

A Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012



Robert F. McDonnell
Governor

Richard D. Brown
Secretary of Finance

David A. Von Moll
Comptroller

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INTRODUCTORY SECTION

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



COMMONWEALTH of VIRGINIA

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COMPTROLLER

Office of the Comptroller

P. O. BOX 1971
RICHMOND, VIRGINIA 23218-1971

December 14, 2012

The Honorable Robert F. McDonnell
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor McDonnell:

It is my pleasure to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012, 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 2012 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.

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, 2012. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the Federal Single Audit Act Amendments of 1996 and the related OMB Circular A-133 is performed at the statewide level. The Commonwealth's Single Audit Report will be issued at a later date. I would like to acknowledge the Auditor of Public Accounts' staff for their many contributions to the preparation of this report.

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

PROFILE OF THE GOVERNMENT

REPORTING ENTITY

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

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

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

BUDGETARY CONTROL

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

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

Economic Review

Local Economy

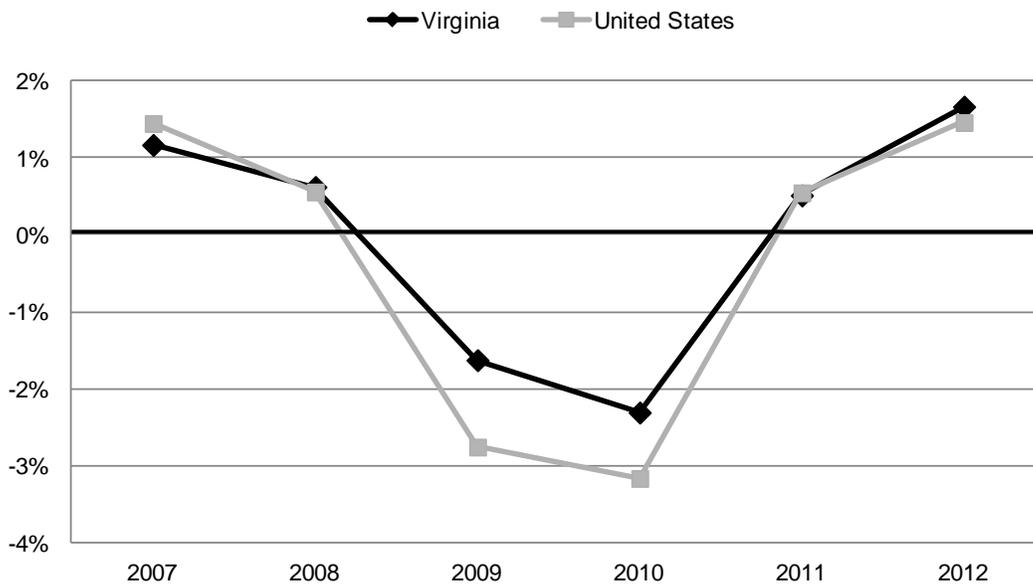
Introduction

This economic overview for the Commonwealth of Virginia was prepared by the economics research team at Virginia Commonwealth University's Center for Urban Development. In fiscal year 2012, Virginia's economy confirmed what was observed during the previous year – a slow but consistent recovery from the so-called "Great Recession." The Great Recession has been the worst financial and economic downturn in the United States since the "Great Depression" of the 1930s. We are still far from the economic performances registered in fiscal years 2007 and 2008, before the crisis hit the nation, but it appears that the Commonwealth is on the path to recovery. Data presented in this report allows us to be fairly optimistic – particularly for Virginia, where the upturn in economic indicators continues to be generally greater than at the national level.

Employment

After a dramatic decline of 3.9 percent and the loss of almost 150,000 jobs between fiscal years 2008 and 2010, Virginia's nonfarm payroll employment experienced slight growth of 0.5 percent in fiscal year 2011 and a more substantial increase of 1.6 percent in fiscal year 2012 (see **Figure 1**). This growth was higher than the 1.5 percent registered at national level. The change in number of people employed was considerable, with about 60,000 jobs added during fiscal year 2012. This allows for some optimism, although the slow and difficult recovery from the economic downturn still calls for caution. Even so, the increase in employment for two years in a row – and the fact that employment has grown even within a global economic framework that is still rather uncertain – is important because it suggests that Virginia is on the right path for an economic recovery.

Figure 1
Annual Percentage Change in Nonfarm Payroll Employment
Fiscal Years 2007 - 2012



Source: U.S. Bureau of Labor Statistics

Figure 2 shows changes in Virginia's nonfarm employment by industry for fiscal years 2007 - 2012, along with the employment change between fiscal years 2011 and 2012 for Virginia and the U.S. Data from fiscal year 2011 had already shown timid signs of economic recovery from the three-year recession, during which almost all industry groups experienced considerable job losses. The upturn suggested in fiscal 2011 was more evident in fiscal year 2012, at both the state and national levels. This was especially true in sectors such as Transportation and Utilities (5.1 percent growth in Virginia and 2.4 percent in the U.S.), Mining and Logging (4.8 percent increase in Virginia and 10.5 nationally), Financial Activities (an increase of 4.6 percent for the state and 1.2 percent nationally), Educational and Health Services (a sector that experienced a net job gain in the Commonwealth of more than 15,000 units, with state-level growth of 3.3 percent and national-level growth of 1.7), Leisure and Hospitality (which also added around 15,000 jobs across the state and had 4.4 percent growth, compared with 2.8 percent growth nationally), and Federal Government, Local Government, and Other Services (which each gained jobs in Virginia, while still declining nationally). Slight increases were also apparent in Professional and Business Services (with a modest gain of 1.0 percent in Virginia and 4.1 at the national level) and Retail Trade (which had a small increase of 0.5 percent for the state and 1.7 percent nationally). There are still some industries at the state level that are struggling, including Construction, Manufacturing, Wholesale Trade, Information Services and State Government. During fiscal year 2012, these sectors, combined, lost more than 8,700 jobs.

Figure 2
Nonfarm Payroll Employment
Fiscal Years 2007 - 2012

NAICS Industry*	Virginia Employment (000)						Change, Fiscal Year 2012 over Fiscal Year 2011		
	2007	2008	2009	2010	2011	2012	Virginia		U. S.
							Number (000)	Percent	Percent
Mining and Logging	11.2	10.8	10.9	10.1	10.4	10.9	0.5	4.8	10.5
Construction	244.7	232.7	206.2	184.0	183.5	178.8	(4.7)	(2.6)	0.3
Manufacturing	282.8	271.5	252.5	233.1	230.9	228.9	(2.0)	(0.9)	2.0
Wholesale Trade	120.6	120.5	116.6	109.9	111.0	110.5	(0.5)	(0.5)	1.5
Retail Trade	425.4	426.2	409.3	396.9	402.3	404.4	2.1	0.5	1.7
Transportation and Utilities	119.4	119.7	116.2	111.8	112.3	118.0	5.7	5.1	2.4
Information Services	91.2	89.1	84.5	77.9	74.5	73.2	(1.3)	(1.7)	(2.0)
Financial Activities	195.1	191.1	184.5	177.9	177.4	185.6	8.2	4.6	1.2
Professional and Business Services	637.6	653.3	649.9	640.4	657.2	663.7	6.5	1.0	4.1
Educational and Health Services	411.9	430.4	444.9	452.8	459.3	474.4	15.1	3.3	1.7
Leisure and Hospitality	342.4	348.6	345.1	339.4	335.3	350.1	14.8	4.4	2.8
Other Services	183.6	187.3	187.8	185.0	185.5	187.1	1.6	0.9	(1.1)
Federal Government	156.3	157.4	163.2	171.0	173.3	175.5	2.2	1.3	(1.3)
State Government	153.2	153.2	153.5	152.8	156.0	155.8	(0.2)	(0.1)	(1.2)
Local Government	370.1	377.0	382.3	379.1	371.9	381.5	9.6	2.6	(1.0)
Total	3,745.5	3,768.8	3,707.4	3,622.1	3,640.8	3,698.4	57.6	1.6	1.5

Source: U.S. Bureau of Labor Statistics

* North American Industry Classification System

Figure 3 shows the annual percentage change in nonfarm employment for ten of the eleven Metropolitan Statistical Areas (MSAs) in Virginia. The Kingston-Bristol MSA is not included in this table because most of it is located in Tennessee and data for this indicator are not reported separately for the Virginia portion of the MSA. The timid signs of recovery witnessed in fiscal 2011 through this economic indicator were more pronounced in fiscal year 2012. Except for the Lynchburg MSA, which experienced a job loss of 1.3 percent, the level of employment increased in each MSA. Of particular significance are the performances of Richmond MSA and Northern Virginia MSA (an increase of 2.1 percent and 2.5 percent, respectively). Together with the Virginia Beach-Norfolk-Newport News MSA (typically referred to as the “Hampton Roads” MSA), these MSAs have accounted for more than 80 percent of Virginia’s nonfarm payroll employment in recent years. During fiscal year 2012 alone, these three MSAs added around 50,000 jobs.

Figure 3
Nonfarm Payroll Employment in Virginia’s MSAs
Fiscal Years 2007 - 2012

Area	Percent Change					
	2007	2008	2009	2010	2011	2012
Virginia	1.2	0.6	(1.6)	(2.3)	0.5	1.6
Metropolitan areas^(a)						
Blacksburg-Christiansburg-Radford	(0.6)	(0.0)	(0.6)	(3.8)	(0.1)	7.7
Charlottesville	4.0	1.4	(1.6)	(1.9)	0.8	3.1
Danville	(4.7)	0.4	(1.4)	(4.1)	1.7	1.8
Harrisonburg	3.6	(1.4)	(1.7)	(1.7)	1.3	1.9
Lynchburg	1.5	1.1	(1.5)	(4.1)	1.1	(1.3)
Northern Virginia	1.6	0.8	(0.9)	(0.8)	1.1	2.5
Richmond	1.8	0.3	(2.0)	(3.2)	(0.1)	2.1
Roanoke	1.2	(0.1)	(2.2)	(3.0)	(0.5)	1.2
Virginia Beach-Norfolk-Newport News ^(b)	0.8	0.2	(2.4)	(2.6)	(0.3)	0.7
Winchester ^(c)	2.9	(2.0)	(3.5)	(2.8)	2.4	2.8

Source: U.S. Bureau of Labor Statistics

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

(b) Includes portion in North Carolina

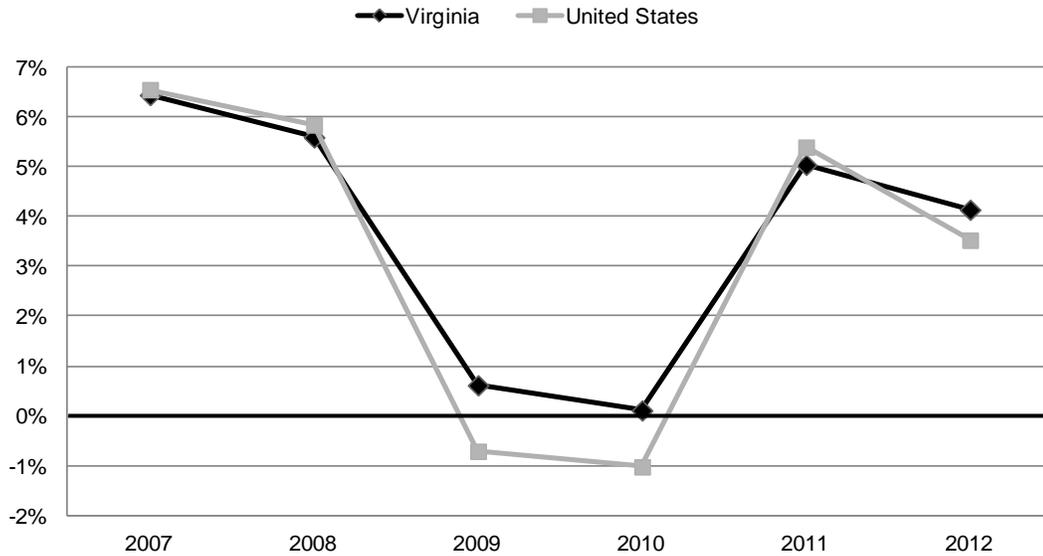
(c) Includes portion in West Virginia

Personal Income

Personal income is an important indicator of Virginia’s economy because most of the state government revenues – income taxes and retail taxes in particular – are directly or indirectly related to personal income. As shown in **Figure 4**, personal income increased dramatically in fiscal year 2011, after the stagnation experienced during the recession, and had a slightly lower rate during fiscal year 2012. In Virginia there was 4.1 percent growth during fiscal year 2012, compared with 5.0 percent growth in fiscal year 2011. For the nation, the growth rates were 3.5 percent for fiscal 2012 and 5.4 percent in fiscal year 2011. These positive growth rates are still lower than pre-recession levels (in Virginia, 6.4 percent in 2007 and 5.6 percent in 2008). Nevertheless, this indicator reinforces the idea of a slow economic recovery at both the state and national levels.

Each of the three major components of personal income – net earnings by place of residence; dividends, interest and rent; and transfer payments – experienced a significant increase during fiscal year 2012. The most important of these three components (net earnings by place of residence) grew 5.0 percent in Virginia and 5.3 percent nationwide.

Figure 4
Percentage Change in Personal Income
 Fiscal Years 2007 - 2012

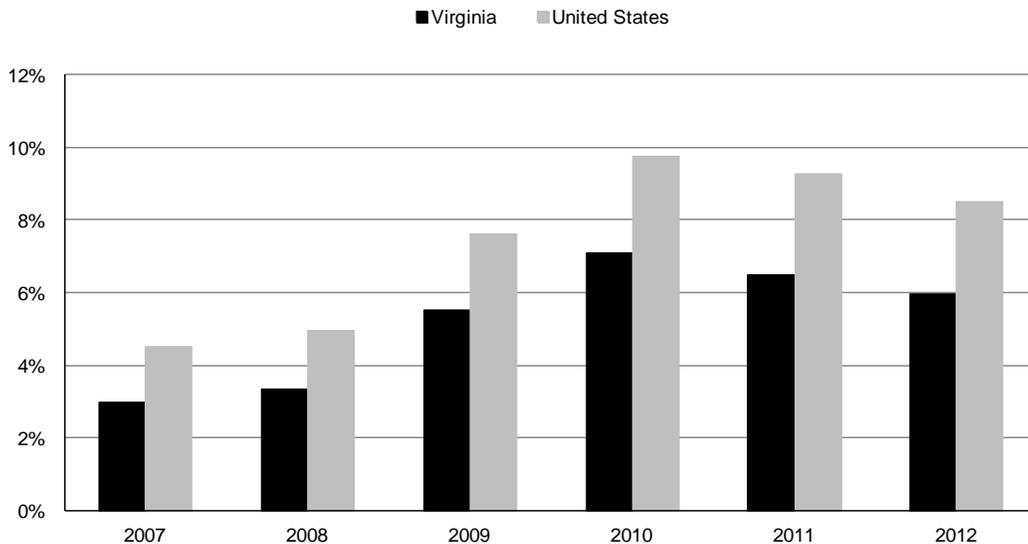


Source: U.S. Bureau of Economic Analysis, Regional Economic Information System

Unemployment

After the three fiscal years of recession (2008, 2009, and 2010) during which unemployment grew dramatically and the slow turn-around during fiscal year 2011, the unemployment rate continued to decline during fiscal year 2012. Unemployment reached 6.0 percent in Virginia and 8.5 percent nationally. Although these values are still far from the low unemployment rates of the period before the recent recession (during 2007, the rates were 3.0 percent in Virginia and 4.5 percent in the U.S.), this decline seems constant and structural, which allows us to be optimistic for the future of Virginia's economy.

Figure 5
Civilian Unemployment Rate
 Fiscal Years 2007 - 2012



Source: U.S. Bureau of Labor Statistics

Figure 6 shows unemployment rates for each of Virginia's MSAs over a period of six fiscal years. From this perspective, it is clear that the unemployment rates have been declining consistently in each MSA. The lowest unemployment rates in fiscal year 2012 were in the Northern Virginia (4.5 percent) and Charlottesville (5.1 percent) MSAs.

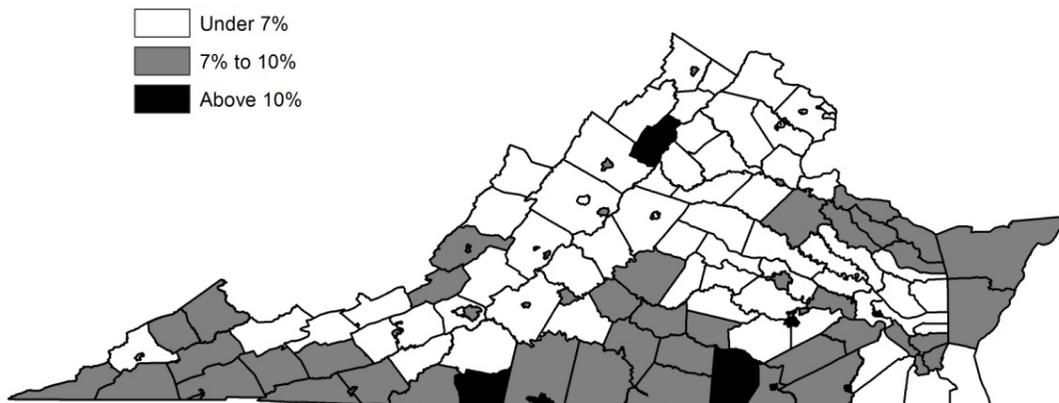
Figure 6
Civilian Unemployment Rate for Virginia's MSAs
 Fiscal Years 2007 - 2012

Area	Unemployment Rate (Percent)					
	2007	2008	2009	2010	2011	2012
Virginia	3.0	3.3	5.5	7.1	6.5	6.0
Metropolitan areas						
Blacksburg-Christiansburg-Radford	3.7	4.0	7.0	8.6	7.4	6.3
Charlottesville	2.5	2.7	4.6	6.0	5.4	5.1
Danville	6.7	6.4	10.3	12.0	10.4	8.9
Harrisonburg	2.5	3.0	5.2	6.6	6.2	6.0
Kingsport-Bristol*	4.4	4.8	7.2	9.3	8.6	7.7
Lynchburg	3.3	3.6	6.0	7.9	7.2	6.8
Northern Virginia	2.2	2.5	4.2	5.3	4.8	4.5
Richmond	3.1	3.5	6.0	8.0	7.3	6.6
Roanoke	3.1	3.4	5.7	7.7	6.9	6.3
Virginia Beach-Norfolk-New port News*	3.2	3.6	5.7	7.4	7.1	6.8
Winchester*	2.8	3.5	6.4	7.6	6.5	6.0

Source: U.S. Bureau of Labor Statistics
 * Includes only the portion of the MSA located in Virginia

In **Figure 7**, each of Virginia's localities (95 counties and 39 independent cities) is color coded according to its unemployment rate. Three categories are represented on the map: unemployment rates that are under 7 percent, 7 to 10 percent, and above 10 percent. The map for fiscal year 2012 includes localities with higher unemployment rates (between 7 and 10 percent) in multiple regions of Virginia, especially in the south central and southwestern parts of the Commonwealth.

Figure 7
Unemployment Rate by Locality
 Fiscal Year 2012

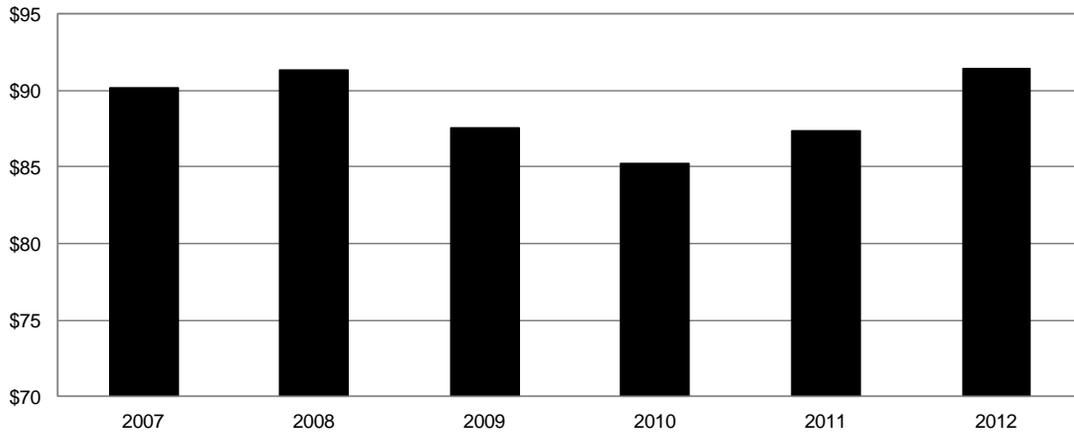


Source: Virginia Employment Commission

Taxable Sales

Since current data on retail sales are not produced for states, this report follows the approach used in previous years and presents information on taxable sales. These data are used as a proxy for retail sales, even though they do not include motor vehicle and motor fuel sales. Taxable sales data includes sales at restaurants and lodging places. **Figure 8** shows that after two years of sharp decline in 2009 and 2010, and a slight upturn registered in fiscal year 2011, that Virginia's taxable sales have returned to pre-recession levels. During fiscal year 2012, Virginia had taxable sales around \$91.0 billion, a substantial increase of 4.7 percent over fiscal 2011.

Figure 8
Taxable Sales in Virginia
Fiscal Years 2007 – 2012
(Billions of Dollars)

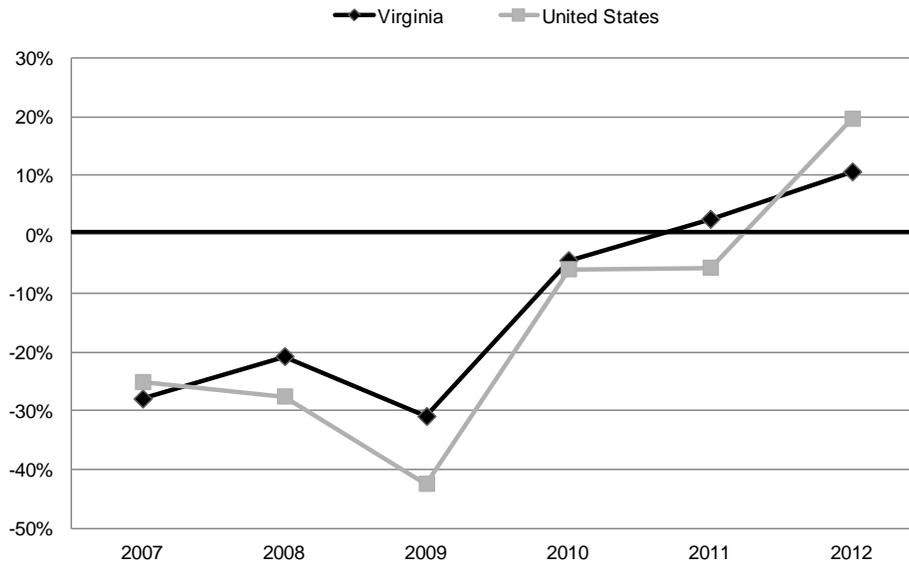


Source: *Weldon Cooper Center for Public Service, University of Virginia.*
Originally from the Virginia Department of Taxation.

Housing Market

After three fiscal years of dramatic decline (fiscal years 2007 to 2009) where the annual percentage change in new privately owned housing units authorized in Virginia ranged between negative 20.0 percent and negative 31.0 percent – and following the timid signs of recovery (especially in Virginia) registered during fiscal years 2010 and 2011 – data for fiscal year 2012 showed a sharp increase in new units authorized at both the state and national level (see **Figure 9**). The increases for Virginia and the U.S. were 10.6 percent and 19.7 percent, respectively.

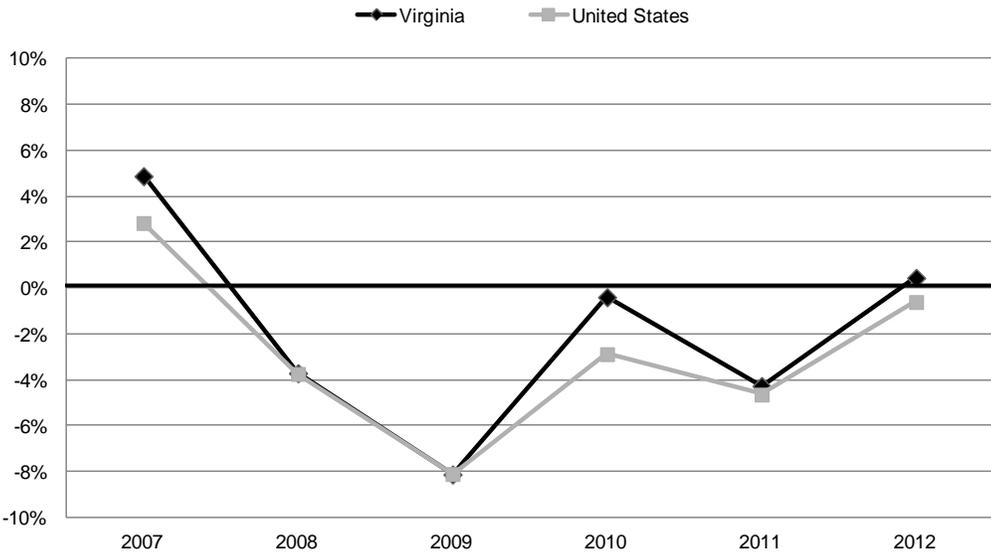
Figure 9
New Privately Owned Housing Units Authorized
Annual Percentage Change
Fiscal Years 2007 - 2012



Source: U.S. Census Bureau

Another indicator for understanding Virginia's housing market is the percentage change in house prices published by the Federal Housing Finance Agency. **Figure 10** shows a positive change in the Virginia economy for fiscal year 2012. Following a steep decline during the economic recession (a drop of almost 8.0 percent at both state and national levels) and some fluctuations during fiscal years 2010 and 2011, housing prices in Virginia increased (i.e., had a percentage change above 0.0 percent) during fiscal year 2012 – the first time since fiscal year 2007. The increase is rather limited at only 0.4 percent in Virginia. When compared to national data (negative 0.6 percent), however, this can still be considered a step in the right direction.

Figure 10
Percentage Change in Housing Prices
Fiscal Years 2007 - 2012



Source: Federal Housing Finance Agency

Conclusion

Fiscal year 2012, overall, can be considered as a year of economic growth, where some of the positive results observed during fiscal year 2011 have been confirmed and strengthened. While it is still not safe to assume that the effects of the economic recession are over, the continuing positive trend for the second year in a row (for most of the indicators presented in this report) is a very good sign. It is important to keep in mind that most of the data presented for fiscal year 2012 (as well as for fiscal year 2011) are at lower levels than they were before the recession. Even so, this information still allows us to be optimistic for Virginia and to look toward fiscal year 2013 as the year that confirms an economic recovery.

MAJOR INITIATIVES

The CAFR has received unqualified audit opinions from fiscal year 1986 through fiscal year 2011. 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 unqualified audit opinions and awards, we must be mindful of the fact that they are not automatic. The successes of the State Comptroller's office are directly attributable not only to the professionalism, experience and integrity of the State Comptroller's technical and accounting personnel, but also to the professionalism, experience and integrity of the financial and accounting personnel throughout the Commonwealth. These major initiatives will support efforts to continue our legacy of quality financial management.

LONG-TERM FINANCIAL PLANNING

In 1992, an amendment to the Constitution of Virginia required the establishment of a Revenue Stabilization Fund. Annually, revenue collections are evaluated to determine whether deposits are required to the Fund. Withdrawals can only occur if the general fund revenues appropriated exceed the revised general fund revenue forecast by more than two 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 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 percent.

ENTERPRISE APPLICATION PROJECT

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

AMERICAN RECOVERY AND REINVESTMENT ACT

In February 2009, the United States Congress and the President passed the American Recovery and Reinvestment Act (ARRA) to help facilitate recovery for the nation's economy. In order to provide reporting transparency and appropriate use of these monies, stringent reporting requirements accompanied these federal funds. In order to help ensure the Commonwealth complied with the ARRA reporting requirements, the Comptroller's staff facilitated collaboration through a variety of communications with fiscal officers throughout the Commonwealth and modified the General Ledger to allow separate reporting for each individual ARRA grant. Further, the Comptroller's staff performed validation reviews of information being reported to the Office of Management and Budget throughout fiscal year 2012.

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, 2011. 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 26 consecutive years (fiscal years 1986-2011). I believe that this year's report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

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

Respectfully submitted,

David A. Von Moll
Comptroller of the Commonwealth of Virginia

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Danson

President

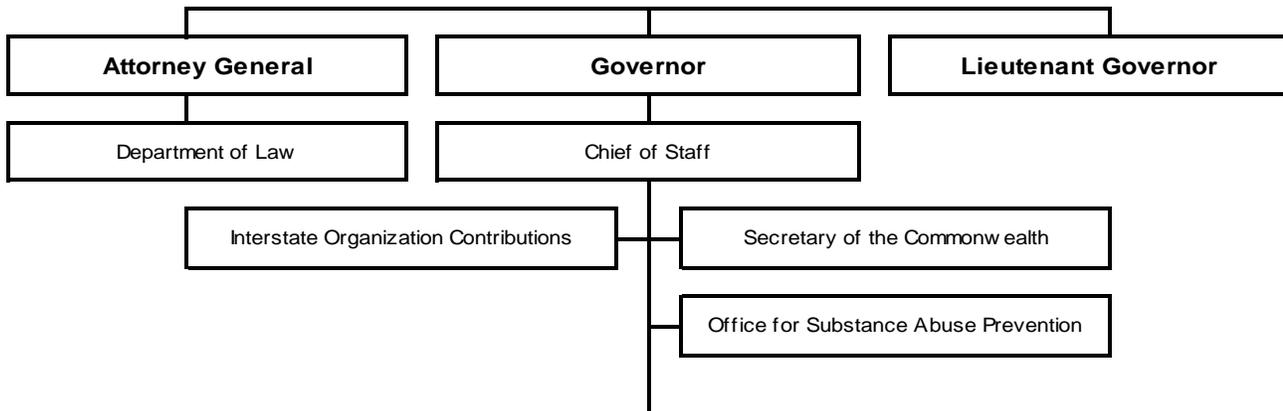
Jeffrey R. Emen

Executive Director

Organization Charts

Organization of Executive Branch of Government

As of June 30, 2012



Secretary of Administration

Compensation Board
 Department of Employment Dispute Resolution
 Department of General Services
 Department of Human Resource Management
 Department of Minority Business Enterprise
 Human Rights Council
 State Board of Elections

Secretary of Agriculture and Forestry

Agricultural Council
 Department of Agriculture and Consumer Services
 Department of Forestry

Secretary of Commerce and Trade

Board of Accountancy
 Department of Business Assistance
 Department of Housing and Community Development
 Department of Labor and Industry
 Department of Mines, Minerals and Energy
 Department of Professional and Occupational Regulation
 Virginia Economic Development Partnership
 Virginia Employment Commission
 Virginia Housing Development Authority
 Virginia National Defense Industrial Authority
 Virginia Racing Commission
 Virginia Tourism Authority

Secretary of Health and Human Resources

Assistive Technology Loan Fund Authority
 Comprehensive Services for At-Risk Youth and Families
 Department for the Aging
 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 Rehabilitative Services
 Department of Social Services
 Virginia Board for People with Disabilities
 Virginia Foundation for Healthy Youth

Secretary of Education

Christopher Newport University
 Department of Education
 Frontier Culture Museum of Virginia
 George Mason University
 Gunston Hall
 Higher Education Tuition Moderation Incentive Fund
 Higher Education Research Initiative
 Institute for Advanced Learning and Research
 James Madison University
 Jamestown-Yorktown Foundation
 Longwood University
 New College Institute
 Norfolk State University
 Old Dominion University
 Radford University
 Richard Bland College
 Roanoke Higher Education Authority
 Southern Virginia Higher Education Center
 Southwest Virginia Higher Education Center
 State Council of Higher Education for Virginia
 The College of William and Mary
 The Library of Virginia
 The Science Museum of Virginia
 University of Mary Washington
 University of Virginia
 Virginia College Building Authority
 Virginia Commission for the Arts
 Virginia Commonwealth University
 Virginia Community College System
 Virginia Institute of Marine Science
 Virginia Military Institute
 Virginia Museum of Fine Arts
 Virginia Polytechnic Institute and State University
 Virginia School for the Deaf and the Blind
 Virginia State University

Secretary of Finance

Department of Accounts
 Department of Planning and Budget
 Department of Taxation
 Department of the Treasury
 Treasury Board

Secretary of Natural Resources

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

Secretary of Public Safety

Board of Towing and Recovery Operators
 Commonwealth's Attorneys' Services Council
 Department of Alcoholic Beverage Control
 Department of Correctional Education
 Department of Corrections
 Department of Criminal Justice Services
 Department of Emergency Management
 Department of Fire Programs
 Department of Forensic Science
 Department of Juvenile Justice
 Department of Military Affairs
 Department of State Police
 Virginia Correctional Enterprises
 Virginia Parole Board

Secretary of Technology

Innovation and Entrepreneurship Investment Authority
 Virginia Information Technologies Agency

Secretary of Transportation

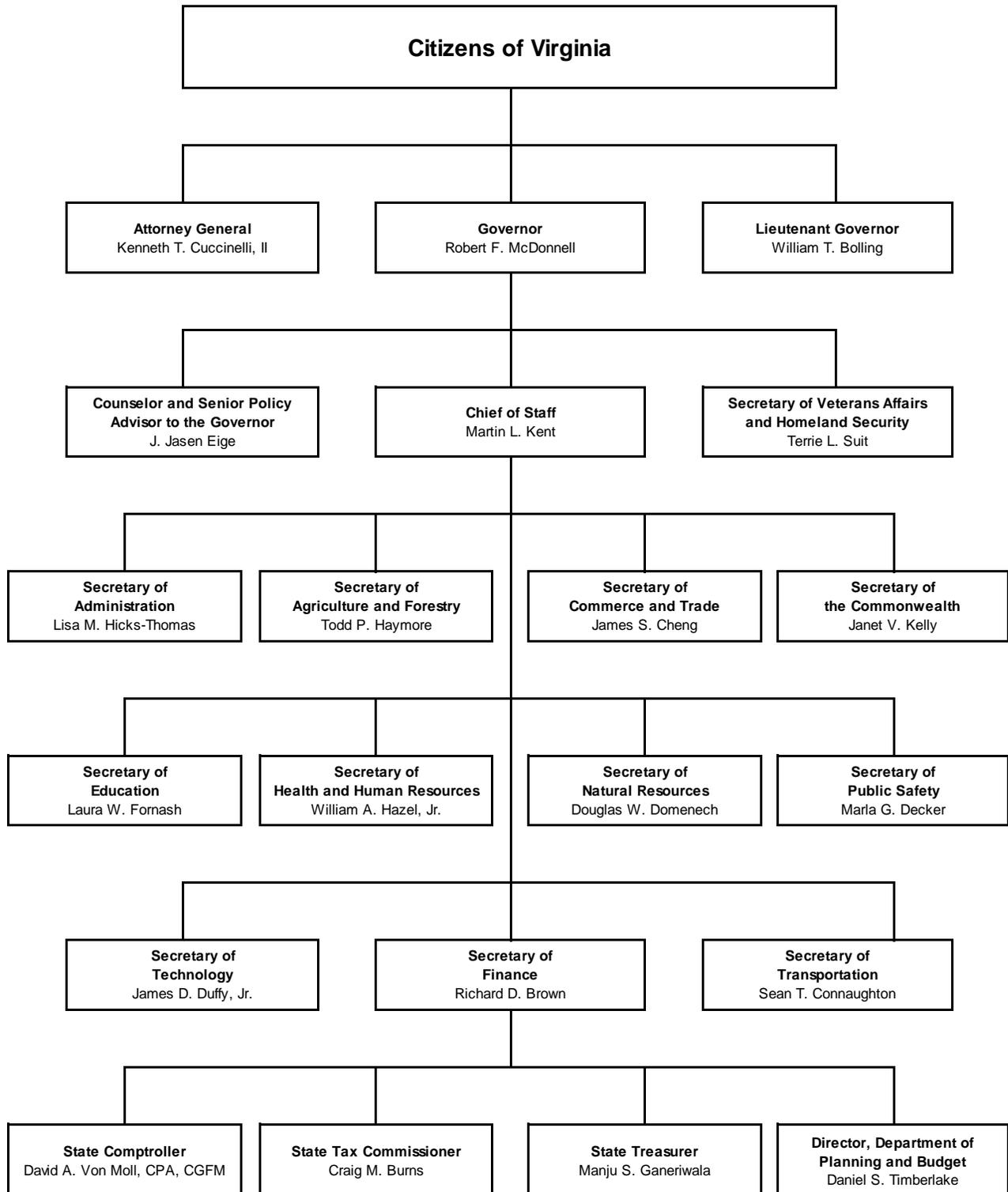
Department of Aviation
 Department of Motor Vehicles
 Department of Rail and Public Transportation
 Department of Transportation
 Motor Vehicle Dealer Board
 Virginia Port Authority

Secretary of Veterans Affairs and Homeland Security

Department of Veterans Services

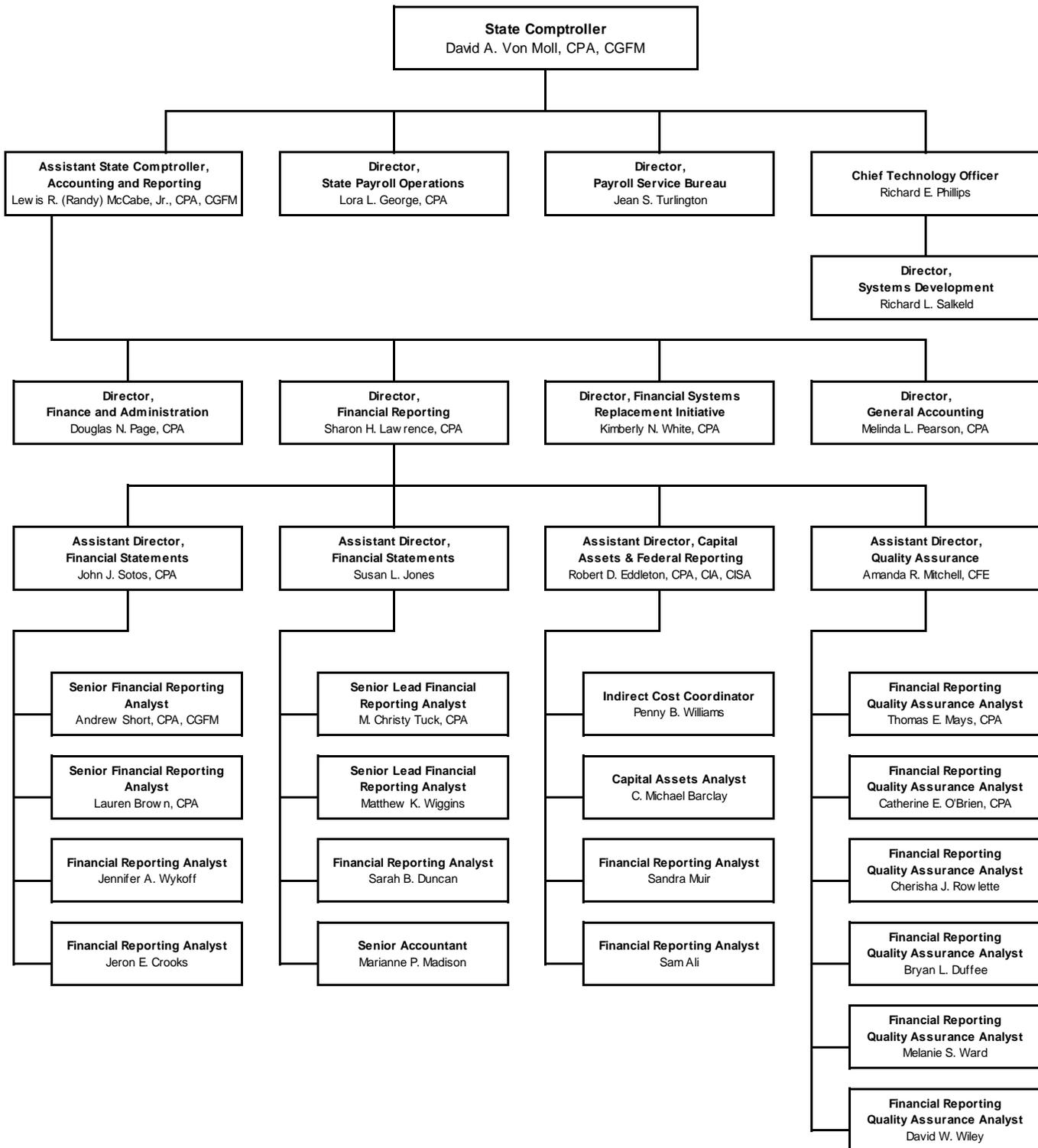
Organization of Government Selected Government Officials - Executive Branch

As of December 14, 2012



Organization of the Department of Accounts

As of December 14, 2012



FINANCIAL SECTION

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



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 14, 2012

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit and Review Commission

INDEPENDENT AUDITOR'S REPORT

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, 2012, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commonwealth of Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain component units of the Commonwealth discussed in Note 1.B., which represent 33.20 percent, 23.54 percent, and 11.61 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain component units discussed in Note 1.B. is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Hampton Roads Sanitation District Commission, Virginia Museum of Fine Arts Foundation, Science Museum of Virginia 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, funding progress for defined benefit pension plans, schedule of employer contributions for defined benefit pension plans, funding progress for other post-employment benefit plans, schedule of employer contributions for other post-employment benefit plans, and claims development information on pages 27 through 37 and 174 through 188 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 supplementary information, such as the combining and individual fund financial statements and schedules, and other information, such as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements and schedules have 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 previously, and the reports of the other auditors, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements 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.

In accordance with Government Auditing Standards, our report dated December 14, 2012, 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 under separate cover in the Commonwealth of Virginia Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

WALTER J. KUCHARSKI
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, 2012. 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 exceeded its liabilities at June 30, 2012, by \$19.7 billion. Net assets of governmental activities increased by \$1.4 billion and net assets of business-type activities increased by \$234.8 million. Component units reported an increase in net assets of \$438.0 million from June 30, 2011.

Fund Highlights

At the end of the fiscal year, the Commonwealth's governmental funds reported a combined ending fund balance of \$4.4 billion, an increase of \$1.0 billion in comparison with the prior year. Of this total fund balance, \$251.0 million represents nonspendable fund balance, \$1.6 billion represents restricted fund balance, \$3.4 billion represents committed fund balance, and \$11.8 million represents assigned fund balance. These amounts are offset by a negative \$820.9 million unassigned fund balance. The Enterprise Funds reported net assets at June 30, 2012, of \$359.0 million, an increase of \$237.7 million during the year which is primarily attributable to the Unemployment Compensation Fund. See page 33 for additional information.

The General Fund recognized higher fund assets, liabilities, revenues, and expenditures when compared to fiscal year 2011. See page 34 for additional information.

Long-term Debt

The Commonwealth's total debt rose during the fiscal year to \$36.1 billion, an increase of \$2.4 billion, or 7.1 percent. During the fiscal year, the Commonwealth issued new debt in the amount of \$1.8 billion for the primary government and \$5.5 billion for the component units. These debt issuances increased the debt balances to \$11.7 billion for the primary government and \$24.4 billion for component units.

Overview of the Financial Statements

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

Government-wide Statements

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

The Statement of Net Assets (pages 40 and 41) presents information on all of the Commonwealth's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during fiscal year 2012. All changes in net assets 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 Assets 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 State 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 27 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 are 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 the Commonwealth's funds can be divided into three categories: governmental, proprietary, and fiduciary. Each of these categories uses different accounting approaches. Fund financial statements begin on page 46 and provide detailed information about the major individual funds.

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

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

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

- **Proprietary funds** – The Commonwealth maintains two different types of proprietary funds, enterprise and internal service. These funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting. Enterprise funds report activities that charge fees for supplies or services to the general public like the State 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 22 individual proprietary funds. Information is presented separately in the proprietary fund statements for the State Lottery Department, Virginia College Savings Plan, and Unemployment Compensation Funds, all of which are considered major funds. Data from the other enterprise funds are aggregated into a single column on the fund statements. All internal service funds are aggregated into a single column on the fund statements. Individual fund data for all nonmajor proprietary funds is provided in the combining financial statements immediately following the required supplementary information.

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

The Commonwealth's fiduciary funds are the:

- Private Purpose Trusts, which reports the activities for 7 separate funds and accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments;
- Pension and Other Employee Benefit Trusts, which reports the activities of 12 separate pension and other employment retirement plans for employees;
- Investment Trust, which accounts for the activities of the external investment pool; and,
- Agency, which accounts for assets held on behalf of others in 20 separate funds.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles fund balances at June 30. It also includes information concerning the Commonwealth's funding progress for pension and other postemployment benefits, 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 189 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 exceeded its liabilities by \$19.7 billion during the fiscal year. The net assets of the governmental activities increased \$1.4 billion or 7.8 percent, primarily due to increases in current and other assets offset by increases in long-term liabilities. The asset increase is primarily due to unspent bond proceeds, and the long-term liabilities are discussed further on page 36. Business-type activities had an increase of \$234.8 million or 193.9 percent, primarily due to an increase for the Unemployment Compensation Fund. The government-wide beginning balance was restated for the correction of prior year errors to arrive at a restated beginning balance of \$18.1 billion.

Figure 11
Net Assets as of June 30, 2012 and 2011
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011 as restated	2012	2011	2012	2011 as restated
Current and other assets	\$ 10,607,730	\$ 8,809,085	\$ 3,161,983	\$ 3,149,480	\$ 13,769,713	\$ 11,958,565
Capital assets	24,015,151	22,452,549	34,359	36,256	24,049,510	22,488,805
Total assets	<u>34,622,881</u>	<u>31,261,634</u>	<u>3,196,342</u>	<u>3,185,736</u>	<u>37,819,223</u>	<u>34,447,370</u>
Long-term liabilities outstanding	9,319,463	8,059,198	2,434,493	2,484,784	11,753,956	10,543,982
Other liabilities	5,980,535	5,273,348	405,905	579,825	6,386,440	5,853,173
Total liabilities	<u>15,299,998</u>	<u>13,332,546</u>	<u>2,840,398</u>	<u>3,064,609</u>	<u>18,140,396</u>	<u>16,397,155</u>
Net assets:						
Invested in capital assets, net of related debt	19,891,265	18,353,426	33,910	35,338	19,925,175	18,388,764
Restricted	1,647,731	1,171,700	178,916	15,730	1,826,647	1,187,430
Unrestricted	(2,216,113)	(1,596,038)	143,118	70,059	(2,072,995)	(1,525,979)
Total net assets	<u>\$ 19,322,883</u>	<u>\$ 17,929,088</u>	<u>\$ 355,944</u>	<u>\$ 121,127</u>	<u>\$ 19,678,827</u>	<u>\$ 18,050,215</u>

The largest portion of the primary government's net assets 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 used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The primary government uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the primary government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (**Figure 11**). The investment in capital assets amount exceeds total net assets due to a negative unrestricted net asset amount unrelated to capital assets.

An additional portion of the primary government's net assets represents restricted net assets. These resources are subject to external restrictions or constitutional provisions specifying how they may be used. The remaining balance of (\$2.1 billion) is unrestricted net assets (**Figure 11**).

Approximately 52.4 percent of the primary government's total revenue came from taxes. While the primary government's expenses cover many services, the largest expenses are for education and individual and family services. General revenues normally fund governmental activities. For fiscal year 2012, governmental program and general revenues exceeded governmental expenses by \$725.3 million. Program revenues exceeded expenses from business-type activities by \$892.6 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 assets (see page 42).

