205	222,774,015	207,174,550
31,427,856	30,419,782	29,895,533	30,114,799	28,302,849	26,677,286	26,657,009
84,351,249	87,404,430	94,283,607	115,298,827	89,518,093	140,240,940	138,496,457
—	—	2,979,902	14,870,716	15,950,166	17,682,922	21,052,138
—	—	9,365,110	12,236,092	13,243,504	15,467,376	8,377,354
6,600,000	6,600,000	6,600,000	6,600,000	6,945,500	6,625,456	6,600,000
112,705,215	163,892,079	96,580,238	113,724,880	145,690,841	89,046,990	66,614,340
13,460,880	14,520,460	—	—	—	—	—
—	2,616,104	16,766,958	—	—	—	—
15,314,148	19,037,030	3,812,708	—	—	—	—
39,890,998	29,243,465	24,205,141	20,095,274	16,581,338	12,094,785	8,915,566
1,117,709,151	1,100,574,151	1,018,488,394	988,592,675	887,139,810	842,121,604	756,837,222
—	—	—	—	—	—	—
64,072	65,101	66,364	70,490	68,637	69,847	70,955
75,012	87,685	92,762	115,155	127,091	136,753	162,025
160,952	185,558	202,040	253,310	284,218	318,935	360,657

Sources: State Council of Higher Education, Department of Social Services, Compensation Board, Department of Education, Department of Agriculture & Consumer Services, Department of Forestry, Department of Transportation, Virginia Lottery, Virginia College Savings Plan, Virginia Employment Commission, Department of Environmental Quality, Department of Housing and Community Development, Comprehensive Services for at-Risk Youth and Families, Department of Medical Assistance Services, Department of Behavioral Health and Developmental Services, Department of Health, Supreme Court, Department of State Police, Department of Corrections, Department of Aging and Rehabilitative Services

Capital Asset Statistics by Function (1)

Last Ten Fiscal Years

	2020	2019	2018
General Government			
Department of General Services			
Number of Buildings	66	65	66
Total Square Footage of Buildings	5,321,474	5,301,474	5,351,754
Vehicles	12,585	13,425	14,021
Education			
State Council of Higher Education			
Campuses of In-State Institutions	245	265	258
Campuses of Out-of-State Institutions	91	117	120
Transportation			
Department of Transportation			
Bridges Maintained (1)	Not yet available	13,167	13,175
State Maintained Highway Lane Miles (calendar year) (1)	Not yet available	72,681	72,522
Vehicles	6,726	6,992	7,401
Number of Buildings (2)	3,509	3,520	3,533
Total Square Footage of Buildings	8,415,994	8,427,682	8,346,916
Resources and Economic Development			
Department Conservation & Recreation			
State Parks	39	39	39
Acres of State Parks (in thousands)	74	74	73
Natural Area Preserves	42	39	39
Acres of Natural Area Preserves (in thousands)	31	31	33
Historic Sites	3	3	3
Acres of Historic Sites (in thousands)	0.3	0.3	0.3
Number of Buildings (3)	1,415	1,417	1,405
Total Square Footage of Buildings	2,813,096	2,816,696	2,789,799
Department of Forestry			
State Forests	24	24	24
Buildings	295	295	295
Total Square Footage of Buildings	600,602	600,602	600,602
Individual and Family Services			
Department of Behavioral Health and Developmental Services			
Number of Buildings	392	392	394
Total Square Footage of Buildings	5,409,231	5,409,231	5,413,168
Administration of Justice			
Department of State Police			
Number of Stations	67	67	67
Number of Buildings	142	147	147
Total Square Footage of Buildings	682,663	685,109	685,109
Department of Corrections			
Number of Buildings	1,871	1,857	1,854
Total Square Footage of Buildings	12,129,118	12,107,287	12,165,957
Business-type Activities			
Alcoholic Beverage Control			
Number of Buildings	23	23	23
Total Square Footage of Buildings	1,174,901	1,174,901	1,174,901

(1) Information not yet available for fiscal year 2020.

(2) Includes storage sheds

(3) Includes cabins

2017	2016	2015	2014	2013	2012	2011
66	64	65	63	62	62	54
5,351,754	4,901,754	5,032,991	5,026,991	4,961,416	4,961,416	5,259,506
14,920	14,519	14,669	14,769	14,424	14,161	13,983
255	246	231	276	252	262	250
134	129	132	146	142	158	166
13,106	13,101	13,098	13,089	13,049	13,042	12,926
72,397	75,096	72,210	72,089	71,937	71,779	71,668
7,567	7,754	7,503	7,768	7,762	7,797	7,593
3,485	3,489	3,492	3,488	3,501	3,487	3,520
8,264,527	8,262,042	8,269,556	8,158,974	8,119,018	7,830,447	7,916,019
39	39	39	37	37	37	37
73	73	71	68	67	69	69
39	39	39	39	39	39	39
35	34	34	34	35	31	30
3	3	3	3	3	3	3
0.3	0.3	0.3	0.3	0.3	0.3	0.3
1,359	1,359	1,360	1,345	1,345	1,164	1,164
2,562,851	2,562,851	2,583,309	2,560,662	2,560,662	1,152,257	1,152,257
24	23	23	23	23	22	22
295	295	295	295	295	295	295
600,602	600,602	600,602	600,602	600,602	600,602	600,602
407	407	409	409	408	407	429
5,568,709	5,568,709	5,571,068	5,534,625	5,523,762	5,169,937	5,901,505
66	66	65	65	65	65	65
147	147	147	147	148	144	145
685,109	685,109	685,109	685,109	681,987	562,736	562,736
1,849	1,858	1,823	1,843	1,881	1,858	1,820
12,082,187	12,105,357	11,826,751	11,799,780	11,889,055	11,872,765	11,771,319
23	24	24	24	24	25	25
1,174,901	1,180,501	1,180,501	1,180,501	1,180,501	1,185,501	1,185,501

Sources: Department of Conservation and Recreation
Department of Forestry
Department of Motor Vehicles
Department of State Police

Department of Transportation
Department of the Treasury
State Council of Higher Education for Virginia

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