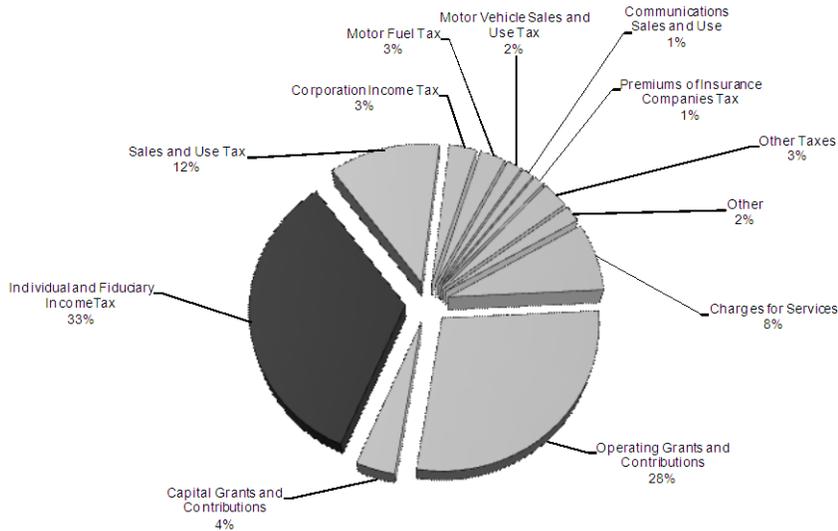
Figure 12
Changes in Net Assets for the Fiscal Years Ended June 30, 2012 and 2011
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011 as restated	2012	2011	2012	2011 as restated
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,442,024	\$ 2,352,638	\$ 3,652,941	\$ 3,601,117	\$ 6,094,965	\$ 5,953,755
Operating Grants and Contributions	9,178,384	9,950,314	447	575	9,178,831	9,950,889
Capital Grants and Contributions	1,266,700	1,324,192	-	-	1,266,700	1,324,192
General Revenues:						
Taxes:						
Individual and Fiduciary Income	10,813,550	10,050,404	-	-	10,813,550	10,050,404
Sales and Use	3,885,137	3,706,197	-	-	3,885,137	3,706,197
Corporation Income	978,690	851,630	-	-	978,690	851,630
Motor Fuel	900,199	903,108	-	-	900,199	903,108
Motor Vehicle Sales and Use	538,126	495,437	-	-	538,126	495,437
Communications Sales and Use	422,807	443,188	-	-	422,807	443,188
Deeds, Contracts, Wills, and Suits	370,620	335,526	-	-	370,620	335,526
Premiums of Insurance Companies	390,950	406,113	-	-	390,950	406,113
Alcoholic Beverage Sales	120,989	114,202	-	-	120,989	114,202
Tobacco Products	195,554	175,365	-	-	195,554	175,365
Estate	1,493	1,787	-	-	1,493	1,787
Public Service Corporations	114,972	113,260	-	-	114,972	113,260
Beer and Beverage Excise	43,659	43,873	-	-	43,659	43,873
Wine and Spirits/ABC Liter	24,297	22,924	-	-	24,297	22,924
Bank Stock	18,729	24,580	-	-	18,729	24,580
Other Taxes	73,613	76,592	9,141	9,141	82,754	85,733
Unrestricted Grants and Contributions	49,203	48,314	-	-	49,203	48,314
Investment Earnings	84,094	63,040	1,248	1,062	85,342	64,102
Miscellaneous	465,189	285,486	357	253	465,546	285,739
Total Revenues	32,378,979	31,788,170	3,664,134	3,612,148	36,043,113	35,400,318
Expenses:						
General Government	2,877,588	2,838,981	-	-	2,877,588	2,838,981
Education	9,181,575	9,086,399	-	-	9,181,575	9,086,399
Transportation	3,030,002	2,817,764	-	-	3,030,002	2,817,764
Resources and Economic Development	984,557	1,002,189	-	-	984,557	1,002,189
Individual and Family Services	12,712,219	12,663,265	-	-	12,712,219	12,663,265
Administration of Justice	2,639,166	2,632,736	-	-	2,639,166	2,632,736
Interest and Charges on Long-term Debt	228,580	228,207	-	-	228,580	228,207
State Lottery	-	-	1,121,043	1,030,374	1,121,043	1,030,374
Virginia College Savings Plan	-	-	96,158	243,271	96,158	243,271
Unemployment Compensation	-	-	639,824	661,739	639,824	661,739
Alcoholic Beverage Control	-	-	507,180	479,393	507,180	479,393
Risk Management	-	-	13,169	8,360	13,169	8,360
Local Choice Health Care	-	-	266,719	229,545	266,719	229,545
Virginia Industries for the Blind	-	-	32,091	28,148	32,091	28,148
Consolidated Laboratory	-	-	6,964	6,642	6,964	6,642
eVA Procurement System	-	-	19,370	17,199	19,370	17,199
Department of Environmental Quality Title V	-	-	10,939	10,173	10,939	10,173
Wireless E-911	-	-	40,761	38,415	40,761	38,415
Museum and Library Gift Shops	-	-	6,146	6,697	6,146	6,697
Behavioral Health Canteen and Work Activity	-	-	450	13	450	13
Total Expenses	31,653,687	31,269,541	2,760,814	2,759,969	34,414,501	34,029,510
Excess before transfers	725,292	518,629	903,320	852,179	1,628,612	1,370,808
Transfers	668,503	614,637	(668,503)	(614,637)	-	-
Increase in net assets	1,393,795	1,133,266	234,817	237,542	1,628,612	1,370,808
Net assets (deficit), July 1, as restated	17,929,088	16,795,822	121,127	(116,415)	18,050,215	16,679,407
Net assets, June 30	\$ 19,322,883	\$ 17,929,088	\$ 355,944	\$ 121,127	\$ 19,678,827	\$ 18,050,215

Governmental Activities Revenues

Figure 13 is a graphical representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$590.8 million, or 1.9 percent. The net increase is mainly attributable to increases in the General Fund, which are discussed on page 34.

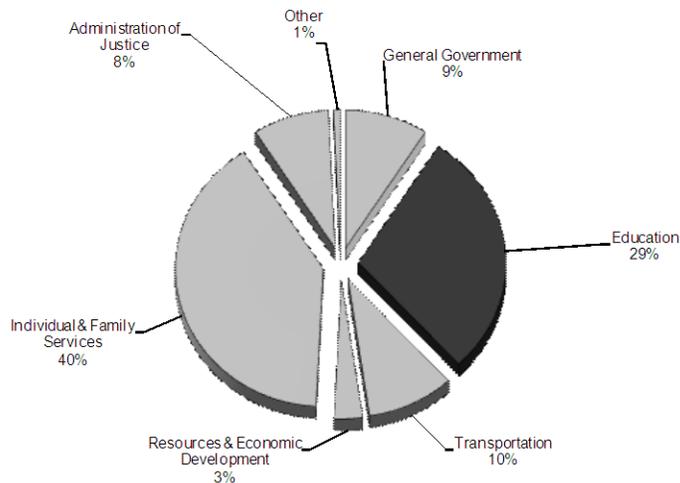
Figure 13
Revenues by Source – Governmental Activities
 Fiscal Year 2012



Governmental Activities Expenses

Figure 14 is a graphical representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by \$384.1 million or 1.2 percent. This change is primarily attributable to increases in all expense types with the exception of Resources and Economic Development. See pages 34 and 35 for additional information.

Figure 14
Expenses by Type – Governmental Activities
 Fiscal Year 2012



Net Assets of Business-type Activities

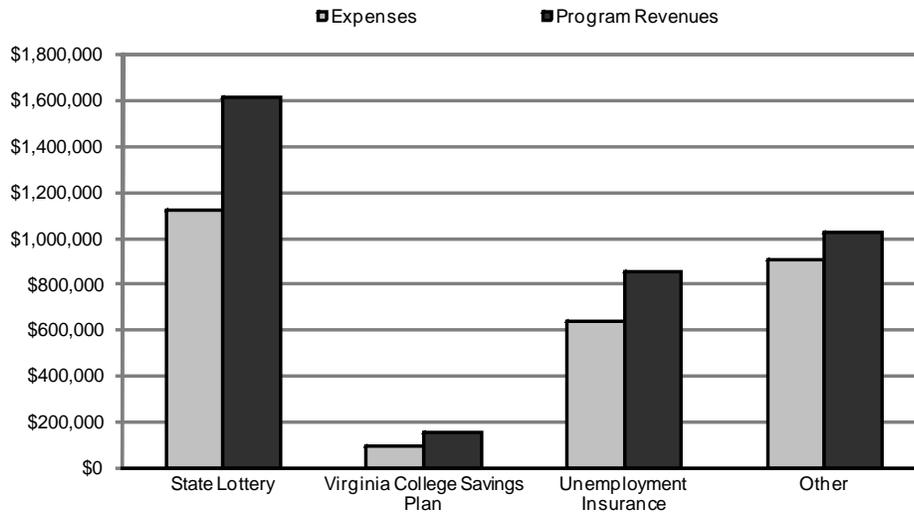
Net assets of business-type activities increased by \$234.8 million during the fiscal year. As shown in **Figure 15**, highlights of the changes in net assets for the major enterprise funds were as follows:

- Lottery sales were \$1.6 billion, an increase of \$133.3 million over the prior year. Net income was \$497.3 million, an increase of \$43.5 million (9.6 percent) from fiscal year 2011. Sales of scratch games increased by \$85.3 million (11.3 percent) and online sales increased by \$48.0 million (6.6 percent). This is offset by an increase of \$90.1 million (8.8 percent) in total expenses, primarily attributable to the cost of prizes and claims.
- Virginia College Savings Plan's net assets increased by \$63.3 million (863.4 percent). This change is primarily attributable to decreases in investment income and tuition benefits expense.
- Unemployment Compensation Fund net assets increased by \$202.6 million during fiscal year 2012, primarily as a result of an increase in the Employer Contribution rate for the Virginia Unemployment Trust Fund. Other factors adding to the fund were that it received a one-time \$68.0 million Federal Unemployment Tax credit and operating expenses decreased by \$21.9 million. These factors combined give the Trust Fund the large increase.

The Trust Fund became insolvent in October 2009, which required obtaining Federal repayable advances under Title XII of the Social Security Act totaling \$804.1 million during fiscal years 2010, 2011 and 2012. The advances enabled the Fund to continue benefit payments to claimants, and the Fund repaid the outstanding advance of \$445.8 million during fiscal year 2012. Additionally, the Fund received approval for a maximum of \$63.0 million in short-term Commonwealth Treasury Loans to meet cash flow needs and anticipates additional Federal advances in fiscal year 2013. See Note 37, "Subsequent Events," for additional information.

Over the one year period July 1, 2011 to June 30, 2012, the unemployment rate declined from 6.5 percent to 6.0 percent. Additionally, there were approximately 26,650 fewer initial unemployment claims filed than in the previous year. These declines were offset by increases in the average weekly benefit amounts from \$271.75 to \$280.60 and the average benefit duration from 14.8 weeks to 16.0 weeks in fiscal year 2012. These multiple influences led to a decrease in the total benefit payments of \$23.8 million over the prior year.

Figure 15
Business-type Activities
Program Revenues and Expenses
 For the Fiscal Year Ended June 30, 2012
 (Dollars in Thousands)



Fund Statements Financial Analysis

As of the end of the fiscal year, the primary government's governmental funds reported combined ending fund balances of \$4.4 billion, including a negative unassigned fund balance of \$820.9 million indicating that restricted and committed amounts exceed the available modified accrual basis fund balance. The remainder of fund balance is nonspendable, restricted or committed to indicate that it is not available for new spending.

General Fund Highlights

At the end of the fiscal year, the General Fund reported a combined ending fund balance of \$512.4 million, an increase of \$571.1 million in comparison with the prior year. Of this total fund balance, \$117.9 million represents nonspendable fund balance, \$729.3 million represents restricted fund balance, and \$486.1 million represents committed fund balance. These amounts are offset by a negative \$820.9 million unassigned fund balance.

Fiscal year 2012 General Fund revenues were 5.9 percent or \$971.6 million higher than fiscal year 2011 revenues. This revenue change results from increases of \$1.0 billion primarily attributable to individual and fiduciary income taxes (\$664.0 million), sales and use tax (\$129.3 million), and corporation income taxes (\$123.1 million) offset by decreases of \$68.5 million primarily attributable to premiums of insurance companies (\$28.3 million) and communication sales and use tax (\$17.5 million).

Fiscal year 2012 expenditures increased by \$864.4 million as compared to fiscal year 2011. This was primarily attributable to increases in individual and family services expenditures, education, and resources and economic development expenditures of \$625.5 million, \$211.6 million, and \$49.1 million, respectively, offset by decreases to general government expenditures of \$37.8 million. Net other financing sources and uses decreased by \$52.1 million which is primarily due to higher transfers out to nongeneral funds.

Budget Highlights

The General Fund began the year with an original revenue budget that was \$903.0 million or 5.7 percent higher than the final fiscal year 2011 revenue budget. Additionally, the final revenue budget was slightly higher (\$167.3 million or 1.0 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 \$196.8 million offset by a decrease in the final budget for sales and use taxes of \$58.5 million. Total actual General Fund revenues were greater than final budgeted revenues by \$242.6 million.

Total final budget expenditures were less than original budget expenditures by \$14.9 million or 0.1 percent. This decrease was primarily attributable to general government expenditures of \$137.6 million and individual and family services expenditures of \$66.4 million offset by increases in education expenditures of \$95.0 million, administration of justice expenditures of \$58.9 million and resources and economic development expenditures of \$32.1 million.

The Commonwealth spent less than planned so actual expenditures were \$495.9 million or 2.9 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 several temporary budget solutions such as, accelerated sales taxes, temporary pension funding strategy modifications (discussed further on the next page) and the continued receipt of additional federal funding. As a result of the Commonwealth's improving economy, these temporary budget solutions are being phased-out.

The economic indicators for fiscal year 2012 reflect a growing economy. Rising employment levels, faster income growth, higher consumer confidence, and the continued upward trends in the housing market drove growth in withholding, sales, and recordation taxes. During fiscal year 2012, the two General Fund revenue sources most closely tied to current economic activity – retail sales taxes and payroll withholding – experienced growth rates exceeding the annual estimate by \$55.5 million (1.8 percent) and \$33.7 million (0.3 percent), respectively. There is planned growth in the adopted budget for the 2012-2014 biennium (fiscal years 2013 and 2014). Based on the most recent General Fund revenue estimate, fiscal year 2013 revenue is projected to increase 2.9 percent over the fiscal year 2012 revenue collections.

While this revenue growth is expected to continue during the 2012-2014 biennium, pressures on the economic recovery persist due to the effect of federal budget uncertainties. In response to this uncertainty, the Commonwealth created the Federal Action Contingency Trust Fund and deposited \$30.0 million to assist in mitigating the potential effect of federal budget uncertainties on the Virginia economy. In addition the Governor instructed Cabinet Secretaries to prepare and submit plans for 4.0 percent reductions in General Fund spending for the fiscal year 2014. The Governor will release his final amendments to the 2012-2014 biennial budget on December 17, 2012.

Pension Funding

Effective for fiscal year 2012, the Commonwealth has approved a VRS contribution rate that is lower than the certified rate. VRS will receive contributions computed using the lower rate from all participating funds. In certain instances, the General Fund will receive the monetary differential between the certified and approved contribution rates. Additional information on all plans and the impact of funding rates on the Commonwealth's liability can be found in Note 14, "Retirement and Pension Systems."

Major Special Revenue Fund Highlights

The Commonwealth Transportation Fund ended the fiscal year with a fund balance of \$2.7 billion, an increase of \$312.1 million from the prior year. Approximately \$2.9 billion is contractually committed for various highway, public transportation, and rail preservation projects (see Note 19). The increase in fund balance was primarily due to the issuance of capital projects revenue bonds in the amount of \$897.6 million. Additionally, revenues and expenditures increased \$22.3 million, or 0.6 percent and \$603.8 million, or 15.5 percent, respectively. This increased activity is primarily due to expenditures for highway maintenance, acquisition and construction.

The Federal Trust Fund balance, as restated, increased by \$66.0 million, or 195.8 percent. A decrease in Federal Grants and Contracts revenue of approximately \$790.7 million, or 8.2 percent, was offset by a decrease in total expenditures of approximately \$863.0 million, or 8.9 percent. The decrease in Federal Grants and Contracts revenue was primarily due to the receipt of \$635.2 million in American Recovery and Reinvestment Act revenue which was \$947.5 million less than the previous fiscal year. Also contributing to the overall reduction were decreases of \$56.5 million for Medicaid funding and \$139.2 million for unemployment insurance. These decreases were offset by increases in food and home energy assistance programs of \$179.9 million and education grants of \$98.8 million.

The Literary Fund's fund balance decreased by \$22.0 million, or 18.4 percent, in fiscal year 2012 from fiscal year 2011. The decrease is the result of net disbursements exceeding net receipts by \$33.7 million, offset by a cash transfer in of \$11.3 million from the State Lottery representing unclaimed prizes.

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, 2012, amounts to \$24.0 billion (net of accumulated depreciation totaling \$13.6 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 current and other assets coupled with increases in capital assets resulted in an increase in net assets of the governmental activities of \$1.4 billion or 7.8 percent. The increase in the primary government's investment in capital assets was primarily attributable to increases in infrastructure and buildings of \$940.5 million and \$263.0 million, respectively. These increases are primarily attributable to transportation. The primary government reports equipment with a value of \$50,000 or greater and an expected useful life of two or more years. The primary government capitalizes all land, buildings, infrastructure, and intangible assets that have a cost or value greater than \$100,000 and an expected useful life of two or more years. Additional information on the primary government's capital assets can be found in Note 12, "Capital Assets."

Figure 16
Capital Assets as of June 30, 2012
(Net of Depreciation)
(Dollars in Thousands)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 2,612,758	\$ 1,977	\$ 2,614,735
Buildings	2,382,526	12,789	2,395,315
Equipment	469,082	17,238	486,320
Water Rights/Easements	48,449	-	48,449
Infrastructure	14,746,302	-	14,746,302
Software	210,282	1,621	211,903
Construction-in-Progress	3,545,752	734	3,546,486
Total	\$ 24,015,151	\$ 34,359	\$ 24,049,510

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 \$36.1 billion, including total tax-supported debt of \$14.2 billion and total debt not supported by taxes of \$21.9 billion. Bonds backed by the full faith and credit of the government and tax-supported total \$1.8 billion. Debt is considered tax-supported if Commonwealth tax revenues are used or pledged for debt service payments. An additional \$801.4 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 2012, the Commonwealth issued \$7.3 billion of new debt for various projects. \$1.8 billion of the new debt was for the primary government and \$5.5 billion for the component units. Additional information on the Commonwealth's outstanding debt can be found on page 145 in Note 25, "Long-Term Liabilities," as well as in the section entitled "Debt Schedules." The Commonwealth maintains a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service; Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc.; and Fitch, Inc.

State statutes limit the amount of general obligation debt the Commonwealth may issue for each specific type of debt. The 9(a) bonds, which may be issued to fund the defense of the Commonwealth; to meet casual deficits in revenue or in anticipation of the collection of revenues; or to redeem previous debt obligations, and are limited to 30 percent of 1.15 times the annual tax revenues for fiscal year 2012. 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 2010, 2011, and 2012. 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 2010, 2011, and 2012. The current debt limitation for the Commonwealth is \$5.1 billion, \$15.2 billion, and \$15.1 billion, respectively, for the 9(a), 9(b), and 9(c) general obligation bond issues. These limits significantly exceed the Commonwealth's outstanding general obligation debt. Currently, there is no 9(a) debt outstanding.

Figure 17
Outstanding Debt as of June 30, 2012
General Obligation Bonds
(Dollars in Thousands)

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
General obligation bonds				
9(b)	\$ 831,148	\$ -	\$ 831,148	\$ -
9(c)	42,593	-	42,593	906,474
Total	\$ 873,741	\$ -	\$ 873,741	\$ 906,474

Economic Factors and Review

In fiscal year 2012, the nation continued its slow recovery from what is considered the worst financial and economic downturn since the "Great Depression" of the 1930s. Economic data show that the upward trend continues to be better in the Commonwealth than at the national level. During the fiscal year, the Commonwealth's nonfarm employment growth rate improved slightly for the second year in a row, increasing by 1.6 percent as compared to 1.5 percent at the national level. The Commonwealth's personal income in current dollars also continued to increase, but only by 4.1 percent during the fiscal year. Unemployment in the Commonwealth and at the national level continued to decline during the fiscal year, reaching 6.0 percent and 8.5 percent, respectively. Total taxable sales in the Commonwealth experienced an increase of 4.7 percent over fiscal year 2011. Economic indicators show that the housing market in the Commonwealth and at the national level experienced increases of 10.6 percent and 19.7 percent, respectively, during fiscal year 2012. Following a small decline in 2011, fiscal year 2012 saw housing prices experience a very slight increase of 0.4 percent in the Commonwealth. However, this is better than the national level, which also improved, but which was still a negative 0.6 percent. Overall, the Commonwealth has continued to perform better than the nation in many areas of growth. This continuing positive trend is a good sign of the economic recovery. For a more in-depth discussion on the Commonwealth's economy see "Economic Review" beginning on page 8.

In August 2011, Moody's revised the Commonwealth's credit outlook to negative due to the Commonwealth's reliance on federal employment and procurement and uncertainties surrounding the federal budget. In response to this uncertainty, the Commonwealth created the Federal Action Contingency Trust Fund and deposited \$30.0 million to assist in mitigating the potential effect on the economy of the Commonwealth. Additionally, the Governor instructed Cabinet Secretaries to prepare and submit plans for 4.0 percent reductions in General Fund spending for the fiscal year 2014.

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 Assets

June 30, 2012

(Dollars in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 3,872,045	\$ 544,898	\$ 4,416,943	\$ 2,076,738
Investments (Notes 1 and 6)	1,824,323	2,136,193	3,960,516	10,913,135
Receivables, Net (Notes 1 and 7)	3,051,910	489,435	3,541,345	13,023,564
Contributions Receivable, Net (Notes 1 and 8)	-	-	-	326,150
Internal Balances (Note 1)	62,338	(62,338)	-	-
Due from Primary Government (Note 9)	-	-	-	21,848
Due from Component Units (Note 9)	12,884	-	12,884	115,559
Due from External Parties (Fiduciary Funds) (Note 9)	1,117	-	1,117	-
Inventory (Note 1)	152,549	51,727	204,276	96,516
Prepaid Items (Note 1)	93,947	1,898	95,845	106,932
Other Assets (Notes 1 and 10)	6,858	170	7,028	169,481
Loans Receivable from Primary Government (Notes 1 and 9)	-	-	-	161,170
Loans Receivable from Component Units (Notes 1 and 9)	5,090	-	5,090	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	1,455,058	-	1,455,058	2,313,108
Restricted Investments (Notes 6 and 11)	69,611	-	69,611	3,953,485
Other Restricted Assets (Note 11)	-	-	-	319,024
Nondepreciable Capital Assets (Notes 1 and 12)	6,206,959	2,711	6,209,670	2,734,279
Depreciable Capital Assets, Net (Notes 1 and 12)	17,808,192	31,648	17,839,840	12,162,284
Total Assets	34,622,881	3,196,342	37,819,223	48,493,273
Deferred Outflow s (Note 13)	-	-	-	113,415
Total Assets and Deferred Outflow s	34,622,881	3,196,342	37,819,223	48,606,688
Liabilities				
Accounts Payable (Notes 1 and 23)	995,491	43,776	1,039,267	978,823
Amounts Due to Other Governments	721,845	11,022	732,867	82,031
Due to Primary Government (Note 9)	-	-	-	12,884
Due to Component Units (Note 9)	21,848	-	21,848	115,559
Due to External Parties (Fiduciary Funds) (Note 9)	17,966	481	18,447	9,814
Unearned Revenue (Note 1)	164,098	4,611	168,709	335,954
Obligations Under Securities Lending Program (Notes 1 and 6)	1,264,193	209,245	1,473,438	52,629
Other Liabilities (Notes 1, 13, and 24)	1,915,619	87,274	2,002,893	1,276,735
Loans Payable to Primary Government (Notes 1 and 9)	-	-	-	5,090
Loans Payable to Component Units (Notes 1 and 9)	161,170	-	161,170	-
Claims Payable (Notes 1 and 22):				
Due Within One Year	185,243	33,836	219,079	48,221
Due in More Than One Year	533,062	15,660	548,722	35,494
Long-term Liabilities (Notes 1, 20, 21, and 25):				
Due Within One Year	656,914	233,584	890,498	1,481,220
Due in More Than One Year	8,662,549	2,200,909	10,863,458	22,876,469
Total Liabilities	15,299,998	2,840,398	18,140,396	27,310,923

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

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Assets				
Invested in Capital Assets, Net of Related Debt	19,891,265	33,910	19,925,175	8,666,344
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	2,679,448
Permanent Funds	28,000	-	28,000	-
Other	-	-	-	154,085
Expendable:				
Agriculture and Forestry	1,104	-	1,104	-
Bond Indenture	-	-	-	2,279,519
Capital Projects/Construction/Capital Acquisition	202,477	-	202,477	1,636,357
Debt Service	78,969	-	78,969	84,265
Economic and Technological Development	1,056	-	1,056	-
Educational and Training Programs	7,133	-	7,133	-
Environmental Quality and Natural Resource Preservation	11,719	-	11,719	-
Gifts and Grants	144,389	-	144,389	99,320
Health and Public Safety	121,720	-	121,720	-
Higher Education	-	-	-	4,404,386
Literary Fund	114,539	-	114,539	-
Lottery Proceeds Fund	35,131	-	35,131	-
Permanent Funds	1,366	-	1,366	-
Revenue Stabilization Fund	680,907	-	680,907	-
Transportation Activities	204,681	-	204,681	-
Unemployment Compensation Trust Fund	-	178,916	178,916	-
Virginia Pooled Investment Program	-	-	-	7,449
Virginia Water Supply Assistance Grant Fund	13,231	-	13,231	-
Other	1,309	-	1,309	13,778
Unrestricted	(2,216,113)	143,118	(2,072,995)	1,270,814
Total Net Assets	\$ 19,322,883	\$ 355,944	\$ 19,678,827	\$ 21,295,765

Statement of Activities

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 2,877,588	\$ 254,840	\$ 163,656	\$ 19,556
Education	9,181,575	397,436	1,230,669	286
Transportation	3,030,002	644,740	47,170	1,226,315
Resources and Economic Development	984,557	393,297	227,493	20,344
Individual and Family Services	12,712,219	429,034	7,470,703	199
Administration of Justice	2,639,166	322,677	38,693	-
Interest and Charges on Long-term Debt	228,580	-	-	-
Total Governmental Activities	31,653,687	2,442,024	9,178,384	1,266,700
Business-type Activities				
State Lottery	1,121,043	1,616,400	-	-
Virginia College Savings Plan	96,158	160,062	-	-
Unemployment Compensation	639,824	852,756	-	-
Alcoholic Beverage Control	507,180	632,671	447	-
Risk Management	13,169	5,019	-	-
Local Choice Health Care	266,719	259,135	-	-
Virginia Industries for the Blind	32,091	31,842	-	-
Consolidated Laboratory	6,964	8,472	-	-
eVA Procurement System	19,370	16,346	-	-
Department of Environmental Quality Title V	10,939	7,875	-	-
Wireless E-911	40,761	55,229	-	-
Museum and Library Gift Shops	6,146	6,661	-	-
Behavioral Health Canteen and Work Activity	450	473	-	-
Total Business-type Activities	2,760,814	3,652,941	447	-
Total Primary Government	\$ 34,414,501	\$ 6,094,965	\$ 9,178,831	\$ 1,266,700
Component Units				
Virginia Housing Development Authority	\$ 620,290	\$ 533,820	\$ 156,225	\$ -
Virginia Public School Authority	149,111	141,610	5,030	-
Higher Education:				
Major	6,803,884	4,989,845	1,260,957	174,796
Nonmajor	4,974,252	2,144,976	937,513	369,685
Other Nonmajor	956,632	661,266	64,198	82,089
Total Component Units	\$ 13,504,169	\$ 8,471,517	\$ 2,423,923	\$ 626,570

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,439,536)	\$ -	\$ (2,439,536)	\$ -
(7,553,184)	-	(7,553,184)	-
(1,111,777)	-	(1,111,777)	-
(343,423)	-	(343,423)	-
(4,812,283)	-	(4,812,283)	-
(2,277,796)	-	(2,277,796)	-
(228,580)	-	(228,580)	-
(18,766,579)	-	(18,766,579)	-
-	495,357	495,357	-
-	63,904	63,904	-
-	212,932	212,932	-
-	125,938	125,938	-
-	(8,150)	(8,150)	-
-	(7,584)	(7,584)	-
-	(249)	(249)	-
-	1,508	1,508	-
-	(3,024)	(3,024)	-
-	(3,064)	(3,064)	-
-	14,468	14,468	-
-	515	515	-
-	23	23	-
-	892,574	892,574	-
(18,766,579)	892,574	(17,874,005)	-
-	-	-	69,755
-	-	-	(2,471)
-	-	-	(378,286)
-	-	-	(1,522,078)
-	-	-	(149,079)
-	-	-	(1,982,159)

Continued on next page

Statement of Activities (Continued from previous page)

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
General Revenues				
Taxes				
Individual and Fiduciary Income	10,813,550	-	10,813,550	-
Sales and Use	3,885,137	-	3,885,137	-
Corporation Income	978,690	-	978,690	-
Motor Fuel	900,199	-	900,199	-
Motor Vehicle Sales and Use	538,126	-	538,126	-
Communications Sales and Use	422,807	-	422,807	-
Deeds, Contracts, Wills, and Suits	370,620	-	370,620	-
Premiums of Insurance Companies	390,950	-	390,950	-
Alcoholic Beverage Sales	120,989	-	120,989	-
Tobacco Products	195,554	-	195,554	-
Estate	1,493	-	1,493	-
Public Service Corporations	114,972	-	114,972	-
Beer and Beverage Excise	43,659	-	43,659	-
Wine and Spirits/ABC Liter	24,297	-	24,297	-
Bank Stock	18,729	-	18,729	-
Other Taxes	73,613	9,141	82,754	-
Operating Appropriations from Primary Government	-	-	-	1,757,572
Unrestricted Grants and Contributions	49,203	-	49,203	80,187
Investment Earnings	84,094	1,248	85,342	240,579
Miscellaneous	465,189	357	465,546	88,584
Transfers	668,503	(668,503)	-	-
Contributions to Permanent and Term Endowments	-	-	-	253,247
Total General Revenues, Transfers, and Contributions	20,160,374	(657,757)	19,502,617	2,420,169
Change in Net Assets	1,393,795	234,817	1,628,612	438,010
Net Assets, July 1, as restated (Note 2)	17,929,088	121,127	18,050,215	20,857,755
Net Assets, June 30	\$ 19,322,883	\$ 355,944	\$ 19,678,827	\$ 21,295,765

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

The Federal Trust Fund accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, 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 191 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet – Governmental Funds

June 30, 2012

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Assets				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 792,901	\$ 2,009,738	\$ 133,169	\$ 24,843
Investments (Notes 1 and 6)	1,766,537	11,425	446	332
Receivables, Net (Notes 1 and 7)	1,625,026	248,683	799,272	261,625
Due from Other Funds (Note 9)	37,229	20,924	1,869	-
Due from External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	45,502	64,191	14,326	-
Prepaid Items (Note 1)	72,400	6,603	1,531	-
Other Assets (Notes 1 and 10)	2,060	427	2,379	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	-	1,211,399	-	-
Total Assets	\$ 4,341,655	\$ 3,573,390	\$ 952,992	\$ 286,800
Liabilities and Fund Balances				
Accounts Payable (Notes 1 and 23)	\$ 256,102	\$ 345,316	\$ 145,875	\$ 24
Amounts Due to Other Governments	381,635	79	212,504	-
Due to Other Funds (Note 9)	45,447	18,207	8,635	-
Due to Component Units (Note 9)	7,886	-	4,496	-
Due to External Parties (Fiduciary Funds) (Note 9)	11,982	2,347	1,221	-
Interfund Payable (Note 9)	13,152	-	14,949	-
Deferred Revenue (Note 1)	837,475	24,024	95,054	16,957
Unearned Revenue (Note 1)	20	47,608	2,455	-
Deferred Taxes (Note 1)	452,442	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	817,135	380,963	14,867	11,067
Other Liabilities (Notes 1 and 24)	1,005,243	8,160	353,116	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	161,170
Long-term Liabilities Due Within One Year (Notes 1, 20, and 25)	777	92	86	-
Total Liabilities	3,829,296	826,796	853,258	189,218
Fund Balances (Note 3):				
Nonspendable	117,902	70,794	15,857	-
Restricted	729,269	236,262	83,877	97,582
Committed	486,051	2,439,538	-	-
Assigned	-	-	-	-
Unassigned	(820,863)	-	-	-
Total Fund Balances	512,359	2,746,594	99,734	97,582
Total Liabilities and Fund Balances	\$ 4,341,655	\$ 3,573,390	\$ 952,992	\$ 286,800

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 800,558	\$ 3,761,209
115,067	1,893,807
104,341	3,038,947
8,392	68,414
984	984
92,442	92,442
5,626	129,645
12,905	93,439
1,987	6,853
5,090	5,090
-	1,211,399
<u>\$ 1,147,392</u>	<u>\$ 10,302,229</u>
\$ 77,218	\$ 824,535
356	594,574
13,641	85,930
196	12,578
2,180	17,730
-	28,101
37,875	1,011,385
4,428	54,511
-	452,442
35,923	1,259,955
2,286	1,368,805
-	161,170
142	1,097
174,245	5,872,813
46,428	250,981
431,352	1,578,342
483,552	3,409,141
11,815	11,815
-	(820,863)
973,147	4,429,416
<u>\$ 1,147,392</u>	<u>\$ 10,302,229</u>

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

June 30, 2012

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds) \$ 4,429,416

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 Assets includes those capital assets among the assets of the primary government as a whole.

Nondepreciable Capital Assets 6,195,732
 Depreciable Capital Assets 17,748,475

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 Assets.

Tax Note (40,639)
 Pension Liability (1,640,916)
 OPEB Liability (400,174)
 Capital Lease (63,223)
 Installment Purchases (86,242)
 Compensated Absences (308,605)
 Uninsured Employer's Fund (27,647)
 Regional Jails (2,748)
 Bonds (6,577,190)
 Notes (9,050)
 Accrued Interest Payable (88,631)
 Other Obligations (82,976)
 Pollution Remediation Liability (5,171)

Internal service funds are used by the primary government to charge costs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets. (484,286)

Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds. (244,921)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 1,011,679

Net assets of governmental activities (see Government-wide Statement of Net Assets) \$ 19,322,883

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, 2012

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 16,547,454	\$ 2,108,090	\$ -	\$ -
Rights and Privileges	70,420	536,627	-	311
Institutional Revenue	37,809	-	-	-
Interest, Dividends, Rents, and Other Investment Income	101,089	30,776	1,382	14,555
Federal Grants and Contracts	-	1,105,544	8,827,161	-
Other (Note 26)	585,358	90,402	122,100	142,871
Total Revenues	17,342,130	3,871,439	8,950,643	157,737
Expenditures				
Current:				
General Government	2,104,872	2,182	138,401	67
Education	7,136,301	2,404	1,382,955	191,405
Transportation	462	4,451,872	16,040	-
Resources and Economic Development	354,658	9,327	214,312	-
Individual and Family Services	5,082,650	-	7,075,558	-
Administration of Justice	2,287,036	9,357	36,129	-
Capital Outlay	6,761	13,461	12,608	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	16,972,740	4,488,603	8,876,003	191,472
Revenues Over (Under) Expenditures	369,390	(617,164)	74,640	(33,735)
Other Financing Sources (Uses)				
Transfers In (Note 30)	813,443	204,098	12,473	11,699
Transfers Out (Note 30)	(616,134)	(308,756)	(21,121)	-
Notes Issued	1,957	-	-	-
Insurance Recoveries	118	2,065	14	-
Capital Leases Initiated	128	1,008	-	-
Bonds Issued	-	897,590	-	-
Premium on Debt Issuance	-	131,945	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	2,234	1,278	6	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	201,746	929,228	(8,628)	11,699
Net Change in Fund Balances	571,136	312,064	66,012	(22,036)
Fund Balance (Deficit), July 1, as restated (Note 2)	(58,777)	2,434,530	33,722	119,618
Fund Balance, June 30	\$ 512,359	\$ 2,746,594	\$ 99,734	\$ 97,582

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 92,435	\$ 18,747,979
313,487	920,845
347,396	385,205
16,256	164,058
-	9,932,705
396,212	1,336,943
<u>1,165,786</u>	<u>31,487,735</u>
76,515	2,322,037
20,193	8,733,258
5,365	4,473,739
291,242	869,539
524,116	12,682,324
89,505	2,422,027
297,417	330,247
422,792	422,792
261,880	261,880
<u>1,989,025</u>	<u>32,517,843</u>
<u>(823,239)</u>	<u>(1,030,108)</u>
727,646	1,769,359
(150,723)	(1,096,734)
8,255	10,212
961	3,158
-	1,136
298,500	1,196,090
85,423	217,368
319,373	319,373
-	3,518
<u>(373,490)</u>	<u>(373,490)</u>
<u>915,945</u>	<u>2,049,990</u>
92,706	1,019,882
880,441	3,409,534
<u>\$ 973,147</u>	<u>\$ 4,429,416</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, 2012
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds) \$ 1,019,882

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 assets decrease by the amount of depreciation expense charged for the year.

Nondepreciable Capital Assets Constructed/Acquired	1,915,167
Nondepreciable Capital Assets Disposed	(73,807)
Depreciable Capital Assets Acquired	726,340
Depreciable Capital Assets Disposed	(219,440)
Depreciation Expense	(802,072)

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

Debt Issuance	(1,196,090)
Capital Lease Proceeds	(1,136)
Bond Premiums	(217,368)
Refunding Bonds Issued	(319,373)
Installment Purchase Proceeds	(10,212)

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

Debt Service Fund Repayment of Debt Principal	422,792
Repayment of Debt Principal in Other Funds:	
Installment Purchases	22,539
Regional Jails	2,636

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 Assets. 373,490

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 321,685

Increases/decreases of expenses associated with long-term debt reported in the Statement of Activities do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.

Increase in Pension Liability	(249,888)
Increase in OPEB Liability	(102,876)
Increase in Other Long-term Liabilities	(1,262)
Decrease in Interest Expense, Amortization of Deferrals on Long-term Debt and accrued interest liability	28,461
Increase in Compensated Absences	(3,707)
Increase in Other Liabilities	(17,928)

Net Decrease in Due to Component Units for Capital and Other Projects resulting from appropriation reductions or amounts due to Federal Governments for interest and rebate repayments, which are not reported as expenditures in the fund statements. 5,092

The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities. (229,130)

Change in net assets of governmental activities (See Government-wide Statement of Activities) \$ 1,393,795

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

The Virginia College Savings Plan administers the Virginia Prepaid Education Program. The plan offers contracts, for actuarially determined amounts, guaranteeing full future tuition and mandatory fee payments at Virginia's higher education institutions and differing payouts at private or out-of-state institutions. The fund accounts for the actuarially determined contributions and payments for approved expenses.

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

Nonmajor Enterprise Funds include those operations of state agencies which are listed on page 203 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 219 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2012

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 230,245	\$ 57,477	\$ 76,573	\$ 180,603
Investments (Notes 1 and 6)	41,929	-	-	16
Receivables, Net (Notes 1 and 7)	52,827	67,874	147,536	33,101
Due from Other Funds (Note 9)	-	-	635	9,086
Due From External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Due From Component Units (Note 9)	-	-	-	-
Inventory (Note 1)	-	-	-	51,727
Prepaid Items (Note 1)	231	11	-	1,656
Other Assets (Notes 1 and 10)	1	-	-	169
Total Current Assets	325,233	125,362	224,744	276,358
Noncurrent Assets:				
Investments (Notes 1 and 6)	158,810	1,935,438	-	-
Receivables, Net (Notes 1 and 7)	-	188,097	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	-	381	-	2,330
Depreciable Capital Assets, Net (Notes 1 and 12)	7,888	3,191	-	20,569
Total Noncurrent Assets	166,698	2,127,107	-	22,899
Total Assets	491,931	2,252,469	224,744	299,257
Liabilities				
Current Liabilities:				
Accounts Payable (Notes 1 and 23)	8,734	1,874	153	33,015
Amounts Due to Other Governments	-	-	8,847	2,175
Due to Other Funds (Note 9)	23,095	33	2,113	15,268
Due to External Parties (Fiduciary Funds) (Note 9)	92	34	-	355
Interfund Payable (Note 9)	-	-	-	28,489
Unearned Revenue (Note 1)	2,838	-	-	1,773
Obligations Under Securities Lending Program (Notes 1 and 6)	208,705	-	-	540
Other Liabilities (Notes 1 and 24)	52,132	60	34,715	367
Claims Payable Due Within One Year (Notes 1 and 22)	-	-	-	33,836
Long-term Liabilities Due Within One Year (Notes 1, 20, and 25)	36,771	193,106	-	3,707
Total Current Liabilities	332,367	195,107	45,828	119,525
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 22)	-	-	-	15,660
Long-term Liabilities Due in More Than One Year (Notes 1, 20, and 25)	169,354	1,986,714	-	44,841
Total Noncurrent Liabilities	169,354	1,986,714	-	60,501
Total Liabilities	501,721	2,181,821	45,828	180,026
Net Assets				
Invested in Capital Assets, Net of Related Debt	7,888	3,123	-	22,899
Restricted for Unemployment Compensation	-	-	178,916	-
Unrestricted	(17,678)	67,525	-	96,332
Total Net Assets (Deficit) (Note 4)	\$ (9,790)	\$ 70,648	\$ 178,916	\$ 119,231

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

Net assets of business-type activities

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 544,898	\$	354,495
41,945		127
301,338		12,963
9,721		50,154
-		133
-		12,198
51,727		22,904
1,898		508
170		7,189
<u>951,697</u>	<u></u>	<u>460,671</u>
2,094,248		-
188,097		-
2,711		11,227
<u>31,648</u>	<u></u>	<u>59,717</u>
2,316,704		70,944
<u>3,268,401</u>	<u></u>	<u>531,615</u>
43,776		66,285
11,022		2,196
40,509		1,850
481		236
28,489		28,852
4,611		109,881
209,245		4,238
87,274		5,104
33,836		185,243
233,584		7,375
<u>692,827</u>	<u></u>	<u>411,260</u>
-		7,000
15,660		533,062
2,200,909		67,640
<u>2,216,569</u>	<u></u>	<u>607,702</u>
2,909,396		1,018,962
33,910		45,433
178,916		-
146,179		(532,780)
<u>\$ 359,005</u>	<u>\$</u>	<u>(487,347)</u>

(3,061)
\$ 355,944

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

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	\$ 1,616,002	\$ 143,290	\$ 784,191	\$ 1,006,568
Interest, Dividends, Rents, and Other Investment Income	-	16,754	486	-
Other (Note 26)	-	18	-	17,409
Total Operating Revenues	<u>1,616,002</u>	<u>160,062</u>	<u>784,677</u>	<u>1,023,977</u>
Operating Expenses				
Cost of Sales and Services	115,576	-	-	362,993
Prizes and Claims (Note 27)	950,628	-	637,955	261,814
Tuition Benefits Expense	-	78,425	-	-
Personal Services	22,847	7,726	-	113,294
Contractual Services	25,489	6,895	1,869	61,505
Supplies and Materials	705	56	-	27,297
Depreciation	3,406	306	-	2,406
Rent, Insurance, and Other Related Charges	1,619	103	-	28,843
Interest Expense	-	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	39,514
Other (Note 28)	-	2,451	-	3,763
Total Operating Expenses	<u>1,120,270</u>	<u>95,962</u>	<u>639,824</u>	<u>901,429</u>
Operating Income (Loss)	<u>495,732</u>	<u>64,100</u>	<u>144,853</u>	<u>122,548</u>
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	1,646	-	-	193
Other (Note 29)	(41)	(106)	68,079	9,195
Total Nonoperating Revenues (Expenses)	<u>1,605</u>	<u>(106)</u>	<u>68,079</u>	<u>9,388</u>
Income (Loss) Before Transfers	497,337	63,994	212,932	131,936
Transfers In (Note 30)	-	-	-	2,102
Transfers Out (Note 30)	(499,251)	(679)	(10,361)	(160,314)
Change in Net Assets	(1,914)	63,315	202,571	(26,276)
Total Net Assets (Deficit), July 1	<u>(7,876)</u>	<u>7,333</u>	<u>(23,655)</u>	<u>145,507</u>
Total Net Assets (Deficit), June 30 (Note 4)	<u>\$ (9,790)</u>	<u>\$ 70,648</u>	<u>\$ 178,916</u>	<u>\$ 119,231</u>

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

Change in Net Assets of business-type activities

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 3,550,051	\$	1,600,298
17,240		-
17,427		1
3,584,718		1,600,299
478,569		65,767
1,850,397		1,219,077
78,425		-
143,867		51,840
95,758		376,184
28,058		10,798
6,118		11,071
30,565		78,854
-		39
39,514		-
6,214		12,325
2,757,485		1,825,955
827,233		(225,656)
1,839		337
77,127		(2,568)
78,966		(2,231)
906,199		(227,887)
2,102		445
(670,605)		(4,567)
237,696		(232,009)
121,309		(255,338)
\$ 359,005	\$	(487,347)

(2,879)
\$ 234,817

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 1,608,604	\$ 155,785	\$ 783,916	\$ 1,004,562
Receipts from Investments	-	-	486	-
Internal Activity-Receipts from Other Funds	-	-	5,196	9,015
Internal Activity-Payments to Other Funds	-	(384)	-	(2,376)
Payments to Suppliers for Goods and Services	(115,576)	(1,114)	-	(416,974)
Payments for Contractual Services	(16,678)	(5,057)	-	(60,614)
Payments for Prizes, Claims, and Loss Control (Note 33)	(994,554)	-	(639,541)	(244,227)
Payments for Tuition Benefits	-	(118,342)	-	-
Payments to Employees	(21,057)	(7,077)	-	(105,722)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(42,367)
Other Operating Revenue (Note 33)	-	-	-	3,087
Other Operating Expense (Note 33)	-	(2,006)	-	(1,840)
Net Cash Provided by (Used for) Operating Activities	460,739	21,805	150,057	142,544
Cash Flows from Noncapital Financing Activities				
Transfers In From Other Funds	-	-	-	2,096
Transfers Out to Other Funds	(485,291)	(679)	(12,599)	(332,739)
Other Noncapital Financing Receipt Activities (Note 33)	328	-	325,373	212,802
Other Noncapital Financing Disbursement Activities (Note 33)	-	-	(445,818)	(29,468)
Net Cash Provided by (Used for) Noncapital Financing Activities	(484,963)	(679)	(133,044)	(147,309)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(1,891)	(291)	-	(2,097)
Payment of Principal and Interest on Bonds and Notes	-	(575)	-	-
Proceeds from Sale of Bonds and Notes	-	-	-	-
Proceeds from Sale of Capital Assets	63	-	-	-
Other Capital and Related Financing Disbursement Activities (Note 33)	-	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(1,828)	(866)	-	(2,097)
Cash Flows from Investing Activities				
Purchase of Investments	(9,587)	(774,700)	-	-
Proceeds from Sales or Maturities of Investments	42,510	661,831	-	-
Investment Income on Cash, Cash Equivalents, and Investments	1,277	60,741	-	-
Net Cash Provided by (Used for) Investing Activities	34,200	(52,128)	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	8,148	(31,868)	17,013	(6,862)
Cash and Cash Equivalents, July 1	19,652	89,345	59,560	187,111
Cash and Cash Equivalents, June 30	<u>\$ 27,800</u>	<u>\$ 57,477</u>	<u>\$ 76,573</u>	<u>\$ 180,249</u>
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Assets:				
Cash and Cash Equivalents	\$ 230,245	\$ 57,477	\$ 76,573	\$ 180,603
Cash and Travel Advances	1	-	-	169
Less:				
Securities Lending Cash Equivalents	(202,446)	-	-	(523)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 27,800</u>	<u>\$ 57,477</u>	<u>\$ 76,573</u>	<u>\$ 180,249</u>

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

		Governmental Activities	
		Internal Service Funds	
Total			
\$ 3,552,867	\$ 567,338		
486	-		
14,211	1,031,453		
(2,760)	(9,976)		
(533,664)	(167,038)		
(82,349)	(358,582)		
(1,878,322)	(1,058,674)		
(118,342)	-		
(133,856)	(45,208)		
(42,367)	-		
3,087	-		
(3,846)	(10,199)		
775,145	(50,886)		
2,096	445		
(831,308)	(4,567)		
538,503	17,791		
(475,286)	(9,545)		
(765,995)	4,124		
(4,279)	(24,375)		
(575)	(6,868)		
-	2,863		
63	536		
-	(632)		
(4,791)	(28,476)		
(784,287)	-		
704,341	-		
62,018	195		
(17,928)	195		
(13,569)	(75,043)		
355,668	425,432		
<u>\$ 342,099</u>	<u>\$ 350,389</u>		
\$ 544,898	\$ 354,495		
170	5		
(202,969)	(4,111)		
<u>\$ 342,099</u>	<u>\$ 350,389</u>		

Continued on next page

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

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 495,732	\$ 64,100	\$ 144,853	\$ 122,548
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation	3,406	306	-	2,406
Interest, Dividends, Rents, and Other Investment Income	(10,995)	(16,276)	-	-
Miscellaneous Nonoperating Income	-	-	6,305	-
Other Expenses	-	-	2,238	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(7,026)	12,035	(10,067)	839
(Increase) Decrease in Due From Other Funds	-	-	185	(8,226)
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	-	-
(Increase) Decrease in Due From Component Units	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-
(Increase) Decrease in Inventory	-	-	-	87
(Increase) Decrease in Prepaid Items	301	(11)	-	358
Increase (Decrease) in Accounts Payable	(469)	1,409	(9)	5,154
Increase (Decrease) in Amounts Due to Other Governments	-	-	1,023	(3,224)
Increase (Decrease) in Due to Other Funds	(85)	(19)	(602)	1,315
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	(181)	(65)	-	(161)
Increase (Decrease) in Unearned Revenue	(371)	-	-	(145)
Increase (Decrease) in Other Liabilities	294	(8)	6,131	65
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	9,250
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	3,035
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(5,704)	14,381	-	(33)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(14,163)	(54,047)	-	9,276
Net Cash Provided by (Used for) Operating Activities	<u>\$ 460,739</u>	<u>\$ 21,805</u>	<u>\$ 150,057</u>	<u>\$ 142,544</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the statement of net assets date:				
Trade-ins of Used Equipment on New Equipment	\$ -	\$ -	\$ -	\$ -
Installment Purchases Used to Finance Capital Assets	-	-	-	-
Change in Fair Value of Investments	-	(43,987)	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ (43,987)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 827,233	\$ (225,656)	
6,118	11,071	
(27,271)	-	
6,305	201	
2,238	-	
(4,219)	(433)	
(8,041)	(9,241)	
-	(4)	
-	(23)	
-	6,411	
87	(5,287)	
648	81	
6,085	13,579	
(2,201)	1,045	
609	316	
(407)	(477)	
(516)	1,288	
6,482	(84)	
9,250	27,575	
3,035	121,062	
8,644	120	
(58,934)	7,570	
<u>\$ 775,145</u>	<u>\$ (50,886)</u>	
\$ -	\$ 41	
-	6,777	
(43,987)	-	
<u>\$ (43,987)</u>	<u>\$ 6,818</u>	



Fiduciary Funds

Private Purpose Trust Funds

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

Pension and Other Employee Benefit Trust Funds

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

Investment Trust Fund

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

Agency Funds

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

A listing of all Fiduciary Funds is located on pages 228-229 in the Combining and Individual Fund Statements and Schedules section of this report. Combining financial statements for all Fiduciary Funds begin on page 230.

Statement of Fiduciary Net Assets – Fiduciary Funds

June 30, 2012

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Agency Funds
Assets				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 113,891	\$ 313,202	\$ 1,018,553	\$ 300,603
Investments (Notes 1 and 6):				
Bonds and Mortgage Securities	63,536	18,811,319	81,225	-
Stocks	275,192	18,594,068	-	-
Fixed Income Commingled Funds	-	891,098	-	-
Index and Pooled Funds	618,176	5,304,829	-	-
Real Estate	1,466	3,784,232	-	-
Private Equity	-	5,888,743	-	-
Mutual and Money Market Funds	916,037	-	-	-
Short-term Investments	-	179,663	1,351,251	72,715
Other	325,990	2,163,429	-	334,425
Total Investments	2,200,397	55,617,381	1,432,476	407,140
Receivables, Net (Notes 1 and 7):				
Accounts	13	-	-	77,376
Contributions	-	143,529	-	-
Interest and Dividends	1,670	207,190	859	-
Security Transactions	-	1,162,237	-	-
Other Receivables	-	11,604	-	-
Total Receivables	1,683	1,524,560	859	77,376
Due from Other Funds (Note 9)	-	13,923	-	-
Due from Internal Parties (Governmental Funds and Business-type Activities) (Note 9)	-	18,447	-	-
Due from Component Units (Note 9)	-	9,814	-	-
Prepaid Items (Note 1)	213	-	-	-
Other Assets (Notes 1 and 10)	-	-	-	58
Furniture and Equipment (Note 1)	-	29,262	-	-
Total Assets	2,316,184	57,526,589	2,451,888	785,177
Liabilities				
Accounts Payable and Accrued Expenses (Notes 1 and 23)	514	39,342	-	4,731
Amounts Due to Other Governments	-	-	-	247,514
Due to Other Funds (Note 9)	13	13,910	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities) (Note 9)	19	114	-	984
Obligations Under Securities Lending Program (Notes 1 and 6)	1,299	2,171,803	-	2,635
Other Liabilities (Notes 1 and 24)	1,145	150,319	-	528,718
Retirement Benefits Payable	-	267,763	-	-
Refunds Payable	-	4,749	-	-
Compensated Absences Payable (Notes 1 and 20)	260	2,038	-	-
Insurance Premiums and Claims Payable	83	45,502	-	595
Payable for Security Transactions	-	1,511,993	-	-
Pension Liability	1,127	10,145	-	-
Other Postemployment Benefits (OPEB) Liability	386	3,473	-	-
Total Liabilities	4,846	4,221,151	-	785,177
Net Assets Held in Trust for Pension/ Other Employment Benefits, Pool Participants, and Other Purposes	\$ 2,311,338	\$ 53,305,438	\$ 2,451,888	\$ -

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

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ 21,379	\$ 957,758	\$ 3,337
Distributions to Shareholders from Net Investment Income	-	-	(3,337)
Total Investment Income	21,379	957,758	-
Less Investment Expenses	3,423	310,853	-
Net Investment Income	17,956	646,905	-
Proceeds from Unclaimed Property	16,124	-	-
Contributions:			
Participants	281,383	-	-
Member	-	792,287	-
Employer	-	1,135,255	-
Total Contributions	281,383	1,927,542	-
Shares Sold	-	-	3,787,827
Reinvested Distributions	-	-	3,321
Other Revenue (Note 26)	-	4,568	-
Total Additions	315,463	2,579,015	3,791,148
Deductions:			
Loan Servicing Payments	319	-	-
Educational Expense Benefits	108,327	-	-
Retirement Benefits	-	3,402,360	-
Refunds to Former Members	-	88,945	-
Retiree Health Insurance Credits	-	131,102	-
Insurance Premiums and Claims	28,438	151,433	-
Trust Payments	1,899	-	-
Administrative Expenses	5,602	30,496	-
Other Expenses (Note 28)	-	1,406	-
Shares Redeemed	10,187	-	4,126,507
Long-term Disability Benefits	-	28,444	-
Total Deductions	154,772	3,834,186	4,126,507
Transfers:			
Transfers In	-	110	-
Transfers Out	-	(110)	-
Total Transfers	-	-	-
Net Increase (Decrease)	160,691	(1,255,171)	(335,359)
Net Assets Held in Trust for Pension/ Other Employment Benefits, Pool Participants, and Other Purposes			
July 1	2,150,647	54,560,609	2,787,247
June 30	\$ 2,311,338	\$ 53,305,438	\$ 2,451,888

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 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 College at Wise, and the University of Virginia Medical Center
Virginia Polytechnic Institute and State University
Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority

Nonmajor Component Units include those listed on pages 252-253 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Component Units

June 30, 2012

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Public School Authority	University of Virginia
Assets			
Cash and Cash Equivalents (Notes 1 and 6)	\$ 3,677	\$ 15,744	\$ 465,403
Investments (Notes 1 and 6)	72,379	3,320,225	5,450,073
Receivables, Net (Notes 1 and 7)	7,776,515	65,934	358,867
Contributions Receivable, Net (Note 8)	-	-	95,772
Due from Primary Government (Note 9)	-	-	7,037
Due from Component Units (Note 9)	-	-	13,763
Inventory (Note 1)	-	-	25,359
Prepaid Items (Note 1)	-	-	21,686
Other Assets (Notes 1 and 10)	31,651	-	21,157
Loans Receivable from Primary Government (Notes 1 and 9)	-	161,170	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	677,984	81,913	43,367
Restricted Investments (Notes 6 and 11)	125,048	5,343	623,706
Other Restricted Assets (Note 11)	69,058	-	10,376
Nondepreciable Capital Assets (Notes 1 and 12)	3,545	-	501,607
Depreciable Capital Assets, Net (Notes 1 and 12)	21,897	-	2,751,723
Total Assets	<u>8,781,754</u>	<u>3,650,329</u>	<u>10,389,896</u>
Deferred Outflows (Note 13)	-	-	35,053
Total Assets and Deferred Outflows	<u>8,781,754</u>	<u>3,650,329</u>	<u>10,424,949</u>
Liabilities			
Accounts Payable (Notes 1 and 23)	15,411	282	259,973
Amounts Due to Other Governments	-	75,610	-
Due to Primary Government (Note 9)	-	-	213
Due to Component Units (Note 9)	-	-	-
Due to External Parties (Fiduciary Funds) (Note 9)	-	-	2,951
Unearned Revenue (Note 1)	-	-	89,706
Obligations Under Securities Lending Program (Notes 1 and 6)	-	-	14,034
Other Liabilities (Notes 1, 13, and 24)	89,335	59,169	593,108
Loans Payable to Primary Government (Notes 1 and 9)	-	-	-
Claims Payable (Notes 1 and 22):			
Due Within One Year	-	-	-
Due in More Than One Year	-	-	-
Long-term Liabilities (Notes 1, 20, and 25):			
Due Within One Year	433,535	255,953	142,774
Due in More Than One Year	5,838,325	3,283,301	1,809,302
Total Liabilities	<u>6,376,606</u>	<u>3,674,315</u>	<u>2,912,061</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	36,610	-	1,817,457
Restricted For:			
Nonexpendable:			
Higher Education	-	-	1,045,851
Other	-	-	-
Expendable:			
Bond Indenture	2,279,519	-	-
Capital Projects/Construction/Capital Acquisition	-	-	-
Debt Service	-	-	-
Gifts and Grants	-	-	-
Higher Education	-	-	2,881,209
Virginia Pooled Investment Program	-	-	-
Other	-	-	-
Unrestricted	89,019	(23,986)	1,768,371
Total Net Assets (Deficit) (Note 4)	<u>\$ 2,405,148</u>	<u>\$ (23,986)</u>	<u>\$ 7,512,888</u>

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

Virginia Polytechnic Institute and State University	Virginia Commonwealth University	Nonmajor Component Units	Total
\$ 252,220	\$ 316,490	\$ 1,023,204	\$ 2,076,738
194,208	1,141,552	734,698	10,913,135
107,656	321,748	4,392,844	13,023,564
79,500	32,809	118,069	326,150
128	131	14,552	21,848
14,641	8,918	78,237	115,559
21,728	21,624	27,805	96,516
16,271	6,941	62,034	106,932
5,654	18,278	92,741	169,481
-	-	-	161,170
255,079	152,968	1,101,797	2,313,108
599,271	452,261	2,147,856	3,953,485
11,510	19,060	209,020	319,024
421,991	251,050	1,556,086	2,734,279
1,203,358	1,244,343	6,940,963	12,162,284
3,183,215	3,988,173	18,499,906	48,493,273
-	78,362	-	113,415
3,183,215	4,066,535	18,499,906	48,606,688
148,555	168,043	386,559	978,823
-	-	6,421	82,031
2,553	2,883	7,235	12,884
-	-	115,559	115,559
1,207	2,038	3,618	9,814
52,447	34,650	159,151	335,954
-	-	38,595	52,629
62,101	234,017	239,005	1,276,735
-	-	5,090	5,090
-	48,221	-	48,221
-	35,494	-	35,494
52,843	77,036	519,079	1,481,220
913,605	977,235	10,054,701	22,876,469
1,233,311	1,579,617	11,535,013	27,310,923
970,752	780,136	5,061,389	8,666,344
388,317	256,292	988,988	2,679,448
-	-	154,085	154,085
-	-	-	2,279,519
-	-	1,636,357	1,636,357
-	-	84,265	84,265
-	-	99,320	99,320
470,297	279,024	773,856	4,404,386
-	-	7,449	7,449
-	-	13,778	13,778
120,538	1,171,466	(1,854,594)	1,270,814
\$ 1,949,904	\$ 2,486,918	\$ 6,964,893	\$ 21,295,765

Statement of Activities – Component Units

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Program Revenues				Net (Expenses) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Virginia Housing Development Authority	\$ 620,290	\$ 533,820	\$ 156,225	\$ -	\$ 69,755
Virginia Public School Authority	149,111	141,610	5,030	-	(2,471)
Higher Education:					
University of Virginia	3,026,775	2,158,472	638,749	66,327	(163,227)
Virginia Polytechnic Institute & State University	1,214,374	606,075	346,735	70,583	(190,981)
Virginia Commonwealth University	2,562,735	2,225,298	275,473	37,886	(24,078)
Total Higher Education	6,803,884	4,989,845	1,260,957	174,796	(378,286)
Nonmajor Component Units:					
Higher Education	4,974,252	2,144,976	937,513	369,685	(1,522,078)
Other	956,632	661,266	64,198	82,089	(149,079)
Total Nonmajor Component Units	5,930,884	2,806,242	1,001,711	451,774	(1,671,157)
Total Component Units	\$ 13,504,169	\$ 8,471,517	\$ 2,423,923	\$ 626,570	\$ (1,982,159)

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

General Revenues				
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous	Contributions to Permanent / Term Endowments
\$ -	\$ -	\$ 17,150	\$ 60	\$ -
-	-	186	382	-
145,300	22,444	148,718	5,711	73,234
219,375	3,767	674	21,556	18,962
177,675	2,356	25,066	843	43,840
542,350	28,567	174,458	28,110	136,036
1,124,543	34,573	5,703	56,837	55,837
90,679	17,047	43,082	3,195	61,374
1,215,222	51,620	48,785	60,032	117,211
\$ 1,757,572	\$ 80,187	\$ 240,579	\$ 88,584	\$ 253,247

Continued on next page

Statement of Activities – Component Units *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	<u>Changes in Net Assets</u>	<u>Net Assets July 1</u>	<u>Net Assets (Deficit) June 30 (Note 4)</u>
Virginia Housing Development Authority	\$ 86,965	\$ 2,318,183	\$ 2,405,148
Virginia Public School Authority	(1,903)	(22,083)	(23,986)
Higher Education:			
University of Virginia	232,180	7,280,708	7,512,888
Virginia Polytechnic Institute & State University	73,353	1,876,551	1,949,904
Virginia Commonwealth University	225,702	2,261,216	2,486,918
Total Higher Education	<u>531,235</u>	<u>11,418,475</u>	<u>11,949,710</u>
Nonmajor Component Units:			
Higher Education	(244,585)	3,777,375	3,532,790
Other	66,298	3,365,805	3,432,103
Total Nonmajor Component Units	<u>(178,287)</u>	<u>7,143,180</u>	<u>6,964,893</u>
Total Component Units	<u>\$ 438,010</u>	<u>\$ 20,857,755</u>	<u>\$ 21,295,765</u>

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

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Notes to the Financial Statements

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

For financial reporting purposes, the Commonwealth of Virginia's (the Commonwealth's) reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, 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 Statement No. 39, *Determining Whether Certain Organizations Are Component Units* (GASB Statement No. 39) requires 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.

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

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

Virginia Public Building Authority (VPBA) (nonmajor governmental fund) – The Authority was created as a body politic and corporate and is fiscally independent. A government instrumentality, the Authority finances the acquisition and construction of buildings for the use of the Commonwealth and other approved purposes. The Governor appoints the seven-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.

(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 or incomplete. These discrete component units serve or benefit those outside of the primary government.

GASB Statement No. 39 generally requires 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 non-profit charitable organizations and exist solely to support the Commonwealth's higher education institutions and certain state agencies. The higher education institution non-profit organizations are included in the applicable higher education institution's column in the accompanying financial statements. In all instances where separate disclosure of these non-profit organizations is required in the accompanying footnotes, the entities' totals are aggregated and disclosed as "foundations."

Discretely presented component units are:

Higher Education Institutions – The Commonwealth's higher education institutions are granted broad corporate powers by state statutes. The Governor appoints the members of each institution's board of trustees. In addition to the annual appropriations to support the institutions' operations, the Commonwealth provides funding for, and construction of, major academic plant facilities for the institutions. Institutions reported Operating Appropriations from Primary Government of approximately \$1.7 billion and Program Revenue Capital Grants and Contributions of approximately \$3.1 million from the primary government. Institutions paid the Commonwealth approximately \$106.5 million. Therefore, there is a financial benefit/burden to the primary government. The bonds issued to finance the construction of these facilities are obligations of the Commonwealth. The major higher education institutions 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; and Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority. The nonmajor higher education institutions are: 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 nonmajor higher education institutions. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. As previously noted, certain foundations are considered component units of the higher education institutions, and are included in the accompanying financial statements as well as the higher education institutions' individually published financial statements. The Auditor of Public Accounts (APA) does not audit the Roanoke Higher Education Authority, the Institute for Advanced Learning and Research, and the component units of the higher education institutions, including foundations, but relies on the reports issued by other auditors to render his opinion.

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

Innovation and Entrepreneurship Investment Authority (IEIA) (nonmajor) – The Authority is granted corporate powers by the *Code of Virginia*. The Authority serves to facilitate the marketing, organization, and development of scientific research and technology by the state's institutions of higher education and private industry in the Commonwealth. In addition, the Authority serves to promote the economic development of the Commonwealth by attracting and retaining high technology jobs and businesses in Virginia. The Governor and General Assembly appoint the 15-member board, and there is a financial benefit/burden to the primary government. The Authority's combined financial statements include the accounts of the Center for Innovative Technology (CIT) after elimination of all significant intercompany balances and transactions. CIT is a non-stock, not-for-profit corporation, which acts as the operating arm of the Authority. The address for the administrative offices of the Authority is CIT Building, Suite 600, 2214 Rock Hill Road, Herndon, Virginia 20170-4228. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

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

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by state-supported colleges and universities is included in the financial statements. The state-supported colleges and universities reported revenue from the Authority of \$461.5 million as Program Revenue Capital Grants and Contributions for the 21st Century Program and \$71.1 million as Program Revenue Operating Grants and Contributions for equipment. The Authority reported approximately \$27.2 million in payments from the state-supported colleges

and universities for debt service costs and approximately \$13.6 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 \$639.6 million, is not included in the financial statements.

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

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

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

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

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

Virginia Tourism Authority (nonmajor) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority encourages, stimulates, and promotes tourism and film production industries of the Commonwealth. The Governor appoints all of the board members, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Byrd Street, 19th Floor, Richmond, Virginia 23218-0798. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Foundation for Healthy Youth (nonmajor) – The Foundation was created as a body corporate and as a political subdivision of the Commonwealth. The Foundation was established to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund and to distribute monies in this fund for such efforts as restricting the use of tobacco products by minors and the enforcement of laws restricting the distribution of tobacco products to minors. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 501, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation, and a separate report is issued.

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

Hampton Roads Sanitation District Commission (nonmajor) – The Commission was established as a political subdivision of the Commonwealth and a government instrumentality. The Commission, which is the governing board of the district, was granted corporate powers by the *Code of Virginia*. The Governor appoints the Commission members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Commission. The Commonwealth is not obligated by the debt of the Commission. The Commission was established to benefit the inhabitants of the district and operates a sewage system for 17 localities in the Chesapeake Bay area. The address for the administrative offices of the Commission is 1436 Air Rail Avenue, Virginia Beach, Virginia 23455. KPMG, LLP, audits the Commission, and a separate report is issued.

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

The Authority issued two series of revenue bonds for specific customers, the 2002 series and the 2006 series. The 2002 series variable rate revenue bonds were for a facility built specifically for the United Network for Organ Sharing. The 2006 Series variable rate revenue bonds were for the Virginia Blood Services project. The bonds are secured by a letter of credit and are payable solely from the payments made by the borrower under the loan agreement. Neither of these bonds constitutes a debt or pledge of the Authority or the Commonwealth. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Virginia Small Business Financing Authority (SBFA) (nonmajor) – The Virginia Small Business Financing Act of 1984 (Chapter 28, Title 9, *Code of Virginia*) established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 11-member board, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority can provide financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby encouraging the investment of private capital in small businesses in the Commonwealth. The Authority can loan money to local governments as defined by the *Code of Virginia* for economic development purposes. The Authority also guarantees loans made to small businesses by banks. The administrative offices of the Authority are located at 1220 Bank Street, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

The Authority has issued Industrial Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Small Business Financing 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 non-private educational and fundraising organization solely in connection with, and exclusively for the benefit of the Virginia School for the Deaf and Blind (School) (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, non-profit 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). The administrative offices of the Foundation are located at 2500 West Broad Street, Richmond, Virginia, 23220. Cherry, Bekaert, & Holland, LLP, audits the Foundation, and a separate report is issued.

Virginia Commercial Space Flight Authority (VCSFA) (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to facilitate and coordinate scientific and technological research and development and to promote the industrial and economic development of the Commonwealth. There is a potential financial benefit/burden to the primary government. The Commonwealth provided \$26 million in bond offerings through the Virginia Public Building Authority (VPBA) to the VCSFA in fiscal year 2009. A third party provides 75.0 percent of the debt service payments to the VCSFA annually. The administrative offices of the Authority are located at 4111 Monarch Way, Suite 201, Norfolk, Virginia 23508. Dixon Hughes Goodman, LLP audits the Authority, and a separate report is issued.

Danville Science Center, Inc. (nonmajor) – The Center is non-profit 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). The administrative offices of the Center are located at 677 Craghead Street, Post Office Box 167, Danville, Virginia 24541. Dixon Hughes Goodman, LLP, audits the Center, and a separate report is issued.

Virginia Museum of Fine Arts Foundation (nonmajor) – The Foundation operates as a non-profit 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. The administrative offices of the Foundation are located at 201 North Boulevard, Richmond, Virginia 23220. Dixon Hughes Goodman, LLP, audits the Foundation, and a separate report is issued.

A. L. Philpott Manufacturing Extension Partnership (nonmajor) – The Partnership has the mission to foster economic growth by enhancing the competitiveness of Virginia's manufacturers. The Partnership provides manufacturing firms with fee-based technology consulting services, access to business modernization resources, and support for interfirm collaboration. Further, the Partnership provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. The Partnership has a 23-member board of trustees. The board consists of the presidents of two public four-year institutions of higher education; three community college presidents; 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, Suite 200, Martinsville, VA 24112. The Auditor of Public Accounts audits the Partnership, and a separate report is issued.

Virginia Horse Center Foundation (nonmajor) – The Foundation operates the Virginia Horse Center for the benefit of the equine and tourism industries. The Foundation is a discrete component unit of the Commonwealth due to the limited ability of the Foundation to incur additional debt without the Commonwealth's approval. In addition, the Governor appoints one member of the Foundation's board of directors, and this member must approve any changes to the Foundation's by-laws or conveyance of property. The address for the administrative offices of the Foundation is 487 Maury River Road, Lexington, Virginia 24450. The accounting firm of Raetz and Hawkins, P.C.,

audits the Foundation, and a separate report is issued.

Virginia University Research Partnership (nonmajor) – The Partnership was created as a non-profit, non-stock corporation to receive grant monies appropriated by the General Assembly and to oversee the administration of those grant payments for use by a non-profit, public benefit research institute that conducts research and development for government agencies, commercial businesses, foundations, and other organizations as well as commercializes technology. Due to the primary government being the sole source of funding, it is able to impose its will on the Partnership. The administrative offices are located at 901 East Byrd Street, Post Office Box 798, Richmond, Virginia 23218-0798.

Fort Monroe Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in formulating a reuse plan for Fort Monroe. The Governor appoints a majority of the 18-member board and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at Old Quarters #1, 151 Bernard Road, Fort Monroe, Virginia 23651. Cherry, Bekaert, & Holland, LLP, audits the Authority, and a separate report is issued.

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

Virginia National Defense Industrial Authority (nonmajor) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority fosters and promotes business, technology, transportation, education, economic development and other efforts in support of the mission, execution, and transformation of the United States military and national defense activities located in the Commonwealth. The Governor appoints a majority of the 16-member board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Byrd Street, Post Office Box 798, Richmond, Virginia 23218-0798. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Sesquicentennial of the American Civil War Foundation (nonmajor) – The Foundation was established to prepare for and commemorate the sesquicentennial of Virginia's participation in the American Civil War. The Foundation was formed under the Virginia Nonstock Corporation Act. The economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the primary government. The administrative offices are located at 910 Capitol Street, Richmond, Virginia 23219. Brown, Edwards & Company, LLP, audits the Foundation, and a separate report is issued.

Virginia Land Conservation Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (part of primary government) by acquiring interests in preservation land and providing grants to other entities to acquire interests in preservation land. The Governor appoints the 18-member board, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 203 Governor Street, Suite 420, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation as part of the Department of Conservation and Recreation (part of primary government) and discloses its existence in that report.

Virginia Arts Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Virginia Commission for the Arts (part of primary government) by promoting the arts in the Commonwealth. The Governor appoints the board of trustees for the Virginia Commission for the Arts, which also serves as the board for the Virginia Arts Foundation. The Director of the Virginia Commission for the Arts serves as the board chairman. In addition, the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 223 Governor Street, 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, non-profit 501 (c) (3) corporation supporting the Library of Virginia. The Foundation was established upon receipt of a major bequest. The articles of incorporation stipulate that the Foundation shall at all times be operated solely in connection with, and exclusively for the benefit of, the Library of Virginia. The Foundation is governed by a separate board of directors, and promotes and supports the Library of Virginia in all activities. The administrative offices of the Foundation are located at 800 East Broad Street, Richmond, Virginia 23219. Frank Barcalow, CPA, PLLC,

audits the Foundation, and a separate report is issued.

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

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

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

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

Jamestown-Yorktown Educational Trust – The Trust was created as a non-profit corporation by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The Trust board consists of six members selected from the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Trust operates the Jamestown Settlement and Yorktown Victory Centers' gift shops and café. The address for the administrative offices of the Trust is 2207 Colonial Parkway, Post Office Box 3605, Williamsburg, Virginia 23187. Keiter Certified Public Accountants audits the Trust, and a separate report is issued.

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

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

C. Government-wide and Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and component units. However, fiduciary funds are not included in the government-wide statements. Major governmental funds, enterprise funds, and component units are reported as 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 mental health programs, resources and economic development, licensing and regulation, and primary and secondary education.

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

Federal Trust Special Revenue Fund – Accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, and institutions of higher education.

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

Proprietary Funds, Fiduciary Funds, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds, and component units are reported using the economic resources measurement focus and the full accrual basis of accounting. As with the government-wide statements, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of

the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus since they only report assets and liabilities.

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

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, provides governments two options for reporting their enterprise funds (including component units reporting as business-type activities). All enterprise funds reported herein, with the exception of the State Lottery (major enterprise fund), Behavioral Health Local Funds (nonmajor enterprise fund), the Virginia Biotechnology Research Partnership Authority (nonmajor component unit), the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – major component unit), and the Innovation and Entrepreneurship Investment Authority (nonmajor component unit) apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The State Lottery (major enterprise fund), Behavioral Health Local Funds (nonmajor enterprise fund), the Virginia Biotechnology Research Partnership Authority (nonmajor component unit), the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – major component unit), and the Innovation and Entrepreneurship Investment Authority (nonmajor component unit) apply all of these pronouncements, and also apply all FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Foundations' (component units) financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. The financial statements are prepared under FASB rather than GASB standards. In some instances, activities of the foundations (component units) are reported separately within the footnotes because of the different reporting standards. Also, some foundations (component units) have a December 31st or March 31st year-end rather than a fiscal year-end. Foundations (component units) with different year-ends are included in these financial statements for the year ending December 31, 2011, or March 31, 2012.

Significant intrafund activity/balances between each higher education institution and their foundations have been eliminated. However, Old Dominion University (nonmajor component unit) reported the following intrafund balances that could not be eliminated because of differing year-ends: institution liabilities of \$68.9 million, and foundation assets of \$60.8 million and liabilities of \$2.9 million. Longwood University (nonmajor component unit) reported the following intrafund balances that could not be eliminated because of differing year-ends: institution expenses of \$2.8 million and assets of \$0.4 million, and foundation assets of \$0.3 million, liabilities of \$0.2 million, and revenues of \$2.9 million.

The primary government reports the following major enterprise funds:

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

Virginia College Savings Plan Fund – Administers the Virginia Prepaid Education Program.

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

Additionally, the primary government reports the following fund types:

Governmental Fund Types:

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

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

Capital Project Funds – Account for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds. The primary resource for these funds is the proceeds of bond issues and energy performance contracts. Principal uses are for construction and improvement of state office buildings, correctional and mental health facilities, and parks.

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

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

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

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

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

E. Budgetary Process

Budgetary amounts shown in the Required Supplementary Information and Combining and Individual Fund Statements and Schedules Sections represent the total of the original budgeted amounts and all supplemental appropriations. The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. Unexpended appropriations at the end of the fiscal year generally lapse. However, they may be reappropriated for expenditure in the following fiscal year. The Governor, as required by the *Code of Virginia*, submits a budget composed of all proposed expenditures for the Commonwealth, and of estimated revenues and borrowing for a biennium, to the General Assembly. Budgets are adopted for

the General and Special Revenue Funds, except for the Literary – Special Revenue (major). Formal budgetary integration is not employed for the Capital Projects (nonmajor), Debt Service (nonmajor), Permanent Funds (nonmajor), and the Literary – Special Revenue (major) because effective budgetary control is alternatively achieved through the General Fund and the remaining Special Revenue Funds.

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

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

F. Cash, Cash Equivalents, and Investments

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, 2012, the General Fund had a negative cash balance of \$3.5 billion. In order to properly reflect the general account position, this negative cash balance has been eliminated in the accompanying statements and offset against the primary government's cash equivalents and investments (see Note 6).

Cash Equivalents

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

Investments

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

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

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

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

Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes (see Note 13).

G. Receivables

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

H. Contributions Receivable, Net

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

I. Internal Balances

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

J. Inventory

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

- Department of State Police (VSP)
- Virginia Department of Transportation (VDOT)
- Department of Health (VDH)
- Department for the Blind and Vision Impaired (DBVI)

VSP inventories are recorded in the General (major) and Other Special Revenue (nonmajor) Funds using the average cost methodology and are maintained at cost. VDOT inventories are recorded in the Commonwealth Transportation Fund (major) using the FIFO and average cost methodologies and are maintained at either cost or average cost. VDH inventories are recorded in the General (major), Health and Social Services Special Revenue (nonmajor), and Federal Trust (major) Funds. These inventories are maintained at cost based on either FIFO or the average cost methodology. DBVI inventories are maintained at cost or average cost based on the FIFO methodology and are recorded in the General (major) Fund.

In addition to inventories maintained as stated above, the following agencies reported donated inventory balances on hand at June 30, 2012:

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

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

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

The Virginia Industries for the Blind (nonmajor enterprise fund) maintains inventories at cost using the average cost methodology.

Institutions of higher education (component units) use several methods for inventory valuations, including cost using FIFO, the lower of cost or market using FIFO, or weighted average methods. Inventories maintained by the Virginia Horse Center Foundation (nonmajor component unit) are stated at the lower of cost or market using FIFO. Inventories maintained by the Virginia Port Authority (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 are stated at net realizable value.

K. Prepaid Items

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

L. Interfund Loans Receivable/Payable

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

M. Other Assets

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

N. Capital Assets

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

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

some items that cost less than those thresholds. Infrastructure, including highways, bridges, and rights-of-way, is capitalized using the historical approach and includes any assets acquired prior to fiscal year 1980.

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

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

The primary government capitalizes construction-in-progress when project expenditures, including construction of intangible assets, exceed \$100,000. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset. Expenditures are classified as construction-in-progress if:

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

The estimated lives of capital assets are as follows:

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

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

O. 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 year-end (see Note 23).

P. Unearned and Deferred Revenue

Unearned revenue represents monies received or revenues accrued but not earned as of June 30, 2012. Deferred revenue represents revenues accrued but not available to finance expenditures of the current fiscal period. The majority of unearned revenue is reported by higher education institutions (component unit), 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 General Fund (major), deferred revenue represents receivables that will be collected after August 31, 2012. In the special revenue funds, unearned revenue is composed primarily of prepaid toll revenue and contributions from localities and private sectors for highway construction projects recorded in the Commonwealth Transportation Fund (major). In the enterprise funds, a majority of unearned revenue represents on-line ticket monies received by the State Lottery (major) for which corresponding drawings have not been held. In the internal service funds, it represents primarily unearned premiums for the Risk Management Fund and in the Virginia Information Technologies Agency internal service fund, unearned revenue relates to the transfer and purchase of assets for transition agencies and advanced customer receipts. Additionally, in the Property Management Fund, unearned revenue relates to prepaid rent and work orders. Unearned revenues in the other component units consist primarily of the deferral of fees related to various activities.

Q. Deferred Taxes

Deferred taxes represent the deferral of income taxes related to the period January through June 2012. 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 \$866,494,431 and estimated underpayments total \$422,164,422. This results in deferred taxes of \$444,330,009.

Corporate income tax estimated overpayments total \$61,059,340 and estimated underpayments total \$52,947,060. This results in deferred taxes of \$8,112,280.

R. 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.

S. 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 24).

T. Claims Payable

Claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable at June 30, 2012. This includes both actual claims submitted, as well as actuarially determined claims incurred but not reported. Claims relating to the primary government's liability insurance programs are reported in the Risk Management – internal service fund and the Risk Management – nonmajor enterprise fund. Also, health insurance claims are reported in the Health Care – internal service fund and the Local Choice Health Care – nonmajor enterprise fund (see Notes 22.A. and 22.B.). Claims payable reported by the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – major component unit) represents estimated malpractice, workers' compensation, and medical claims payable amounts.

U. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. The governmental fund statements reflect the portion of long-term liabilities that will be paid from expendable resources that represent payments to employees for separations that occurred prior to June 30. The proprietary fund statements and discrete component unit statements reflect total long-term liabilities and distinguish between those portions payable within one year and those payable in future years (see Note 25).

Bond premiums and discounts, as well as significant issuance costs, are deferred and amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund (nonmajor) when due. In these fund statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures (see Note 25).

V. 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.

W. 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.

X. Committed Fund Balances

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

Y. 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.

Z. 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.

AA. Cash Management Improvement Act

The Commonwealth calculates the Cash Management Improvement Act (CMIA) interest liability to the federal government in accordance with the interest calculation and exchange provisions of the Federal Cash Management Improvement Act of 1990. 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 the Financial Management Service (FMS). The Commonwealth does not have a CMIA interest amount due for the current year. The Commonwealth's interest liability is subject to review and final confirmation by FMS of the U.S. Treasury.

BB. 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 Treasurer's Portfolio in the General Fund.

CC. 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.

DD. Interfund Activity

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

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

2. RESTATEMENT OF BEGINNING BALANCES

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

Governmental Activities

Capital Asset balances were restated by \$33.8 million regarding the understatement of capital assets due primarily to errors by the Department of Transportation and the Department of State Police.

Fund Statements

The Federal (major special revenue) and Other (nonmajor special revenue) funds have been restated by \$6.1 million due to new Federal reporting guidance for the Equitable Sharing Program. Prior to the May 2012 Federal guidance, the equitable sharing amounts were reported in the Other (nonmajor special revenue) fund.

Beginning Balance Restatement

(Dollars in Thousands)

	Balance as of June 30, 2011	Change in Reporting	Correction of Prior Year Errors	Balance June 30, 2011 as restated
Government-wide Activities:				
Primary Government:				
Governmental Activities	\$ 17,895,251	\$ -	\$ 33,837	\$ 17,929,088
Business-type Activities	121,127	-	-	121,127
Total Primary Government	<u>\$ 18,016,378</u>	<u>\$ -</u>	<u>\$ 33,837</u>	<u>\$ 18,050,215</u>
Component Units	<u>\$ 20,857,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,857,755</u>
Fund Statements - Governmental Funds				
Major Governmental Funds:				
General	\$ (58,777)	\$ -	\$ -	\$ (58,777)
Special Revenue Funds:				
Commonwealth Transportation	2,434,530	-	-	2,434,530
Federal Trust	27,631	6,091	-	33,722
Literary	119,618	-	-	119,618
Total Major Governmental Funds	<u>2,523,002</u>	<u>6,091</u>	<u>-</u>	<u>2,529,093</u>
Nonmajor Governmental Funds				
Special Revenue Funds:				
Health and Social Services Fund	162,159	-	-	162,159
Other Special Revenue Fund	481,437	(6,091)	-	475,346
Total Special Revenue	<u>643,596</u>	<u>(6,091)</u>	<u>-</u>	<u>637,505</u>
Debt Service Funds:				
Primary Government	67,825	-	-	67,825
Virginia Public Building Authority	-	-	-	-
Total Debt Service	<u>67,825</u>	<u>-</u>	<u>-</u>	<u>67,825</u>
Capital Project Funds:				
Primary Government	49,780	-	-	49,780
Virginia Public Building Authority	95,131	-	-	95,131
Total Capital Projects	<u>144,911</u>	<u>-</u>	<u>-</u>	<u>144,911</u>
Permanent Funds:				
Commonwealth Health Research Fund	29,950	-	-	29,950
Behavioral Health Endowment Funds	250	-	-	250
Total Permanent Funds	<u>30,200</u>	<u>-</u>	<u>-</u>	<u>30,200</u>
Total Nonmajor Governmental Funds	<u>886,532</u>	<u>(6,091)</u>	<u>-</u>	<u>880,441</u>
Total Governmental Funds	<u>\$ 3,409,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,409,534</u>

3. FUND BALANCE CLASSIFICATIONS

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

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

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

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

Assigned fund balances are those that the government intends to use for a specific purpose, but for which the use is not legislatively mandated. The assignments are identified by Commonwealth management pursuant to the authority granted by the General Assembly and Governor. 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 funds are the residual classification for the General Fund. A negative amount indicates that restricted and committed amounts exceed the available modified accrual basis fund balance.

The governmental fund balance classifications and amounts at June 30, 2012, are shown in the following table.

Governmental Fund Balance Classifications

(Dollars in Thousands)

	<u>General Fund</u>	<u>Commonwealth Transportation</u>	<u>Federal Trust</u>	<u>Literary</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Nonspendable						
Inventory	\$ 45,502	\$ 64,191	\$ 14,326	\$ -	\$ 5,523	\$ 129,542
Prepaid Items	72,400	6,603	1,531	-	12,905	93,439
Permanent Funds	-	-	-	-	28,000	28,000
Total Nonspendable	<u>117,902</u>	<u>70,794</u>	<u>15,857</u>	<u>-</u>	<u>46,428</u>	<u>250,981</u>
Restricted						
Agriculture and Forestry	-	-	-	-	1,104	1,104
Capital Projects/Construction/Capital Acquisition	-	-	-	-	202,471	202,471
Debt Service	-	-	-	-	78,969	78,969
Economic and Technological Development	-	-	-	-	1,056	1,056
Educational and Training Programs	-	-	-	-	7,133	7,133
Environmental Quality and Natural Resource Preservation	-	-	-	-	11,719	11,719
Gifts and Grants	-	31,581	83,877	-	2,065	117,523
Government Operations:						
Legislative Services	-	-	-	-	14	14
Administrative Services	-	-	-	-	1,295	1,295
Health and Public Safety	-	-	-	-	125,526	125,526
Literary Fund	-	-	-	97,582	-	97,582
Lottery Proceeds Fund	35,131	-	-	-	-	35,131
Revenue Stabilization Fund	680,907	-	-	-	-	680,907
Transportation Activities	-	204,681	-	-	-	204,681
Virginia Water Supply Assistance Grant Fund	13,231	-	-	-	-	13,231
Total Restricted	<u>729,269</u>	<u>236,262</u>	<u>83,877</u>	<u>97,582</u>	<u>431,352</u>	<u>1,578,342</u>
Committed						
3% Bonus for State Employees	77,200	-	-	-	-	77,200
Agriculture and Forestry	-	-	-	-	20,268	20,268
Amount Required for Mandatory Reappropriation	97,972	-	-	-	-	97,972
Amount Required for Reappropriation of 2012 Unexpended Balances for Capital Outlay	7,034	-	-	-	-	7,034
Capital Projects/Construction/Capital Acquisition	656	-	-	-	849	1,505
Central Capital Planning Fund	2,024	-	-	-	-	2,024
Communications Sales and Use Tax	4,806	-	-	-	-	4,806
Contract and Debt Administration	-	16,111	-	-	12	16,123
Economic and Technological Development	11,730	-	-	-	16,259	27,989
Educational and Training Programs	691	3,725	-	-	4,914	9,330
Environmental Quality and Natural Resource Preservation	2,550	-	-	-	101,433	103,983
Federal Action Contingency Trust Fund	30,000	-	-	-	-	30,000
Government Operations:						
Legislative Services	-	-	-	-	440	440
Administrative Services	191	-	-	-	35,584	35,775
Governor's Opportunity Fund	41,621	-	-	-	-	41,621
Health and Public Safety	35,649	1,655	-	-	180,066	217,370
Natural Disaster Sum Sufficient	29,934	-	-	-	-	29,934
Regulatory Oversight	-	-	-	-	116,663	116,663
Transportation Activities	-	2,418,047	-	-	7,064	2,425,111
Transportation Trust Fund	20,924	-	-	-	-	20,924
Virginia Health Care Fund	68,537	-	-	-	-	68,537
Virginia Water Quality Improvement Fund	54,532	-	-	-	-	54,532
Total Committed	<u>486,051</u>	<u>2,439,538</u>	<u>-</u>	<u>-</u>	<u>483,552</u>	<u>3,409,141</u>
Assigned						
Educational and Training Programs	-	-	-	-	3,613	3,613
Environmental Quality and Natural Resource Preservation	-	-	-	-	1,089	1,089
Government Operations:						
Administrative Services	-	-	-	-	1,554	1,554
Health and Public Safety	-	-	-	-	5,559	5,559
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,815</u>	<u>11,815</u>
Unassigned						
	<u>(820,863)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(820,863)</u>
Total Fund Balance	<u>\$ 512,359</u>	<u>\$ 2,746,594</u>	<u>\$ 99,734</u>	<u>\$ 97,582</u>	<u>\$ 973,147</u>	<u>\$ 4,429,416</u>

4. DEFICIT FUND BALANCES/NET ASSETS

The State Lottery (major enterprise fund), the Department of Alcoholic Beverage Control (nonmajor enterprise fund), and the Payroll Service Bureau (internal service fund) ended the year with deficit net assets of \$9.8 million, \$28.9 million and \$688,907, respectively. This was solely attributable to the net pension obligation resulting from GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and the net other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Since the Commonwealth is the employer, the agencies do not report this liability in their individually published financial statements.

The Department of Environmental Quality's Title V and Air Pollution Permit Fund (nonmajor enterprise fund) ended the year with deficit net assets of \$3.7 million. The deficit was the result of expenses being greater than revenue over the past few years and the net pension obligation resulting from GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and the net other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The Virginia Information Technologies Agency (internal service fund) ended the year with a deficit net assets balance of \$28.0 million. The deficit was a result of operating expenses exceeding revenues in previous years.

The Property Management Fund (internal service fund) ended the year with a deficit net assets balance of \$19.3 million. This deficit was the result of the purchase of a leasehold interest in a state-owned building in fiscal year 2006. Also, the Property Management Fund incurred additional capital lease liabilities due to transfers of leases from other state agencies in fiscal year 2009. Additionally, in fiscal year 2012, the Property Management Fund entered into three energy leases where the asset is reported in the governmental fund.

The Risk Management Fund (internal service fund) ended the year with a deficit net assets balance of \$511.6 million. The deficit was the result of the Worker's Compensation Program having estimated claims payable exceeding the available equity in the fund. Claims are paid on a pay-as-you-go basis. To the extent that claims exceed current resources, they will ultimately become a liability of the fund from which the claim originated.

The Virginia Public School Authority (major component unit) ended the year with a deficit net assets balance of \$24.0 million. This deficit is the result of an accrued credit against future debt service payments on Local School Bonds due from the localities subsequent to June 30.

The Virginia Economic Development Partnership (nonmajor component unit) ended the year with a deficit net assets balance of \$1.5 million. This deficit occurs because the partnership's Statement of Net Assets reflects \$5.0 million in non-current liabilities related to compensated absences, net pension obligation, and net other postemployment benefit obligation. The Partnership is funded mainly by state appropriations, which show current funding only.

The Virginia National Defense Industrial Authority (nonmajor component unit) ended the year with a deficit net assets balance of \$43,582. This deficit occurs because the authority's Statement of Net Assets reflects \$122,014 in non-current liabilities related to compensated absences, net pension obligation, and net other postemployment benefit obligation.

The Virginia College Building Authority (nonmajor component unit) ended the year with a deficit net assets balance of \$2.4 billion. This deficit occurred 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.

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. During fiscal year 2012, no withdrawal or deposit other than interest earnings were required for the Revenue Stabilization Fund.

Under the provisions of Article X, Section 8 of the *Constitution of Virginia*, a deposit of \$132.7 million is required during fiscal year 2013 based on fiscal year 2011 revenue collections. Additionally, a deposit of \$244.6 million is required during fiscal year 2014 based on fiscal year 2012 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 2012.

The Revenue Stabilization Fund has principal and interest on deposit of \$303.6 million. This balance, along with the constitutionally required deposits of \$132.7 million and \$244.6 million discussed above (totaling \$680.9 million), are 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 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 percent.

6. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2012, the carrying amount of cash for the primary government was \$3,246,440,531 and the bank balance was \$309,476,833. The carrying amount of cash for component units was \$1,400,699,950 and the bank balance was \$729,239,898. Cash equivalents are investments with an original maturity of 90 days or less. Cash and cash equivalents for foundations (component units) totaled \$332,792,971 as of year-end. A portion of this amount and some balances during the year exceeded Federal Deposit Insurance Corporation (FDIC) insurance coverage. Foundation investments are disclosed in the Interest Rate Risk section of this note.

For purposes of this note, primary government includes governmental, business-type activities, and fiduciary funds. The deposits of the primary government and the component units, excluding foundations (component units), are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400 of the *Code of Virginia*. The act requires any public depository that receives or holds public deposits to pledge collateral to the Treasury Board to cover public deposits in excess of Federal deposit insurance. The required collateral percentage is determined by the Treasury Board and ranges from 50 percent to 100 percent for financial institutions choosing the pooled method of collateralization, and from 105 percent to 130 percent for financial institutions choosing the dedicated method of collateralization. As stated in Note 1.BB., unrealized gains or losses for the Treasurer's Portfolio are recorded in the General Fund.

Certain deposits are held by trustees in accordance with the Trust Subsidiary Act, Section 6.1-32.8 et seq. of the *Code of Virginia*. The act requires that cash held by trustees while awaiting investment or distribution is not to be used by an affiliate bank of the trustee in the conduct of its business unless the affiliate bank delivers securities to the trust department as collateral that is at least equal to the fair value of the trust funds held on deposit in excess of amounts insured by 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.

At June 30, 2012, the Treasurer of Virginia held no investment, with the exception of securities lending, that was out of compliance or in default as to principal or interest.

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.

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

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

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

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

Custodial Risk

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

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

As of June 30, 2012, the primary government had \$1,722,246,212 of cash equivalents and investments that were exposed to custodial risk as uninsured and uncollateralized. The System had \$1,721,883,000 of this amount that consisted of various types of debt and equity securities that were held by counterparties' trust departments or agents, but not in the System's name. Common and preferred stocks represented \$1,708,638,000 of the total. The remainder was for various types of debt securities. The component units had \$26,241,097 of cash equivalents and investments that were exposed to custodial risk as uninsured and uncollateralized. Corporate bonds represented \$7,760,254 and agency mortgage-backed securities represented \$5,392,903 of the total, and the remainder was for various types of debt and equity securities.

As of June 30, 2012, the investments of the Pension and Other Employee Benefit Trust Funds were approximately 77.0 percent of the primary government investments, and 99.0 percent of those that were exposed to custodial risk.

Interest Rate Risk

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

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

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

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

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

At June 30, 2012, the Commonwealth had the following investments and maturities:

Primary Government Investments
(Dollars in Thousands)

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U. S. Treasury and Agency Securities	\$ 4,371,791	\$ 756,387	\$ 2,418,559	\$ 613,812	\$ 583,033
Corporate Notes	614,908	608,455	3,245	1,413	1,795
Corporate Bonds	728,468	44,465	396,967	215,251	71,785
Corporate and Other Credit	12,575,866	3,372,579	2,984,621	2,115,190	4,103,476
Corporate Mortgage-Backed Securities	80,209	-	198	646	79,365
Commercial Paper	2,052,137	2,052,137	-	-	-
Negotiable Certificates of Deposit	2,740,357	2,739,650	707	-	-
Repurchase Agreements	2,871,363	2,871,363	-	-	-
Municipal Securities	138,175	26,042	23,000	28,969	60,164
Asset-Backed Securities	267,501	117,236	58,282	33,787	58,196
Agency Mortgage-Backed Securities	2,713,163	40,555	2,358,166	91,152	223,290
Agency Unsecured Bonds and Notes	1,987,008	1,084,079	832,516	53,013	17,400
Mutual and Money Market Funds (Includes SNAP)	1,746,287	1,746,287	-	-	-
The Boston Company Polled Employee Trust Fund	97,617	97,617	-	-	-
Guaranteed Investment Contracts	414,876	-	414,876	-	-
Fixed Income and Commingled Funds	1,307,162	-	290,086	1,017,037	39
Investments held by broker-dealers under securities loans					
U. S. Government and Agency Securities	675	-	442	233	-
Corporate Notes	43,571	610	17,469	21,959	3,533
Corporate Bonds	16,976	4,676	9,506	2,794	-
Other	650,194	181,553	326,565	50,575	91,501
Total	\$ 35,418,304	\$ 15,743,691	\$ 10,135,205	\$ 4,245,831	\$ 5,293,577

Component Unit Investments
(Dollars in Thousands)

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U. S. Treasury and Agency Securities	\$ 969,040	\$ 390,469	\$ 184,812	\$ 30,644	\$ 363,115
Corporate Notes	110,445	34,575	63,083	9,916	2,871
Corporate Bonds	295,890	47,238	156,920	85,483	6,249
Corporate Mortgage-Backed Securities	14,914	-	-	450	14,464
Commercial Paper	656,299	656,299	-	-	-
Negotiable Certificates of Deposit	92,111	87,801	4,310	-	-
Repurchase Agreements	76,116	76,116	-	-	-
Municipal Securities	3,621,803	28,756	103,887	112,311	3,376,849
Asset-Backed Securities	193,896	27,803	96,308	19,354	50,431
Agency Unsecured Bonds and Notes	68,619	50,684	17,935	-	-
Agency Mortgage-Backed Securities	393,856	219,900	48,197	16,804	108,955
Mutual and Money Market Funds (Includes SNAP)	955,112	837,561	9,310	73,802	34,439
Guaranteed Investment Contracts	69,860	1,971	14,354	12,467	41,068
Fixed Income and Commingled Funds	26,913	1,600	11,527	13,786	-
Other	49,865	49,721	104	40	-
Total	\$ 7,594,739	\$ 2,510,494	\$ 710,747	\$ 375,057	\$ 3,998,441

Foundation Investments

(Dollars in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasury and Agency Securities	\$ 835,795
Common & Preferred Stocks	745,879
Corporate Notes	11,071
Corporate Bonds	157,747
Negotiable Certificates of Deposit	3,737
Municipal Securities	3,797
Repurchase Agreements	26,120
Asset Backed Securities	11,541
Agency Mortgage Backed	6,021
Mutual Funds	426,241
Real Estate	503,367
Index Funds	13,237
Fixed Income and Commingled Funds	904
Equity Index and Pooled Funds	453
Others	5,955,791
Total	<u>\$ 8,701,701</u>

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State Treasurer of the Commonwealth 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 and A-1, 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 ten percent of their portfolio in Baa2/BBB rated bonds which, at a minimum, must be rated Baa2/BBB by two nationally recognized rating agencies, one of which must be either Moody's or S&P.
- Municipal Bonds: A3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P
- Asset-backed securities: AAA by two nationally recognized rating agencies, one of which must be Moody's or S&P

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

The following tables present the credit ratings for the majority of the investments of the primary government and component units as of June 30, 2012. The ratings presented below are using Standard & Poor's (S&P) and Moody's Investors Service (Moody's) rating scales. Within the primary government, the investments presented in the table represented 84.2 percent of the total debt securities, 12.8 percent of which were invested in corporate unrated investments. Within the component units, the investments presented in the table represented 86.5 percent of the total debt securities, 43.8 percent of which were invested in unrated Municipal Securities.

Credit risk for derivative instruments held by the Commonwealth results from counterparty risk assumed by the Commonwealth. This is essentially the risk that the borrower will be unable to meet its obligation. Information regarding the Commonwealth's credit risk related to derivatives is found in Note 13, "Derivatives."

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

Credit Rating - Primary Government
(Dollars in Thousands)

<u>Investment</u>	<u>Amount</u>	<u>Rating Agency</u>	<u>Rating</u>	<u>Percent of Portfolio</u>
Corporates and Other Credit	\$ 4,554,115	Moody's	NR	12.86%
U. S. Treasury and Agency Securities	4,371,791	N/A	N/A	12.34%
Corporates and Other Credit	2,871,657	Moody's	Aaa	8.11%
Negotiable Certificates of Deposit	2,143,814	Moody's	P-1	6.05%
Agency Mortgage Backed Securities	2,004,208	Moody's	Aaa	5.66%
Agency Unsecured Bonds and Notes	1,861,680	Standard & Poor's	AA+	5.26%
Mutual and Money Market Funds (Includes SNAP)	1,636,677	Standard & Poor's	AAA	4.62%
Commercial Paper	1,584,292	Moody's	P-1	4.47%
Repurchase Agreements	1,294,000	Standard & Poor's	AA+	3.65%
Repurchase Agreements	1,018,586	Standard & Poor's	A-1	2.88%
Corporates and Other Credit	640,121	Moody's	Baa3	1.81%
Fixed Income and Commingled Funds	615,092	Moody's	Baa	1.74%
Corporates and Other Credit	533,450	Moody's	Baa1	1.51%
Corporates and Other Credit	526,904	Moody's	Baa2	1.49%
Corporates and Other Credit	478,238	Moody's	Ba3	1.35%
Corporates and Other Credit	471,932	Moody's	B1	1.33%
Corporates and Other Credit	438,380	Moody's	B2	1.24%
Agency Mortgage Backed Securities	432,068	Moody's	NR	1.22%
Fixed Income and Commingled Funds	416,064	N/A	N/A	1.17%
Guaranteed Investment Contracts	414,876	N/A	N/A	1.17%
Commercial Paper	407,871	Standard & Poor's	A-1	1.15%
Corporates and Other Credit	379,981	Moody's	B3	1.07%
Negotiable Certificates of Deposit	375,131	Standard & Poor's	A-1	1.06%
Corporate Notes	356,229	Moody's	Aa2	1.01%

Credit Rating - Component Units
(Dollars in Thousands)

<u>Investment</u>	<u>Amount</u>	<u>Rating Agency</u>	<u>Rating</u>	<u>Percent of Portfolio</u>
Municipal Securities	\$ 3,330,534	N/A	N/A	43.78%
U. S. Treasury and Agency Securities	885,112	N/A	N/A	11.63%
Mutual and Money Market Funds (Includes SNAP)	589,207	Standard & Poor's	AAA	7.75%
Commercial Paper	341,866	Moody's	P-1	4.49%
Mutual and Money Market Funds (Includes SNAP)	332,444	N/A	N/A	4.37%
Agency Mortgage Backed Securities	250,932	Moody's	Aaa	3.30%
Commercial Paper	249,919	N/A	N/A	3.29%
Agency Mortgage Backed Securities	114,225	Standard & Poor's	AA+	1.50%
Asset Backed Securities	108,161	Moody's	Aaa	1.42%
Negotiable Certificates of Deposit	85,000	Moody's	P-1	1.12%
U. S. Treasury and Agency Securities	83,929	Standard & Poor's	AA+	1.10%
Repurchase Agreements	76,116	N/A	N/A	1.00%
Guaranteed Investment Contracts	65,077	Moody's	Aa3	0.86%
Agency Unsecured Bonds and Notes	63,995	Moody's	Aaa	0.84%

Concentration of Credit Risk

Concentration of credit risk is related to the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Commonwealth holds no investment in the securities of a single issuer that is more than five percent of the total market value of its investments. In addition, the 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 four 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 four percent of the value of the fund invested in the securities of any single issuer.

The System investment guidelines for each specific portfolio also limit investments in any corporate entity to no more than five 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 five percent or more of plan net assets available for benefits.

Foreign Currency Risk

Primary Government

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. All primary government investments exposed to foreign currency risk were part of the System portfolio at June 30, 2012.

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

Component Units

All component unit investments exposed to foreign currency risk were part of the College of William and Mary (nonmajor), James Madison University (nonmajor), and the Virginia Economic Development Partnership (nonmajor) portfolios at June 30, 2012.

Foreign Currency Exposures by Asset Class - Primary Government

(Dollars in Thousands)

Currency	Cash & Cash	Equity	Fixed Income	Private Equity	Real Estate	International	Total
	Equivalents					Funds	
U.S. Dollar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 891,258	\$ 891,258
British Pound Sterling	7,264	752,272	(117,234)	1,400	7,455	-	651,157
Euro Currency Unit	26,338	769,322	(484,721)	27,391	-	-	338,330
Hong Kong Dollar	2,876	585,221	-	-	-	-	588,097
Japanese Yen	15,737	603,815	(94,942)	-	(227)	-	524,383
South Korean Won	1,462	445,922	2,187	-	-	-	449,571
Canadian Dollar	3,110	349,688	163,280	-	-	-	516,078
Brazil Real	1,688	239,425	71,682	-	-	-	312,795
Swedish Krona	939	107,282	164,830	819	-	-	273,870
New Taiwan Dollar	3,713	242,076	-	-	-	-	245,789
Indian Rupee	1,011	172,429	414	-	-	-	173,854
South African Comm Rand	411	137,733	32,864	-	-	-	171,008
Norwegian Krone	2,285	43,025	301,789	-	-	-	347,099
Mexican New Peso	5,479	60,290	86,317	-	-	-	152,086
New Turkish Lira	994	86,752	31,726	-	-	-	119,472
Australian Dollar	1,586	240,823	(380,133)	-	-	-	(137,724)
Thailand Baht	309	102,200	21,358	-	-	-	123,867
Singapore Dollar	1,029	56,174	11,767	-	-	-	68,970
Malaysian Ringgit	863	33,507	48,347	-	-	-	82,717
Indonesian Rupian	566	39,890	40,541	-	-	-	80,997
New Zealand Dollar	214	798	(107,679)	-	-	-	(106,667)
Polish Zloty	470	34,295	34,048	-	-	-	68,813
Russian Ruble	13	307	32,802	-	-	-	33,122
Philippines Peso	1,323	21,374	(2,106)	-	-	-	20,591
Danish Krone	403	33,241	-	-	-	-	33,644
Israeli Shekel	317	7,661	-	-	-	-	7,978
Egyptian Pound	514	9,097	-	-	-	-	9,611
Columbian Peso	-	-	13,715	-	-	-	13,715
Uruguayan Peso	-	-	7,484	-	-	-	7,484
Nigerian Naira	-	-	7,227	-	-	-	7,227
Turkish Lira	7,189	-	-	-	-	-	7,189
UAE Dirham	138	3,862	-	-	-	-	4,000
Hungarian Forint	133	1,975	13,753	-	-	-	15,861
Chinese Yuan Renminbi	-	68	5,939	-	-	-	6,007
Czech Koruna	387	11,638	-	-	-	-	12,025
Omani Rial	-	1,962	-	-	-	-	1,962
Peruvian Nuevo Sol	-	-	14,819	-	-	-	14,819
Moroccan Dirham	1	-	-	-	-	-	1
Argentina Peso	487	-	-	-	-	-	487
Chilean Peso	-	6,474	193	-	-	-	6,667
Swiss Franc	12,201	207,862	(53,758)	-	-	-	166,305
Total	\$ 101,450	\$ 5,408,460	\$ (133,491)	\$ 29,610	\$ 7,228	\$ 891,258	\$ 6,304,515

Foreign Currency Exposures by Asset Class - Component Units

(Dollars in Thousands)

Currency	Cash & Cash	Equity	Fixed Income	Private Equity	Real Estate	International	Total
	Equivalents					Funds	
British Pound Sterling	\$ 1,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,065
Euro Currency Unit	1,800	-	-	-	-	-	1,800
Total	\$ 2,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,865

Securities Lending

The State Treasury's securities lending program is managed by Deutsche Bank AG, New York (Deutsche Bank), under a contract dated March 31, 2006 and Novation Agreement dated November 23, 2009. The enabling legislation for the securities lending program is Section 2.2-4506 of Chapter 45 of the *Code of Virginia*, as amended. No violations of legal or contractual provisions were noted during the year. The general account participated in a securities lending program for the entire year.

All securities lending loans are on an open-ended or one-day basis and may be terminated by 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 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 as defined in the applicable Agency Securities Lending and Repurchase Agreement. Additionally, Deutsche Bank AG is liable for any losses experienced from reinvestment of cash collateral in investments not authorized by the provisions of the investment guidelines for the Commonwealth of Virginia agreed upon by both parties and made a part of the Agency Securities Lending and Repurchase Agreement. There were no realized losses resulting from default or recoveries of prior period losses during this reporting period.

When securities are loaned, the collateral received is at least 100.0 percent of fair value of the securities loaned and must be maintained at 100.0 percent or greater. There are no stated restrictions on the amount of securities that may be loaned, but the basic composition of the general account portfolio effectively restricts the maximum percentage of the portfolio that may be loaned. During the past fiscal year, 24.5 percent of the general account securities were on loan.

During the past year, a combination of U.S. Treasury, agency, agency mortgage and corporate securities have been loaned, with the majority of the loaned securities being U.S. Treasury and agency securities. At June 30, 2012, all collateral received was in the form of cash.

Securities loaned for the Treasurer's cash collateral reinvestment pool, which consisted of 86.5 percent general account funds and 13.5 percent State Lottery funds as of June 30, 2012, had a carrying value of \$1,372,764,688 and a fair value of \$1,486,209,404. The fair value of the collateral received was \$1,515,962,463 providing for coverage of 102.0 percent. As a result, the State Treasury assumes no credit risk on securities loaned. The carrying value of the cash collateral reinvestment pool received was \$1,516,055,107 and the

fair value of the investments purchased with the cash collateral was \$1,513,991,572. As of June 30, 2012, the Treasurer's cash collateral reinvestment pool had an unrealized loss of \$1,970,891, and is recorded in the General Fund as stated in Note 1.BB. This amount is included in the total Treasurer's Portfolio discussed earlier in this note.

Current cash collateral reinvestment guidelines allow for a maximum maturity of up to nine months on floating rate investments and up to six months on fixed rate investments. Term repurchase agreements are limited to 60 days. At June 30, 2012, the cash collateral reinvestment portfolio had a weighted average maturity of 4 days using the next interest reset date as the maturity date for floating rate securities. Using the expected maturity date, the weighted average maturity was 117 days and using the final maturity date, which assumes no pay downs on any asset-backed or mortgage-backed securities, the weighted average maturity was 1.1 years.

Treasury's current cash reinvestment guidelines allow for investment in government securities, bank obligations, commercial paper, corporate bonds and notes, indemnified repurchase agreements, and U.S. government money market funds. Each type of reinvestment security has to meet predetermined minimum credit criteria. At June 30, 2012, the majority of cash collateral reinvestments were in indemnified repurchase agreements, and asset-backed (including mortgage-backed) floating rate securities.

At June 30, 2012, \$13.2 million or 0.87 percent of the total par value of the cash collateral reinvestment portfolio was out of compliance with Treasury's current cash collateral reinvestment guidelines due to various security ratings downgrades during the past few years and adoption of more restrictive reinvestment guidelines. Included in the \$13.2 million of out of compliance securities is a \$9.3 million asset-backed security that Treasury has reason to believe is other than temporarily impaired. Treasury has written off \$3.8 million of this security as of June 30, 2012. This security is not in default and is making principal and interest payments. Approximately 86.5 percent of these out of compliance securities are part of the general account portion of the securities lending program and the other 13.5 percent is the State Lottery's portion of the securities lending program. The Commonwealth regularly evaluates these positions to determine the most beneficial course of action going forward.

Under authorization of the Board, the Virginia Retirement System (the System) lends its fixed income and equity securities to various broker-dealers on a temporary basis. This program is administered through an agreement with the System's custodial agent bank. All security loan agreements are collateralized by cash, securities, or an irrevocable letter of credit issued by a major bank, and have a market value equal to at least 102 percent of the market value for domestic securities and 105 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. 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 43 days. At year-end, the System has no credit risk exposure to borrowers because the amounts it owes the borrowers exceeded the amounts the borrowers owe the System. All securities are marked to market daily and carried at market value. The market value of securities on loan at June 30, 2012 was \$3,913,126,000. The June 30, 2012 balance was composed of corporate and other bonds of \$59,324,000 and common and preferred stocks of \$3,853,802,000. The value of collateral (cash and non-cash) at June 30, 2012, was \$4,074,754,000.

At June 30, 2012, the invested cash collateral had a market value of \$2,161,444,000 and was composed of commercial paper of \$677,683,000, certificates of deposit of \$713,178,000, floating rate notes of \$600,691,000, asset backed securities of \$11,538,000, interest bearing notes of \$49,477,000, and repurchase agreements of \$108,877,000. As of June 30, 2012, the System's cash collateral reinvestment pool had an unrealized loss of \$14.0 million.

A foundation of the University of Virginia (major component unit) reports an obligation under securities lending of approximately \$14.0 million. Since this foundation follows FASB rather than GASB reporting requirements, disclosures can be found in the individually published financial statements of the foundation.

7. RECEIVABLES

The following schedule (dollars in thousands) details the accounts, loans, interest, taxes, prepaid tuition contributions, security transactions, and other receivables presented in the major funds, aggregated nonmajor funds by type, internal service funds, fiduciary funds, major component units, and aggregated nonmajor component units, as of June 30, 2012:

	Accounts Receivable	Loans / Mortgage Receivable	Interest Receivable	Taxes Receivable	Prepaid Tuition Contributions Receivable
Primary Government:					
General	\$ 900,216	\$ 288	\$ 356,253	\$ 1,759,438	\$ -
Major Special Revenue Funds:					
Commonwealth Transportation	92,420	35,152	-	141,275	-
Federal Trust	816,495	228	-	-	-
Literary	216,148	236,239	19,861	-	-
Nonmajor Governmental Funds	178,797	-	10,367	6,842	-
Major Enterprise Funds:					
State Lottery	52,827	-	-	-	-
Virginia College Savings Plan	8,115	-	3,060	-	244,796
Unemployment Compensation	183,386	11,676	-	-	-
Nonmajor Enterprise Funds	33,887	-	-	-	-
Internal Service Funds	13,381	-	-	-	-
Private Purpose Trust Funds	-	13	1,670	-	-
Pension and Other Employee Benefit Trust (1)	143,529	-	207,190	-	-
Investment Trust Fund	-	-	859	-	-
Agency Funds	389	-	-	121,287	-
Total Primary Government (2)	<u>\$ 2,639,590</u>	<u>\$ 283,596</u>	<u>\$ 599,260</u>	<u>\$ 2,028,842</u>	<u>\$ 244,796</u>
Discrete Component Units:					
Virginia Housing Development Authority (3)	\$ -	\$ 7,887,323	\$ 37,497	\$ -	\$ -
Virginia Public School Authority	-	-	65,934	-	-
University of Virginia (4)	648,449	47,896	1,300	-	-
Virginia Polytechnic Institute and State University	65,616	43,713	1,375	-	-
Virginia Commonwealth University (5)	394,797	27,708	385	-	-
Nonmajor Component Units (6)	202,728	4,010,326	57,143	4,889	-
Total Component Units	<u>\$ 1,311,590</u>	<u>\$ 12,016,966</u>	<u>\$ 163,634</u>	<u>\$ 4,889</u>	<u>\$ -</u>

Note (1): Other Receivables of the Pension and Other Employee Benefit Trust Fund of \$11,604 (dollars in thousands) are made up \$2,714 (dollars in thousands) in pending investment transactions, including \$1,602 (dollars in thousands) in securities lending, and \$1,112 (dollars in thousands) in other investment receivable; as well as \$8,890 (dollars in thousands) in other receivables related to benefit plans.

Note (2): Fiduciary net receivables in the amount of \$1,604,478 (dollars in thousands) are not included in the Government-wide Statement of Net Assets.

Note (3): The Virginia Housing Development Authority reports \$7,639,491 (dollars in thousands) as Restricted Loans Receivable, \$36,096 (dollars in thousands) as Restricted Interest Receivable, and \$4,572 (dollars in thousands) as Restricted Other Receivables.

Note (4): Other Receivables of the University of Virginia of \$46,446 (dollars in thousands) are made up of the FICA receivable of \$24,700 (dollars in thousands), pledges receivable of \$20,656 (dollars in thousands) and foundation other receivables of \$1,090 (dollars in thousands).

Note (5): Other Receivables of the Virginia Commonwealth University of \$110,005 (dollars in thousands) are made up of sponsors accounts receivable of \$22,297 (dollars in thousands) and the following amounts reported by the Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University) of premium receivables of \$47,861 (dollars in thousands), FICA receivable of \$32,873 (dollars in thousands), and third-party settlements and non-patient receivables of \$6,974 (dollars in thousands).

Note (6): Other Receivables of the nonmajor component units are primarily comprised of \$58,933 (dollars in thousands) reported by foundations representing FASB reporting entities defined in Note 1.B. and \$36,740 (dollars in thousands) reported by the Virginia Biotechnology Research Park Authority.

<u>Security Transactions</u>	<u>Other Receivables</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Amounts to be Collected Greater than One Year</u>
\$ -	\$ -	\$ (1,391,169)	\$ 1,625,026	\$ 287,571
-	-	(20,164)	248,683	27,173
-	-	(17,451)	799,272	33
-	-	(210,623)	261,625	202,397
-	26	(91,691)	104,341	605
-	-	-	52,827	-
-	-	-	255,971	188,097
-	-	(47,526)	147,536	-
-	-	(786)	33,101	-
-	-	(418)	12,963	-
-	-	-	1,683	-
1,162,237	11,604	-	1,524,560	-
-	-	-	859	-
-	-	(44,300)	77,376	3,806
<u>\$ 1,162,237</u>	<u>\$ 11,630</u>	<u>\$ (1,824,128)</u>	<u>\$ 5,145,823</u>	<u>\$ 709,682</u>
\$ -	\$ 11,033	\$ (159,338)	\$ 7,776,515	\$ 7,553,829
-	-	-	65,934	-
-	46,446	(385,224)	358,867	40,056
-	41	(3,089)	107,656	40,792
-	110,005	(211,147)	321,748	56,739
-	135,980	(18,222)	4,392,844	3,888,915
<u>\$ -</u>	<u>\$ 303,505</u>	<u>\$ (777,020)</u>	<u>\$ 13,023,564</u>	<u>\$ 11,580,331</u>

8. CONTRIBUTIONS RECEIVABLE, NET

The following schedule details the contributions receivable for foundations⁽¹⁾ included with the major component units, and aggregated nonmajor component units, as of June 30, 2012:

(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:							
University of Virginia	\$ 41,555	\$ 45,337	\$ 24,540	\$ 111,432	\$ (6,492)	\$ (9,168)	\$ 95,772
Virginia Polytechnic Institute & State University	31,044	38,591	13,044	82,679	(1,653)	(1,526)	79,500
Virginia Commonwealth University	11,012	18,691	6,689	36,392	(1,539)	(2,044)	32,809
Nonmajor Component Units	43,002	56,831	32,114	131,947	(7,287)	(6,591)	118,069
Total Component Units	<u>\$ 126,613</u>	<u>\$ 159,450</u>	<u>\$ 76,387</u>	<u>\$ 362,450</u>	<u>\$ (16,971)</u>	<u>\$ (19,329)</u>	<u>\$ 326,150</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 0.15 percent to 8.00 percent.

9. INTERFUND AND INTER-ENTITY ASSETS/LIABILITIES

Due from/to Other Funds

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

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

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

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

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

The following schedule shows the Due from/to Other Funds as of June 30, 2012.

Schedule of Due from/to Other Funds

June 30, 2012

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		Primary Government	
General Fund	\$ 37,229	Major Special Revenue Funds:	
		Federal Trust	\$ 659
		Major Enterprise Funds:	
		State Lottery	22,972
		Nonmajor Enterprise Funds	12,114
		Internal Service Funds	1,484
Major Special Revenue Funds:		General Fund	20,924
Commonwealth Transportation	20,924		
Federal Trust	1,869	Major Enterprise Funds:	
		Unemployment Compensation	1,869
Nonmajor Governmental Funds	8,392	Major Special Revenue Funds:	
		Commonwealth Transportation	4,989
		Federal Trust	2,218
		Nonmajor Governmental Funds	200
		Major Enterprise Funds:	
		Unemployment Compensation	244
		Nonmajor Enterprise Funds	741
Major Enterprise Funds:		General Fund	400
Unemployment Compensation	635	Major Special Revenue Funds:	
		Commonwealth Transportation	28
		Federal Trust	64
		Nonmajor Governmental Funds	115
		Major Enterprise Funds:	
		State Lottery	2
		Nonmajor Enterprise Funds	20
		Internal Service Funds	6
Nonmajor Enterprise Funds	9,086	General Fund	316
		Major Special Revenue Funds:	
		Commonwealth Transportation	252
		Federal Trust	389
		Nonmajor Governmental Funds	8,108
		Nonmajor Enterprise Funds	5
		Internal Service Funds	16
Internal Service Funds	50,154	General Fund	23,807
		Major Special Revenue Funds:	
		Commonwealth Transportation	12,938
		Federal Trust	5,305
		Nonmajor Governmental Funds	5,218
		Major Enterprise Funds:	
		State Lottery	121
		Virginia College Savings Plan	33
		Nonmajor Enterprise Funds	2,388
		Internal Service Funds	344
Pension and Other Employee Benefit Trust	13,923	Private Purpose Trust	13
		Pension and Other Employee Benefit Trust	13,910
Total Primary Government	<u><u>\$ 142,212</u></u>	Total Primary Government	<u><u>\$ 142,212</u></u>

Schedule of Due from/to Internal/External Parties

June 30, 2012

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		Primary Government	
Nonmajor Governmental Funds	\$ 984	Agency	\$ 984
Internal Service Funds	133	Private Purpose Trust	19
		Pension and Other Employee Benefit Trust	114
Pension and Other Employee Benefit Trust	18,447	General Fund	11,982
		Major Special Revenue Funds:	
		Commonwealth Transportation	2,347
		Federal Trust	1,221
		Nonmajor Governmental Funds	2,180
		Major Enterprise Funds:	
		State Lottery	92
		Virginia College Savings Plan	34
		Nonmajor Enterprise Funds	355
		Internal Service Funds	236
Total Primary Government	<u>\$ 19,564</u>	Total Primary Government	<u>\$ 19,564</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, 2012. There were no Interfund Receivables/Payables for the component units as of June 30, 2012.

Interfund Receivables/Payables

June 30, 2012

(Dollars in Thousands)

Receivable From:	Amount	Payable To:	Amount
Primary Government		Primary Government	
Nonmajor Governmental Funds	\$ 92,442	General Fund	\$ 13,152
		Major Special Revenue Funds:	
		Federal Trust	14,949
		Nonmajor Enterprise Funds	28,489
		Internal Service Funds	35,852
Total	<u>\$ 92,442</u>	Total	<u>\$ 92,442</u>

Note: The loan payable to the General Fund will not be repaid within one year.

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.

The following due from primary government amounts represent General Fund (major governmental fund) appropriation available amounts that are due from the General Fund: University of Virginia (major component unit) - \$6.9 million and nonmajor component units - \$2.3 million. The General Fund reports the entire amount of \$9.2 million in the government-wide financial statements.

The following due from primary government amounts represent amounts due from the General Fund (major governmental fund) related to interest/rebate allocations: University of Virginia (major component unit) - \$0.1 million, Virginia Polytechnic Institute and State University (major component unit) - \$0.1 million, Virginia Commonwealth University (major component unit) - \$0.1 million, and nonmajor component units - \$5.4 million. In addition, a due from primary government amount due from the Federal Trust Special Revenue Fund (major governmental fund) to the Virginia College Building Authority (nonmajor component unit) of \$4.5 million is for interest on Build America Bonds (BABs).

A \$0.2 million due from primary government amount represents an amount due from a nonmajor governmental fund related to the Department of the Treasury's reimbursement programs primarily to nonmajor component units.

A \$2.2 million due from primary government amount represents an amount due from the General Fund (major governmental fund) to the Virginia Land Conservation Foundation (nonmajor component unit).

A \$12.2 million due from component units in the Health Care Fund (internal service fund) represents amounts due from the following: University of Virginia (major component unit) - \$0.2 million, Virginia Polytechnic Institute and State University (major component unit) - \$2.6 million, Virginia Commonwealth University (major component unit) - \$2.9 million, and nonmajor component units - \$6.5 million.

A \$0.7 million due from component units represents monies owed for administrative and project expenses from the Science Museum of Virginia Foundation (nonmajor component unit) to a nonmajor governmental fund. The entire nonmajor governmental amount is reported in the government-wide financial statements.

The following due from component units amounts represent amounts due from the Virginia College Building Authority (nonmajor component unit) related to the Department of the Treasury's reimbursement programs: University of Virginia (major component unit) - \$13.8 million, Virginia Polytechnic Institute and State University (major component unit) - \$14.6 million, Virginia Commonwealth University (major component unit) - \$8.9 million, and nonmajor component units - \$72.8 million. There is a due to component units of \$3.8 million from the Virginia Commercial Space Flight Authority (nonmajor component unit) to a foundation of the Old Dominion University (nonmajor component unit). There is a \$0.2 million due to component units from the Virginia Economic Development Partnership (nonmajor component unit) to the Virginia National Defense Industrial Authority (nonmajor component unit). There is a \$0.1 million due to component units from the Tobacco Indemnification and Community Revitalization Commission (nonmajor component unit) to the Virginia Economic Development Partnership (nonmajor component unit). There is a \$1.4 million due to component units from the Virginia Land Conservation Foundation (nonmajor component unit) to the Virginia Outdoors Foundation (nonmajor component unit).

Due from/to Component Units and Fiduciary Funds

A \$9.8 million due from component units in the Pension and Other Employee Benefit Trust Funds (fiduciary funds) represents amounts due from the following: University of Virginia (major component unit) - \$3.0 million, Virginia Polytechnic Institute and State University (major component unit) - \$1.2 million, Virginia Commonwealth University (major component unit) - \$2.0 million, and nonmajor component units - \$3.6 million.

Loans Receivable/Payable Between Primary Government and Component Units

The Virginia Community College System (nonmajor component unit) loan of \$5.1 million was used primarily to advance fund federally-funded grant programs.

The \$161.2 million in loans receivable from primary government represents loans from the Virginia Public School Authority (VPSA) to the Literary Special Revenue Fund (major governmental fund). The VPSA makes grants to local school divisions to finance the purchase of educational technology equipment. The VPSA makes these grants using the proceeds of notes issued for that purpose which will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Special Revenue Fund (major governmental fund).

10. OTHER ASSETS

The following table summarizes Other Assets as of June 30, 2012:

(Dollars in Thousands)

	Cash and Travel Advances	Unamortized Bond Issuance Expense	Other Assets	Total Other Assets
Primary Government:				
General	\$ 2,060	\$ -	\$ -	\$ 2,060
Major Special Revenue Funds:				
Commonwealth Transportation	427	-	-	427
Federal Trust	2,379	-	-	2,379
Nonmajor Governmental Funds	917	-	1,070	1,987
Major Enterprise Funds:				
State Lottery	1	-	-	1
Nonmajor Enterprise Funds	169	-	-	169
Internal Service Funds (1)	5	-	7,184	7,189
Agency Funds (2)	-	-	58	58
Total Primary Government (2)	<u>\$ 5,958</u>	<u>\$ -</u>	<u>\$ 8,312</u>	<u>\$ 14,270</u>
Discrete Component Units:				
Virginia Housing Development Authority	\$ -	\$ 4,306	\$ 27,345	\$ 31,651
University of Virginia	1,759	448	18,950	21,157
Virginia Polytechnic Institute and State University	-	1,717	3,937	5,654
Virginia Commonwealth University	469	5,674	12,135	18,278
Nonmajor Component Units	7,251	66,776	18,714	92,741
Total Component Units	<u>\$ 9,479</u>	<u>\$ 78,921</u>	<u>\$ 81,081</u>	<u>\$ 169,481</u>

Note (1): The \$7,184 (dollars in thousands) shown above represents a Virginia Information Technologies Agency interfund asset due from various governmental funds that will not be received within 60 days. This amount is reclassified to an internal balance on the Government-wide Statement of Net Assets.

Note (2): Other Assets of the Agency Funds represent prepaid expenses and advances to third party agents. The \$58 (dollars in thousands) shown above is not included in the Government-wide Statement of Net Assets.

11. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The Commonwealth Transportation Fund (major special revenue) and Debt Service and Capital Projects (nonmajor governmental funds) reported \$1.5 billion in restricted assets related to bond agreements.

The Virginia Housing Development Authority (major component unit) reported restricted assets totaling \$872.1 million. The Virginia Public School Authority (major component unit) reported restricted assets of \$87.3 million. Both major component units' assets are restricted for debt service under a bond indenture agreement or other agreements.

The Virginia Port Authority (nonmajor component unit) reported restricted assets of \$121.7 million primarily for debt service under bond agreements, construction and other project funds.

The Virginia Resources Authority (nonmajor component unit) reported restricted assets of \$620.8 million. Of this amount, \$613.4 million is restricted for loans to local governments, bond indentures, or federal and state regulations for various revolving funds, and \$7.4 million is restricted for the Operating Reserve Fund for the Virginia Pooled Financing Program.

The Tobacco Indemnification and Community Revitalization Commission (nonmajor component unit) reported restricted assets of \$298.3 million to be used for financial aid to tobacco growers and to foster community economic growth.

The Hampton Roads Sanitation District Commission (nonmajor component unit) reported restricted assets of \$88.4 million. Of this amount, \$15.7 million is for debt service and \$72.7 million is revenue bond construction funds.

The Virginia Small Business Financing Authority (nonmajor component unit) reported restricted assets of \$29.2 million for gifts and grants.

The higher education institutions (component units) reported restricted assets totaling approximately \$4.2 billion primarily for endowment and other contractual obligations. Included in this amount is approximately \$3.2 billion of foundations' restricted assets. The two museum foundations, the Virginia Museum of Fine Arts Foundation (nonmajor component unit) and the Science Museum of Virginia Foundation (nonmajor component unit) had restricted assets of \$215.7 million and \$14.9 million, respectively, primarily for donor-imposed restricted endowments.

The remaining \$4.9 million is spread among the Virginia Outdoors Foundation (nonmajor component unit), the Virginia Horse Center Foundation (nonmajor component unit), the Fort Monroe Authority (nonmajor component unit), the Virginia Arts Foundation (nonmajor component unit), the Library of Virginia Foundation (nonmajor component unit) and the Danville Science Center (nonmajor component unit).

12. CAPITAL ASSETS

The following schedule presents the changes in the Capital Assets:

Schedule of Changes in Capital Assets Governmental Activities

(Dollars in Thousands)

	Balance July 1, as restated (1)	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	\$ 2,530,915	\$ 132,492	\$ (50,649)	\$ 2,612,758
Water Rights and/or Easements	32,281	16,168	-	48,449
Construction-in-Progress	3,384,206	1,777,239	(1,615,693)	3,545,752
Total Nondepreciable Capital Assets	<u>5,947,402</u>	<u>1,925,899</u>	<u>(1,666,342)</u>	<u>6,206,959</u>
Depreciable Capital Assets:				
Buildings (2)	3,214,762	339,351	(11,436)	3,542,677
Equipment	894,156	137,497	(17,038)	1,014,615
Infrastructure	24,859,253	1,817,117	(224,971)	26,451,399
Software	332,128	42,509	-	374,637
Total Capital Assets being Depreciated	<u>29,300,299</u>	<u>2,336,474</u>	<u>(253,445)</u>	<u>31,383,328</u>
Less Accumulated Depreciation for:				
Buildings	1,090,483	77,082	(7,414)	1,160,151
Equipment	509,760	50,130	(14,357)	545,533
Infrastructure	11,053,411	663,073	(11,387)	11,705,097
Software	141,498	22,857	-	164,355
Total Accumulated Depreciation	<u>12,795,152</u>	<u>813,142</u>	<u>(33,158)</u>	<u>13,575,136</u>
Total Depreciable Capital Assets, Net	<u>16,505,147</u>	<u>1,523,332</u>	<u>(220,287)</u>	<u>17,808,192</u>
Total Capital Assets, Net	<u>\$ 22,452,549</u>	<u>\$ 3,449,231</u>	<u>\$ (1,886,629)</u>	<u>\$ 24,015,151</u>

Note (1): Beginning balances have been restated by \$33,837 (dollars in thousands) due to the correction of prior year errors, as discussed in Note 2. Additionally, there have been reclassifications in the beginning balances of certain line items above.

Note (2): Includes temporarily impaired assets with a carrying value of \$12.1 million.

Depreciation Expense Charged to Functions of the Primary Government

June 30, 2012

(Dollars in Thousands)

Governmental Activities:	
General Government	\$ 14,182
Education	9,575
Transportation	681,408
Resources and Economic Development	16,879
Individual and Family Services	41,812
Administration of Justice	38,215
Capital Assets held by the Internal Service	
Funds are charged to various functions	11,071
Total	<u>\$ 813,142</u>

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

(Dollars in Thousands)

	<u>Balance July 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30</u>
Nondepreciable Capital Assets:				
Land	\$ 1,977	\$ -	\$ -	\$ 1,977
Construction-in-Progress	4,558	1,162	(4,986)	734
Total Nondepreciable Capital Assets	<u>6,535</u>	<u>1,162</u>	<u>(4,986)</u>	<u>2,711</u>
Depreciable Capital Assets:				
Buildings	19,269	4,986	-	24,255
Equipment	66,451	2,835	(8,107)	61,179
Software	2,209	287	(78)	2,418
Total Capital Assets being Depreciated	<u>87,929</u>	<u>8,108</u>	<u>(8,185)</u>	<u>87,852</u>
Less Accumulated Depreciation for:				
Buildings	11,223	243	-	11,466
Equipment	46,444	5,541	(8,044)	43,941
Software	541	334	(78)	797
Total Accumulated Depreciation	<u>58,208</u>	<u>6,118</u>	<u>(8,122)</u>	<u>56,204</u>
Total Depreciable Capital Assets, Net	<u>29,721</u>	<u>1,990</u>	<u>(63)</u>	<u>31,648</u>
Total Capital Assets, Net	<u>\$ 36,256</u>	<u>\$ 3,152</u>	<u>\$ (5,049)</u>	<u>\$ 34,359</u>

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

(Dollars in Thousands)

	Balance July 1			Subtotal		Total
	as restated (1)	Increases	Decreases	June 30	Foundations (2)	June 30
Nondepreciable Capital Assets:						
Land	\$ 513,761	\$ 26,178	\$ (4,856)	\$ 535,083	\$ 267,090	\$ 802,173
Construction-in-Progress	1,683,835	1,313,844	(1,277,856)	1,719,823	114,037	1,833,860
Inexhaustible Works of Art/Historical Treasures	75,306	1,229	(12)	76,523	18,823	95,346
Livestock	665	168	-	833	2,067	2,900
Total Nondepreciable Capital Assets	<u>2,273,567</u>	<u>1,341,419</u>	<u>(1,282,724)</u>	<u>2,332,262</u>	<u>402,017</u>	<u>2,734,279</u>
Depreciable Capital Assets:						
Buildings	10,967,459	1,007,531	(53,873)	11,921,117	978,890	12,900,007
Infrastructure	2,570,292	198,962	(1,234)	2,768,020	5,040	2,773,060
Equipment	2,720,166	259,513	(168,267)	2,811,412	123,298	2,934,710
Improvements Other Than Buildings	389,744	46,887	(4,564)	432,067	65,241	497,308
Library Books	753,350	31,125	(11,685)	772,790	-	772,790
Software	337,116	40,841	(476)	377,481	-	377,481
Other Intangible Assets	2,000	-	-	2,000	-	2,000
Total Capital Assets being Depreciated	<u>17,740,127</u>	<u>1,584,859</u>	<u>(240,099)</u>	<u>19,084,887</u>	<u>1,172,469</u>	<u>20,257,356</u>
Less Accumulated Depreciation for:						
Buildings	3,297,473	323,853	(31,568)	3,589,758	221,512	3,811,270
Infrastructure	1,181,355	76,866	(965)	1,257,256	2,550	1,259,806
Equipment	1,711,275	222,754	(136,145)	1,797,884	81,030	1,878,914
Improvements Other Than Buildings	227,479	18,248	(3,460)	242,267	34,144	276,411
Library Books	613,358	34,346	(11,630)	636,074	-	636,074
Software	200,868	31,093	(431)	231,530	-	231,530
Other Intangible Assets	933	134	-	1,067	-	1,067
Total Accumulated Depreciation	<u>7,232,741</u>	<u>707,294</u>	<u>(184,199)</u>	<u>7,755,836</u>	<u>339,236</u>	<u>8,095,072</u>
Total Depreciable Capital Assets, Net	<u>10,507,386</u>	<u>877,565</u>	<u>(55,900)</u>	<u>11,329,051</u>	<u>833,233</u>	<u>12,162,284</u>
Total Capital Assets, Net	<u>\$ 12,780,953</u>	<u>\$ 2,218,984</u>	<u>\$ (1,338,624)</u>	<u>\$ 13,661,313</u>	<u>\$ 1,235,250</u>	<u>\$ 14,896,563</u>

Note (1): Beginning balances have been restated by \$22,372 (dollars in thousands) for the College of William and Mary (nonmajor) due to the reporting of capital assets by the institution rather than by its foundation, and by \$29,953 (dollars in thousands) for George Mason University (nonmajor) due to a change in the elimination of an intrafund capital lease with its foundation. Additionally, there have been reclassifications in the 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.

13. DERIVATIVES

The Government Accounting Standards Board (GASB) issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which 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.

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

At June 30, 2012, the System had four types of derivative financial instruments: futures, currency forwards, options and swaps. Futures, currency forwards and options contracts provide the System with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure and gain market exposure to various indexes in a more efficient way and at lower transaction costs. Credit risks depend on whether the contracts are exchange-traded or exercised over-the-counter. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates.

Futures Contracts

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized

exchanges (exchange-traded) and require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily, in cash, with the exchanges. The net gains or losses resulting from the daily settlements are included in the System's financial statements. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. The notional value of the System's investment in futures contracts at June 30, 2012 and 2011 is shown in the following table.

	2012	2011
Cash & Cash Equivalent Derivatives Futures:		
Short	\$ (143,472)	\$ (52,582)
Equity Derivatives Futures:		
Long	474,687	1,226,545
Short	-	(69,000)
Fixed Income Derivatives Futures:		
Long	17,818	632,094
Short	(66,863)	(416,406)
Total Futures	<u>\$ 282,170</u>	<u>\$ 1,320,651</u>

Currency Forwards

Currency forwards represent foreign exchange contracts and are used by the System to effect settlements and to protect the base currency (\$US) value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over-the-counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. Information on the System's currency forwards contracts at June 30, 2012 and 2011 is shown in the following table.

Currency Forwards
as of June 30

(Dollars in Thousands)

Currency	Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Market Value 2012	Market Value 2011
Australian Dollar	\$ (588,418)	\$ 159,569	\$ (761,777)	\$ (602,208)	\$ (436,820)
Brazil Real	(9,259)	19,904	(29,080)	(9,176)	(11,989)
British Pound Sterling	(786,044)	255,922	(1,042,461)	(786,539)	(736,914)
Canadian Dollar	(91,712)	337,004	(427,131)	(90,127)	(349,740)
Chilean Peso	78	5,540	(5,347)	193	(3,863)
Chinese Yuan Renminbi	5,826	14,472	(8,533)	5,939	2,498
Columbian Peso	(709)	4,221	(4,856)	(635)	1,006
Czech Koruna	-	-	-	-	(4,271)
Danish Krone	(22,045)	8,813	(31,107)	(22,294)	(53,979)
Euro Currency Unit	(2,204,043)	441,595	(2,671,728)	(2,230,133)	(2,474,116)
Hong Kong Dollar	(82,076)	4,548	(86,634)	(82,086)	(119,335)
Hungarian Forint	10,527	13,214	(1,886)	11,328	950
Indian Rupee	585	3,971	(3,557)	414	1,010
Indonesian Rupian	9,472	9,580	-	9,580	333
Israeli Shekel	(14,420)	1,174	(15,559)	(14,385)	(19,628)
Japanese Yen	(874,105)	100,422	(975,697)	(875,275)	(941,104)
Kazakhstan Tenge	-	-	-	-	7,950
Malaysian Ringgit	31,239	31,333	(228)	31,105	26,587
Mexican New Peso	(19,048)	9,813	(30,243)	(20,430)	(801)
New Taiw an Dollar	-	-	-	-	(4,189)
New Turkish Lira	8,217	12,842	(4,482)	8,360	4,019
New Zealand Dollar	(107,187)	77,883	(190,827)	(112,944)	60,015
Norw egian Krone	265,789	317,799	(50,629)	267,170	88,031
Peruvian Nuevo Sol	255	1,019	(761)	258	(563)
Philippines Peso	(2,622)	3,656	(6,267)	(2,611)	9,644
Polish Zloty	2,885	11,338	(8,342)	2,996	14,337
Russian Ruble (New)	9,343	9,724	(175)	9,549	15,083
Singapore Dollar	(19,902)	9,543	(29,475)	(19,932)	(34,984)
South African Comm Rand	(22,785)	21,544	(44,457)	(22,913)	(5,912)
South Korean Won	2,224	2,760	(573)	2,187	1,520
Sw edish Krona	107,058	237,518	(127,162)	110,356	134,369
Sw iss Franc	(258,357)	134,714	(395,685)	(260,971)	(529,151)
Thailand Baht	5,006	5,124	(129)	4,995	11,911
U.S. Dollar	4,646,227	6,858,273	(2,212,046)	4,646,227	5,333,172
Total Forw ards Subject to Foreign Currency Risk				\$ (42,002)	\$ (14,924)

Options Contracts

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

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

This premium is reflected as a liability on the financial statements, and the System bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Information on the System's options balances at June 30, 2012 and 2011 is shown in the following table.

Options Contracts as of June 30		
<i>(Dollars in Thousands)</i>		
	2012	2011
Cash and Cash Equivalent Options:		
Put	\$ -	\$ 40
Equity Options:		
Call	-	(182)
Put	-	(95)
Fixed Income Options:		
Call	-	87
Put	-	144
Swaptions:		
Call	(978)	(5,557)
Put	(118)	601
Total Options	<u>\$ (1,096)</u>	<u>\$ (4,962)</u>

Swap Agreements

Swaps are negotiated contracts between two counterparties for the exchange of payments at certain intervals over a predetermined timeframe. The payments are based on a notional principal amount and calculated using either fixed or floating interest rates or total returns from certain instruments or indices. 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 2012, the System entered into credit defaults, inflation, interest rate and total return swaps. Information on the System's swap balances at June 30, 2012 and 2011 is shown in the following table.

Swap Agreements
as of June 30

(Dollars in Thousands)

Counterparty	Notional Amount	VRS Rate	Counterparty Rate	Maturity Date	Buying/Selling Protection	Pay/Receive Rate	Market Value 2012	Market Value 2011
Credit Default Swaps:								
Credit Suisse Group AG	\$ 38,452			6/20/2017	Buying	1.000%	\$ 2,738	-
Credit Suisse Group AG	12,533			6/20/2016	Selling	1.000%	100	-
Credit Suisse Group AG	12,000			6/20/2017	Selling	1.000%	(72)	-
Credit Suisse Group AG	8,000			12/20/2016	Buying	1.000%	157	-
Credit Suisse Group AG	6,250			12/20/2016	Buying	1.000%	(49)	-
Credit Suisse Group AG	5,900			12/20/2016	Selling	1.000%	(14)	-
Credit Suisse Group AG	5,000			12/20/2016	Buying	1.000%	(121)	-
Credit Suisse Group AG	5,000			12/20/2016	Buying	1.000%	(68)	-
Credit Suisse Group AG	5,000			12/20/2016	Buying	1.000%	81	-
Credit Suisse Group AG	4,575			9/20/2017	Selling	1.000%	(121)	-
Credit Suisse Group AG	4,050			12/20/2016	Buying	5.000%	(375)	-
Credit Suisse Group AG	4,050			12/20/2016	Buying	1.000%	305	-
Credit Suisse Group AG	3,700			6/20/2017	Selling	1.000%	(61)	-
Credit Suisse Group AG	2,500			12/20/2016	Selling	1.000%	(3)	-
Credit Suisse Group AG	2,094			9/20/2017	Selling	5.000%	(143)	-
Credit Suisse Group AG	1,500			12/20/2016	Selling	5.000%	(65)	-
Credit Suisse Group AG	800			12/20/2016	Selling	1.000%	(1)	-
Credit Suisse Group AG	500			12/20/2012	Selling	1.000%	1	-
Credit Suisse Group AG	475			6/20/2017	Buying	1.000%	31	-
Credit Suisse Group AG	200			12/20/2016	Selling	1.000%	(5)	-
Credit Suisse AG	2,500			6/20/2016	Buying	5.000%	-	(223)
Credit Suisse AG	7,000			6/20/2016	Buying	5.000%	-	(917)
Credit Suisse AG	15,948			6/20/2016	Buying	1.000%	-	1,211
Credit Suisse AG	35,000			6/20/2016	Selling	1.000%	-	131
Deutsche Bank AG	10,000			12/20/2012	Selling	5.000%	163	-
Deutsche Bank AG	9,300			6/20/2017	Selling	5.000%	902	-
Deutsche Bank AG	6,500			12/20/2012	Selling	1.000%	(14)	-
Deutsche Bank AG	6,500			12/20/2012	Selling	5.000%	132	-
Deutsche Bank AG	6,000			12/20/2016	Selling	1.000%	56	-
Deutsche Bank AG	5,800			12/20/2016	Selling	1.000%	(100)	-
Deutsche Bank AG	5,800			12/20/2016	Selling	1.000%	(60)	-
Deutsche Bank AG	5,000			6/20/2017	Selling	1.000%	(261)	-
Deutsche Bank AG	5,000			12/20/2012	Selling	1.000%	2	-
Deutsche Bank AG	5,000			12/20/2012	Selling	1.000%	4	-
Deutsche Bank AG	5,000			12/20/2016	Buying	1.000%	260	-
Deutsche Bank AG	5,000			12/20/2016	Buying	1.000%	81	-
Deutsche Bank AG	4,000			12/20/2016	Selling	1.000%	(28)	-
Deutsche Bank AG	4,000			12/20/2012	Selling	1.000%	9	-
Deutsche Bank AG	3,800			6/20/2021	Selling	1.000%	(253)	-
Deutsche Bank AG	3,426			3/20/2014	Selling	5.000%	(40)	-
Deutsche Bank AG	3,150			12/20/2016	Buying	1.000%	42	-
Deutsche Bank AG	2,300			9/20/2013	Selling	1.000%	9	-
Deutsche Bank AG	1,500			12/20/2013	Selling	5.000%	(4)	-
Deutsche Bank AG	1,200			12/20/2016	Selling	1.000%	(1)	-
Deutsche Bank AG	600			12/20/2012	Selling	1.000%	2	-
Deutsche Bank AG	500			12/20/2012	Selling	1.000%	2	-
Deutsche Bank AG	200			12/20/2012	Selling	1.000%	-	-
Deutsche Bank AG/London	6,800			6/20/2021	Selling	1.000%	-	(295)
Deutsche Bank AG/London	7,750			6/20/2016	Selling	5.000%	-	1,015
Deutsche Bank AG/London	200			9/20/2015	Selling	1.000%	-	3
Deutsche Bank AG/London	500			6/20/2021	Selling	1.000%	-	(19)
Deutsche Bank AG/London	2,000			3/20/2015	Selling	1.000%	-	(13)
Deutsche Bank AG/London	2,100			9/20/2014	Selling	5.000%	-	269
Deutsche Bank AG/London	2,300			6/20/2015	Selling	1.000%	-	(35)
Deutsche Bank AG/London	3,600			12/20/2015	Selling	1.000%	-	80
Deutsche Bank AG/London	5,000			6/20/2015	Selling	1.000%	-	(21)
Deutsche Bank AG/London	2,180			6/20/2018	Selling	1.000%	-	(93)
Goldman Sachs Group Inc/The	11,100			6/20/2017	Selling	1.000%	(67)	-
Goldman Sachs Group Inc/The	7,750			6/20/2017	Selling	5.000%	752	-
Goldman Sachs Group Inc/The	6,726			12/20/2016	Buying	1.000%	370	-
Goldman Sachs Group Inc/The	6,600			3/20/2013	Selling	5.000%	169	-
Goldman Sachs Group Inc/The	6,000			12/20/2016	Selling	1.000%	(7)	-
Goldman Sachs Group Inc/The	5,800			12/20/2016	Buying	Variable Rate	398	-
Goldman Sachs Group Inc/The	5,800			12/20/2016	Buying	Variable Rate	459	-
Goldman Sachs Group Inc/The	5,400			12/20/2016	Buying	1.000%	108	-
Goldman Sachs Group Inc/The	5,275			6/20/2017	Selling	0.250%	(182)	-
Goldman Sachs Group Inc/The	5,000			12/20/2016	Buying	1.000%	174	-
Goldman Sachs Group Inc/The	4,375			6/20/2013	Selling	1.000%	(75)	-
Goldman Sachs Group Inc/The	4,000			12/20/2016	Selling	1.000%	(195)	-
Goldman Sachs Group Inc/The	3,950			9/20/2017	Selling	1.000%	(349)	-
Goldman Sachs Group Inc/The	3,200			12/20/2016	Selling	1.000%	(26)	-
Goldman Sachs Group Inc/The	3,160			3/20/2014	Selling	5.000%	91	-
Goldman Sachs Group Inc/The	3,150			12/20/2016	Buying	1.000%	1	-
Goldman Sachs Group Inc/The	2,900			12/20/2016	Selling	5.000%	(229)	-
Goldman Sachs Group Inc/The	2,650			6/20/2017	Selling	1.000%	(132)	-
Goldman Sachs Group Inc/The	2,500			12/20/2016	Buying	1.000%	165	-
Goldman Sachs Group Inc/The	2,500			12/20/2016	Selling	5.000%	(28)	-
Goldman Sachs Group Inc/The	2,000			9/20/2017	Buying	1.000%	21	-
Goldman Sachs Group Inc/The	2,000			9/20/2017	Buying	1.000%	36	-
Goldman Sachs Group Inc/The	2,000			12/20/2016	Selling	1.000%	(206)	-

Continued on next page

Swap Agreements
as of June 30
(Continued from previous page)

(Dollars in Thousands)

Counterparty	Notional Amount	VRS Rate	Counterparty Rate	Maturity Date	Buying/Selling Protection	Pay/Receive Rate	Market Value 2012	Market Value 2011
Credit Default Sw aps (continued):								
Goldman Sachs Group Inc/The	1,800			12/20/2016	Selling	1.000%	(348)	-
Goldman Sachs Group Inc/The	1,777			3/20/2017	Buying	3.000%	119	-
Goldman Sachs Group Inc/The	1,600			3/20/2014	Selling	5.000%	46	-
Goldman Sachs Group Inc/The	1,500			12/20/2012	Selling	1.000%	1	-
Goldman Sachs Group Inc/The	1,500			3/20/2014	Selling	5.000%	60	-
Goldman Sachs Group Inc/The	1,400			9/20/2016	Selling	5.000%	46	-
Goldman Sachs Group Inc/The	1,300			12/20/2013	Selling	5.000%	37	-
Goldman Sachs Group Inc/The	1,269			9/20/2017	Buying	1.000%	72	-
Goldman Sachs Group Inc/The	1,269			9/20/2017	Buying	1.000%	72	-
Goldman Sachs Group Inc/The	1,000			9/20/2017	Buying	1.000%	75	-
Goldman Sachs Group Inc/The	1,000			9/20/2017	Buying	1.000%	38	-
Goldman Sachs Group Inc/The	952			12/20/2016	Selling	1.000%	(197)	-
Goldman Sachs Group Inc/The	900			6/20/2017	Selling	5.000%	(25)	-
Goldman Sachs Group Inc/The	800			12/20/2012	Selling	1.000%	2	-
Goldman Sachs Group Inc/The	800			12/20/2012	Selling	1.000%	2	-
Goldman Sachs Group Inc/The	300			12/20/2012	Selling	1.000%	-	-
Goldman Sachs Bank USA/New York NY	544			6/20/2016	Selling	1.000%	-	(2)
Goldman Sachs Bank USA/New York NY	1,200			6/20/2012	Buying	Variable Rate	-	(1)
Goldman Sachs Bank USA/New York NY	3,600			6/20/2016	Selling	1.000%	-	(60)
Goldman Sachs Bank USA/New York NY	3,827			6/20/2016	Selling	1.000%	-	(10)
Goldman Sachs Bank USA/New York NY	5,401			6/20/2016	Selling	1.000%	-	(14)
Goldman Sachs Bank USA/New York NY	15,560			6/20/2016	Buying	1.000%	-	(58)
Goldman Sachs International	500			3/20/2016	Selling	1.000%	-	(16)
Goldman Sachs International	1,100			6/20/2016	Selling	1.000%	-	10
UBS AG	7,350			6/20/2017	Buying	1.000%	(42)	-
UBS AG	6,000			6/20/2021	Selling	1.000%	(502)	-
UBS AG	1,850			9/20/2016	Selling	1.000%	(339)	-
UBS AG	1,600			6/20/2015	Selling	5.000%	49	-
UBS AG	200			12/20/2012	Selling	1.000%	-	-
UBS AG/London	11,850			6/20/2021	Selling	1.000%	-	(775)
UBS AG/Stamford CT	1,850			9/20/2016	Selling	1.000%	-	(182)
UBS AG/Stamford CT	4,475			12/20/2013	Buying	1.800%	-	(115)
Totals-Credit Default Sw aps	504,943						3,632	(130)
Inflation Sw aps:								
Merrill Lynch Capital Services	10,000	US CPI Urban Consumer NSA	3.2700%	7/5/2021			-	(19)
Total Inflation Sw aps	10,000						-	(19)
Interest Rate Sw aps:								
Credit Suisse Group AG	45,000	1.08875%	3-month USD LIBOR	2/14/2017			(384)	-
Credit Suisse Group AG	21,873	Brazil Cetip Interbank Deposit	8.97%	1/2/2015			246	-
Credit Suisse Group AG	18,680	Brazil Cetip Interbank Deposit	7.98%	1/2/2014			18	-
Credit Suisse Group AG	11,274	3-month Malaysia Interbank Fixing	3.33%	1/20/2017			68	-
Credit Suisse Group AG	10,077	3-month Malaysia Interbank Fixing	3.39%	5/9/2017			85	-
Credit Suisse Group AG	6,800	2.75%	3-month USD LIBOR	6/20/2042			(366)	-
Credit Suisse Group AG	6,703	Mexico Interbank 28 day Index	6.35%	4/11/2022			264	-
Credit Suisse Group AG	3,873	Mexico Interbank 28 day Index	6.20%	6/7/2022			98	-
Goldman Sachs Group Inc	25,000	1.26%	3-month USD LIBOR	10/3/2016			456	-
Goldman Sachs Group Inc	25,000	1.25%	3-month USD LIBOR	10/3/2016			456	-
Goldman Sachs Bank USA/New York NY	500	4.09%	3-month LIBOR	5/24/2041			-	(2)
Goldman Sachs Bank USA/New York NY	1,700	2.0975%	3-month LIBOR	5/23/2016			-	(11)
Goldman Sachs Bank USA/New York NY	2,900	3-month LIBOR	3.41%	3/18/2021			-	50
Goldman Sachs Bank USA/New York NY	3,300	2.40%	3-month USD LIBOR	3/8/2016			-	(78)
Goldman Sachs Bank USA/New York NY	4,500	3.37%	3-month USD LIBOR	10/5/2040			-	541
Goldman Sachs Bank USA/New York NY	6,000	4.2825%	3-month USD LIBOR	4/19/2041			-	(231)
Goldman Sachs Bank USA/New York NY	6,800	2.18%	3-month USD LIBOR	1/13/2016			-	(110)
Goldman Sachs Bank USA/New York NY	7,200	3-month USD LIBOR	3.3%	5/6/2021			-	43
Goldman Sachs Bank USA/New York NY	10,000	3-month USD LIBOR	3.32%	5/23/2021			-	76
Goldman Sachs Bank USA/New York NY	11,000	0.66%	3-month USD LIBOR	6/29/2013			-	3
Goldman Sachs Bank USA/New York NY	18,500	0.66%	3-month USD LIBOR	6/29/2013			-	6
Goldman Sachs Bank USA/New York NY	22,000	0.85%	3-month USD LIBOR	1/25/2013			-	(114)
Goldman Sachs Bank USA/New York NY	30,100	0.89%	3-month USD LIBOR	3/3/2013			-	(169)
UBS AG	71,713	Brazil Cetip Interbank Deposit	7.96%	1/2/2014			51	-
UBS AG	59,452	Brazil Cetip Interbank Deposit	10.77%	1/2/2014			2,264	-
UBS AG	29,793	Mexico Interbank 28 day Index	5.80%	6/8/2016			788	-
UBS AG	18,331	Brazil Cetip Interbank Deposit	9.84%	7/1/2013			438	-
UBS AG	16,944	Brazil Cetip Interbank Deposit	9.76%	7/1/2013			386	-
UBS AG	7,431	Brazil Cetip Interbank Deposit	8.25%	1/2/2014			32	-
UBS AG	5,758	Mexico Interbank 28 day Index	5.60%	9/6/2016			108	-
UBS AG	5,072	Mexico Interbank 28 day Index	6.75%	9/2/2022			336	-
UBS AG	3,567	Brazil Cetip Interbank Deposit	11.83%	1/2/2013			104	-
UBS AG/Stamford CT	12,378	JIBA3M INDEX	8.45%	3/31/2021			-	235
UBS AG/Stamford CT	47,212	6.75%	JIBA3M INDEX	3/31/2013			-	(290)
UBS AG/Stamford CT	38,970	0.00%	3-month USD LIBOR	2/15/2025			-	(3,013)
Total Interest Rate Sw aps	615,401						5,448	(3,064)

Continued on next page

Swap Agreements
as of June 30
(Continued from previous page)

(Dollars in Thousands)

Counterparty	Notional Amount	VRS Rate	Counterparty Rate	Maturity Date	Buying/Selling Protection	Pay/Receive Rate	Market Value 2012	Market Value 2011
Blackrock Advisors UK Ltd	61,900	1-month LIBOR +22 bps	BRCLYS Fixed Rate MBS	9/30/11			-	-
Credit Suisse AG	97,748	1-month LIBOR -16 bps	MSCI Daily EAFE Canada	8/31/11			-	(1,286)
Deutsche Bank AG/London	7,003	1-month LIBOR	IOS FN30 450.10	1/12/2041			-	47
Goldman Sachs Group Inc	704,400	0.47%	MSCI AC World Index IMI	4/2/2013			(340)	-
Goldman Sachs Bank USA/New York NY	145	1-month LIBOR	FL US Tbill	1/12/2040			-	1
Goldman Sachs Bank USA/New York NY	726	1-month LIBOR	IOS FN30 450.09	1/12/2040			-	-
Goldman Sachs Bank USA/New York NY	2,813	1-month LIBOR	IOS FN30 600.08	1/12/2039			-	-
Goldman Sachs International	237,298	3-month LIBOR + 55 bps	MSCI AC World Index IMI	3/31/12			-	(26)
UBS AG/Stamford CT	43,600	1-month LIBOR + 15 bps	BRCLYS Fixed Rate MBS	7/31/11			-	31
UBS AG/Stamford CT	61,800	3-month LIBOR + 26 bps	BRCLYS Fixed Rate MBS	12/31/11			-	-
UBS AG/Stamford CT	277,212	1-month LIBOR - 14 bps	MSCI Daily EAFE Canada USD	11/30/2011			-	(4,018)
Total Return Swaps	1,494,645						(340)	(5,251)
Total Swaps	\$ 2,624,989						\$ 8,740	\$ (8,464)

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

Component Units

Investment Derivative Instruments

The Virginia Housing Development Authority (major) had a forward sales contract investment derivative with a \$63,300,000 notional value and a fair value of \$636,387 as of June 30, 2012. This amount is reported as part of investment earnings and other liabilities.

Hedging Derivative Instruments

At June 30, 2012, the University of Virginia (UVA) (major) had two fixed-payer interest rate swaps totaling \$100,000,000 in notional amount. The swaps are used as cash flow hedges by UVA in order to provide a cash flow hedge against changes in interest rates on \$78,639,000 of the variable rate Series 2003A Bonds maturing in June 2034 and \$21,361,000 of outstanding commercial paper which may have various maturities of no greater than 270 days each. UVA pays fixed rates of 4.154 percent and 4.066 percent and the underlying index for the swaps is the Securities Industry and Financial Markets Municipal Swap Index (SIFMA). The floating rate on June 30, 2012, was 0.16 percent. The payments are settled monthly at the first of each month. The swaps were entered into in January 2007 and February 2007 and both swaps mature June 1, 2038. The swaps were entered into at a zero market value and no payments were made or received when they were initiated. At June 30, 2012, the negative market value of the swaps of \$35,053,051 is included in other liabilities in the accompanying financial statements. For the year ended June 30, 2012, the change in fair value of UVA's swaps was an increase of \$23,930,321 to the prior year's deferred outflows amount of \$11,122,730 resulting in deferred outflows as of June 30, 2012 of \$35,053,051 included in the accompanying financial statements.

The fair value was determined by using the quoted SIFMA index curve at the time of market valuation. UVA would be exposed to the credit risk of its swap

counterparties any time the swaps had a positive market value. At June 30, 2012, UVA had no credit risk related to its swaps. As of June 30, 2012, UVA's swap counterparties were rated A- from Standard & Poor's or A3 by Moody's. To mitigate credit risk, UVA limits market value exposure and requires the posting of collateral based on the credit rating of the counterparty. All counterparties, or their guarantors, are required to have at least an A-/A3 rating by Standard & Poor's and Moody's, respectively. As of June 30, 2012, no collateral was required to be posted by the counterparties.

Interest rate risk is the risk that an unexpected change in interest rates will negatively affect the collective value of a hedge and a hedged item. When viewed collectively, the hedges and the hedged item are subject to interest rate risk in that a change in interest rate will impact the collective market value of both the hedge and hedged item. Conversely, the collective effect of the hedges and the hedged item serve to reduce cash flow variability caused by changes in interest rates. Basis risk arises when different indexes are used in connection with a derivative resulting in the hedge and hedged item not experiencing price changes in entirely opposite directions from each other. UVA's swaps are deemed to be effective hedges of its variable rate debt with an amount of basis risk that is within the guidelines for establishing hedge effectiveness. Termination risk arises when the unscheduled termination of a derivative could have an adverse effect on UVA's strategy or could lead to potentially significant unscheduled payments. UVA's derivative contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an additional termination event. That is, the swap may be terminated by either party if the counterparty's credit rating falls below BBB/Baa2 in the case of Standard & Poor's and Moody's, respectively. UVA or the counterparty may also terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative market value, UVA would be liable to the counterparty for a payment equal to the swap's market value.

In December 2005, Virginia Commonwealth University (VCU) (major) entered into an interest rate swap

agreement in anticipation of the issuance of General Revenue Pledge Bonds, Series 2006A and Series 2006B, which carry variable interest rates. The swap has a notional amount of \$67,875,000 as of year-end, which declines over time to \$4,835,000 at the termination date of November 1, 2030. VCU pays a fixed rate of 3.436 percent and the counterparty pays 67.0 percent of the London Interbank Offered Rate (LIBOR) (0.16 percent as of June 30, 2012). The payments are settled monthly at the first of each month. In December 2005, the Medical College of Virginia Hospitals (MCVH) which is a division of the Virginia Commonwealth University Health System Authority (a blended component unit of VCU), entered into an interest rate swap agreement in conjunction with the issuance of its Series 2005 tax-exempt bonds. The swap has a notional amount of \$71,800,000 as of year-end, which declines over time to \$8,000,000 at the maturity date of July 1, 2030. MCVH pays a fixed rate of 3.499 percent and the counterparty pays 67.0 percent of LIBOR (0.16 percent as of June 30, 2012). The payments are settled monthly at the first of each month. In June 2007, the MCVH entered into two interest rate swap agreements in anticipation of the issuance of the Series 2008 tax-exempt bonds. The swaps have a combined notional amount of \$122,500,000 as of year-end, which declines over time to \$15,700,000 at the termination date of July 1, 2037. MCVH pays a fixed rate of 3.84 percent and the counterparty pays 67.0 percent of LIBOR (0.16 percent as of June 30, 2012). The payments are settled monthly at the first of each month. At June 30, 2012, the negative fair market value of VCU's swap of \$14,280,784 and MCVH's swaps of \$64,081,370 are included in other liabilities in the accompanying financial statements. For the year ended June 30, 2012, the change in fair value of VCU's swap was an increase of \$6,489,536 to the prior year's deferred outflows amount of \$7,791,248 and the change in MCVH's swaps was an increase of \$32,276,211 to the prior year's deferred outflows amount of \$31,805,159 resulting in deferred outflows as of June 30, 2012 of \$78,362,154 included in the accompanying financial statements.

The fair value of VCU's derivative was calculated by Deutsche Bank using undisclosed proprietary methods. The fair values of MCVH's derivatives were calculated by Wells Fargo and Bank of America using undisclosed proprietary pricing models.

VCU and MCVH use interest rate swap agreements to limit exposure to rising interest rates on its variable rate debt. VCU and MCVH are exposed to interest rate risk on the interest rate swaps. On the pay-fixed, receive-variable interest rate swaps, as the LIBOR index decreases, VCU and MCVH's net payments on the swaps increase.

The following schedule shows debt service requirements of UVA, VCU, and MCVH bonds payable debt of \$361,409,000 and UVA's short-term debt (commercial paper) of \$21,361,000 and net receipts/payments on associated derivative instruments. These amounts assume that current variable and reference rates on the hedging instruments will remain the same for their terms. As these rates vary, net receipt/payments on the hedging instruments will vary.

Additional information is available in the individually published financial statements of the higher education institution.

Maturity	Principal	Variable Interest	Derivative Instruments, Net	Total
2013	\$ 5,305,000	\$ 566,992	\$ 12,999,430	\$ 18,871,422
2014	5,605,000	560,348	12,850,299	19,015,647
2015	5,810,000	553,472	12,692,613	19,056,085
2016	6,040,000	546,336	12,528,167	19,114,503
2017	6,265,000	538,943	12,340,314	19,144,257
2018-2022	35,220,000	2,573,876	58,627,303	96,421,179
2023-2027	64,875,000	2,241,343	51,859,219	118,975,562
2028-2032	67,795,000	1,722,993	40,350,031	109,868,024
2033-2037	148,794,000	683,853	14,718,926	164,196,779
2038-2042	37,061,000	34,178	1,687,519	38,782,697
Total	\$ 382,770,000	\$ 10,022,334	\$ 230,653,821	\$ 623,446,155

Various foundations of higher education institutions and the Virginia Museum of Fine Arts Foundation (nonmajor) have derivative instruments. The foundations follow FASB rather than GASB reporting requirements. Disclosures for the foundations' derivatives can be found in the individually published financial statements of the foundations.

14. RETIREMENT AND PENSION SYSTEMS

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

A. Administration

The Virginia Retirement System (the System) is an independent agency of the Commonwealth that administers two defined benefit pension plans, VRS Plan 1 and VRS Plan 2, 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 four Other Employee Benefit Plans: Group Life

Insurance Fund; Retiree Health Insurance Credit Fund; the Virginia Sickness and Disability Program (VSDP); and the Line of Duty Act Trust Fund.

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. 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 assets available for benefits.

C. Plan Description

Retirement Plans

The Virginia Retirement System is a qualified governmental retirement plan that provides defined benefit coverage for state employees, public school board employees, employees of participating political subdivisions and other qualifying employees. VRS is a mixed-agent and cost-sharing, multiple-employer retirement plan, which administers two defined benefit plans, the VRS Plan 1 and the VRS Plan 2. The plan's accumulated assets may legally be used to pay all plan benefits provided to any of the plan members, retirees, and beneficiaries. Contributions for fiscal year 2012 were \$1.7 billion with a reserve balance available for benefits of \$50.3 billion. At June 30, 2012, the VRS had 834 contributing employers.

Single-employer Retirement Plans

The Commonwealth also administers Plan 1 and Plan 2 for the following single-employer retirement plans:

- State Police Officers' Retirement System (SPORS)
- Virginia Law Officers' Retirement System (VaLORS)
- Judicial Retirement System (JRS)

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

Benefits vest for all plans after five years of service credit. Vested VRS members in the VRS Plan 1 are eligible for an unreduced retirement benefit at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit as elected by the employer. Vested VRS members in the VRS Plan 2 are eligible for an unreduced retirement benefit 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. 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, 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 adjustment, based on changes in the Consumer Price Index and limited to 5.0 percent per year for VRS Plan 1 and 6.0 percent for VRS Plan 2, is granted on July 1 of the second calendar year after retirement and is effective each July 1 thereafter.

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

As required by Title 51.1 of the *Code of Virginia*, as amended, members contribute 5.0 percent of their annual compensation to the defined benefits plans. Employers may assume the 5.0 percent member contribution. If a member leaves covered employment, the accumulated contributions plus earned interest may be refunded to the member. Each participating employer is required by state statute to contribute the remaining amounts necessary to fund the retirement plans using the entry age normal actuarial cost method adopted by the Board of Trustees. Contributions for fiscal year 2012 were \$16.6 million, \$21.9 million, and \$42.2 million, and reserved balances available for benefits were \$575.5 million, \$354.3 million, and \$894.9 million, for SPORS, JRS, and VaLORS, respectively. State statute may be amended only by the General Assembly. When funding rates are

lower than required, the Commonwealth incurs a Net Pension Obligation liability which is reported in the accompanying financial statements as a component of Long-term Liabilities Due in More than One Year.

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 2012 were based on the actuary's valuation as of June 30, 2009. Employer contributions by the Commonwealth to VRS, SPORS, VaLORS, and JRS were 2.08 percent, 7.73 percent, 5.07 percent, and 28.65 percent, respectively, for the first nine months and 6.58 percent, 21.16 percent, 13.09 percent, and 42.58 percent, respectively, for the last three months of covered payrolls. These rates were lower than the actuary's recommended rates to VRS, SPORS, VaLORS, and JRS of 8.46 percent, 25.56 percent, 15.93 percent, 46.79 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. Annual Pension Cost and Net Pension Obligation

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

	VRS			SPORS		
	2012	2011	2010	2012	2011	2010
Annual required contribution	\$ 423,268	\$ 383,620	\$ 360,232	\$ 38,178	\$ 34,402	\$ 32,341
Interest on net pension obligation	108,029	85,192	71,709	11,265	9,285	8,075
Adjustment to annual required contribution	(114,626)	(90,255)	(75,995)	(11,928)	(9,831)	(8,550)
Annual pension cost	416,671	378,557	355,946	37,515	33,856	31,866
Contributions made	(117,296)	(73,874)	(176,189)	(11,441)	(7,460)	(15,730)
Increase in net pension obligation	299,375	304,683	179,757	26,074	26,396	16,136
Net pension obligation, beginning of year	1,440,626	1,135,943	956,186	150,194	123,798	107,662
Net pension obligation, end of year	<u>\$ 1,740,001</u>	<u>\$ 1,440,626</u>	<u>\$ 1,135,943</u>	<u>\$ 176,268</u>	<u>\$ 150,194</u>	<u>\$ 123,798</u>
Percentage of annual pension cost contributed	28.2%	19.5%	49.5%	30.5%	22.0%	49.4%

	JRS			VaLORS		
	2012	2011	2010	2012	2011	2010
Annual required contribution	\$ 35,804	\$ 34,907	\$ 29,483	\$ 86,052	\$ 79,596	\$ 80,603
Interest on net pension obligation	7,720	6,427	5,520	29,037	24,469	21,446
Adjustment to annual required contribution	(8,174)	(6,806)	(5,845)	(30,746)	(25,910)	(22,708)
Annual pension cost	35,350	34,528	29,158	84,343	78,155	79,341
Contributions made	(18,907)	(17,303)	(17,065)	(24,481)	(17,255)	(39,027)
Increase in net pension obligation	16,443	17,225	12,093	59,862	60,900	40,314
Net pension obligation, beginning of year	102,923	85,698	73,605	387,160	326,260	285,946
Net pension obligation, end of year	<u>\$ 119,366</u>	<u>\$ 102,923</u>	<u>\$ 85,698</u>	<u>\$ 447,022</u>	<u>\$ 387,160</u>	<u>\$ 326,260</u>
Percentage of annual pension cost contributed	53.5%	50.1%	58.5%	29.0%	22.1%	49.2%

The amounts in the previous table include governmental and component unit activity for which the Commonwealth is considered the employer. It does not include the VRS liability for the Virginia Economic Development Partnership (nonmajor component unit), the Virginia Tourism Authority (nonmajor component unit), the Fort Monroe Authority (nonmajor component unit), and the Virginia National Defense Industrial Authority (nonmajor component unit) of \$3.5 million, \$1.9 million, \$397,295, and \$90,844, respectively. The table also excludes the non-VRS pension liability of \$109.4 million for all other component units and includes the fiduciary pension liability of \$11.3 million.

The contribution rates were determined during the actuarial valuation conducted as of June 30, 2009.

These 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 6.2 percent, including a 2.5 percent inflation component; and (c) 2.5 percent per year COLA. Valuation techniques were applied to smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll. The remaining open amortization period at June 30, 2012, was 20 years. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

F. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, per the most recent actuarial valuation, was as follows:

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
Virginia Retirement System (VRS)						
2011	\$ 52,559	\$ 75,185	\$ 22,626	69.9%	\$ 14,709	153.8%
State Police Officers' Retirement System (SPORS)						
2011	\$ 617	\$ 986	\$ 369	62.6%	\$ 100	370.3%
Virginia Law Officers' Retirement System (VaLORS)						
2011	\$ 926	\$ 1,683	\$ 757	55.0%	\$ 356	212.5%
Judicial Retirement System (JRS)						
2011	\$ 371	\$ 569	\$ 198	65.2%	\$ 59	336.8%

Actuarial valuations of ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plans and the annual contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

G. 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 ING Institutional Plan Services (ING). This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's (2.08 percent for the first nine months and 6.58 percent for the last three months) 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, 2012, the total contributions to this plan were \$1,054,525.

The summary of significant accounting policies for the plan is in accordance with those discussed in Note 14. B.

H. Defined Contribution Plan for Public School Superintendents

The Public School Superintendent Plan is a defined contribution pension plan that provides optional postemployment benefits for school superintendents. This plan is authorized by the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school board for credit to the member. At June 30, 2012, there were two participants in this plan. Total contributions to the plan for fiscal year 2012 were \$41,925.

I. Virginia Supplemental Retirement Plan

The Virginia Supplemental Retirement Plan is a defined contribution pension plan established by the Department of Education to provide an optional postemployment benefit plan for turnaround specialists in the public school system. This plan is utilized as an incentive to attract highly skilled teachers for participating public schools pursuant to the *Code of Virginia* by Title 51.1-617. The Board of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school boards for credit to the members. At June 30, 2012, there were two participants in this plan. There were no contributions to the plan for fiscal year 2012.

J. Higher Education Fund (Component Unit)

The Commonwealth's colleges and universities participate in the defined benefit retirement plan 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 the *Code of Virginia* rather than the VRS defined benefit retirement plan. These optional retirement plans are defined contribution plans offered through Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) Insurance Companies, Variable Annuity Life Insurance Company (VALIC), Fidelity Investments, Inc., and Vanguard. 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 interest and dividends. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based upon the employer's 8.5 percent not to exceed 8.9 percent contribution and the employee's 5.0 percent contribution, plus interest and dividends. For Plan 2, the employer contributions for fiscal year 2012 were 8.5 percent except the employer contributions for the University of Virginia (major) were 8.9 percent. During the year ended June 30, 2012, the total contributions to these plans were:

	Plan 1		Plan 2		Total
	Employer	Employee	Employer	Employee	
TIAA-CREF	\$ 75,070,050	\$ 6,149,903	\$ 3,584,910	\$ 84,804,863	
VALIC	984,660	75,480	44,520	1,104,660	
Fidelity Investments	34,589,004	5,233,898	3,032,215	42,855,117	
Vanguard	1,158,792	144,833	81,150	1,384,775	
Total	\$ 111,802,506	\$ 11,604,114	\$ 6,742,795	\$ 130,149,415	

University of Virginia Medical Center (part of the University of Virginia – major) 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. This is a defined contribution plan offered through TIAA-CREF, Fidelity Investments, Inc., and Vanguard. Under this plan, the employer contributions are 4.0 percent if hired on or after September 30, 2002, and 8.0 percent if hired prior to September 30, 2002. There are no employee contributions under this plan. During the year ended June 30, 2012, the total employer contributions to this plan were \$12.2 million. The Medical Center also has a plan to cover their physicians who work for Community Medicine, LLC. These UVA employees participate in a Defined Contribution plan with retirement benefits based on tax-deferred accumulations. Vesting in the plan is 100.0 percent after 12 months of community service. All Community Medicine employees were hired after July 1, 2010. The current employer paid contribution is 11.9 percent of salaries paid. The total employer contributions to this plan for 2012 were \$150,563.

The Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – major) contributes to the VRS. The System issues a separate stand-alone report that is publicly available as previously discussed. Effective July 1, 1997, the Authority established the Virginia Commonwealth University Health System Authority Defined Contribution Plan (the plan). All employees, excluding house staff, working at least 20 hours per week in a benefit eligible position are eligible to participate in the plan. Per the plan document as approved by the Authority's Board of Directors, the Authority contributes up to 10.0 percent of the participant's salary to the plan not to exceed the lesser of (a) the amount in accordance with Internal Revenue Code 415(d), or (b) 100.0 percent of the participant's compensation for such limitation year. Total contributions for the year ended June 30, 2012, were approximately \$17.1 million. The Authority has the right at any time, and without the consent of any party, to terminate the plan in its entirety. The Authority's Board of Directors must approve any changes to the provisions of the plan, including the contribution requirements, in writing. The Authority has also established the Virginia Commonwealth University Health System Authority Health Care Providers Defined Contribution Plan (the HCP plan). All persons hired as a health care provider on or after July 1, 1993, and prior to July 1, 1997, and working at least 35 hours of service per week were eligible to participate in the HCP plan. At June 30, 2012, there were five actively employed participants in the HCP plan. Total contributions to the HCP plan for the year ended June 30, 2012, were approximately \$32,000.

Previously, the MCV Associated Physicians (MCVAP) (a component unit of the Authority) sponsored the MCVAP 403(b) Retirement Fund (the 403(b) Plan), a defined contribution plan which

covered substantially all non-medical employees of MCVAP. As of January 1, 2002, no additional contributions were made to this plan.

The Authority and MCVAP also sponsor the VCUHS Savings Plan (VCUHS 457(b) Plan), a savings plan that represents employee contributions and employees may also receive a 2.0 percent matching contribution in their VCUHS 401(a) Plan based on their 457(b) contribution.

MCVAP also sponsors the VCUHS 401(a) Retirement Plan, a defined contribution plan which covers all non-medical employees of MCVAP. This plan became effective on January 1, 2002, and replaced the MCVAP 403 (b) plan for all non-medical staff. The contributions to the VCUHS 401(a) for the period ended June 30, 2012, were approximately \$3.1 million.

MCVAP also sponsors the MCVAP 401(a) Retirement Plan (the 401(a) plan), a noncontributory, defined contribution plan which covers substantially all full-time eligible clinical providers of MCVAP, the MCVAP 403(b) Salary Deferral Plan, a salary deferral plan that represents physician contributions, and the MCVAP 403(b) Supplemental Plan, a noncontributory defined contribution plan for highly compensated employees. Contributions to the 401(a) plan, as determined annually at the discretion of the board of directors were approximately \$11.3 million for the year ended June 30, 2012.

VA Premier (a component unit of the Authority) adopted a 401(k) plan sponsored by Fidelity Investments. Employees become eligible to participate in the plan after completing one year of service, during which the employee completes 1,000 hours of service. There is no minimum service or age requirement to be in the 401(k) plan. Employees may contribute 1.0 percent to 15.0 percent of their compensation. VA Premier will match 50.0 percent of the employees' contributions up to 4.0 percent of the employees' compensation. Matching will occur based on the bi-weekly pay periods. In addition, VA Premier contributes 3.0 percent of the employee's compensation after each bi-weekly payroll effective when the employee begins employment. Employees are fully vested after four years of service in which the employees have at least 1,000 hours of service each year. The total expense to VA Premier in fiscal year 2012 was approximately \$1.2 million.

Effective January 1, 1997, James Madison University (nonmajor) established a Supplemental Retirement Plan for tenured faculty members. The plan was designed to provide flexibility in the allocation of faculty positions. The plan is a qualified plan within the meaning of section 401(c) of the Internal Revenue Code of 1986 (the Code) and is a governmental plan within the meaning of section 414(d) of the Code. Since it is a governmental plan, the plan is not subject to the Employee Retirement Income Security Act of 1974 as amended. Since inception, 199 faculty members

have elected to enroll in the plan. As of June 30, 2012, 69 participants remain, including 16 new participants who retired under this plan during fiscal year 2012. In order to satisfy IRS requirements, a trust fund has been established as a means to make the payments to the plan participants. The University prepaid approximately \$1.9 million of the fiscal year 2013 plan contribution in 2012.

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, contributions are fixed at a percentage of each employee's compensation to pay premiums for individual retirement annuity contracts written by TIAA-CREF. Contributions for the plan totaled \$476,745 in fiscal year 2012.

K. 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 (nonmajor), the Virginia University Research Partnership (nonmajor), and the Virginia School for the Deaf and Blind Foundation (nonmajor) have no employees. The Virginia Economic Development Partnership, the Small Business Financing Authority, the Hampton Roads Sanitation District Commission, the Virginia Biotechnology Research Partnership Authority, the A. L. Philpott Manufacturing Extension Partnership, the Virginia Tourism Authority, the Tobacco Indemnification and Community Revitalization Commission, the Virginia Foundation for Healthy Youth, the Virginia Land

Conservation Foundation, the Virginia Arts Foundation, the Virginia National Defense Industrial Authority, and the Library of Virginia Foundation (all nonmajor) contribute solely to the VRS, a mixed-agent and cost-sharing multiple-employer retirement plan. The System issues a separate stand-alone report that is publicly available as previously discussed.

Full-time employees of the Virginia Housing Development Authority (major) participate in a defined contribution employees' retirement savings plan administered by the Authority. This is a noncontributory plan where the Authority incurs employment retirement savings expense equal to between 8.0 and 11.0 percent of full-time employees' compensation. Total retirement savings expense under this plan was \$2.7 million in fiscal year 2012.

The Virginia Outdoors Foundation (nonmajor) maintains a 401(k) contribution plan and provides an employer contribution to all eligible employees of 2.0 percent of their salary. Employees can contribute to the plan up to the IRS limit and the Foundation will match up to 4.0 percent of an employees' contribution.

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

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

Trend Information			
	2012	2011	2010
Service cost - benefits earned during the year	\$ 3,386,700	\$ 3,589,900	\$ 2,834,000
Interest cost on projected benefit obligation	5,248,100	4,886,100	4,762,200
Expected return on assets	(5,017,000)	(4,212,000)	(3,535,600)
Net amortization and deferral	2,283,500	3,589,200	3,205,400
FAS88 Special Termination Benefits	1,150,500	-	-
Annual pension cost	7,051,800	7,853,200	7,266,000
Contributions made	(2,583,300)	-	(7,920,000)
Increase (Decrease) in prepaid pension obligation	4,468,500	7,853,200	(654,000)
Prepaid pension obligation, beginning of year	(393,600)	(8,246,800)	(7,592,800)
Prepaid pension obligation, end of year	<u>\$ 4,074,900</u>	<u>\$ (393,600)</u>	<u>\$ (8,246,800)</u>

Costs have been computed in accordance with the aggregate cost method. Changes in plan provisions and actuarial assumptions, and actuarial gains and losses are not separately amortized under this method. Rather the impact is spread through the nominal cost component over the future working lifetime of participants. The actuarial present value of accumulated plan benefits is determined by an actuary using end of year benefit information as of September 30, 2011, 2010 and 2009, respectively, and is determined by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money and the probability of payment.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2012, 2011, and 2010.

Trend Information			
Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2012	\$ 7,051,800	37 %	\$ 4,074,900
2011	\$ 7,853,200	- %	\$ (393,600)
2010	\$ 7,266,000	109 %	\$ (8,246,800)

In November 2001, the second plan was amended to provide benefits to sworn police officers that more closely resemble the new retirement benefits provided to members of the Virginia Law Officers Retirement System. The effect of those changes is included in the accompanying pension data.

The components of annual pension cost and prepaid pension obligation for the second single-employer noncontributory defined benefit pension plan are shown in the following schedule.

Trend Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Service cost - benefits earned during the year	\$ 965,081	\$ 1,101,909	\$ 1,111,163
Interest cost on projected benefit obligation	72,381	82,643	83,337
Expected return on assets	(134,104)	(109,452)	(135,251)
Net amortization and deferral	215,428	171,448	208,410
Annual pension cost	1,118,786	1,246,548	1,267,659
Contributions made	(1,523,156)	(1,575,234)	(923,681)
Increase (Decrease) in pension obligation	(404,370)	(328,686)	343,978
Pension obligation, beginning of year	(1,788,052)	(1,459,366)	(1,803,344)
Prepaid pension obligation, end of year	<u>\$ (2,192,422)</u>	<u>\$ (1,788,052)</u>	<u>\$ (1,459,366)</u>

The annual pension cost for the current year was determined as part of the July 2012 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. Because of this, information about the funded status and funding progress is presented using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. Actual value of assets was determined using market value. The discount rate used in determining the actuarial liability was based on a 7.5 percent discount rate and a 4.0 percent future compensation level was used for future years.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2012, 2011, and 2010.

Trend Information			
Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2012	\$ 1,118,786	136 %	\$ (2,192,422)
2011	\$ 1,246,548	126 %	\$ (1,788,052)
2010	\$ 1,267,659	73 %	\$ (1,459,366)

The Authority also sponsors two noncontributory supplemental plans covering certain key employees. The plans had assets of \$2,685,854 and an accrued liability of \$3,677,082. No contributions were made to the plans for the year ended June 30, 2012.

As of January 1, 2005, the Virginia Resources Authority (nonmajor) began mandatory participation for all new employees and optional participation for then-current employees who chose to enroll in the VRS. For the year ended June 30, 2012, the Authority's annual pension cost of \$161,044 was equal to the Authority's required and actual contributions.

The Assistive Technology Loan Fund Authority (nonmajor) sponsors a Simple Employee Plan (SEP) for all of its employees. The Authority contributes 5.0 percent of each employee's wages, which is paid into their account managed by the Virginia Retirement System each pay period.

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 (the plan), a 401(k) defined contribution profit sharing plan. Under the plan, the Foundation may make a discretionary contribution. For the plan years ended June 30, 2012 and 2011, the Foundation contributed 8.4 percent of employees' gross income to the plan. In addition, contributions made by an employee up to 3.0 percent are matched 100.0 percent and contributions between 3.0 and 5.0 percent of the employee's gross income are matched 50.0 percent by the Foundation. Employees may contribute up to 100.0 percent of gross income each year as long as it is within the IRS limitation. Contributions paid to the plan by the Foundation on behalf of its employees were \$138,130 for the fiscal year ended June 30, 2012. 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 defined benefit plan, based on salary, and the amount based on the supplemental salary. The plan vested on July 31, 2011. Therefore, the Foundation accrued a \$49,745 liability related to this agreement for the year ended June 30, 2012. Contributions made to the plan were \$9,458 in 2012 and \$12,611 in 2011.

The Science Museum of Virginia Foundation (nonmajor) has a 403(b) defined contribution pension plan through the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) Retirement Plan for employees meeting age and service requirements. The Foundation contributes an amount not to exceed 3.0 percent of the regular salary of each participant. The Foundation's employer contributions totaled \$15,464 in 2012.

15. OTHER EMPLOYMENT BENEFITS

In addition to the pension plans, the Commonwealth participates in two other employment benefit plans, Group Life Insurance and the Virginia Sickness and Disability Program, which are administered by the Virginia Retirement System (the System). The System administers a third other employment benefit plan, the Volunteer Firefighters' and Rescue Squad Workers' Fund, in which the Commonwealth does not participate, but may provide funding. The significant accounting policies for all three plans are the same as those described in Note 14 for pension plans. A separately issued financial report that includes financial statements for the Group Life Insurance and Virginia Sickness and Disability Program is publicly available. Copies may be obtained by writing to the Virginia Retirement System, P. O. Box 2500, Richmond, Virginia 23218-2500.

Group Life Insurance

The Group Life Insurance Plan was established for Commonwealth employees, teachers, employees of political subdivisions participating in the VRS, state police officers, other state law enforcement and correctional officers, judges, and other qualifying employees. The program provides life insurance for natural death coverage equal to a member's annual compensation rounded to the next highest \$1,000 and then doubled. Accidental death coverage is double the natural death benefit. The program also provides coverage for accidental dismemberment and accidental blindness, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit for terminal conditions. Approximately 357,945 members participate in the program at June 30, 2012.

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

An optional Group Life Insurance Fund was established for members covered under the group life program as a supplement to that plan. Members may purchase optional life insurance coverage for themselves, their spouses and/or their dependent children. The optional program provides natural death coverage equal to one, two, three or four times the member's annual compensation rounded to the next highest \$1,000, up to a maximum of \$700,000. 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 65,605 members were covered under this program at June 30, 2012.

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 percent based on the retiree's age, beginning with the retiree's normal retirement age under his or her plan ending at age 80. Retirees may elect to continue coverage within 31 days of retirement. Spouse coverage terminates should a couple divorce or when the member leaves employment. Children's coverage ends with the termination of the member's coverage or when the child marries or turns 21 years of age (25 years of age for full-time college students).

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

Virginia Sickness and Disability Program

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

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

Full-time permanent salaried state employees, including state police officers and other Virginia law and correctional officers, are automatically enrolled in the VSDP. Part-time permanent salaried state employees who work at least 20 hours a week and accrue leave also are automatically enrolled. Teaching, administrative and research faculty of Virginia public colleges and universities who elect VRS as their retirement plan must make an irrevocable election to participate in either the VSDP or the institution's

disability program. If there is no institution program, the faculty member is covered under VSDP.

Eligible state employees and state police officers employed before January 1, 1999, had the option to elect to participate in the VSDP or remain under the Commonwealth's existing sick leave program and retain their eligibility for disability retirement benefits under VRS and SPORS. (Members of VaLORS have been automatically enrolled in the VSDP since October 1, 1999, when VaLORS was created.) Eligible employees enrolled in the VSDP are not eligible for disability retirement benefits under VRS, SPORS, or VaLORS. Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work related short-term disability coverage and certain income replacement levels. Approximately 76,349 members were covered under the program at June 30, 2012.

Volunteer Firefighters' and Rescue Squad Workers' Fund

Volunteer firefighters and rescue squad workers may participate in an optional employment benefit plan. This optional plan is authorized by the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. Members of the plan contribute \$30 per quarter. The Commonwealth will contribute an amount determined by the Board and appropriated by the General Assembly, if such funds are appropriated, for a period not to exceed 20 years. For fiscal year 2012, there were no monies appropriated for administration of the program. At June 30, 2012, there were 1,631 workers participating in the fund.

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Virginia Retirement System (The System) Administered Plans

The Government Accounting Standards Board (GASB) issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which requires additional reporting and disclosures for OPEB plans. The statement became effective for System-administered OPEB plans beginning with the fiscal year ended June 30, 2007. The assets and actuarial accrued liabilities for the following other postemployment benefits were determined through an actuarial valuation performed as of June 30, 2011, by Millman, Inc. for the long-term care component of the Disability Insurance Trust Fund and by Cavanaugh Macdonald Consulting, LLC, and are presented in the Required Supplemental Schedule of Funding Progress for Other Postemployment Benefit Plans. The significant accounting policies for all four plans are the same as those described in Note 14 for pension plans and a separately issued report is available as previously discussed.

Group Life Insurance Benefits

Employees who retire or terminate from service after age 50 with at least ten years of service credit or at age 55 with at least five years of service credit (age 50 for vested state police officers, other state law enforcement and correctional officers and hazardous duty employees of participating political subdivisions), or who retire because of disability, are entitled to postemployment group life insurance benefits. Employees enrolled in JRS who retire or terminate from service after age 60 with at least 30 years of service credit or at age 65 with at least five years of service credit are entitled to postemployment group life insurance benefits. At retirement or termination, accidental death benefits cease and natural death coverage reduces at a rate equal to 25.0 percent on January 1 of the first full calendar year following retirement or termination and on January 1 of each year thereafter, until it reaches 25.0 percent of its original value. These group life insurance benefit provisions and requirements are established by Title 51.1 of the *Code of Virginia*. There were approximately 143,657 retirees in the Basic Group Life Insurance Program and 2,307 retirees were covered under the Optional Group Life Insurance Program in fiscal year 2012.

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

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

Retiree Health Insurance Credit Program

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The amount required to fund all credits is financed by the employers based on contribution rates determined by the System's actuary. Approximately 99,836 retired members were covered under this program at June 30, 2012. The Retiree Health Insurance Credit Program is an agent, multiple-employer defined benefit OPEB plan.

Disability Insurance Trust Fund

The Commonwealth provides OPEB disability insurance benefits, in accordance with state statutes, to eligible retired and terminated employees. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program. There were approximately 2,722 former members receiving benefits from the program during fiscal year 2012. The Disability Insurance Trust Fund is a single-employer defined benefit OPEB plan.

Line of Duty Death and Disability

The Commonwealth provides death and health benefits to the beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty. A trust fund has been established to account for this activity. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the *Code of Virginia*. The significant accounting policies for this plan are the same as those described in Note 14 for pension plans. There were approximately 778 retirees and 758 other participants in the program in fiscal year 2012. The Line of Duty Death and Disability Program is a cost-sharing, multiple-employer defined benefit OPEB plan. The employer contribution rate was determined by the System's actuary using the anticipated costs and the number of covered individuals associated with all of the covered employers. Additionally, the Department of Accounts provides certain administrative support in claims administration.

B. Pre-Medicare Retiree Healthcare

The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. For a retiree to participate in the Plan, the participant must be eligible for a

monthly annuity from the VRS or a periodic benefit from one of the qualified Optional Retirement Plan (ORP) vendors, and:

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

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. The significant accounting policies for this plan are the same as those described in Note 14 for pension plans. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan and is administered by the Department of Human Resource Management. There were approximately 8,232 retirees in the program in fiscal year 2012.

C. Annual OPEB Cost and Net OPEB Obligation

The Government Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which required additional reporting and disclosures for OPEB plans beginning with the fiscal year ending June 30, 2008. The Commonwealth calculated an OPEB liability as of June 30, 2012 for each of the five OPEB plans. The Retiree Health Insurance Credit Fund, Disability Insurance Trust Fund, and Pre-Medicare Retiree Healthcare OPEB liabilities were \$137.6 million, \$146.9 million, and \$582.2 million, respectively. These amounts are reported in the accompanying financial statements as a component of Long-Term Liabilities Due in More than One year. There is no liability for the Group Life Insurance Fund or Line of Duty Death and Disability.

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

	<u>Group Life Insurance Fund</u>			<u>Retiree Health Insurance Credit Fund</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual required contribution	\$ 15,483	\$ 13,360	\$ 28,887	\$ 65,412	\$ 58,785	\$ 66,510
Interest on net OPEB obligation	-	-	-	5,934	1,922	165
Adjustment to annual required contribution	-	-	-	(5,341)	(1,728)	(143)
Annual OPEB cost	15,483	13,360	28,887	66,005	58,979	66,532
Contributions made	(15,483)	(13,360)	(28,887)	(7,667)	(5,383)	(43,094)
Increase in net OPEB obligation	-	-	-	58,338	53,596	23,438
Net OPEB obligation (asset), beginning of year	-	-	-	79,230	25,634	2,196
Net OPEB obligation (asset), end of year	\$ -	\$ -	\$ -	\$ 137,568	\$ 79,230	\$ 25,634
Percentage of annual OPEB cost contributed	100.0%	100.0%	100.0%	11.6%	9.1%	64.8%

	<u>Disability Insurance Trust Fund</u>			<u>Line of Duty Death and Disability</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2012 (2)</u>	<u>2011 (1)</u>	<u>2010</u>
Annual required contribution	\$ 37,578	\$ 33,643	\$ 78,117	\$ 2,901	\$ -	\$ 16,901
Interest on net OPEB obligation	8,204	5,650	2,080	-	-	386
Adjustment to annual required contribution	(7,387)	(5,082)	(1,808)	-	(15,607)	(367)
Annual OPEB cost	38,395	34,211	78,389	2,901	(15,607)	16,920
Contributions made	(1,092)	-	(30,771)	(2,901)	-	(9,084)
Increase in net OPEB obligation	37,303	34,211	47,618	-	(15,607)	7,836
Net OPEB obligation (asset), beginning of year	109,590	75,379	27,761	-	15,607	7,771
Net OPEB obligation (asset), end of year	\$ 146,893	\$ 109,590	\$ 75,379	\$ -	\$ -	\$ 15,607
Percentage of annual OPEB cost contributed	2.8%	0.0%	39.3%	100.0%	0.0%	53.7%

	<u>Pre-Medicare Retiree Healthcare</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual required contribution	\$ 172,532	\$ 166,637	\$ 136,426
Interest on net OPEB obligation	19,149	13,304	9,751
Adjustment to annual required contribution	(19,268)	(13,356)	(9,265)
Annual OPEB cost	172,413	166,585	136,912
Contributions made	(36,600)	(29,583)	(23,780)
Increase in net OPEB obligation	135,813	137,002	113,132
Net OPEB obligation (asset), beginning of year	446,410	309,408	196,276
Net OPEB obligation (asset), end of year	\$ 582,223	\$ 446,410	\$ 309,408
Percentage of annual OPEB cost contributed	21.2%	17.8%	17.4%

- (1) Line of Duty Death and Disability became a cost sharing plan effective July 1, 2010. Accordingly, the net OPEB obligation at the beginning of the transition period has been reduced to zero. Fiscal year 2011 activity was funded with a \$10.7 million loan that will be repaid in future periods with contributions received. This amount is reflected as both a receivable and a contribution in the accompanying statements.
- (2) During fiscal year 2012, the required annual contributions of \$2.9 million were paid by the Commonwealth. Additionally, the loan increased to \$13.9 million that will be repaid in future periods with contributions received. This amount is reflected as both a receivable and a contribution in the accompanying statements.

The amounts in the previous table include Governmental and Component Unit activity for which the Commonwealth is considered the employer. It does not include the OPEB liability for the Virginia Economic Development Partnership (nonmajor component unit), the Virginia Tourism Authority (nonmajor component unit), Fort Monroe Authority (nonmajor component unit), Virginia Outdoors Foundation (nonmajor component unit) and the Virginia National Defense Industrial Authority (nonmajor component unit) of \$1,197,123, \$659,765, \$135,637, \$42,533, and \$31,170, respectively. The table also excludes non-Commonwealth sponsored OPEB liabilities of \$25.5 million for all other component units and includes the fiduciary OPEB liability of \$3.9 million.

The annual required contributions for the current year were determined during the actuarial valuations conducted as of June 30, 2009, as that is the most recent report that reflects the current funding policies. Employer contributions by the Commonwealth for Group Life Insurance, Retiree Health Insurance Credit and Disability Insurance were 0.28 percent, 0.10 percent, and less than 0.01 percent, respectively, of covered payrolls for the period of July 1, 2011 through June 15, 2012 and 1.02 percent, 0.99 percent, and 0.66 percent, respectively for the last half of June 2012. The valuations were prepared using the entry age normal cost method for all plans except for the Disability Insurance trust fund and the Line of Duty Act trust fund for which the Projected Unit Credit actuarial cost method was used. The Pre-Medicare Retiree Healthcare plan uses a 4.30 percent investment rate of return, per year compounded

annually, which approximates the projected rate of return on the Treasurer's Portfolio. The Group Life Insurance, Retiree Health Insurance Credit and Disability Insurance use a 7.0 percent investment rate of return, per year compounded annually. The Line of Duty Act trust fund uses a 4.75 percent rate of return compounded annually. The actuarial assumptions for all but the Pre-Medicare Retiree Healthcare plan included a projected salary increase of 3.0 percent, including a 2.5 percent inflation component. Valuation techniques were applied to smooth the effects of short-term volatility in the market value of investments over a five year period. The remaining open amortization period at June 30, 2012, was 30 years. The actuarial assumptions for the Pre-Medicare Retiree Healthcare plan as to current claim cost, projected increases in health insurance costs, mortality, turnover, retirement, disability and discount rate include (a) projected salary increases ranging from 3.75 percent to 5.6 percent, including a 2.5 percent inflation component; and, (b) assumption that there is no liability associated with those retirees eligible for Medicare, as costs for members aged 65 and older are not subsidized by the active population (no implicit subsidy), participants pay 100.0 percent of the costs, and the liability associated with the health insurance credit is measured and held by the Virginia Retirement System. Initial healthcare costs trend rates used were 10.0 percent, 11.0 percent, and 6.0 percent for medical, pharmacy, and dental benefits, respectively. The ultimate trend rates used were 5.0 percent, 5.0 percent, and 4.0 percent for medical, pharmacy, and dental benefits, respectively. The remaining open amortization period at June 30, 2012 was 30 years.

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, per the most recent actuarial valuation, was as follows:

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
Group Life Insurance Fund						
2011	\$ 852	\$ 2,359	\$ 1,507	36.1%	\$ 16,543	9.1%
Retiree Health Insurance Credit Fund						
2011	\$ 213	\$ 2,195	\$ 1,982	9.7%	\$ 14,111	14.0%
Disability Insurance Trust Fund						
2011	\$ 369	\$ 296	\$ (73)	124.6%	\$ 3,372	(2.2%)
Line of Duty Death and Disability						
2011	\$ -	\$ 399	\$ 399	-	N/A	-
Pre-Medicare Retiree Healthcare						
2011	\$ -	\$ 1,269	\$ 1,269	-	\$ 3,566	35.6%

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

E. Higher Education Fund (Component Unit)

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

the individually published financial statements of the University.

F. Other Component Units

The Virginia Housing Development Authority (major) has a Retiree Health Care Plan, a single-employer defined benefit plan which is administered through the Virginia Housing Development Authority Retiree Health Care Plan Trust, an irrevocable trust to be used solely for providing benefits to eligible participants. Effective January 1, 2006, eligible retirees must be at least 55 years of age with 15 years of service or at least 55 years of age with 10 years of service if employed by the Authority prior to such date. For the year ended June 30, 2012, the Authority's Annual OPEB cost was \$503,912; the percentage of Annual OPEB Cost Contributed was 195.0 percent; and the ending Net OPEB asset was \$559,731.

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

annual covered payroll. For 2012, the Commission's annual OPEB cost was \$2.2 million; the percentage of annual OPEB cost contributed was 100.0 percent.

The Virginia Port Authority (VPA) (nonmajor) offers post retirement medical and dental benefits to employees who retire under either VRS or the VPA pension plan. For employees and their spouses, who are participants in the VPA medical plan, not participants under the state health care plan VRS, benefit provisions and obligations are established and may be amended by the board of commissioners of the Authority. For the year ended June 30, 2012, the Authority's annual OPEB cost was \$45,670; contribution towards OPEB cost was \$19,040; the percentage of annual OPEB cost contributed was 41.7 percent; and the ending net OPEB obligation was \$185,386.

17. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Virginia Retirement System (the System) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1, Chapter 6 et seq. of the *Code of Virginia*. The System contracts with private corporations or institutions subject to the standards set forth in the *Code* to provide investment products as well as any other goods and services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliation, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the System for investment. The plan provides a number of investment options and is designed so that each participant retains investment control of his/her individual account. The plan, available to all state employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of plan participants and their beneficiaries and is not available to employees until termination, retirement, death, unforeseeable emergency, or an in-service distribution at age 70 ½ or later. Since the System has no fiduciary relationship with plan participants, plan assets of \$1.5 billion are not included in the financial statements.

In addition, the Commonwealth provides a cash match under Internal Revenue Code Section 401(a) for employees participating in the deferred compensation plan. The match amount for an employee was established at 50.0 percent of the voluntary contributions to the deferred compensation plan. During the current fiscal year, the maximum match was \$20 per pay period or \$40 per month. The fair value of assets in the cash match savings plan at June 30, 2012, was \$259.6 million, which is also excluded from the financial statements.

Most employees of the Commonwealth's colleges and universities may participate in the Commonwealth's deferred compensation plan in accordance with Internal Revenue Code Section 457(b) and/or the institution's deferred compensation plan in accordance with Internal Revenue Code Section 403(b). Under either plan, the institution's cash match under the Internal Revenue Code Section 401(a) during fiscal year 2012 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 \$12.0 million for fiscal year 2012.

The deferred compensation plan for the University of Virginia Medical Center (part of the University of Virginia – major 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 \$1.6 million for fiscal year 2012.

The Virginia Housing Development Authority (major component unit) and the Virginia Resource Authority (nonmajor component unit) have deferred compensation plans available to all employees created in accordance with Internal Revenue Code Section 457. The plans permit participants to defer a portion of their salary or wage until future years. The deferred compensation is not available to employees until termination, retirement, or death. The assets of the plans are in irrevocable trusts with an external trustee and, accordingly, no assets or liabilities are reflected in the 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. Employees who maintain status under VRS are covered under the deferred compensation plan administered by the System as discussed above. The VPA deferred compensation plan covers all employees hired after July 1, 1997, and those employees electing coverage under the authority's deferred compensation plan. The VPA also offers a matching savings plan that covers substantially all employees. The matching savings plan requires the VPA to match contributions in an amount equal to half of the first 6.0 percent of the participant's base pay contributed to the plan. VPA's total contribution to the matching savings plan was \$152,346 for the fiscal year ended June 30, 2012. Further, the right to modify, alter, amend, or terminate the deferred compensation plan and matching savings plan rests with the VPA Board of Commissioners.

The third deferred compensation plan and second matching savings plan covers substantially all non-union employees with 90 days or more of service. The matching savings plan requires the VPA to match employee contributions in an amount equal to half of the first 3.0 percent of the participant's base pay contributed to the deferred compensation plan. VPA's total contribution to the matching savings plan was \$316,041 for the fiscal year ended June 30, 2012.

18. STATE NON-ARBITRAGE POOL

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

The SNAP fund is a class of the PFM Funds Prime Series, a money market mutual fund registered with the Securities and Exchange Commission. PFM Funds is a diversified, open-end management investment company organized as a Virginia business trust. Shares of the SNAP fund are solely available to investors participating in the SNAP program. The PFM Funds Board of Trustees has overall responsibility for supervising the SNAP fund's business and affairs, including the oversight of organizations providing investment advisory, administration, and distribution services to the SNAP fund. PFM Asset Management LLC serves as the investment adviser of the SNAP fund. The SNAP individual investment portfolios are the responsibility of the SNAP investment manager and the governments investing proceeds in the portfolios. These investments are held solely in the SNAP participants' names. Since the Commonwealth has no fiduciary relationship with local governmental entities participating in the plan, these assets of \$2.3 billion are not included in the financial statements.

19. COMMITMENTS

A. Construction Projects

Primary Government

Highway Projects

At June 30, 2012, the Department of Transportation had contractual commitments of approximately \$2.7 billion for construction of various highway projects. Funding for these expenditures is expected to be provided as follows: (1) federal funds – approximately 30.0 percent or \$810.0 million, (2) state funds – approximately 69.0 percent or \$1.9 billion, and (3) Proceeds from Bonds – approximately 1.0 percent or \$14.0 million.

Mass Transit Projects

At June 30, 2012, the Department of Rail and Public Transportation (part of Primary Government) had contractual commitments of approximately \$174.8 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 87.8 percent or \$153.5 million, and (2) Federal Funds – approximately 12.2 percent or \$21.3 million.

Wastewater Treatment Projects

At June 30, 2012, 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 \$84.9 million provided by bond proceeds and the Water Quality Improvement Fund.

Component Units

Port Projects

At June 30, 2012, the Virginia Port Authority (nonmajor) was committed to construction contracts totaling \$88.0 million.

Wallops Island Project

At June 30, 2012, the Virginia Commercial Space Flight Authority (nonmajor) was committed to construction programs totaling \$117.4 million.

Higher Education Institutions

Colleges and universities had contractual commitments as of June 30, 2012, of approximately \$824.0 million primarily for construction contracts. Higher education foundations' commitments total approximately \$114.6 million and are primarily for construction contracts.

B. Operating Leases

The Commonwealth has entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on a month-to-month basis. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense for the primary government under these operating leases for the year ended June 30, 2012, was \$64.7 million for governmental activities (including internal service funds) and \$22.2 million for business-type activities. Rental expense for the discrete component units (excluding foundations) for the year ended June 30, 2012, was \$120.5 million. The Commonwealth has, as of June 30, 2012, the following minimum rental payments due under the above leases (dollars in thousands):

	Primary Government		Component Units (1)
	Governmental Activities	Business-type Activities	
2013	\$ 60,269	\$ 20,643	\$ 105,434
2014	48,029	15,917	96,922
2015	42,217	12,667	92,416
2016	32,963	9,459	83,062
2017	25,419	4,910	77,431
2018-2022	42,502	3,109	363,068
2023-2027	5,836	-	373,200
2028-2032	607	-	237,185
2033-2037	553	-	1,116
2038-2042	208	-	1,122
2043-2047	22	-	823
2048-2052	16	-	329
Total	<u>\$ 258,641</u>	<u>\$ 66,705</u>	<u>\$ 1,432,108</u>

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

Foundations (2)	
2013	\$ 2,612
2014	2,134
2015	1,858
2016	1,728
2017	1,375
Thereafter	4,635
Total	<u>\$ 14,342</u>

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Rental expense for the year ended June 30, 2012, was approximately \$3.1 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, at June 30, 2012, amounted to \$3.4 billion.

D. Tobacco Grants

The Tobacco Indemnification and Community Revitalization Commission (nonmajor component unit) had \$218.8 million in grant award commitments not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2012, in accordance with GASB Statement No. 33.

The Virginia Foundation for Healthy Youth (nonmajor component unit) had \$13.0 million in grant commitments and outstanding contracts not

reflected in these statements since eligibility requirements were not met as of June 30, 2012, in accordance with GASB Statement No. 33.

E. Other Commitments

Primary Government

At June 30, 2012, the Department of Motor Vehicles had contractual commitments of approximately \$36.3 million for security technology services.

At June 30, 2012, the Department of Correctional Education had contractual commitments of approximately \$7.0 million for teacher services.

At June 30, 2012, the Virginia Department of Health had commitments of approximately \$14.7 million to localities, trauma centers, trainers, and grants to rescue squads.

At June 30, 2012, the Virginia Employment Commission (major enterprise fund) had contractual commitments of approximately \$19.6 million and non-contractual commitments of approximately \$17.9 million for an information systems modernization project. The agency also had approximately \$6.9 million in other contractual commitments.

The Virginia College Savings Plan (major enterprise fund) had \$103.1 million in private equity commitments.

The Virginia Wireless E-911 (nonmajor enterprise fund) had \$2.2 million in outstanding grants awarded but not yet disbursed to localities since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

Component Units

The Virginia Housing Development Authority (major) had \$243.3 million in commitments to fund new loans as of June 30, 2012, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

The Virginia Resource Authority (nonmajor) was obligated to disburse \$195.3 million in loan commitments to various localities and other governmental entities in the Commonwealth of Virginia as of June 30, 2012, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

The Virginia Small Business Financing Authority (nonmajor) had \$5.7 million in loan commitments to banks and borrowers as of June 30, 2012, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

20. 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. 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.

All employees hired after January 1, 1999, are required to enroll in the Virginia Sickness and Disability Program (VSDP) (see Note 15). Under the VSDP, employees receive a specified number of sick and personal leave hours, depending on their length of service, and any balances at the end of the calendar year revert. Individuals employed at January 1, 1999, had the option of converting to the VSDP or remaining in the original sick leave plan. If converting, the employee's sick leave balance could be used to purchase retirement credits or be converted to disability credits. If an employee opted to remain in the original sick leave program, sick leave accrues at a rate of five hours semimonthly. Employees who leave state service after a minimum of five years employment receive the lesser of 25.0 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 calendar year limit at their current earnings rate.

In conformance with Section C60 of the GASB Codification, the monetary value of accumulated annual and sick leave and disability credits 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 Assets (see Note 25). All amounts related to the fiduciary funds are recognized in those funds.

The liability at June 30, 2012, was computed using salary rates effective at that date, and represents vacation, compensatory and sick leave earned or disability credits held by employees up to the allowable ceilings.

21. POLLUTION REMEDIATION OBLIGATIONS

The Commonwealth has pollution remediation obligations of \$5.2 million of which \$2.6 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 and mercury abatement, lead contamination and remediation relating to superfund state contracts.

Agencies involved in remediation include:

- Department of Emergency Management (VDEM)
- Department of Environmental Quality (DEQ)
- Department of Transportation (VDOT)
- Department of Corrections (DOC)
- Department of Juvenile Justice (DJJ)
- Department of Behavioral Health and Developmental Services (DBHDS)

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, 2012:

- Department of Emergency Management (VDEM) relating to cleanup of an emergency fuel storage facility
- Department of Behavioral Health and Developmental Services (DBHDS) relating to soil and groundwater contamination
- Department of Transportation (VDOT) relating to groundwater contamination

22. INSURANCE

A. Self-Insurance

The Commonwealth maintains two types of self-insurance plans. The first type of self-insurance is a health care plan administered by the Department of Human Resource Management for Commonwealth employees. The plan is accounted for in the Health Care Internal Service Fund. Interfund premiums are accounted for as internal activity receipts from other funds. At June 30, 2012, \$109.6 million is reported as the estimated claims payable for this fund, which is undiscounted as nearly all health care claims are current in nature. The estimated liability is based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported as described in Note 1.T. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance	Current	Claim	Balance
	July 1,	Year Claims	Payments	June 30, (1)
		and Changes		
		in Estimates		
2011-2012	\$ 81,480	\$ 1,012,254	\$ (984,143)	\$ 109,591
2010-2011	\$ 94,376	\$ 904,861	\$ (917,757)	\$ 81,480

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

The second type of plan, Risk Management, is administered by the Department of the Treasury, Division of Risk Management and the Department of Human Resource Management, Worker's Compensation Program. These plans are accounted for in the Risk Management Internal Service Fund. The Department of the Treasury administers risk management programs providing property, general (tort) liability, medical malpractice, automobile and surety bond exposures for the Commonwealth of Virginia as provided in Sections 2.2-1834 through 1838 and Section 2.2-1840 of the *Code of Virginia*. Established subject to the approval of the Governor, risk management plans provide state agencies with protection through purchased insurance, self-insurance or a combination thereof. Interfund premiums for the fund are accounted for as internal activity receipts from other funds. The claims payable is an estimated liability based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported. At June 30, 2012, \$608.7 million is reported as the estimated claims payable for the risk management plan. This amount is discounted to present value at a rate of 3.0 percent. Undiscounted claims payable at June 30, 2012, is \$858.6 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	Current	Claim	Balance
	July 1,	Year Claims	Payments	June 30, (1)
		and Changes		
		in Estimates		
2011-2012	\$ 488,188	\$ 194,898	\$ (74,372)	\$ 608,714
2010-2011	\$ 444,467	\$ 112,138	\$ (68,417)	\$ 488,188

(1) Of the balance shown above, \$75.7 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 liability is assumed at the maximum recovery limit stated in Section 8.01-581.15 of the *Code of Virginia* up to a maximum of \$3.0 million per occurrence. Risk Management purchases commercial insurance to protect state-owned property with deductibles as stated in the insurance policies.

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

The Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – major component unit) is self-insured for medical malpractice and provides for the liability on an undiscounted basis, based on the ultimate cost of known claims and claims incurred but not yet reported. The Authority is also self-insured for workers' compensation and provides for the liability on a blended discounted and undiscounted basis, based on the ultimate cost of known claims and claims incurred but not yet reported. These liabilities include assumptions and factors related to the frequency and severity of claims, claims development history, and claims settlement practices. Estimated losses on malpractice and workers' compensation claims for the current and prior fiscal years are as follows (dollars in thousands):

Estimated Malpractice Losses				
	Balance	Claims	Claims	Balance
	July 1,	Expense (2)	Settled	June 30, (1)
2011-2012	\$ 23,501	\$ 5,052	\$ (5,086)	\$ 23,467
2010-2011	\$ 26,910	\$ (727)	\$ (2,682)	\$ 23,501

(1) Of the balance shown above, \$3.5 million is due within one year.
 (2) This column represents malpractice claims expense, net of actuarial adjustments.

Estimated Workers' Compensation Losses

	Balance July 1,	Claims Expense	Claims Settled	Balance June 30, (1)
2011-2012	\$ 18,409	\$ 597	\$ (1,479)	\$ 17,527
2010-2011	\$ 17,007	\$ 3,397	\$ (1,995)	\$ 18,409

- (1) Of the balance shown above, \$2.0 million is due within one year.

In addition, expenses and liabilities arising from services rendered to VA Premier's Plan (component unit of the Authority) HMO members are reported when it is probable that services have been provided and the amount of the claim can be reasonably estimated. The claims payable includes an estimate of claims that have been incurred but not reported. At June 30, 2012 the amount of these liabilities is approximately \$42.7 million and is reported as Claims Payable – Due within One Year. This liability is VA Premier's best estimate based on available information.

Additional information on the claims payable amounts reported by the Authority can be found in the individually published financial statements of the Authority.

Virginia International Terminals, Inc., a component unit of the Virginia Port Authority (nonmajor component unit) is partially self-insured for certain workers' compensation claims. The Authority maintains insurance coverage of \$5.0 million per claim, but is obligated to pay the first \$1.0 million of any individual's claims per incident. The Authority is also partially self-insured for employee health coverage. The Authority is responsible for actual claim costs up to \$125,000 per individual per calendar year. Insurance coverage is maintained for claims in excess of the individual employee limit and for aggregate claims in excess of \$5.1 million.

B. Public Entity Risk Pools

The Commonwealth administers two types of public entity risk pools for the benefit of local governmental units: health care and risk management insurance. The Local Choice Health Care plan was established to make comprehensive health care insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 300 local government units participating in the pool. This includes 32 school districts, 34 counties, 109 cities/towns, and 125 other subdivisions. This program is accounted for in the Local Choice Health Care Enterprise Fund (nonmajor).

The Department of Human Resource Management, under Section 2.2-1204 of the *Code of Virginia*, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. At June 30, 2012, \$26.5 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 risk management programs for political subdivisions, constitutional officers and others in accordance with Section 2.2-1839 of the *Code of Virginia*. These pools were established to provide an economical, low-cost alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management Enterprise Fund (nonmajor). The pool is established subject to approval by the Governor. It may be insurance, self-insurance, or any combination thereof, and must provide protection and legal defense against liability. Participation is voluntary and open to those identified in Section 2.2-1839, *Code of Virginia*. As of June 30, 2012, there were 507 units of local government in the pool, including 4 cities, 28 towns, and 30 counties. The remaining 445 units include a large variety of boards, commissions, authorities, and special districts.

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

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

At June 30, 2012, \$23.0 million is reported as estimated claims payable for these programs. This figure is actuarially determined for the fund in total and is reported at gross and does not reflect possible reimbursements for insurance recoveries.

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

	<u>Local Choice Health Care</u>		<u>Risk Management</u>	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Unpaid Claims and Claim				
Adjustment Expenses at Beginning of Fiscal Year	\$ 18,656	\$ 22,874	\$ 19,799	\$ 16,309
Incurring Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	244,788	212,233	1,409	1,473
Changes in Provision for Insured Events of Prior Fiscal Years	-	-	2,832	757
Total Incurred Claims and Adjustment Expenses	244,788	212,233	4,241	2,230
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	236,937	216,451	1,677	396
Total Payments	236,937	216,451	1,677	396
Change in Provision for Discounts	-	-	626	412
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted) (1) (2) (3)	\$ 26,507	\$ 18,656	\$ 22,989	\$ 18,555
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	\$ 26,507	\$ 18,656	\$ 24,533	\$ 19,799

Note (1): The entire balance for Local Choice Health Care, \$26,507 (dollars in thousands) is due within one year.

Note (2): Of the balance shown above for Risk Management, \$7,329 (dollars in thousands) is due within one year.

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

23. ACCOUNTS PAYABLE

The following table (dollars in thousands) summarizes Accounts Payable as of June 30, 2012.

	<u>Vendor</u>	<u>Salary/ Wage</u>	<u>Retainage</u>	<u>Other</u>	<u>Foundations (1)</u>	<u>Total</u>
Primary Government:						
General	\$ 159,142	\$ 96,927	\$ 33	\$ -	\$ -	\$ 256,102
Major Special Revenue Funds:						
Commonwealth Transportation	312,204	30,249	2,863	-	-	345,316
Federal Trust	125,896	17,420	2,559	-	-	145,875
Literary	24	-	-	-	-	24
Nonmajor Governmental Funds	42,965	23,750	10,279	224	-	77,218
Major Enterprise Funds:						
State Lottery (2)	3,464	1,666	-	3,604	-	8,734
Virginia College Savings Plan (2)	1,358	397	-	119	-	1,874
Unemployment Compensation	153	-	-	-	-	153
Nonmajor Enterprise Funds	27,998	5,017	-	-	-	33,015
Internal Service Funds	63,235	3,050	-	-	-	66,285
Private Purpose Trust Funds	111	153	-	250	-	514
Pension and Other Employee Benefit Trust (3)	577	1,647	-	37,118	-	39,342
Agency Funds	1,818	-	-	2,913	-	4,731
Total Primary Government (4)	<u>\$ 738,945</u>	<u>\$ 180,276</u>	<u>\$ 15,734</u>	<u>\$ 44,228</u>	<u>\$ -</u>	<u>\$ 979,183</u>
Discrete Component Units:						
Virginia Housing Development Authority	\$ 2,056	\$ 1,227	\$ -	\$ 12,128	\$ -	\$ 15,411
Virginia Public School Authority	282	-	-	-	-	282
University of Virginia	132,214	59,170	898	5,325	62,366	259,973
Virginia Polytechnic Institute and State University	71,886	54,284	7,577	-	14,808	148,555
Virginia Commonwealth University	77,546	89,220	444	-	833	168,043
Nonmajor Component Units	157,194	166,291	29,741	10,327	23,006	386,559
Total Component Units	<u>\$ 441,178</u>	<u>\$ 370,192</u>	<u>\$ 38,660</u>	<u>\$ 27,780</u>	<u>\$ 101,013</u>	<u>\$ 978,823</u>

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

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

Note (3): Other Accounts Payable for the Pension and Other Employee Benefit Trust Fund consists of \$25,712 (dollars in thousands) in investment management expense, \$11,406 (dollars in thousands) in program benefit liabilities.

Note (4): Fiduciary liabilities of \$44,587 (dollars in thousands) are not included in the Government-wide Statement of Net Assets. In addition, governmental fund liabilities of \$104,671 (dollars in thousands) are included in the Government-wide Statement of Net Assets, but excluded from the above amounts.

24. OTHER LIABILITIES

The following table (dollars in thousands) summarizes Other Liabilities as of June 30, 2012.

	Primary Government				
	General	Commonwealth Transportation	Federal Trust	Nonmajor Governmental Funds	State Lottery
Lottery Prizes Payable	\$ -	\$ -	\$ -	\$ -	\$ 52,132
Due to Program Participants, Escrow s, and Providers	-	-	-	-	-
Medicaid Payable	341,332	-	344,627	-	-
Family Access to Medical Insurance Security Payable	4,569	-	8,485	-	-
Tax Refunds Payable	390,947	-	-	-	-
Insurance Carrier Surety Deposit	-	-	-	-	-
Deposits Pending Distribution	5,008	8,160	-	1,858	-
Car Tax Payable	263,025	-	-	-	-
Other Liabilities	362	-	4	428	-
Total Other Liabilities	<u>\$ 1,005,243</u>	<u>\$ 8,160</u>	<u>\$ 353,116</u>	<u>\$ 2,286</u>	<u>\$ 52,132</u>

	Primary Government				
	Virginia College Savings Plan	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds (1)	Private Purpose Funds
Lottery Prizes Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Program Participants, Escrow s, and Providers	30	34,715	-	-	1,145
Medicaid Payable	-	-	-	-	-
Family Access to Medical Insurance Security Payable	-	-	-	-	-
Tax Refunds Payable	-	-	-	-	-
Insurance Carrier Surety Deposit	-	-	-	-	-
Deposits Pending Distribution	-	-	179	78	-
Car Tax Refund Payable	-	-	-	-	-
Other Liabilities	30	-	188	5,026	-
Total Other Liabilities	<u>\$ 60</u>	<u>\$ 34,715</u>	<u>\$ 367</u>	<u>\$ 5,104</u>	<u>\$ 1,145</u>

Note (1): The Other Liabilities amount of \$5,026 (dollars in thousands) is due to third party clearing amounts that have increased from the prior year due to timing issues with checks clearing the bank.

	Primary Government		
	Pension and Other Employee Benefit	Agency Funds	Total Primary Government (3)
	Trust Funds (2)	Funds	Government (3)
Lottery Prizes Payable	\$ -	\$ -	\$ 52,132
Due to Program Participants, Escrows, and Providers	-	39,305	75,195
Medicaid Payable	-	-	685,959
Family Access to Medical Insurance Security Payable	-	-	13,054
Tax Refunds Payable	-	-	390,947
Insurance Carrier Surety Deposit	-	441,542	441,542
Deposits Pending Distribution	-	46,116	61,399
Car Tax Refund Payable	-	-	263,025
Other Liabilities	150,319	1,755	158,112
Total Other Liabilities	<u>\$ 150,319</u>	<u>\$ 528,718</u>	<u>\$ 2,141,365</u>

Note (2): Other Liabilities of \$150,319 (dollars in thousands) reported in pension and other employee benefit trust funds are made up of \$29,106 (dollars in thousands) in funds held for the Commonwealth Health Research Fund; \$14,980 (dollars in thousands) in other funds managed by the System; \$101,354 (dollars in thousands) in pending investment transactions, including \$25,699 (dollars in thousands) for securities lending, \$75,630 (dollars in thousands) for net foreign exchange contracts, \$25 (dollars in thousands) in other investment payables; \$997 (dollars in thousands) in other payable related to the System benefit plans; \$2,300 (dollars in thousands) in foreign taxes payables related to the System benefit plans, and \$1,582 (dollars in thousands) in interest and dividends payable related to the System benefit plans.

Note (3): Fiduciary liabilities of \$680,182 (dollars in thousands) are not included in the Government-wide Statement of Net Assets. Governmental fund liabilities of \$541,710 (dollars in thousands) are included in the Government-wide Statement of Net Assets, but excluded from the above amounts.

	Component Units				
	Virginia Housing Development Authority	Virginia Public School Authority	University of Virginia (4)	Virginia Polytechnic Institute & State University	Virginia Commonwealth University (4)
Accrued Interest Payable	\$ 88,152	\$ 59,087	\$ 6,286	\$ 5,069	\$ 9,088
Other Liabilities	1,183	82	63,530	29,136	189,379
Deposits Pending Distribution	-	-	369,229	14,596	31,739
Short-term Debt	-	-	154,063	13,300	3,811
Grants Payable	-	-	-	-	-
Total Other Liabilities	<u>\$ 89,335</u>	<u>\$ 59,169</u>	<u>\$ 593,108</u>	<u>\$ 62,101</u>	<u>\$ 234,017</u>

	Component Units	
	Nonmajor Component Units	Total Component Units
Accrued Interest Payable	\$ 139,759	\$ 307,441
Other Liabilities	35,654	318,964
Deposits Pending Distribution	32,024	447,588
Short-term Debt	22,338	193,512
Grants Payable	9,230	9,230
Total Other Liabilities	<u>\$ 239,005</u>	<u>\$ 1,276,735</u>

Note (4): Other Liabilities of \$35,053 (dollars in thousands) for the University of Virginia and \$78,362 (dollars in thousands) for the Virginia Commonwealth University represent hedging derivative instruments reported in accordance with GASBS No. 53 (see Note 13 for additional information).

Medicaid Payable

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

The Department of Medical Assistance Services (DMAS) estimates, based on past experience, the total amount of Medicaid claims that will be paid from the Medicaid program in the future which relate to services provided before year-end. At June 30, 2012, the estimated liability related to Medicaid claims totaled \$685.9 million. Of this amount, \$341.3 million is reflected in the General Fund (major) and \$344.6 million in the Federal Trust Special Revenue Fund (major).

Family Access to Medical Insurance Security Payable

DMAS estimates the total amount of claims that will be paid from the Family Access to Medical Insurance Security program in the future which relate to services provided before year-end. At June 30, 2012, the estimated liability related to claims totaled \$13.0 million. Of this amount, \$4.6 million is reflected in the General Fund (major) and \$8.4 million in the Federal Trust Special Revenue Fund (major).

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended on or before December 31, 2011, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2012. The individual tax return filing deadline is May 1 of each year for the preceding calendar year. The corporate tax return filing deadline is the 15th day of the fourth month following the close of the corporate fiscal year.

Car Tax Refund Payable

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

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

Termination Benefits

During fiscal year 2012, the Commonwealth laid off 86 employees. The affected employees had the option of volunteering for enhanced retirement benefits or severance benefits. The enhanced retirement benefits option was elected by 12 employees, and the remaining 74 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 2012 and will end no later than June 30, 2013. The benefit cost expended and the outstanding liability as of June 30, 2012, is \$1.2 million and \$637,376, 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 2012, the primary government's agencies did not participate in short-term borrowings with external parties.

Various higher education institutions' foundations (component units) have short-term debt. University of Virginia foundations (major component unit) report \$26.6 million, Virginia Commonwealth University foundations (major component unit) report approximately \$3.8 million, and nonmajor component unit foundations report approximately \$22.3 million. This short-term debt is for working capital, property acquisition, construction costs, operating costs, and refinancing. The University of Virginia (major component unit) has commercial paper of approximately \$127.5 million and the Virginia Polytechnic Institute and State University (major component unit) reports \$13.3 million of commercial paper that provides bridge financing for capital projects. The Library of Virginia Foundation (nonmajor component unit) has a \$50,000 note with a related party. During the year ended June 30, 2012, \$5,000 of the loan was forgiven and has been recognized as a contribution.

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

25. LONG-TERM LIABILITIES

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

Section 9(d) bonds are revenue bonds and are not backed by the full faith, credit and taxing power of the Commonwealth. These bonds are not general obligation bonds and are not deemed to constitute a legal liability of the Commonwealth. This debt may be supported by state appropriations in whole or in part, as in the case of certain debt of the 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 (component units). Additionally, the 9(d)

Transportation Bonds (primary government) are payable solely from revenues or earnings, and other available sources of funds appropriated by the General Assembly.

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

Other 9(d) revenue bonds are considered debt not supported by taxes. For this debt, the Commonwealth has no direct or indirect pledge of tax revenues. However, in some cases, the Commonwealth has made a moral obligation pledge. A government's moral obligation pledge provides a deficiency make-up for bondholders should underlying project revenues prove insufficient. The mechanics involve funding a debt service reserve fund when the bonds are issued. If a revenue deficiency exists, reserve fund monies are used to pay bondholders. The issuer then informs the legislative body requesting that it replenish the reserve fund before subsequent debt service is due. The legislative body may, but is not legally required to, replenish the reserve fund. These bonds are considered to be moral obligation debt.

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 Assets.

Total Long-term Liabilities		
June 30, 2012		
<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)	\$ 831,148	\$ 71,067
9(c) Parking Facilities (3)	18,383	756
9(c) Transportation Facilities (3)	24,210	2,185
Total General Obligation Bonds	<u>873,741</u>	<u>74,008</u>
Nongeneral Obligation Bonds - 9(d):		
Transportation Debt (3) (4)	3,136,659	203,025
Virginia Public Building Authority (3)	2,566,789	182,830
Total Nongeneral Obligation Bonds	<u>5,703,448</u>	<u>385,855</u>
Other Long-term Obligations:		
Pension Liability	1,660,768	-
OPEB Liability	406,969	-
Compensated Absences	315,176	143,967
Capital Lease Obligations	77,400	10,564
Pollution Remediation Obligations	5,171	2,591
Regional Jail Financing Payable	2,748	1,911
Notes Payable	49,689	20,606
Installment Purchase Obligations	114,959	9,342
Economic Development Authority Obligations (3)	81,747	4,070
Other Liabilities	27,647	4,000
Total Other Long-term Obligations	<u>2,742,274</u>	<u>197,051</u>
Total Governmental Activities (3)	<u>9,319,463</u>	<u>656,914</u>
Business-type Activities: (1) (5)		
Other Long-term Obligations:		
Pension Liability	42,249	-
OPEB Liability	12,751	-
Compensated Absences	9,267	4,994
Capital Lease Obligations	449	449
Tuition Benefits Payable	2,175,296	192,471
Lottery Prizes Payable	194,481	35,670
Total Other Long-term Obligations	<u>2,434,493</u>	<u>233,584</u>
Total Business-type Activities	<u>2,434,493</u>	<u>233,584</u>
Total Primary Government	<u>11,753,956</u>	<u>890,498</u>

Total Long-term Liabilities

June 30, 2012

	Balance At June 30	Amount Due Within One Year
<i>(Dollars in Thousands)</i>		
Component Units:		
General Obligation Bonds: (2)		
Higher Education Fund - 9(c) Bonds (3)	906,474	47,343
Nongeneral Obligation Bonds:		
Higher Education Institutions - 9(d) (3) (5)	1,541,802	23,633
Virginia College Building Authority (3)	2,470,589	145,283
Innovation and Entrepreneurship Investment Authority	2,375	1,155
Virginia Port Authority (3) (6)	519,299	13,604
Virginia Housing Development Authority (3) (5)	5,945,174	278,878
Virginia Resources Authority (3) (7)	3,279,627	125,341
Virginia Public School Authority (3) (5)	3,378,084	202,148
Hampton Roads Sanitation District Commission (5)	639,286	47,814
Virginia Biotechnology Research Park Authority (3)	37,162	1,878
Foundations (5) (8)	975,148	20,789
Total Nongeneral Obligation Bonds	<u>18,788,546</u>	<u>860,523</u>
Other Long-term Obligations:		
Pension Liability (9)	785,472	-
OPEB Liability (10)	470,661	-
Compensated Absences	253,845	173,339
Capital Lease Obligations	91,166	5,376
Notes Payable (5)	2,070,152	251,702
Installment Purchase Obligations	100,161	16,217
Trust and Annuity Obligations (5) (11)	2,508	-
Other Liabilities (5)	293,405	93,721
Total Other Long-term Obligations (Excluding Foundations)	<u>4,067,370</u>	<u>540,355</u>
Other Long-term Obligations (Foundations): (5) (8)		
Pension Liability	98,259	-
OPEB Liability	30	-
Compensated Absences	8,382	7,931
Capital Lease Obligations	432	114
Notes Payable	211,556	8,774
Trust and Annuity Obligations (11)	72,630	2,822
Other Liabilities	204,010	13,358
Total Other Long-term Obligations - Foundations	<u>595,299</u>	<u>32,999</u>
Total Other Long-term Obligations	<u>4,662,669</u>	<u>573,354</u>
Total Component Units	<u>24,357,689</u>	<u>1,481,220</u>
Total Long-term Liabilities	<u>\$ 36,111,645</u>	<u>\$ 2,371,718</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 \$1.8 billion.
- Amounts are net of any unamortized discounts, premiums, and deferrals.
- This debt includes \$481.2 million that is not supported by taxes.
- This debt is not supported by taxes.
- This debt includes \$282.0 million that is not supported by taxes.
- This debt is not supported by taxes; however, \$801.4 million is considered moral obligation debt.
- Foundations represent FASB reporting entities defined in Note 1.B.
- This includes pension obligations that do not relate to the Virginia Retirement System from Virginia Commonwealth University of \$3.5 million and Virginia Port Authority of \$7.8 million. It does not include pension obligations from fiduciary funds of \$11.3 million.
- This includes OPEB obligations that do not relate to the Virginia Retirement System from University of Virginia of \$25.3 million and Virginia Port Authority of \$185,386. It does not include OPEB obligations from fiduciary funds of \$3.9 million.
- 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 \$24,210,496 of Section 9(c) general obligation bonds and \$3,136,659,265 of Transportation Facilities Section 9(d) debt. The Section 9(d) debt includes \$2,655,481,504 of Section 9(d) revenue bonds, \$182,449,414 of outstanding Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes, and \$298,728,347 of Grant Anticipation Revenue Vehicles (GARVEES) in addition to the outstanding Section 9(d) revenue bonds. 9(c) Principal and interest requirements for the current year totaled \$3,193,850. 9(d) Principal and interest requirements for the current year totaled \$258,344,895. The Section 9(c) Transportation Facilities Bonds were issued to fund the construction and improvement of the George P. Coleman Bridge. The Section 9(d) Transportation Facilities Bonds were issued to fund the construction of State Route 28, U.S. Route 58, the Northern Virginia Transportation District Program, and the Oak Grove Connector (Chesapeake). The Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes were issued to finance various capital transportation projects throughout the Commonwealth. The interest rates for these bonds range from 2.00 percent to 5.25 percent and the issuance dates range from October 10, 2002, to May 23, 2012. The GARVEES were issued to finance various Federal Aid Transportation projects throughout the Commonwealth. The interest rates for these bonds range from 3.00 percent to 5.00 percent and the issuance date was March 15, 2012.

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 will receive a 35.0 percent interest subsidy to reimburse interest payments of \$126,765,808 for Build America Bonds (BABs) issued. The BABs are applicable to Commonwealth of Virginia Transportation Series 2010A Capital Project Revenue Bonds and Series 2009A Northern Virginia Transportation District Revenue Bonds.

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

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 2,185,000	\$ 1,009,850	\$ 3,194,850
2014	2,290,000	900,600	3,190,600
2015	2,405,000	786,100	3,191,100
2016	2,520,000	665,850	3,185,850
2017	2,620,000	568,200	3,188,200
2018-2022	11,585,000	1,180,800	12,765,800
Less:			
Deferral on Debt Defeasance	(41,600)	-	(41,600)
Add:			
Unamortized Premium	647,096	-	647,096
Total	\$ 24,210,496	\$ 5,111,400	\$ 29,321,896

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

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 203,025,000	\$ 130,097,729	\$ 333,122,729
2014	146,845,000	124,809,123	271,654,123
2015	153,510,000	118,029,291	271,539,291
2016	160,780,000	110,564,641	271,344,641
2017	136,430,000	103,485,276	239,915,276
2018-2022	637,035,003	424,369,351	1,061,404,354
2023-2027	562,350,268	287,340,201	849,690,469
2028-2032	463,885,000	165,183,890	629,068,890
2033-2037	421,205,000	49,990,460	471,195,460
Less:			
Unamortized Discount	(110,037)	-	(110,037)
Add:			
Accretion on Capital Bonds	16,338,961	-	16,338,961
Unamortized Premium	235,365,070	-	235,365,070
Total	\$ 3,136,659,265	\$ 1,513,869,962	\$ 4,650,529,227

**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. 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 4.25 percent to 5.00 percent and the issue date was April 12, 2006. The principal and interest requirements for current year totaled \$7,828,188. The following schedule details the annual funding requirements necessary to repay these bonds.

**FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY
Debt Service Requirements to Maturity**

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 4,070,000	\$ 3,759,438	\$ 7,829,438
2014	4,270,000	3,555,938	7,825,938
2015	4,485,000	3,342,438	7,827,438
2016	4,710,000	3,118,188	7,828,188
2017	4,945,000	2,882,688	7,827,688
2018-2022	28,480,000	10,663,500	39,143,500
2023-2027	27,940,000	3,375,050	31,315,050
Add:			
Unamortized Premium	2,846,608	-	2,846,608
Total	\$ 81,746,608	\$ 30,697,240	\$ 112,443,848

Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 2003A, 2004A, Series 2004B Refunding, Series 2005A, Series 2006A Refunding, Series 2006B, Series 2007A, Series 2007B, Series 2008A, Series 2008B, Series 2008B Refunding, Series 2009A, Series 2009D Refunding, Series 2009E, and Series 2012A Refunding. Bonds were issued to fund construction projects for higher educational institutions, mental health, and/or park facilities. The Series 2003A bonds were issued to advance refund outstanding Series 1993A and B, Series 1994, and Series 1996 bonds. The Series 2004B bonds were issued to advance refund outstanding Series 1997, Series 1998, and Series 1999A bonds. The Series 2006A bonds were issued to advance refund outstanding Series 1996 bonds. The Series 2008B bonds were issued to advance refund outstanding Series 1998 refunding bonds. The Series 2009D bonds were issued to advance refund outstanding Series 2004A, Series 2005A, and Series 2006B bonds. The Series 2012A bonds were issued to advance refund outstanding Series 2002, Series 2003A, Series 2004A, and Series 2005A bonds. Principal and interest requirements for the current year totaled \$118,289,014. The interest rates for all bonds range from 1.2 percent to 5.5 percent and the issuance dates range from June 30, 2003, to March 7, 2012. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth will receive a 35.0 percent interest subsidy to reimburse interest payments of \$5,582,311 for Build America Bonds (BABs) issued. The BABs are applicable to Series 2009E Public Facilities Revenue Bonds.

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

Maturity	Principal	Interest	Total
2013	\$ 71,067,178	\$ 36,594,976	\$ 107,662,154
2014	72,540,000	33,305,063	105,845,063
2015	68,240,000	29,924,223	98,164,223
2016	60,550,000	26,739,473	87,289,473
2017	52,945,000	23,800,995	76,745,995
2018-2022	244,835,000	83,462,171	328,297,171
2023-2027	192,075,000	28,951,806	221,026,806
2028-2032	22,665,000	1,323,763	23,988,763
Less:			
Deferral on Debt Defeasance	(16,635,800)	-	(16,635,800)
Add:			
Unamortized Premium	62,867,930	-	62,867,930
Total	<u>\$ 831,149,308</u>	<u>\$ 264,102,470</u>	<u>\$ 1,095,251,778</u>

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, Series 2004A, 2009B, and 2009D Refunding, and 2012A Refunding. The Series 2004A bonds were issued to fund the renovation of the 9th and Franklin Street parking deck. The Series 2009B bonds were issued to fund the construction of a new 1,000 vehicle parking structure at 7th and Franklin Streets. The Series 2009D Refunding bonds were issued to advance refund outstanding Series 2004A and 2006B

Refunding bonds. The Series 2012A Refunding bonds were issued to advance refund outstanding Series 2002 Refunding and Series 2004A bonds. The interest rates for these bonds range from 2.5 percent to 5.5 percent and the issuance dates range from August 4, 2004, to March 7, 2012. Current year principal and interest requirements totaled \$1,575,167.

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

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

Maturity	Principal	Interest	Total
2013	\$ 755,892	\$ 795,905	\$ 1,551,797
2014	805,604	780,730	1,586,334
2015	847,843	743,436	1,591,279
2016	722,093	704,073	1,426,166
2017	890,000	667,610	1,557,610
2018-2022	5,185,000	2,622,052	7,807,052
2023-2027	5,249,045	1,277,842	6,526,887
2028-2032	2,110,000	159,500	2,269,500
Less:			
Deferral on Debt Defeasance	(599,400)	-	(599,400)
Add:			
Unamortized Premium	2,417,036	-	2,417,036
Total	<u>\$ 18,383,113</u>	<u>\$ 7,751,148</u>	<u>\$ 26,134,261</u>

Virginia Public Building Authority

Virginia Public Building Authority (VPBA) Section 9(d) bonds consist of Series 2002A, 2003A Refunding, 2004A Refunding, 2004B, 2004C Refunding, 2004D Refunding, 2005A Refunding, 2005B Refunding, 2005C, 2005D, 2006A, 2006B, 2007A, 2008A Refunding, 2008B, 2009A, 2009B, 2009C, 2009D Refunding, 2010A, 2010B-1, 2010B-2, 2010B-3 Refunding, 2011AB, and 2012A Refunding. All bonds were issued for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combination of localities under the Regional Jail Financing Program. The Series 2003A and 2004A bonds were issued to advance refund outstanding Series 1993A, 1994A, 1995, and 1997A bonds. The Series 2004C and 2005A bonds were issued to refinance certain capital lease obligations of the Commonwealth. The Series 2004D bonds were issued to advance refund outstanding Series 1997A, Series 1999B, and Series 2000A bonds. The Series 2005B bonds were issued to advance refund outstanding Series 1996A, Series 1998B, and Series 1999A bonds. The Series 2008A bonds were issued to advance refund outstanding series 1998A Refunding bonds. The Series 2009D bonds were issued to advance refund outstanding series 2001A and 2002A Revenue bonds. The Series 2010B-3 bonds were issued to advance refund outstanding series 2002A and 2004B Revenue bonds. The Series 2012A bonds were issued to advance refund outstanding series 2004B and 2005C Revenue bonds. The interest rates for all fixed rate bonds range from 2.0 percent to 5.75 percent and the issuance dates range from August 1, 2002, to February 23, 2012. The Series 2005D bonds are variable rate bonds and the rates are reset weekly by

the remarketing agent. Current year principal and interest requirements totaled \$283,157,424. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth will receive a 35.0 percent interest subsidy to reimburse interest payments of \$105,348,837 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>
2013	\$ 182,830,000	\$ 111,466,849	\$ 294,296,849
2014	174,040,000	103,092,707	277,132,707
2015	178,290,000	94,479,027	272,769,027
2016	175,520,000	86,040,356	261,560,356
2017	159,565,000	78,199,853	237,764,853
2018-2022	630,410,000	294,171,712	924,581,712
2023-2027	600,010,000	155,475,401	755,485,401
2028-2032	342,120,000	35,078,121	377,198,121
Less:			
Deferral on Debt Defeasance	(25,153,157)	-	(25,153,157)
Add:			
Unamortized Premium	149,157,725	-	149,157,725
Total	\$ 2,566,789,568	\$ 958,004,026	\$ 3,524,793,594

Regional Jail Financing Program

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

In 1996, the General Assembly adopted legislation that authorized funding of jail project reimbursements through bonds issued by the Virginia Public Building Authority (VPBA). As of June 30, 1998, all future jail reimbursements were approved for funding through the VPBA as opposed to the Treasury Board. All reimbursements whether up front or over time, are subject to appropriation by the General Assembly. Current year principal and interest requirements totaled \$2,635,715.

The following schedule details the annual funding requirements necessary to repay these obligations.

REGIONAL JAILS FINANCING			
Financial Obligations to Maturity			
<i>Calendar Year</i>	<i>Capital</i>	<i>Financing</i>	
<i>Obligations</i>	<i>Costs</i>	<i>Costs</i>	<i>Total</i>
2013	\$ 1,911,009	\$ 725,511	\$ 2,636,520
2014	837,165	(646,925)	190,240
Total	\$ 2,748,174	\$ 78,586	\$ 2,826,760

Component Units

Higher Education Institution Bonds

Higher Education Institution Bonds are comprised of both 9(c) general obligation bonds and 9(d) revenue bonds. Section 9(d) bonds are from several sources as shown on the following schedule (dollars in thousands).

College and university bonds backed by pledge of general revenue or revenue from specific revenue-producing capital projects	\$ 1,205,869
College and university debt backed exclusively by pledged revenues of an institution	<u>335,933</u>
Total Higher Education Institution 9(d) debt	\$ <u>1,541,802</u>

The interest rates for these bonds range from 0.04 percent to 6.2 percent and the issuance dates range from November 17, 1981, to March 7, 2012. The VCBA Series 2006B and 2006C bonds, the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University) Series 2005 and 2008 bonds, and the UVA Series 2003A 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 will receive a 35 percent interest subsidy to reimburse interest payments of \$403,629,901 for Build America Bonds (BABs) issued. The BABs are applicable to General Obligation Series 2010A Bonds, Series 2009F and 2010B 21st Century Virginia College Building Authority Education Facilities Bonds, and the University of Virginia's Series 2009 and 2010 General Revenue Bonds.

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

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 45,241,930	\$ 38,861,829	\$ 84,103,759
2014	44,909,396	36,824,488	81,733,884
2015	48,292,157	34,737,331	83,029,488
2016	48,102,907	32,480,445	80,583,352
2017	47,705,000	30,379,103	78,084,103
2018-2022	222,760,000	122,079,577	344,839,577
2023-2027	224,420,955	72,836,908	297,257,863
2028-2032	137,600,000	28,011,878	165,611,878
2033-2037	44,585,000	5,947,705	50,532,705
2038-2042	5,190,000	493,030	5,683,030
Less:			
Deferral on			
Debt Defeasance	(11,692,000)	-	(11,692,000)
Add:			
Unamortized Premium	49,359,024	-	49,359,024
Total	<u>\$ 906,474,369</u>	<u>\$ 402,652,294</u>	<u>\$ 1,309,126,663</u>

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

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 23,557,379	\$ 60,854,606	\$ 84,411,985
2014	23,221,381	62,115,202	85,336,583
2015	26,655,503	61,159,064	87,814,567
2016	26,874,749	60,093,030	86,967,779
2017	21,249,125	59,023,213	80,272,338
2018-2022	109,403,843	282,657,225	392,061,068
2023-2027	128,355,000	262,811,382	391,166,382
2028-2032	157,195,000	242,866,779	400,061,779
2033-2037	287,674,000	222,083,302	509,757,302
2038-2042	720,715,000	100,456,313	821,171,313
Less:			
Deferral on			
Debt Defeasance	(14,123,688)	-	(14,123,688)
Add:			
Unamortized Premium	31,024,194	-	31,024,194
Total	<u>\$ 1,541,801,486</u>	<u>\$ 1,414,120,116</u>	<u>\$ 2,955,921,602</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>
2013	\$ 131,585,000	\$ 106,342,488	\$ 237,927,488
2014	139,055,000	98,739,467	237,794,467
2015	149,885,000	92,429,254	242,314,254
2016	148,010,000	85,968,691	233,978,691
2017	154,275,000	79,597,925	233,872,925
2018-2022	634,790,000	306,827,277	941,617,277
2023-2027	586,435,000	169,857,733	756,292,733
2028-2032	382,650,000	42,388,776	425,038,776
Less:			
Deferral on			
Debt Defeasance	(14,320,300)	-	(14,320,300)
Add:			
Unamortized Premium	158,224,662	-	158,224,662
Total	<u>\$ 2,470,589,362</u>	<u>\$ 982,151,611</u>	<u>\$ 3,452,740,973</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>
2013	\$ 20,789,420
2014	35,342,526
2015	24,035,802
2016	27,859,614
2017	26,268,414
Thereafter	840,851,962
Total	<u>\$ 975,147,738</u>

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

Innovation and Entrepreneurship Investment Authority

The Innovation and Entrepreneurship Investment Authority (IEIA) (nonmajor) has issued Taxable Lease Revenue Bonds, Series 1989, and Series 1997 Refunding. The Series 1989 bonds were issued to cover a portion of the costs related to the construction of a software development center and office building. Series 1997 bonds were issued to advance refund \$11.2 million of the outstanding 1989 bonds.

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

9(d) INNOVATION AND ENTREPRENEURSHIP INVESTMENT AUTHORITY BONDS
Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 1,155,000	\$ 178,600	\$ 1,333,600
2014	1,220,000	91,744	1,311,744
Total	<u>\$ 2,375,000</u>	<u>\$ 270,344</u>	<u>\$ 2,645,344</u>

Virginia Port Authority

The Virginia Port Authority (VPA) (nonmajor) has issued Section 9(d) revenue bonds and notes pursuant to powers provided to its board of commissioners by the *Code of Virginia*. The interest rates for these bonds range from 3.375 percent to 5.5 percent and the issuance dates range from July 23, 2002, to January 25, 2012. Series 2006A bonds were issued to advance refund \$22.9 million of outstanding Series 1996 bonds. Series 2010 bonds were issued to currently refund in full the outstanding principal amount of the Authority's Series 2009 Bond Anticipation Note. Series 2012 bonds were issued to currently refund in full the outstanding principal amount of the Authority's Commonwealth Port Fund Revenue Bonds and to pay all or a portion of the expenses incurred with respect to the issuance of the Series 2012 Bonds and the refunding of the Series 2002 Bonds. The following schedule details the annual funding requirements necessary to amortize VPA bonds.

9(d) VIRGINIA PORT AUTHORITY DEBT Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 12,935,000	\$ 23,433,923	\$ 36,368,923
2014	15,090,000	21,854,582	36,944,582
2015	15,580,000	21,369,260	36,949,260
2016	16,105,000	20,836,311	36,941,311
2017	16,515,000	20,261,559	36,776,559
2018-2022	84,605,000	92,102,370	176,707,370
2023-2027	103,450,000	73,246,997	176,696,997
2028-2032	103,075,000	49,677,388	152,752,388
2033-2037	123,450,000	23,339,450	146,789,450
2038-2042	17,095,000	2,189,000	19,284,000
Less:			
Deferral on Debt Defeasance	(969,200)	-	(969,200)
Add:			
Unamortized Premium	12,368,074	-	12,368,074
Total	\$ 519,298,874	\$ 348,310,840	\$ 867,609,714

Virginia Housing Development Authority

The Virginia Housing Development Authority (VHDA) (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.184 percent to 8.18 percent and the origination dates range from January 9, 2001, to September 27, 2011. The following schedule details the annual funding requirements necessary to amortize these bonds.

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

Maturity	Principal	Interest	Total
2013	\$ 278,877,856	\$ 275,400,045	\$ 554,277,901
2014	271,400,000	264,007,815	535,407,815
2015	265,995,000	253,607,786	519,602,786
2016	265,070,000	242,861,950	507,931,950
2017	262,430,000	231,882,225	494,312,225
2018-2022	1,235,485,000	984,034,731	2,219,519,731
2023-2027	997,540,000	719,157,687	1,716,697,687
2028-2032	987,292,004	466,171,500	1,453,463,504
2033-2037	750,037,878	244,716,771	994,754,649
2038-2042	552,234,250	59,061,170	611,295,420
2043-2047	47,430,000	3,759,346	51,189,346
Add:			
Unamortized Premium	31,381,758	-	31,381,758
Total	\$ 5,945,173,746	\$ 3,744,661,026	\$ 9,689,834,772

Virginia Resources Authority

The Virginia Resources Authority (VRA) (nonmajor) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 1.25 percent to 8.70 percent and the origination dates range from October 15, 1999, to June 13, 2012. 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
2013	\$ 113,711,100	\$ 141,892,119	\$ 255,603,219
2014	126,923,450	139,057,487	265,980,937
2015	134,475,000	133,784,088	268,259,088
2016	140,415,000	127,906,117	268,321,117
2017	154,405,000	121,446,747	275,851,747
2018-2022	754,830,000	501,663,009	1,256,493,009
2023-2027	713,105,000	329,971,357	1,043,076,357
2028-2032	588,515,000	166,100,268	754,615,268
2033-2037	281,375,000	59,876,341	341,251,341
2038-2042	112,330,000	14,535,534	126,865,534
2043-2047	9,870,000	223,425	10,093,425
Less:			
Unaccrued Capital Appreciation Bonds	(39,276,094)	-	(39,276,094)
Add:			
Unamortized Premium	188,948,095	-	188,948,095
Total	\$ 3,279,626,551	\$ 1,736,456,492	\$ 5,016,083,043

Virginia Public School Authority

The Virginia Public School Authority (VPSA) (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.05 percent to 5.95 percent, and the origination dates range from December 21, 2001, to February 24, 2012. The following schedule details the annual funding requirements necessary to amortize these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth will receive a 100.0 percent interest subsidy to reimburse interest payments of \$204,759,508 for Qualified School Construction Bonds (QSCBs) issued. The QSCBs are applicable to Series 2010-1 and 2011-1 Revenue Bonds.

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

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 199,050,000	\$ 149,240,426	\$ 348,290,426
2014	218,820,000	140,149,301	358,969,301
2015	212,930,000	129,805,044	342,735,044
2016	211,914,060	119,515,757	331,429,817
2017	206,733,003	109,425,232	316,158,235
2018-2022	922,425,000	407,439,196	1,329,864,196
2023-2027	877,540,000	216,624,015	1,094,164,015
2028-2032	425,785,000	58,499,541	484,284,541
2033-2037	44,850,000	4,657,394	49,507,394
2038-2042	905,000	20,363	925,363
Less:			
Deferral on			
Debt Defeasance	(108,385,900)	-	(108,385,900)
Add:			
Unamortized Premium	165,517,693	-	165,517,693
Total	<u>\$ 3,378,083,856</u>	<u>\$ 1,335,376,269</u>	<u>\$ 4,713,460,125</u>

Hampton Roads Sanitation District Commission

The Hampton Roads Sanitation District Commission (nonmajor) issued bonds under a Master Trust Indenture and a Trust Agreement dated December 1, 1993, and March 1, 2003. The interest cost for these bonds range from 2.38 percent to 5.86 percent. The following schedule details the annual funding requirements necessary to amortize these bonds.

HAMPTON ROADS SANITATION DISTRICT COMMISSION Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 22,603,000	\$ 28,010,000	\$ 50,613,000
2014	24,029,000	27,027,000	51,056,000
2015	24,604,000	26,086,000	50,690,000
2016	24,143,000	25,163,000	49,306,000
2017	18,947,000	24,346,000	43,293,000
2018-2022	104,241,000	109,827,000	214,068,000
2023-2027	120,962,000	85,436,000	206,398,000
2028-2032	122,329,000	56,309,000	178,638,000
2033-2037	109,109,000	26,810,000	135,919,000
2038-2042	63,625,000	3,033,000	66,658,000
Add:			
Unamortized Premium	4,694,000	-	4,694,000
Total	<u>\$ 639,286,000</u>	<u>\$ 412,047,000</u>	<u>\$ 1,051,333,000</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 6.4 percent.

VIRGINIA BIOTECH RESEARCH PARTNERSHIP AUTHORITY Debt Service Requirements to Maturity

<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 1,835,000	\$ 1,563,475	\$ 3,398,475
2014	3,270,000	1,486,900	4,756,900
2015	3,385,000	1,370,150	4,755,150
2016	3,525,000	1,231,950	4,756,950
2017	3,665,000	1,088,150	4,753,150
2018-2022	21,060,000	2,717,175	23,777,175
Less:			
Unamortized			
Discount	(559,836)	-	(559,836)
Deferral on			
Debt Defeasance	(2,439,409)	-	(2,439,409)
Add:			
Unamortized Premium	3,421,431	-	3,421,431
Total	<u>\$ 37,162,186</u>	<u>\$ 9,457,800</u>	<u>\$ 46,619,986</u>

Total principal outstanding at June 30, 2012, on all component unit bonds amounted to \$19.7 billion.

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

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

(Dollars in Thousands)

	Balance July 1, 2011	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30, 2012
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	\$ 873,489	\$ 71,065	\$ (159,637)	\$ 784,917
Parking Facilities Bonds	17,322	1,143	(1,900)	16,565
Transportation Facilities Bonds	25,685	-	(2,080)	23,605
Add: Unamortized Premium	60,358	16,781	(11,208)	65,931
Less: Deferral on Debt Defeasance	(16,480)	2,303	(3,100)	(17,277)
Total General Obligation Bonds	<u>960,374</u>	<u>91,292</u>	<u>(177,925)</u>	<u>873,741</u>
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Transportation Facilities Bonds	2,157,564	1,072,340	(344,838)	2,885,066
Virginia Public Building Authority Bonds	2,320,885	370,915	(249,015)	2,442,785
Regional Jails Financing Payable	4,617	-	(1,869)	2,748
Economic Development Authority Obligations	82,775	-	(3,875)	78,900
Add: Unamortized Premium	231,325	200,587	(44,544)	387,368
Accretion on Capital Appreciation Bonds	19,865	-	(3,526)	16,339
Less: Unamortized Discount	(115)	5	-	(110)
Deferral on Debt Defeasance	(24,708)	17,092	(17,537)	(25,153)
Installment Purchase Obligations (3)	101,014	34,373	(20,428)	114,959
Notes Payable - Transportation	8,000	-	-	8,000
Notes Payable - Aviation	1,336	-	(286)	1,050
Notes Payable - Tax Refund	60,959	-	(20,320)	40,639
Compensated Absences	311,523	6,785	(3,132)	315,176
Capital Lease Obligations	87,219	1,136	(10,955)	77,400
Pension Liability	1,405,714	255,054	-	1,660,768
OPEB Liability	301,771	105,198	-	406,969
Pollution Remediation Liability	4,772	652	(253)	5,171
Other	24,308	7,893	(4,554)	27,647
Total Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	<u>7,098,824</u>	<u>2,072,030</u>	<u>(725,132)</u>	<u>8,445,722</u>
Total Governmental Activities	<u>8,059,198</u>	<u>2,163,322</u>	<u>(903,057)</u>	<u>9,319,463</u>
Business-type Activities:				
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Capital Lease Obligations	918	-	(469)	449
Compensated Absences	9,044	2,310	(2,087)	9,267
Pension Liability	34,054	8,195	-	42,249
OPEB Liability	9,099	3,652	-	12,751
Lottery Prizes Payable	216,408	9,588	(31,515)	194,481
Tuition Benefits Payable	2,215,261	93,316	(133,281)	2,175,296
Total Business-type Activities	<u>2,484,784</u>	<u>117,061</u>	<u>(167,352)</u>	<u>2,434,493</u>
Total Primary Government	<u>\$ 10,543,982</u>	<u>\$ 2,280,383</u>	<u>\$ (1,070,409)</u>	<u>\$ 11,753,956</u>

<u>Foundations (5)</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
\$ -	\$ 784,917	\$ 71,067
-	16,565	756
-	23,605	2,185
-	65,931	-
-	(17,277)	-
-	<u>873,741</u>	<u>74,008</u>
-	2,885,066	203,025
-	2,442,785	182,830
-	2,748	1,911
-	78,900	4,070
-	387,368	-
-	16,339	-
-	(110)	-
-	(25,153)	-
-	114,959	9,342
-	8,000	-
-	1,050	286
-	40,639	20,320
-	315,176	143,967
-	77,400	10,564
-	1,660,768	-
-	406,969	-
-	5,171	2,591
-	27,647	4,000
-	<u>8,445,722</u>	<u>582,906</u>
-	<u>9,319,463</u>	<u>656,914</u>
-	449	449
-	9,267	4,994
-	42,249	-
-	12,751	-
-	194,481	35,670
-	2,175,296	192,471
-	<u>2,434,493</u>	<u>233,584</u>
<u>\$ -</u>	<u>\$ 11,753,956</u>	<u>\$ 890,498</u>

Continued on next page

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

(continued)

(Dollars in Thousands)

	Balance July 1, 2011 as restated (6)	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30, 2012
Component Units				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - Higher Education 9(c) (4)	\$ 765,280	\$ 212,778	\$ (71,584)	\$ 906,474
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Bonds (4)	16,834,461	3,426,546	(2,447,609)	17,813,398
Installment Purchase Obligations	118,277	1,291	(19,407)	100,161
Capital Lease Obligations	99,569	-	(8,403)	91,166
Notes Payable	2,403,627	980,915	(1,314,390)	2,070,152
Compensated Absences	248,148	234,662	(228,965)	253,845
Pension Liability	644,481	144,525	(3,534)	785,472
OPEB Liability	342,066	128,618	(23)	470,661
Trust and Annuity Obligations	2,376	132	-	2,508
Other	335,307	837,380	(879,282)	293,405
Total Component Units	<u>\$ 21,793,592</u>	<u>\$ 5,966,847</u>	<u>\$ (4,973,197)</u>	<u>\$ 22,787,242</u>

Note (1) Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.

Note (2) Payments on bonded debt that pertain to the Commonwealth's governmental activities are made through the debt service funds. Payments for installment purchases, compensated absences, capital leases, pension, and other obligations that pertain to the Commonwealth's governmental activities are made through the general and special revenue funds. 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) Included in the installment purchase obligation is \$17.4 million for which the property management fund (internal service) is contractually obligated for which there is no offsetting internal service fund asset. Accordingly, this activity is excluded from the Noncash Investing, Capital, and Financing Activities reported on page 61.

Note (4) Amounts are net of any unamortized discounts, premiums, and deferrals.

Note (5) Foundations represent FASB reporting entities defined in Note 1.B.

Note (6) Beginning balances have been restated by \$19,950 (dollars in thousands) for the University of Virginia (major component unit) due to the elimination of an intrafund capital lease with its foundation.

Bond Defeasance

Primary Government

On February 23, 2012, the Virginia Public Building Authority issued \$72,415,000 of Series 2012A Public Facilities Revenue refunding bonds. The bonds refunded were \$48,285,000 of Series 2004B and \$31,390,000 of Series 2005C Public Facilities Revenue Bonds. The net proceeds from the sale of the refunding bonds of \$89,956,103 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the defeased bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$7,431,355. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt which is shorter than the life of the new debt issued. Total debt service payments over the next 13 years will be reduced by \$11,183,480 resulting in an economic gain of \$9,832,709 discounted at the rate of 1.724 percent.

On February 23, 2012, the Commonwealth Transportation Board of the Commonwealth of Virginia issued \$86,430,000 in Transportation Revenue Refunding Bonds Series 2012A and \$37,700,000 in Transportation Revenue Refunding Bonds Series 2012B with a varying interest rate of 2 to 5 percent. The bonds that were refunded with the Series 2001A Transportation Refunding Bonds include \$15,380,000. The bonds that were refunded with the Series 2001B Transportation Refunding Bonds include \$3,565,000. The bonds that were refunded with the Series 2002A Transportation Refunding Bonds include \$81,130,000. The bonds that were refunded with the Series 2002B Transportation Refunding Bonds include \$36,640,000. The net proceeds from the sale of the Refunding Bonds of \$141,299,388 (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$3,305,298. This amount is being netted against the new debt and amortized over the remaining life the refunded debt or the new debt, whichever is shorter. Total debt service payments will be reduced by \$24,741,687 resulting in an economic gain of \$25,860,645, discounted at a rate of 1.33 percent.

On March 7, 2012, the Commonwealth issued \$95,490,000 General Obligation Refunding Bonds, Series 2012A, pursuant to Sections 9(b) and 9(c) of Article X of the *Constitution of Virginia*, with a true interest cost (TIC) of 1.58 percent to refund \$108,035,000 of certain outstanding bonds. The bonds that were refunded include \$14,385,000 of outstanding Higher Education Institution Refunding Bonds, Series 2002, \$1,065,000 of Higher Education Institution Bonds, Series 2002A, \$3,910,000 of Higher Education Institution Bonds, Series 2004A, \$6,600,000 of Higher Education Institution Bonds, Series 2005A, \$19,910,000 of Public Facilities Refunding Bonds, Series 2002, \$25,235,000 of Public Facilities Bonds, Series 2003A, \$24,190,000 of Public Facilities Bonds, Series 2004A, \$11,580,000 of Public Facilities Bonds, Series 2005A, \$95,000 of Parking Facilities Refunding Bonds, Series

Foundations (5)	Balance June 30, 2012	Due Within One Year
\$ -	\$ 906,474	\$ 47,343
975,148	18,788,546	860,523
-	100,161	16,217
432	91,598	5,490
211,556	2,281,708	260,476
8,382	262,227	181,270
98,259	883,731	-
30	470,691	-
72,630	75,138	2,822
204,010	497,415	107,079
<u>\$ 1,570,447</u>	<u>\$ 24,357,689</u>	<u>\$ 1,481,220</u>

2002, and \$1,065,000 of Parking Facilities Bonds, Series 2004A. The net proceeds from the sale of the Refunding Bonds of \$116,184,421 (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the refunded bonds. The debt defeasance resulted in an accounting loss of \$3,310,000. It will, however, reduce total debt service payments over the next 14 years by \$13,153,182 resulting in an economic gain of \$12,700,398 discounted at the rate of 1.56 percent.

On May 23, 2012, the Commonwealth Transportation Board of the Commonwealth of Virginia issued \$50,620,000 in Transportation Contract Revenue Refunding Bonds Series 2012 with a varying interest rate of 2.0 to 5.0 percent. The bonds that were refunded with the Series 2002 CIB Transportation Refunding Bonds include \$9,608,396. The bonds that were refunded with the Series 2002 CAB Transportation Refunding Bonds include \$38,390,000. The net proceeds from the sale of the Refunding Bonds of \$55,024,253 (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$6,800,759. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt or the new debt, whichever is shorter. Total debt service payments will be reduced by \$20,107,139 resulting in an economic gain of \$12,297,449 discounted at a rate of 2.72 percent.

Component Units

On October 12, 2011, the University of Virginia (major) issued \$4,691,000 of Taxable Commercial Paper and on October 13, 2011, issued Series 2011 Bonds of \$73,950,000 to advance refund \$82,215,000 of Series 2003B Bonds. The advance refunding reduced the aggregate debt service by \$12,435,451 resulting an economic gain of \$8,589,746 and an accounting loss of \$7,993,477 discounted at the rate of 3.33 percent.

In March 2012, the Virginia College Building Authority (nonmajor) issued \$164,475,000 of Series 2012A Pooled Bond Program refunding bonds. The bonds refunded were \$50,695,000 of series 2003A, \$66,495,000 of series 2004A, and \$56,255,000 of series 2005A Pooled Bond Program bonds. The net proceeds from the sale of the refunding bonds of \$193,140,527 were deposited in irrevocable trusts with escrow agents to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of \$17,579,000. Total debt service payments over the next 19 years will be reduced by \$19,384,966 resulting in an economic gain of \$16,245,212 discounted at the rate of 2.09 percent.

In March 2012, the Virginia Public School Authority (major) issued \$282,230,000 of Series 2012A refunding

bonds ("Refunding Bonds"). The bonds refunded were \$7,595,000 of series 2001B, \$14,830,000 of series 2003A bonds, \$24,625,000 of series 2004A, \$54,330,000 of series 2004B, \$79,810,000 of series 2005C, and \$118,490,000 of series 2005D. The net proceeds of \$337,082,264 from the sale of the Refunding Bonds were placed with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of \$37,402,000. Total debt service payments over the next 19 years will be reduced by \$22,210,383 resulting in an economic gain of \$21,973,019 discounted at the rate of 2.08 percent.

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, 2012, there were \$334.9 million in bonds from the primary government that have been refunded and defeased in-substance from the governmental activities column by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments. In addition, there were \$1.2 billion in bonds outstanding considered defeased from the component units.

Arbitrage Rebate

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

Although rebatable arbitrage need only be calculated for tax purposes every fifth year that debt is outstanding, and consistent with modified accrual basis of accounting, is not recognized as a liability in governmental funds until amounts actually become due and payable, a liability is recognized in accrual basis government-wide statements as soon as the underlying event has occurred. Accordingly, as of June 30, 2012, the Commonwealth has recognized a government-wide liability of \$1.2 million and the Virginia Resources Authority (nonmajor component unit) has recognized a liability of \$3.1 million.

Amounts remitted to the federal government for rebate liability are generally paid from earnings derived from the issue. However, if all proceeds (including earnings) have been expended and depending on the type of issue, it may be necessary to use project revenues or general or nongeneral fund appropriations to satisfy any rebate liability. During fiscal year 2012, a rebate payment in the amount of \$1.4 million was made on the Commonwealth's Series 2006B General Obligation Bonds. No rebate payments were owed on bonds of the Virginia Public Building Authority, Commonwealth Transportation Board, or the Virginia College Building Authority 21st Century or Pooled Bond Programs.

Rebate liability on bonds of the Virginia Public School Authority (major component unit) is payable from earnings on related bond funds and from local issuers whose local school bonds were purchased by the VPSA. During the year, \$972,263 was paid to the federal government for rebate on various VPSA school financing bonds.

Capital Leases

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

Gross minimum lease payments, together with the present value of the net minimum lease payments as of June 30, 2012, are shown in the following table (dollars in thousands).

	Governmental Activities	Business-Type Activities	Component Units (1)
2013	\$ 15,614	\$ 588	\$ 8,623
2014	16,031	-	8,566
2015	15,725	-	8,071
2016	15,559	-	7,985
2017	8,545	-	6,316
2018-2022	29,432	-	29,002
2023-2027	1,618	-	25,704
2028-2032	-	-	25,245
2033-2037	-	-	5,403
2038-2042	-	-	1,557
2043-2047	-	-	622
2048-2052	-	-	1,157
Total Gross Minimum Lease Payments	102,524	588	128,251
Less: Amount Representing Executory Costs	(7,325)	-	-
Net Minimum Lease Payments	95,199	588	128,251
Less: Amount Representing Interest	(17,799)	(139)	(37,085)
Present Value of Net Minimum Lease Payments	\$ 77,400	\$ 449	\$ 91,166

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

	Foundations (2)	
2013	\$	117
2014		115
2015		95
2016		86
2017		27
Net Minimum Lease Payments		440
Less: Amount Representing Interest		(8)
Present Value of Net Minimum Lease Payments	\$	432

Note (2): Foundations represent FASB reporting entities defined in Note 1.B.

At June 30, 2012, assets purchased under capital leases were included in depreciable capital assets as follows (dollars in thousands). The amounts are net of accumulated depreciation where applicable. For a portion of these assets, ownership will pass to the Commonwealth at the end of the lease term.

	Buildings	Equipment	Total
Governmental Activities:			
Gross Capital Assets	\$ 170,559	\$ 3,529	\$ 174,088
Less: Accumulated Depreciation	(64,854)	(845)	(65,699)
Total Governmental Activities	\$ 105,705	\$ 2,684	\$ 108,389
Business-Type Activities:			
Gross Capital Assets	\$ 2,347	\$ -	\$ 2,347
Less: Accumulated Depreciation	(225)	-	(225)
Total Business-Type Activities	\$ 2,122	\$ -	\$ 2,122
Component Units:			
Gross Capital Assets	\$ 165,267	\$ 1,705	\$ 166,972
Less: Accumulated Depreciation	(41,388)	(1,701)	(43,089)
Subtotal (excluding Foundations)	123,879	4	123,883
Foundations:			
Gross Capital Assets	-	458	458
Less: Accumulated Depreciation	-	(58)	(58)
Subtotal Foundations	-	400	400
Total Component Units (3)	\$ 123,879	\$ 404	\$ 124,283

Note (3): Land purchased under capital leases by the University of Virginia (major) 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	
Transportation Note	\$ 8,000
Aviation Note	1,050
Installment Notes	114,959
Tax Refund Note	40,639
Total Primary Government	<u>164,648</u>
Component Units	
Virginia Public School Authority	161,170
Virginia Housing Development Authority	109,500
University of Virginia	45,771
Virginia Polytechnic Institute and State University	237,691
Virginia Commonwealth University	299,784
Nonmajor Component Units	1,216,236
Installment Notes	100,161
Subtotal (excluding Foundations)	<u>2,170,313</u>
Foundations:	
Notes Payable	211,556
Subtotal - Foundations	<u>211,556</u>
Total Component Units	<u>2,381,869</u>
Total Notes Payable	<u>\$ 2,546,517</u>

The Transportation (primary government) Note represents an interest free note payable to Chesterfield County, Virginia, of \$8,000,000 for the repayment of the Powhite Parkway Extension Toll Road from surplus net revenues of the project prior to the retirement of all the bonds issued.

The Aviation (primary government) Note represents a loan agreement with the Virginia Resources Authority (nonmajor component unit) with an outstanding balance of \$1,050,000. The purpose of the loan was to finance and refinance grants-in-aid made to the Peninsula Airport Commission to provide funding for capital improvements at the Newport News/Williamsburg International Airport. The principal amount shall be paid semi-annually with the final payment due in 2017.

The Tax Refund (primary government) Note of \$40,639,103 is owed to a taxpayer and will be paid in four annual installments. Variable interest not to exceed 4.0 percent will be included in the annual payments.

The Virginia Public School Authority (major component unit) notes of \$161,170,000 are for the School Equipment Financing Notes Educational Technology program. The note proceeds were used to make grants to school divisions for the purchase of educational technology equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund (major special revenue fund).

The Virginia Housing Development Authority (major component unit) has notes payable of \$109,500,000 representing a credit agreement with the Federal Home Loan Bank of Atlanta. The proceeds along with the bond proceeds are used to make mortgage loans.

The Virginia Resources Authority (nonmajor component unit) notes of \$4,094,949 are Equipment and Term Financing loans.

The Virginia Biotechnology Research Partnership Authority (nonmajor component unit) has notes payable in the amount of \$1,853,437 used for refunding the 1998 bonds issued for BioTech One, making tenant improvements to BioTech Six and purchasing two pieces of land.

An additional amount of \$1,793,534,000 is comprised primarily of higher education (component unit) promissory notes with the Virginia College Building Authority (VCBA) (nonmajor component unit) to finance the construction of various higher education facilities. The VCBA principal amount net of unamortized accruals is as follows: University of Virginia (major component unit) \$45,517,595; Virginia Polytechnic Institute and State University (major component unit) \$237,691,223; Virginia Commonwealth University (major component unit) \$299,664,357; and nonmajor component units \$1,207,870,019. Interest rates range from 2.1 percent to 5.75 percent and shall be paid semi-annually. The final principal payment is due in 2041.

The higher education institutions (component units) also have notes payable. The University of Virginia (major component unit) has notes payable of \$253,000 for a GPS system and software. The Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – major component unit) has a notes payable of \$119,390 regarding a parking deck. Virginia State University (nonmajor component unit) has a note payable of \$1,496,539, which is the result of a loan agreement with the U.S. Department of Housing and Urban Development to repair seven dormitories. The loan is to be repaid over 30 years at 3.0 percent interest per annum, and is secured by a lien on the net revenues from the ownership, operation, and use of the seven dormitories under repair. The Radford University Property Acquisition Corporation (blended component unit of Radford University – nonmajor component unit) has a notes payable of \$922,153 to purchase land and a building. The terms include an interest rate of 5.53 percent, payable in monthly installments with a final payment in 2022.

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, 2012, are shown in the following table (dollars in thousands).

Foundations' Notes Payable (Component Units) (1)	
June 30, 2012	
Maturity	Principal
2013	\$ 9,395
2014	33,903
2015	35,915
2016	4,856
2017	64,869
Thereafter	62,618
Total	\$ 211,556

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 \$215,120,511 of the total outstanding debt of the Commonwealth. Presented in the following tables are repayment schedules for installment purchase obligations.

Installment Purchase Obligations - Governmental Funds			
June 30, 2012			
Maturity	Principal	Interest	Total
2013	\$ 9,342,780	\$ 4,109,641	\$ 13,452,421
2014	9,969,300	3,768,894	13,738,194
2015	10,296,157	3,434,361	13,730,518
2016	10,574,487	3,087,897	13,662,384
2017	10,165,037	2,732,544	12,897,581
2018-2022	40,760,474	8,756,571	49,517,045
2023-2027	23,845,604	2,023,277	25,868,881
2028-2032	5,278	8	5,286
Total	\$ 114,959,117	\$ 27,913,193	\$ 142,872,310

Installment Purchase Obligations - Component Units			
June 30, 2012			
Maturity	Principal	Interest	Total
2013	\$ 16,216,708	\$ 3,028,617	\$ 19,245,325
2014	16,238,381	2,616,314	18,854,695
2015	13,672,046	2,146,824	15,818,870
2016	10,662,120	1,736,313	12,398,433
2017	10,422,117	1,408,085	11,830,202
2018-2022	28,626,370	2,964,147	31,590,517
2023-2027	4,323,652	389,485	4,713,137
Total	\$ 100,161,394	\$ 14,289,785	\$ 114,451,179

The various foundations (component units) had no installment purchase obligations as of June 30, 2012.

Lottery Prizes Payable

Lottery prizes are paid in 20, 25, 26, or 30 installments. The first installment is paid on the day the prize is claimed. The subsequent annual payments are funded with U.S. Treasury STRIPS purchased by the Virginia Lottery. For Life prizes payable represent estimated prizes payable monthly, quarterly or annually for the life of the winner based on life expectancy tables from the Virginia Bureau of Insurance, and funded with a pool of U.S. Treasury STRIPS.

Lottery prizes payable represent the future annual prize payments valued at cost plus accrued interest (present value of securities held to maturity) of the investment securities funding the payments.

Lottery prizes payable for the fiscal year ended June 30, 2012, are shown in the following table:

	<u>Jackpot</u>	<u>Win For Life</u>	<u>Total</u>
Due within one year	\$ 31,065,238	\$ 4,604,416	\$ 35,669,654
Due in subsequent years	<u>98,068,581</u>	<u>60,742,182</u>	<u>158,810,763</u>
Total (present value)	129,133,819	65,346,598	194,480,417
Add:			
Interest to Maturity	<u>42,196,181</u>	<u>40,564,402</u>	<u>82,760,583</u>
Lottery Prizes Payable at Maturity	<u>\$ 171,330,000</u>	<u>\$ 105,911,000</u>	<u>\$ 277,241,000</u>

Tuition Benefits Payable

The Virginia College Savings Plan administers the Virginia Prepaid Education Program (VPEP). VPEP offers contracts which, for actuarially determined amounts, provide for guaranteed full future tuition payments at state higher education institutions. The contract provisions also allow the benefits to be used for private or out-of-state institutions at a prorated amount based upon the amounts charged by the state's higher education institutions.

At June 30, 2012, tuition benefits payable of \$2.2 billion have been recorded for the VPEP program on the balance sheet for the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the VPEP program. In addition, a receivable in the amount of \$244.8 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.

26. OTHER REVENUE

The following table (dollars in thousands) summarizes Other Revenue for the fiscal year ended June 30, 2012.

	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	\$ 2,548	\$ 218,784	\$ 16,209	\$ 648	\$ 30,188
Major Special Revenue Funds:					
Commonwealth Transportation	17,874	11,195	22,220	22,422	2,368
Federal Trust	-	735	-	217	370
Literary	-	65,570	-	8	-
Nonmajor Governmental Funds	99,796	52,452	65,475	8,876	7,937
Major Enterprise Funds:					
Virginia College Savings Plan	-	-	-	-	-
Nonmajor Enterprise Funds	-	12,979	-	-	-
Internal Service Funds	-	-	-	-	-
Pension and Other Employee Benefit Trust	-	-	-	-	-
Total Primary Government	<u>\$ 120,218</u>	<u>\$ 361,715</u>	<u>\$ 103,904</u>	<u>\$ 32,171</u>	<u>\$ 40,863</u>

	Tobacco Master Settlement	Taxes	E-Z Pass	Other (1)	Total Other Revenue
Primary Government:					
General	\$ 49,136	\$ -	\$ -	\$ 267,845	\$ 585,358
Major Special Revenue Funds:					
Commonwealth Transportation	-	-	9,724	4,599	90,402
Federal Trust	-	-	-	120,778	122,100
Literary	-	-	-	77,293	142,871
Nonmajor Governmental Funds	-	-	-	161,676	396,212
Major Enterprise Funds:					
Virginia College Savings Plan	-	-	-	18	18
Nonmajor Enterprise Funds	-	3,498	-	932	17,409
Internal Service Funds	-	-	-	1	1
Pension and Other Employee Benefit Trust	-	-	-	4,568	4,568
Total Primary Government	<u>\$ 49,136</u>	<u>\$ 3,498</u>	<u>\$ 9,724</u>	<u>\$ 637,710</u>	<u>\$ 1,358,939</u>

Note (1): \$75,000 (dollars in thousands) of the total amount recorded for the Literary fund is related to unclaimed property.

27. PRIZES AND CLAIMS

The following table summarizes Prizes and Claims Expense for the fiscal year ended June 30, 2012.

(Dollars in Thousands)

	Insurance Claims	Lottery Prize Expense	Total Prizes and Claims
Proprietary Funds:			
Major Enterprise Funds:			
State Lottery	\$ -	\$ 950,628	\$ 950,628
Unemployment Compensation	637,955	-	637,955
Nonmajor Enterprise Funds	261,814	-	261,814
Total Enterprise Funds	<u>\$ 899,769</u>	<u>\$ 950,628</u>	<u>\$ 1,850,397</u>
Internal Service Funds	<u>\$ 1,219,077</u>	<u>\$ -</u>	<u>\$ 1,219,077</u>

28. OTHER EXPENSES

The following table summarizes Other Expenses for the fiscal year ended June 30, 2012.

(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	\$ -	\$ 445	\$ 2,006	\$ 2,451
Nonmajor Enterprise Funds	119	2,823	821	3,763
Total Enterprise Funds	<u>\$ 119</u>	<u>\$ 3,268</u>	<u>\$ 2,827</u>	<u>\$ 6,214</u>
Internal Service Funds	<u>\$ 1,660</u>	<u>\$ 3,779</u>	<u>\$ 6,886</u>	<u>\$ 12,325</u>
Pension and Other Employee Benefit Trust (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,406</u>	<u>\$ 1,406</u>

Note (1): \$5,851 (dollars in thousands) can be attributed to expenses related to closing cases in the Risk Management internal service fund. \$2,006 (dollars in thousands) can be attributed to the SOAR scholarship program for Virginia College Savings Plan Fund.

Note (2): Fiduciary expenses of \$1,406 (dollars in thousands) are not included in the Government-wide Statement of Activities.

29. OTHER NON-OPERATING REVENUE/EXPENSES

The following table summarizes Other Non-Operating Revenue/Expenses for the fiscal year ended June 30, 2012.

(Dollars in Thousands)

	Loss on Sale of Capital Assets	Expenses for Securities Lending Transactions	Interest Expense	Federal Unemployment Tax Act	Other (1)	Total Other Non- Operating Revenue/ (Expenses)
Proprietary Funds:						
Major Enterprise Funds:						
State Lottery	\$ -	\$ (398)	\$ -	\$ -	\$ 357	\$ (41)
Virginia College Savings Plan	-	-	(106)	-	-	(106)
Unemployment Compensation	-	-	-	68,079	-	68,079
Nonmajor Enterprise Funds	-	(1)	-	-	9,196	9,195
Total Enterprise Funds	<u>\$ -</u>	<u>\$ (399)</u>	<u>\$ (106)</u>	<u>\$ 68,079</u>	<u>\$ 9,553</u>	<u>\$ 77,127</u>
Internal Service Funds	<u>\$ (270)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,298)</u>	<u>\$ (2,568)</u>

Note (1): Other Non-Operating Revenue/Expenses of the nonmajor enterprise funds are comprised of \$9,196 reported by the Department of Alcoholic Beverage Control.

30. TRANSFERS

The following table summarizes Transfers In and Transfers Out for the fiscal year ended June 30, 2012 (dollars in thousands).

Transfers In (Reported In):					
Transfers Out (Reported In):	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds
Primary Government					
General	\$ -	\$ 194,984	\$ 110	\$ -	\$ 420,855
Major Special Revenue Funds:					
Commonwealth Transportation	28,847	-	1,227	-	278,319
Federal Trust	798	9,114	-	-	11,053
Nonmajor Governmental Funds	146,703	-	17	400	1,760
Major Enterprise Funds:					
State Lottery	487,953	-	-	11,298	-
Virginia College Savings Plan	679	-	-	-	-
Unemployment Compensation	-	-	10,361	-	-
Nonmajor Enterprise Funds	144,654	-	-	1	15,659
Internal Service Funds	3,809	-	758	-	-
Total Primary Government	\$ 813,443	\$ 204,098	\$ 12,473	\$ 11,699	\$ 727,646

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; (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and (4) reimburse the General Fund for expenses incurred on behalf of nongeneral funds.

During the fiscal year, the following significant transfers were made that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer.

- Various nongeneral funds transferred approximately \$114.3 million to the General Fund as required by Chapter 2, 2012 Acts of Assembly.
- The Department of Motor Vehicles transferred certain fees of approximately \$7.4 million to the General Fund as required by Chapter 2, 2012 Acts of Assembly.

Nonmajor Enterprise Funds	Internal Service Funds	Total Primary Government
\$ 185	\$ -	\$ 616,134
-	363	308,756
74	82	21,121
1,843	-	150,723
-	-	499,251
-	-	679
-	-	10,361
-	-	160,314
-	-	4,567
<u>\$ 2,102</u>	<u>\$ 445</u>	<u>\$ 1,771,906</u>

31. ON-BEHALF PAYMENTS

Higher education institutions (component units) received various on-behalf payments from foundations primarily for salary supplements and stipends during fiscal year 2012. Since the foundations are included as part of the higher education entity, the on-behalf payments were considered intrafund and were eliminated from the financial statements.

32. ENDOWMENTS

Donor restricted endowments reside primarily within the higher education institutions. The net appreciation available for expenditure is \$1.0 billion. Of this amount, \$1.0 million is reported as unrestricted net assets and the remainder is reported as restricted net assets. 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.

33. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (dollars in thousands) summarizes specific cash flows for the fiscal year ended June 30, 2012.

	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor Enterprise Funds
Cash Flows Resulting from:				
Payments for Prizes, Claims, and Loss Control:				
Lottery Prizes	\$ (994,554)	\$ -	\$ -	\$ -
Claims and Loss Control	-	-	(639,541)	(244,227)
Total	<u>\$ (994,554)</u>	<u>\$ -</u>	<u>\$ (639,541)</u>	<u>\$ (244,227)</u>
Other Operating Revenue:				
Other Operating Revenue	\$ -	\$ -	\$ -	\$ 3,087
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,087</u>
Other Operating Expense:				
Other Operating Expenses (1)	\$ -	\$ (2,006)	\$ -	\$ (1,840)
Total	<u>\$ -</u>	<u>\$ (2,006)</u>	<u>\$ -</u>	<u>\$ (1,840)</u>
Other Noncapital Financing Receipt Activities:				
Advances/Contributions from the Commonwealth	\$ -	\$ -	\$ -	\$ 28,489
Receipts from Taxes	-	-	61,774	184,065
Other Noncapital Financing Receipt Activities (2)	328	-	263,599	248
Total	<u>\$ 328</u>	<u>\$ -</u>	<u>\$ 325,373</u>	<u>\$ 212,802</u>
Other Noncapital Financing Disbursement Activities:				
Repayments of Advances/Contributions from the Commonwealth	\$ -	\$ -	\$ -	\$ (29,468)
Other Noncapital Financing Disbursement Activities (3)	-	-	(445,818)	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (445,818)</u>	<u>\$ (29,468)</u>
Other Capital and Related Financing Disbursement Activities				
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note (1): \$2,006 (dollars in thousands) can be attributed to disbursements related to Virginia College Savings Plan for the SOAR scholarship. Also, \$5,851 (dollars in thousands) can be attributed to disbursements related to closing cases in the Risk Management internal service fund.

Note (2): \$263,599 (dollars in thousands) can be attributed to Federal repayable advances under Title XII of the Social Security Act. Also, \$17,385 (dollars in thousands) can be attributed to the Property Management internal service fund related to energy performance contracts where the asset is retained by the primary government.

Note (3): The entire amount can be attributed to repayments of Federal repayable advances under Title XII of the Social Security Act.

34. TOBACCO SETTLEMENT AND SECURITIZATION

Total Enterprise Funds	Internal Service Funds
\$ (994,554)	\$ -
(883,768)	(1,058,674)
<u>\$ (1,878,322)</u>	<u>\$ (1,058,674)</u>
\$ 3,087	\$ -
<u>\$ 3,087</u>	<u>\$ -</u>
\$ (3,846)	\$ (10,199)
<u>\$ (3,846)</u>	<u>\$ (10,199)</u>
\$ 28,489	\$ -
245,839	-
264,175	17,791
<u>\$ 538,503</u>	<u>\$ 17,791</u>
\$ (29,468)	\$ (9,545)
(445,818)	-
<u>\$ (475,286)</u>	<u>\$ (9,545)</u>
\$ -	\$ (632)
<u>\$ -</u>	<u>\$ (632)</u>

On November 23, 1998, 46 states' Attorneys General and the major tobacco companies signed a proposed settlement that reimburses states for smoking-related medical expenses paid through Medicaid and other health care programs. At the time of the settlement, it was estimated that the Commonwealth could receive approximately \$4.1 billion over the duration of the settlement. The settlement was approved in a Consent Decree in December 1998. On March 29, 1999, the General Assembly enacted a law approving the establishment of the Virginia Tobacco Indemnification and Community Revitalization Commission (Commission), 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). The purpose of the Foundation is to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund. The Foundation will also be responsible for distributing monies for the purposes provided in the legislation. Disbursements can be made to assist in financing efforts to restrict the use of tobacco products by minors, through educational and awareness programs describing the health effects of tobacco use on minors, and laws restricting the distribution of tobacco products to minors. The Commission and the Foundation are included in the Comprehensive Annual Financial Report as component units.

Additionally, the General Assembly created two special non-reverting funds. The Tobacco Settlement monies are accounted for in these funds and the General Fund. Fifty percent of the Settlement monies will be deposited into the Tobacco Indemnification and Community Revitalization Fund. Ten percent of the Settlement monies will be deposited into the Virginia Tobacco Settlement Fund. The remaining 40.0 percent will be reported in the General Fund.

In May 2005, pursuant to a Purchase and Sale Agreement with the Commonwealth, acting as an agent on behalf of the Tobacco Indemnification and Community Revitalization Commission (Commission), the Commonwealth sold to the Tobacco Settlement Financing Corporation (Corporation) 25.0 percent of its future right, title and interest in the Tobacco Settlement Revenues (TSRs). In May 2007, pursuant to a Purchase and Sale Agreement with the Commonwealth, acting as an agent on behalf of the Commission, the Commonwealth sold to the Corporation the remaining 25.0 percent of its future right, title and interest in the TSRs. Specifically, these rights include the 50.0 percent share of the TSRs received by the Commission

starting May 15, 2005, and in perpetuity under the Master Settlement Agreement.

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. The bonds of the Corporation are asset-backed instruments secured solely by the TSRs, and the Corporation's right to receive TSRs is expected to produce funding for its obligations.

The Commission is a discrete component unit of the Commonwealth and the Corporation is disclosed as a related organization.

35. INFORMATION TECHNOLOGY INFRASTRUCTURE PARTNERSHIP – NORTHROP GRUMMAN

The Comprehensive Infrastructure Agreement (CIA) is a contract, executed on November 13, 2005, between the Commonwealth of Virginia (Commonwealth) acting through the Virginia Information Technologies Agency (VITA) and Northrop Grumman Information Technology, Inc (NG). The Commonwealth's primary goal is to significantly improve the Commonwealth's IT infrastructure and the manner in which such infrastructure is operated, supported, and maintained for the following service towers: Cross-Functional Services; Desktop Computing Services; Data Network Services; Voice and Video Telecom Services; Mainframe and Server Services; Help Desk Services; Messaging Services; Security Services; Internal Application Services; and Data Center facilities.

On March 31, 2010, contract revisions to the CIA were completed between the Commonwealth and Northrop Grumman. As a result of the contract changes, the Commonwealth renewed the contract for an additional three years, the parties established the products and services covered in the contractual cap including the baseline quantities to be billed and the prices at which those quantities will be billed, a shortened formula for contract year ten cost of living adjustment, and increased resolution and disentanglement fees. These contract changes are intended to provide improved performance to the VITA customer agencies, provide greater accountability and operational efficiencies for the services provided, and resolve outstanding financial issues. Additional contract revisions to the CIA were completed between the Commonwealth and Northrop Grumman during fiscal years 2011 and 2012. The contract term expires June 30, 2019.

Expenses associated with the CIA in fiscal year 2012 are \$267.2 million, including payments to Northrop Grumman of \$210.2 million. The Commonwealth expects to spend an additional \$1.8 billion over the next seven fiscal years.

The Commonwealth may terminate the CIA due to a variety of reasons including the Commonwealth's convenience; a significant change of control in the equity interests in NG; NG's failure to implement satisfactory improvements; or, NG's failure to prevent service interruption of 15 days or more. In these

instances, the Commonwealth will be required to pay exit and resolution fees as outlined in the CIA. Additional causes for termination that do not require the payment of exit or resolution fees are NG's default on the CIA terms, the Commonwealth's lack of funds, or NG's incurrence of liabilities equal to or more than 75 percent of the direct damages cap. NG may terminate the CIA only if the Commonwealth owes an aggregate amount in excess of \$100.0 million that is more than 30 days past due and not being disputed in good faith. The Commonwealth may be required to pay exit and resolution fees, as outlined in the CIA, if NG terminates the CIA. Fees resulting from the termination of the agreement are expected to be significant to the Commonwealth. However, exit fees are subject to the appropriation, allocation and availability of Commonwealth funds. Further, if the Commonwealth and NG terminate the business relationship at the conclusion of the CIA term, the Commonwealth could incur significant costs to obtain and transition the IT infrastructure necessary to continue the Commonwealth's operations.

36. CONTINGENCIES

A. Grants and Contracts

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

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

The U.S. Department of Health and Human Services (DHHS) Office of the Inspector General conducted a review and indicated that the Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed over-recoveries and transfers in the internal service funds. The U.S. DHHS has received the 2013 cost allocation plan, which is based on fiscal year 2011 data. The Commonwealth believes this liability has the potential to total \$1.2 million as of June 30, 2012.

Virginia's combined overpayment and underpayment SNAP error rate for federal fiscal year 2011 was 3.41 percent. The national performance measure (national average payment

error rate) for fiscal 2011 was 3.80 percent. Information for fiscal year 2012 is not yet available.

Under the Food and Nutrition Act of 2008 (the Act), a 2-year liability system for excessive payment error rates is in place. Under this system, a liability amount shall be established when, for the second or subsequent consecutive fiscal year, FNCS (Food, Nutrition, and Consumer Services) determines that there is a 95.0 percent statistical probability that a State's payment error rate exceeds 105.0 percent of the national performance measure for payment error rates. For fiscal year 2010, the FNCS determined that there was a 95.0 percent statistical probability that Virginia's payment error rate of 5.87 percent exceeded 105.0 percent of the national performance measure for fiscal year 2010. On June 16, 2011, Virginia was notified that fiscal year 2010 was the first year of two possible consecutive years of excessive payment error rates. For fiscal year 2011, VDSS fell within the tolerance level and fiscal year 2011 will not count as a first year or a second year for excessive payment error rates and a liability amount will not be established.

The Virginia Tourism Authority (nonmajor component unit) had unclaimed awards totaling \$1.5 million payable to awardees upon submission of proper claims for reimbursement for the Marketing Leverage Program. Also, the Authority received a donation of land from King George County to be used as the Gateway Welcome Center on highway U.S. 301 at the Virginia Maryland border. The deed requires the land to revert to the U.S. government if needed for national defense. The book value of the land is \$824,000. Additionally, the Authority had unclaimed awards totaling \$84,004 payable to awardees' upon submission of proper claims for reimbursement for the Sesquicentennial Marketing Program.

B. Litigation

The Commonwealth is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have a material, adverse effect on the financial condition of the Commonwealth.

C. Subject to Appropriation

Both the primary government and the discretely presented component units enter into agreements and issue debt secured solely by future appropriations from the General Fund of the Commonwealth. The primary government has leases and other agreements of such debt of \$2.7 billion. The discretely presented component units have such debt of \$2.5 billion.

D. Bailment Inventory

The Department of Alcoholic Beverage Control (ABC) houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by ABC or returned to the supplier. ABC uses the bailment system for payment of merchandise for resale. ABC initiates payments to the vendors based on shipments from the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. At June 30, 2012, the bailment inventory was valued at \$37.1 million.

E. Loan Guarantees

The Assistive Technology Loan Fund Authority (nonmajor component unit) has an alternative financing program which provides guarantees of loans made and serviced by its banking partner. As of June 30, 2012, there was approximately \$421,494 of guaranteed loans held by the Authority's banking partner.

The Virginia Small Business Financing Authority (nonmajor component unit) has a loan guaranty program which provides guarantees up to the lesser of \$500,000 or 75.0 percent of a bank loan for lines of credit and short-term working capital loans for small businesses. As of June 30, 2012, the loan guaranty program has guarantees outstanding of \$5.4 million.

F. Other

The Virginia Horse Center Foundation (nonmajor component unit) has incurred recurring losses from operations and is in violation of selected covenants contained in agreements with the USDA and with the Commonwealth. Bank notes outstanding were not renewed when due and a forbearance agreement is under negotiation. Management is actively developing plans in regard to these matters.

37. SUBSEQUENT EVENTS

Primary Government

Other

Title XII of the Social Security Act provides for interest bearing repayable advances to States for the purpose of payment of unemployment compensation claims in the event the state Unemployment Trust Fund reserves are reduced to zero. These advances are repayable from future collections of employer contributions to the Unemployment Trust Fund. Federal advances are anticipated for the months of January 2013 through May 2013. Also, the Trust Fund received approval for short-term Commonwealth Treasury loans in the amount of \$63.0 million through December 2012. Of this authorized amount, \$18.0 million has been drawn down.

Debt

In July 2012, the Commonwealth Transportation Board issued \$120.6 million Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes Series 2012B. The 2012B bonds will provide funding costs associated with the Interstate 95 HOV/HOT Lanes Project in Northern Virginia and the Downtown Tunnel/Midtown Tunnel/Martin Luther King Freeway Extension Project in Hampton Roads.

Component Units

Debt

Subsequent to June 30, 2012, the Virginia Resources Authority (nonmajor) issued bonds in the amount of \$79.1 million. The interest rates range from 2.0 percent to 5.0 percent with a final due date of November 1, 2041.

Subsequent to June 30, 2012, the Virginia Housing Development Authority (VHDA) (major) issued \$125.1 million of Bank of America, N.A., Revolving Credit Agreement and Series 2012B Rental Housing Bonds. Additionally, in September 2012, VHDA repaid \$60.1 million of 2003B Rental Housing Bonds and VHDA General Purpose Bonds, Series 2002Y and 2002Z.

In April 2012, the Virginia Secretary of Transportation received an unsolicited proposal to operate the facilities of the Virginia Port Authority (nonmajor). Under Virginia law, the state was required to open up the bidding to alternative proposals. Subsequent to year-end, interested vendors were required to submit proposals. The Virginia Transportation Secretary will oversee the process of proposal selection and make recommendations, but the final decision rests with the Governor and the Virginia Port Authority Board of Commissioners. No decision has been made to date.

In August 2012, the Virginia Public School Authority (VPSA) (major) issued its \$65.7 million Special Obligation School Financing Bonds Prince William County Series 2012 as part of its stand-alone bond program. The proceeds will be used to purchase general obligation bonds issued by Prince William County to pay the costs of various capital school improvement projects for the County.

In September 2012, the Commonwealth agreed to purchase of certain improvements to Launch Pad 0-A from Orbital Sciences Corporation (Orbital), on behalf of the Virginia Commercial Space Flight Authority (VCSF) (nonmajor), in the amount of \$25.6 million. The Commonwealth also has the option to purchase, on behalf of the VCSF, additional improvements up to \$16.5 million. Additionally, the Commonwealth agreed to provide funding to VCSF for completion of these improvements. VCSF will provide Orbital future access to Launch Pad 0-A, in return for a fixed fee arrangement of \$1.5 million per covered mission plus bulk commodities at cost.

In September 2012, the Virginia Port Authority (VPA) (nonmajor) issued \$45.2 million of Virginia Port Authority, Commonwealth Port Fund Revenue Bonds, Series 2012B (Taxable), and \$4.8 million of Virginia Port Authority, Commonwealth Port Fund Revenue Bonds, Series 2012C. Serial bonds issued in the principal amount of \$45.2 million are payable in annual installments beginning July 1, 2013, in amounts ranging from \$635,000 to \$3.6 million with interest ranging from 0.4 percent to 3.4 percent payable semiannually, the first interest installment due January 1, 2013 and the final installment due July 1, 2029. Serial bonds issued for the 2012C series in the principal amount of \$4.8 million are payable in annual installments beginning July 1, 2029, in amounts ranging from \$780,000 to \$4.0 million with interest ranging from 3.0 percent to 5.0 percent payable semiannually, the first interest installment due January 1, 2013 and the final installment due July 1, 2030. Proceeds will be used to defease all or portions of the Commonwealth Port Fund Revenue Bonds, Series 2005B (Non-AMT) for debt service savings.

In November 2012, the Virginia Public School Authority (VPSA) (major) sold two different series of bonds. First, VPSA issued \$66.0 million of School Financing Series 2012C bonds. The proceeds will be used to purchase general obligation school bonds issued by certain Virginia localities for capital projects for their public schools. Second, VPSA sold \$23.3 million in School Tax Credit Bonds, a portion of which will be issued as direct payment "qualified school construction bonds" and the remainder as "qualified zone academy bonds" Series 2012-1. VPSA will irrevocably elect to receive interest subsidy payments from the United States Treasury rather than to provide a tax credit to the owners of the 2012-1 bonds. VPSA will transfer the interest subsidy payments received to the 2012-1 local issuers.

In November 2012, VCBA sold its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) \$141.1 million Series 2012B. The proceeds were used to buy Institutional Notes of nine higher education institutions to fund capital projects at those institutions.

In November 2012, VCBA issued its Educational Facilities Revenue Bonds (21st Century College and Equipment Programs) \$377.6 million Series 2012B. The proceeds were used to fund certain capital projects and to acquire equipment at higher education institutions.

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, 2012
(Dollars in Thousands)

	General Fund			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ 10,329,600	\$ 10,526,400	\$ 10,612,836	\$ 86,436
Sales and Use	3,340,600	3,282,100	3,335,601	53,501
Corporation Income	831,600	827,800	859,923	32,123
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	448,900	440,000	424,257	(15,743)
Deeds, Contracts, Wills, and Suits	310,200	331,409	330,938	(471)
Premiums of Insurance Companies	289,600	287,300	252,895	(34,405)
Alcoholic Beverage Sales	180,600	180,800	186,377	5,577
Tobacco Products	174,254	179,200	192,453	13,253
Estate	-	-	298	298
Public Service Corporations	96,400	93,900	94,429	529
Other Taxes	24,556	26,180	20,442	(5,738)
Rights and Privileges	89,089	82,838	72,817	(10,021)
Sales of Property and Commodities	29,285	14,447	30,146	15,699
Assessments and Receipts for Support of Special Services	2,025	2,325	2,570	245
Institutional Revenue	39,464	40,511	38,134	(2,377)
Interest, Dividends, and Rents	104,090	82,442	83,055	613
Fines, Forfeitures, Court Fees, Penalties, and Escheats	219,605	227,206	216,032	(11,174)
Federal Grants and Contracts	-	-	-	-
Receipts from Cities, Counties, and Towns	15,249	14,991	16,209	1,218
Private Donations, Gifts and Contracts	450	532	680	148
Tobacco Master Settlement	58,560	50,205	49,136	(1,069)
Other	107,903	168,771	282,731	113,960
Total Revenues	16,692,030	16,859,357	17,101,959	242,602
Expenditures:				
Current:				
General Government	2,334,125	2,196,546	2,096,588	99,958
Education	7,130,084	7,225,088	7,123,221	101,867
Transportation	30	462	462	-
Resources and Economic Development	383,615	415,708	353,567	62,141
Individual and Family Services	5,215,566	5,149,191	5,027,601	121,590
Administration of Justice	2,324,610	2,383,519	2,284,948	98,571
Capital Outlay	16,787	19,397	7,627	11,770
Total Expenditures	17,404,817	17,389,911	16,894,014	495,897
Revenues Over (Under) Expenditures	(712,787)	(530,554)	207,945	738,499
Other Financing Sources (Uses):				
Transfers:				
Transfers In	641,365	748,237	799,070	50,833
Transfers Out	(543,013)	(602,512)	(621,163)	(18,651)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	98,352	145,725	177,907	32,182
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(614,435)	(384,829)	385,852	770,681
Fund Balance, July 1, as restated	1,297,560	1,297,560	1,297,560	-
Fund Balance, June 30	\$ 683,125	\$ 912,731	\$ 1,683,412	\$ 770,681

See notes on page 177 in this section.

Special Revenue Funds

Commonwealth Transportation Fund

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -
521,000	504,800	482,307	(22,493)
-	-	-	-
913,192	886,817	859,947	(26,870)
499,000	525,800	538,143	12,343
-	-	-	-
34,600	38,400	39,140	740
136,000	137,300	137,297	(3)
-	-	-	-
-	-	-	-
-	-	-	-
38,447	40,060	37,920	(2,140)
524,359	541,024	537,963	(3,061)
556	556	3,646	3,090
17,563	17,654	17,867	213
-	-	-	-
41,580	20,958	30,039	9,081
11,917	11,667	11,008	(659)
1,173,860	1,290,875	1,178,487	(112,388)
102,495	98,605	19,173	(79,432)
-	-	28,812	28,812
-	-	-	-
12,993	685	15,973	15,288
<u>4,027,562</u>	<u>4,115,201</u>	<u>3,937,722</u>	<u>(177,479)</u>
3,155	2,458	2,037	421
2,414	2,414	2,405	9
4,046,933	6,116,968	4,406,333	1,710,635
13,972	13,410	9,553	3,857
-	-	-	-
9,650	9,650	9,497	153
38,761	36,822	11,076	25,746
<u>4,114,885</u>	<u>6,181,722</u>	<u>4,440,901</u>	<u>1,740,821</u>
<u>(87,323)</u>	<u>(2,066,521)</u>	<u>(503,179)</u>	<u>1,563,342</u>
103,061	170,302	209,459	39,157
(323,541)	(326,871)	(309,088)	17,783
897,590	897,590	897,590	-
131,946	131,946	131,946	-
<u>809,056</u>	<u>872,967</u>	<u>929,907</u>	<u>56,940</u>
721,733	(1,193,554)	426,728	1,620,282
<u>2,331,014</u>	<u>2,331,014</u>	<u>2,331,014</u>	<u>-</u>
<u>\$ 3,052,747</u>	<u>\$ 1,137,460</u>	<u>\$ 2,757,742</u>	<u>\$ 1,620,282</u>

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, 2012
(Dollars in Thousands)

	Special Revenue Funds			
	Federal Trust			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ -	\$ -	\$ -	\$ -
Sales and Use	-	-	-	-
Corporation Income	-	-	-	-
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	-	-	-	-
Deeds, Contracts, Wills, and Suits	-	-	-	-
Premiums of Insurance Companies	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Estate	-	-	-	-
Public Service Corporations	-	-	-	-
Other Taxes	-	-	-	-
Rights and Privileges	-	-	-	-
Sales of Property and Commodities	304	298	456	158
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	-	-	-	-
Interest, Dividends, and Rents	1,211	1,095	1,306	211
Fines, Forfeitures, Court Fees, Penalties, and Escheats	1,211	1,174	718	(456)
Federal Grants and Contracts	6,592,521	8,022,874	8,746,547	723,673
Receipts from Cities, Counties, and Towns	-	-	-	-
Private Donations, Gifts and Contracts	137	-	217	217
Tobacco Master Settlement	-	-	-	-
Other	24,434	22,706	145,555	122,849
Total Revenues	6,619,818	8,048,147	8,894,799	846,652
Expenditures:				
Current:				
General Government	142,236	169,093	126,732	42,361
Education	895,892	1,535,894	1,461,510	74,384
Transportation	35,037	21,548	16,033	5,515
Resources and Economic Development	176,411	262,993	209,522	53,471
Individual and Family Services	5,307,138	5,957,972	7,032,088	(1,074,116)
Administration of Justice	56,027	62,857	35,990	26,867
Capital Outlay	13,158	34,652	12,605	22,047
Total Expenditures	6,625,899	8,045,009	8,894,480	(849,471)
Revenues Over (Under) Expenditures	(6,081)	3,138	319	(2,819)
Other Financing Sources (Uses):				
Transfers:				
Transfers In	-	2	14,711	14,709
Transfers Out	(10)	(9,231)	(21,121)	(11,890)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	(10)	(9,229)	(6,410)	2,819
Revenues and Other Sources Over (Under)	-	-	-	-
Expenditures and Other Uses	(6,091)	(6,091)	(6,091)	-
Fund Balance, July 1, as restated	6,091	6,091	6,091	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

See notes on page 177 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, 2012, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison			
Budgetary Basis to GAAP Basis			
<i>(Dollars in Thousands)</i>			
	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	\$ 1,683,412	\$ 2,757,742	\$ -
Adjustments from Budget to Modified Accrual:			
Accrued Revenues:			
Taxes	675,620	136,081	-
Tax Refunds	(390,947)	-	-
Other Revenue/Other Sources	96,945	73,533	628,676
Deferred Taxes (2)	(452,442)	-	-
Medicaid Payable	(341,332)	-	(353,112)
Accrued Expenditures/Other Uses	(758,897)	(220,762)	(175,830)
Fund Balance, Modified Accrual Basis	<u>\$ 512,359</u>	<u>\$ 2,746,594</u>	<u>\$ 99,734</u>

1. As discussed in Note 1.E., the Literary Fund has no approved budget.
2. See also Note 1.Q.

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, 2012, except the Literary Fund which has no approved budget.

<i>(Dollars in Thousands)</i>			
	General Fund (9)	Commonwealth Transportation Fund	Federal Trust Fund (10)
Appropriations (1)	\$ 17,404,817	\$ 4,114,885	\$ 6,625,899
Supplemental Appropriations:			
Reappropriations (2)	68,899	37,699	21,181
Subsequent Executive (3)	608,252	985,005	1,443,568
Subsequent Legislative (4)	(568,673)	1,013,216	1,297
Capital Outlay and Operating Reversions (5)	(577)	(27)	(178)
Transfers (6)	(109,692)	74,049	(28,374)
Capital Outlay Adjustment (7)	(13,115)	(39,610)	(18,384)
Debt Service Adjustment (8)	-	(3,495)	-
Appropriations, as adjusted	<u>\$ 17,389,911</u>	<u>\$ 6,181,722</u>	<u>\$ 8,045,009</u>

1. Represents the budget appropriated through Chapter 890, 2011 Acts of Assembly, as amended by Chapter 2, 2012 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to carry forward any prior year unexpended balances, sum sufficient authority, and year 2 to year 1 reductions (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay and operating balances.
6. Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately \$1.4 billion (General Fund) and \$3.7 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.
7. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.
8. The Special Revenue Commonwealth Transportation Fund appropriations have been adjusted for debt service.
9. Budgetary reductions totaling \$17.4 million are excluded since they were not available for disbursement during the current fiscal year.
10. Appropriations do not include food stamp issuances of \$1.4 billion since this is a noncash item; however, this amount is included in actual expenditures.

Funding Progress for Defined Benefit Pension Plans

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
Virginia Retirement System (VRS)						
2011	\$ 52,559	\$ 75,185	\$ 22,626	69.9%	\$ 14,709	153.8%
2010	52,729	72,801	20,072	72.4%	14,758	136.0%
* 2009	53,185	66,323	13,138	80.2%	14,948	87.9%
2008	52,548	62,554	10,006	84.0%	14,559	68.7%
2007	47,815	58,116	10,301	82.3%	13,834	74.5%
2006	42,669	52,822	10,153	80.8%	13,002	78.1%
* 2005	40,372	49,628	9,256	81.3%	12,212	75.8%
2004	39,691	43,958	4,267	90.3%	11,510	37.1%
2003	39,243	40,698	1,455	96.4%	10,885	13.4%
2002	38,957	38,265	(692)	101.8%	10,669	(6.5%)
State Police Officers' Retirement System (SPORS)						
2011	\$ 617	\$ 986	\$ 369	62.6%	\$ 100	370.3%
2010	634	949	315	66.8%	98	321.4%
* 2009	647	879	232	73.6%	101	229.7%
2008	646	844	198	76.5%	103	192.2%
2007	595	806	211	73.8%	101	208.9%
2006	539	730	191	73.8%	94	203.2%
* 2005	514	673	159	76.4%	91	174.7%
2004	510	656	146	77.7%	82	178.0%
2003	509	616	107	82.6%	79	135.4%
2002	508	595	87	85.4%	81	107.4%
Virginia Law Officers' Retirement System (VaLORS)						
2011	\$ 926	\$ 1,683	\$ 757	55.0%	\$ 356	212.5%
2010	925	1,579	654	58.6%	346	189.0%
* 2009	913	1,412	499	64.7%	359	139.0%
2008	873	1,281	408	68.1%	368	110.9%
2007	766	1,166	400	65.7%	341	117.3%
2006	656	1,096	440	59.9%	321	137.1%
* 2005	575	980	405	58.7%	307	131.9%
2004	509	927	418	54.9%	298	140.3%
2003	458	854	396	53.6%	292	135.6%
2002	418	806	388	51.9%	306	126.8%
Judicial Retirement System (JRS)						
2011	\$ 371	\$ 569	\$ 198	65.2%	\$ 59	336.8%
2010	372	560	188	66.4%	61	308.2%
* 2009	378	521	143	72.6%	63	227.0%
2008	374	495	121	75.6%	61	198.4%
2007	340	442	102	76.9%	58	175.9%
2006	302	424	122	71.2%	54	225.9%
* 2005	288	402	114	71.6%	52	219.2%
2004	285	366	81	77.9%	48	168.8%
2003	282	348	66	81.0%	48	137.5%
2002	281	352	71	79.8%	48	147.9%

* Revised economic and demographic assumptions due to experience study.

See Notes on following page.

Notes for Funding Progress for Defined Benefit Pension Plans

Valuation Date:		June 30, 2011
Actuarial Cost Method:		Entry Age Normal
Amortization Method:		
State Employees		Level percent, open
Teachers		Level percent, open
Political Subdivision Employees		Level percent, open
State Police/VA Law Officers/Judges		Level percent, open
Payroll Growth Rate:		
State Employees		3.00%
Teachers		3.00%
Political Subdivision Employees		3.00%
State Police/VA Law Officers/Judges		3.00%
Remaining Amortization Period:		
State Employees		10 and 30 years
Teachers		10 and 30 years
Political Subdivision Employees		30 years
State Police/VA Law Officers/Judges		10 and 30 years
Asset Valuation Method:		5 year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return (1)		7.00%
Projected Salary Increases (1)		
State Employees		3.75% to 5.60%
Teachers		3.75% to 6.20%
(Non-Hazardous Duty Employees)		3.75% to 5.60%
Political Subdivision Employees (Hazardous Duty Employees)		3.50% to 4.75%
State Police/VA Law Officers		3.50% to 4.75%
Judges		4.50%
Cost of Living Adjustments	Plan 1	2.50%
	Plan 2	2.25%

(1) Includes inflation at 2.50%.

Schedule of Employer Contributions – Defined Benefit Pension Plans (1)

(Dollars in Thousands)

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Statutory Required Contribution</u>	<u>Percentage Contributed</u>
Virginia Retirement System (VRS)				
2012	\$ 1,614,464	59.56%	\$ 961,653	100.00%
2011	1,577,131	46.73%	736,950	100.00%
2010	1,489,124	66.57%	991,334	100.00%
2009	1,501,018	81.25%	1,219,645	100.00%
2008	1,378,993	92.58%	1,276,645	100.00%
2007	1,299,606	85.89%	1,116,217	100.00%
2006	864,245	89.51%	773,553	100.00%
2005	810,944	85.26%	691,415	100.00%
2004	469,200	91.66%	430,064	100.00%
2003	450,766	67.61%	304,784	100.00%
State Police Officers' Retirement System (SPORS)				
2012	\$ 26,250	43.58%	\$ 11,441	100.00%
2011	24,570	30.36%	7,460	100.00%
2010	23,791	66.05%	15,714	100.00%
2009	24,241	83.23%	20,175	100.00%
2008	22,941	91.49%	20,989	100.00%
2007	19,402	84.31%	16,358	100.00%
2006	23,132	65.96%	15,258	100.00%
2005	21,946	65.96%	14,475	100.00%
2004	20,187	51.16%	10,328	100.00%
2003	19,866	44.20%	8,781	100.00%
Virginia Law Officers' Retirement System (VaLORS)				
2012	\$ 55,306	44.27%	\$ 24,481	100.00%
2011	53,686	32.14%	17,255	100.00%
2010	57,894	67.41%	39,027	100.00%
2009	60,059	84.80%	50,932	100.00%
2008	61,325	91.20%	55,929	100.00%
2007	56,190	86.03%	48,338	100.00%
2006	77,414	67.96%	52,611	100.00%
2005	74,301	67.96%	50,495	100.00%
2004	72,752	55.80%	40,596	100.00%
2003	72,699	48.00%	34,895	100.00%
Judicial Retirement System (JRS)				
2012	\$ 27,631	68.43%	\$ 18,907	100.00%
2011	28,101	61.57%	17,303	100.00%
2010	23,638	72.20%	17,065	100.00%
2009	23,148	90.72%	21,000	100.00%
2008	23,599	94.86%	22,386	100.00%
2007	22,557	91.02%	20,530	100.00%
2006	23,871	67.89%	16,206	100.00%
2005	22,490	67.89%	15,269	100.00%
2004	21,341	71.18%	15,190	100.00%
2003	21,110	64.44%	13,604	100.00%

(1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

Funding Progress for Other Postemployment Benefit Plans

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
Group Life Insurance Fund						
2011	\$ 852	\$ 2,359	\$ 1,507	36.1%	\$ 16,543	9.1%
2010	929	2,245	1,316	41.4%	16,526	8.0%
2009	967	1,995	1,028	48.5%	16,728	6.1%
2008	975	1,772	797	55.0%	16,267	4.9%
2007	880	1,552	672	56.7%	14,822	4.5%
2006 (1)	751	1,436	685	52.3%	13,923	4.9%
Retiree Health Insurance Credit Fund						
2011	\$ 213	\$ 2,195	\$ 1,982	9.7%	\$ 14,111	14.0%
2010 (2)	281	2,162	1,881	13.0%	14,220	13.2%
2009 (2)	296	2,007	1,711	14.8%	14,339	11.9%
2008 (2)	264	1,943	1,679	13.6%	13,686	12.3%
2007 (2)	207	1,883	1,676	11.0%	11,935	14.0%
Disability Insurance Trust Fund						
2011	\$ 369	\$ 296	\$ (73)	124.6%	\$ 3,372	(2.2%)
2010 (3)	336	311	(25)	108.0%	3,168	(0.8%)
2009 (3)	290	291	1	99.7%	4,080	-
2008 (3)	313	392	79	79.9%	4,111	1.9%
2007	264	451	187	58.5%	3,909	4.8%
2006 (1)	192	423	231	45.4%	3,716	6.2%
Line of Duty Death and Disability						
2011	\$ -	\$ 399	\$ 399	-	\$ N/A	-
2010 (4)	-	576	576	-	N/A	-
2009	-	373	373	-	N/A	-
2008	3	185	182	1.6%	N/A	-
2007	-	146	146	-	N/A	-
2006 (1)	-	99	99	-	N/A	-
Pre-Medicare Retiree Healthcare						
2011	\$ -	\$ 1,269	\$ 1,269	-	\$ 3,566	35.6%
2010 (3)	-	1,298	1,298	-	3,297	39.4%
2009	-	1,218	1,218	-	3,170	38.4%
2007 (5)	-	982	982	-	2,931	33.5%

(1) 2006 was the first actuarial valuation prepared using the required parameters of GASB Statement No. 43.

(2) Data for 2007-2010 has been restated to include the state-funded Retiree Health Insurance Credit benefit for local employees. Similar information for 2006 was not available so that year has been excluded.

(3) Data for 2008-2010 has been restated to include state-funded Long-Term Care program. Prior years were funded by premiums paid to insurance carrier and the insurance carrier was responsible for the liability.

(4) Contributions into the Line of Duty Act Trust Fund are based on the number of participants in the program using a per capita based contribution versus a payroll based contribution.

(5) 2007 was the first actuarial valuation prepared for Pre-Medicare Retiree Healthcare.

See Notes on following page.

Notes for Funding Progress for Other Postemployment Benefit Plans

	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Line of Duty Death and Disability	Pre-Medicare Retiree Healthcare
Valuation Date	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011	July 01, 2011
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Pay, Open	Level Percent of Pay, Open	Level Percent of Pay, Open	Level Percent of Pay, Open	Level dollar, Open
Payroll Growth Rate:					
State Employees	3.00%	3.00%	3.00%	3.00%	3.00%
Teachers	3.00%	3.00%	N/A	N/A	N/A
Political Subdivision Employees	3.00%	3.00%	N/A	3.00%	N/A
State Police / Virginia Law Officers	3.00%	3.00%	3.00%	3.00%	3.00%
Judges	3.00%	3.00%	N/A	N/A	N/A
Remaining Amortization Period	30 years	30 years	30 years	5 and 30 years	30 years
Asset Valuation Method	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value	Market Value	Market Value
Actuarial Assumptions:					
Investment Rate of Return (1)	7.00%	7.00%	7.00%	4.75%	4.00%
Projected Salary Increases (1)					
State Employees	3.75% to 5.60%	3.75% to 5.60%	3.75% to 5.60%	N/A	4.00%
Teachers	3.75% to 6.20%	3.75% to 6.20%	N/A	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty Employees)	3.75% to 5.60%	3.75% to 5.60%	N/A	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.50% to 4.75%	3.50% to 4.75%	N/A	N/A	N/A
State Police / Virginia Law Officers	3.50% to 4.75%	3.50% to 4.75%	3.50% to 4.75%	N/A	4.00%
Judges	4.50%	4.50%	N/A	N/A	N/A

(1) Includes inflation at 2.50%.

Schedule of Employer Contributions – Other Postemployment Benefit Plans (1)

(Dollars in Thousands)

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Statutory Required Contribution</u>	<u>Percentage Contributed</u>
Group Life Insurance Fund				
2012	\$ 181,527	26.05%	\$ 47,293	100.00%
2011	177,378	25.23%	44,744	100.00%
2010	145,228	65.54%	95,185	100.00%
2009	146,545	92.13%	135,019	100.00%
2008	158,740	100.00%	158,740	100.00%
Retiree Health Insurance Credit Fund				
2012	\$ 138,195	37.54%	\$ 51,882	100.00%
2011	133,655	36.46%	48,736	100.00%
2010	148,956	66.70%	99,356	100.00%
2009	150,048	96.63%	144,989	100.00%
2008	147,524	100.00%	147,524	100.00%
Disability Insurance Trust Fund				
2012	\$ 30,285	3.62%	\$ 1,096	100.00%
2011	28,646	-	-	-
2010	76,530	40.32%	30,861	100.00%
2009	78,120	91.33%	71,344	100.00%
2008	97,975	80.00%	78,380	100.00%
Line of Duty Death and Disability (2)				
2012	\$ 25,033	33.25%	\$ 8,323	100.00%
2011	-	-	-	-
2010	16,901	53.75%	9,084	100.00%
2009	16,523	51.51%	8,511	100.00%
2008	9,786	102.45%	10,026	100.00%
Pre-Medicare Retiree Healthcare				
2012	\$ 172,910	21.21%	\$ -	-
2011	166,984	17.75%	-	-
2010	136,710	17.43%	-	-
2009	131,925	23.34%	-	-
2008	127,426	25.21%	-	-

(1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

(2) Line of Duty Death and Disability became a cost sharing plan effective July 1, 2010. Accordingly, the net OPEB obligation at the beginning of the transition period has been reduced to zero.

Claims Development Information – Risk Management

(Dollars in Thousands)

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

Fiscal and Policy Year Ended	2003	2004	2005	2006
1. Required contribution and investment revenue:				
Earned	\$ 5,740	\$ 5,279	\$ 5,788	\$ 6,166
Ceded (a)	-	-	-	-
Net earned	5,740	5,279	5,788	6,166
2. Unallocated expenses	918	1,209	1,068	1,008
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	3,488	2,861	2,791	1,539
Ceded (a)	-	-	-	-
Net incurred	3,488	2,861	2,791	1,539
4. Net paid (cumulative) as of:				
End of policy year	380	161	227	177
One year later	1,894	1,072	1,699	745
Two years later	2,181	1,420	2,079	1,421
Three years later	2,375	1,539	2,332	2,087
Four years later	2,435	1,559	2,438	2,176
Five years later	2,454	1,569	2,451	2,554
Six years later	2,455	1,569	2,455	2,591
Seven years later	2,455	1,594	2,474	
Eight years later	2,456	1,649		
Nine years later	2,456			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	3,488	2,861	2,791	1,539
One year later	3,237	3,302	3,563	2,168
Two years later	2,910	2,306	3,418	2,494
Three years later	2,619	1,700	3,204	2,872
Four years later	2,447	1,697	2,763	2,820
Five years later	2,467	1,648	2,736	2,591
Six years later	2,457	1,642	2,671	2,676
Seven years later	2,458	1,621	2,746	
Eight years later	2,456	1,691		
Nine years later	2,456			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	(1,032)	(1,170)	(45)	1,137

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

See Notes on page 188 in this section.

	2007	2008	2009	2010	2011	2012
\$	6,560	\$ 6,759	\$ 6,197	\$ 5,485	\$ 4,131	\$ 5,019
	-	-	-	-	-	-
	6,560	6,759	6,197	5,485	4,131	5,019
	1,047	1,307	1,272	1,269	1,310	1,382
	2,060	3,330	3,681	3,282	3,102	5,227
	-	-	-	-	-	-
	2,060	3,330	3,681	3,282	3,102	5,227
	106	493	300	350	367	1,549
	1,051	1,697	1,858	2,139	1,894	
	2,436	3,476	2,690	5,140		
	2,631	3,753	3,679			
	2,662	3,834				
	2,671					
	-	-	-	-	-	-
	2,060	3,330	3,681	3,282	3,102	5,227
	3,316	3,928	3,742	5,845	3,862	
	3,224	5,420	3,943	7,492		
	2,887	5,309	4,721			
	2,730	5,094				
	2,731					
	671	1,764	1,040	4,210	760	-

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	2003	2004	2005	2006
1. Required contribution and investment revenue:				
Earned	\$ 118,825	\$ 137,582	\$ 157,959	\$ 184,360
Ceded (a)	-	-	-	-
Net earned	118,825	137,582	157,959	184,360
2. Unallocated expenses	6,171	6,271	10,655	11,899
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	104,453	124,887	144,976	152,289
Ceded (a)	-	-	-	-
Net incurred	104,453	124,887	144,976	152,289
4. Net paid (cumulative) as of:				
End of policy year	99,443	99,656	140,452	147,534
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	N/A
Eight years later	N/A	N/A	N/A	N/A
Nine years later	N/A	N/A	N/A	N/A
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	104,453	124,887	144,976	152,289
One year later	104,453	124,887	144,976	152,289
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	N/A
Eight years later	N/A	N/A	N/A	N/A
Nine years later	N/A	N/A	N/A	N/A
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	-	-	-	-

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

See Notes on page 188 in this section.

	2007	2008	2009	2010	2011	2012
\$	202,366	\$ 211,034	\$ 222,498	\$ 240,305	\$ 246,730	\$ 259,135
	-	-	-	-	-	-
	202,366	211,034	222,498	240,305	246,730	259,135
	13,782	16,215	16,400	15,936	15,849	16,701
	163,787	185,117	214,411	215,376	213,694	250,019
	-	-	-	-	-	-
	163,787	185,117	214,411	215,376	213,694	250,019
	159,769	181,566	204,655	214,371	209,365	235,058
	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					
	-	-	-	-	-	-
	163,787	185,117	214,411	215,376	213,694	250,019
	163,787	185,117	214,411	215,376	213,694	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	-	-	-	-	-	-

Notes for Claims Development Information Tables

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

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

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

Notes:

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

Combining and Individual Fund Statements and Schedules



Nonmajor Governmental Funds

Special Revenue Funds

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

The Health and Social Services Special Revenue Fund accounts for revenues and expenditures related to local health care assistance.

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

Debt Service Funds:

The Debt Service Funds account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations recorded in the Governmental Activities column on the Government-wide Statement of Net Assets.

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

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

Capital Project Funds

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

Primary Government accounts for the financial resources acquired through the issuance of General Obligation Bonds and Energy Performance Contracts. The resources are used to acquire, construct, or improve land, public buildings, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for financial resources acquired through the issuance of section 9(d) bonds. These resources are used to acquire, construct, finance, refinance and operate public buildings used by the Commonwealth and any of its political subdivisions. Resources are also used to finance or refinance reimbursements to localities or governmental entities for the Commonwealth's share of the capital costs for certain authorized projects.

Permanent Funds

Permanent Funds are funds whose principal must remain intact.

Commonwealth Health Research Fund provides financial grants for human health research benefiting the Commonwealth's citizens. The entire fund balance is restricted for use as such as a condition of a legal settlement.

Behavioral Health Endowment Funds provide funds for the welfare of patients in mental health facilities. The entire fund balance is restricted for use as such.

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2012

(Dollars in Thousands)

	Special Revenue Funds		
	Health and Social Services	Other	Total
Assets			
Cash and Cash Equivalents	\$ 138,325	\$ 418,306	\$ 556,631
Investments	5,552	10,798	16,350
Receivables, Net	82,499	21,715	104,214
Due From Other Funds	-	8,392	8,392
Due From External Parties (Fiduciary Funds)	-	984	984
Interfund Receivable	-	92,442	92,442
Inventory	5,314	312	5,626
Prepaid Items	11,752	1,153	12,905
Other Assets	19	1,968	1,987
Loans Receivable from Component Units	-	5,090	5,090
Total Assets	\$ 243,461	\$ 561,160	\$ 804,621
Liabilities and Fund Balances			
Accounts Payable	\$ 18,897	\$ 26,284	\$ 45,181
Amounts Due to Other Governments	-	356	356
Due to Other Funds	2,718	10,923	13,641
Due to Component Units	-	-	-
Due to External Parties (Fiduciary Funds)	1,187	993	2,180
Deferred Revenue	31,007	6,798	37,805
Unearned Revenue	2,696	1,732	4,428
Obligations Under Securities Lending Program	5,406	30,517	35,923
Other Liabilities	9	2,277	2,286
Long-term Liabilities Due Within One Year	111	31	142
Total Liabilities	62,031	79,911	141,942
Fund Balances:			
Nonspendable	17,066	1,362	18,428
Restricted	42,747	106,137	148,884
Committed	116,224	367,328	483,552
Assigned	5,393	6,422	11,815
Total Fund Balances	181,430	481,249	662,679
Total Liabilities and Fund Balances	\$ 243,461	\$ 561,160	\$ 804,621

Debt Service Funds			Capital Project Funds		
Primary Government	Virginia Public Building Authority	Total	Primary Government	Virginia Public Building Authority	Total
\$ 9,344	\$ 64	\$ 9,408	\$ 41,296	\$ 192,954	\$ 234,250
69,611	-	69,611	-	-	-
-	-	-	-	127	127
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 78,955</u>	<u>\$ 64</u>	<u>\$ 79,019</u>	<u>\$ 41,296</u>	<u>\$ 193,081</u>	<u>\$ 234,377</u>
\$ -	\$ 50	\$ 50	\$ 2,154	\$ 29,824	\$ 31,978
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	196	-	196
-	-	-	-	-	-
-	-	-	-	70	70
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	50	50	2,350	29,894	32,244
-	-	-	-	-	-
78,955	14	78,969	38,946	163,187	202,133
-	-	-	-	-	-
-	-	-	-	-	-
<u>78,955</u>	<u>14</u>	<u>78,969</u>	<u>38,946</u>	<u>163,187</u>	<u>202,133</u>
<u>\$ 78,955</u>	<u>\$ 64</u>	<u>\$ 79,019</u>	<u>\$ 41,296</u>	<u>\$ 193,081</u>	<u>\$ 234,377</u>

Continued on next page

Combining Balance Sheet – Nonmajor Governmental Funds (Continued from previous page)

June 30, 2012

(Dollars in Thousands)

	Permanent Funds			Total Nonmajor Governmental Funds
	Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	
Assets				
Cash and Cash Equivalents	\$ 29	\$ 240	\$ 269	\$ 800,558
Investments	29,106	-	29,106	115,067
Receivables, Net	-	-	-	104,341
Due From Other Funds	-	-	-	8,392
Due From External Parties (Fiduciary Funds)	-	-	-	984
Interfund Receivable	-	-	-	92,442
Inventory	-	-	-	5,626
Prepaid Items	-	-	-	12,905
Other Assets	-	-	-	1,987
Loans Receivable from Component Units	-	-	-	5,090
Total Assets	\$ 29,135	\$ 240	\$ 29,375	\$ 1,147,392
Liabilities and Fund Balances				
Accounts Payable	\$ 9	\$ -	\$ 9	\$ 77,218
Amounts Due to Other Governments	-	-	-	356
Due to Other Funds	-	-	-	13,641
Due to Component Units	-	-	-	196
Due to External Parties (Fiduciary Funds)	-	-	-	2,180
Deferred Revenue	-	-	-	37,875
Unearned Revenue	-	-	-	4,428
Obligations Under Securities Lending Program	-	-	-	35,923
Other Liabilities	-	-	-	2,286
Long-term Liabilities Due Within One Year	-	-	-	142
Total Liabilities	9	-	9	174,245
Fund Balances:				
Nonspendable	27,952	48	28,000	46,428
Restricted	1,174	192	1,366	431,352
Committed	-	-	-	483,552
Assigned	-	-	-	11,815
Total Fund Balances	29,126	240	29,366	973,147
Total Liabilities and Fund Balances	\$ 29,135	\$ 240	\$ 29,375	\$ 1,147,392



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

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	<u>Special Revenue Funds</u>		
	<u>Health and Social Services</u>	<u>Other</u>	<u>Total</u>
Revenues			
Taxes	\$ 9,514	\$ 82,921	\$ 92,435
Rights and Privileges	136,511	176,976	313,487
Institutional Revenue	315,352	32,044	347,396
Interest, Dividends, Rents, and Other Investment Income	1,351	13,695	15,046
Other	98,949	289,732	388,681
Total Revenues	<u>561,677</u>	<u>595,368</u>	<u>1,157,045</u>
Expenditures			
Current:			
General Government	148	76,367	76,515
Education	3,357	16,836	20,193
Transportation	-	5,365	5,365
Resources and Economic Development	29,497	261,745	291,242
Individual and Family Services	472,829	50,077	522,906
Administration of Justice	712	88,793	89,505
Capital Outlay	-	18,815	18,815
Debt Service:			
Principal Retirement	-	-	-
Interest and Charges	-	-	-
Total Expenditures	<u>506,543</u>	<u>517,998</u>	<u>1,024,541</u>
Revenues Over (Under) Expenditures	<u>55,134</u>	<u>77,370</u>	<u>132,504</u>
Other Financing Sources (Uses)			
Transfers In	1,353	39,496	40,849
Transfers Out	(37,271)	(112,097)	(149,368)
Notes Issued	-	228	228
Insurance Recoveries	55	906	961
Bonds Issued	-	-	-
Premium on Debt Issuance	-	-	-
Refunding Bonds Issued	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	<u>(35,863)</u>	<u>(71,467)</u>	<u>(107,330)</u>
Net Change in Fund Balances	19,271	5,903	25,174
Fund Balance, July 1 as restated	162,159	475,346	637,505
Fund Balance, June 30	<u>\$ 181,430</u>	<u>\$ 481,249</u>	<u>\$ 662,679</u>

Debt Service Funds			Capital Project Funds		
Primary Government	Virginia Public Building Authority	Total	Primary Government	Virginia Public Building Authority	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
63	-	63	102	669	771
7,529	-	7,529	2	-	2
7,592	-	7,592	104	669	773
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	18,465	260,137	278,602
253,452	169,340	422,792	-	-	-
147,932	113,948	261,880	-	-	-
401,384	283,288	684,672	18,465	260,137	278,602
(393,792)	(283,288)	(677,080)	(18,361)	(259,468)	(277,829)
403,752	283,045	686,797	-	-	-
-	-	-	(500)	(855)	(1,355)
-	-	-	8,027	-	8,027
-	-	-	-	-	-
-	-	-	-	298,500	298,500
37,746	17,798	55,544	-	29,879	29,879
246,958	72,415	319,373	-	-	-
(283,534)	(89,956)	(373,490)	-	-	-
404,922	283,302	688,224	7,527	327,524	335,051
11,130	14	11,144	(10,834)	68,056	57,222
67,825	-	67,825	49,780	95,131	144,911
\$ 78,955	\$ 14	\$ 78,969	\$ 38,946	\$ 163,187	\$ 202,133

Continued on next page

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds** (Continued from previous page)

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Permanent Funds			Total Nonmajor Governmental Funds
	Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 92,435
Rights and Privileges	-	-	-	313,487
Institutional Revenue	-	-	-	347,396
Interest, Dividends, Rents, and Other Investment Income	376	-	376	16,256
Other	-	-	-	396,212
Total Revenues	376	-	376	1,165,786
Expenditures				
Current:				
General Government	-	-	-	76,515
Education	-	-	-	20,193
Transportation	-	-	-	5,365
Resources and Economic Development	-	-	-	291,242
Individual and Family Services	1,200	10	1,210	524,116
Administration of Justice	-	-	-	89,505
Capital Outlay	-	-	-	297,417
Debt Service:				
Principal Retirement	-	-	-	422,792
Interest and Charges	-	-	-	261,880
Total Expenditures	1,200	10	1,210	1,989,025
Revenues Over (Under) Expenditures	(824)	(10)	(834)	(823,239)
Other Financing Sources (Uses)				
Transfers In	-	-	-	727,646
Transfers Out	-	-	-	(150,723)
Notes Issued	-	-	-	8,255
Insurance Recoveries	-	-	-	961
Bonds Issued	-	-	-	298,500
Premium on Debt Issuance	-	-	-	85,423
Refunding Bonds Issued	-	-	-	319,373
Payment to Refunded Bond Escrow Agent	-	-	-	(373,490)
Total Other Financing Sources (Uses)	-	-	-	915,945
Net Change in Fund Balances	(824)	(10)	(834)	92,706
Fund Balance, July 1 as restated	29,950	250	30,200	880,441
Fund Balance, June 30	\$ 29,126	\$ 240	\$ 29,366	\$ 973,147



**Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Health and Social Services			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Motor Fuel	\$ -	\$ -	\$ -	\$ -
Deeds, Contracts, Suits	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Public Service Corporations	10,000	10,000	9,514	(486)
Other Taxes	-	-	-	-
Rights and Privileges	142,049	135,491	136,337	846
Sales of Property and Commodities	750	822	942	120
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	258,670	301,480	299,119	(2,361)
Interest, Dividends, and Rents	288	287	707	420
Fines, Forfeitures, Court Fees, Penalties, and Escheats	294	298	1,284	986
Receipts from Cities, Counties, and Towns	58,278	56,472	56,804	332
Private Donations, Gifts and Contracts	5,026	5,100	4,425	(675)
Other	33,175	37,276	35,414	(1,862)
Total Revenues	508,530	547,226	544,546	(2,680)
Expenditures:				
Current:				
General Government	161	162	138	24
Education	888	1,030	830	200
Transportation	-	-	-	-
Resources and Economic Development	32,637	33,351	29,685	3,666
Individual and Family Services	525,064	530,098	471,507	58,591
Administration of Justice	375	415	404	11
Capital Outlay	8	2,011	-	2,011
Total Expenditures	559,133	567,067	502,564	64,503
Revenues Over (Under) Expenditures	(50,603)	(19,841)	41,982	61,823
Other Financing Sources (Uses):				
Transfers:				
Transfers In	-	-	1,353	1,353
Transfers Out	(23,550)	(22,439)	(37,271)	(14,832)
Total Other Financing Sources (Uses)	(23,550)	(22,439)	(35,918)	(13,479)
Revenues and Other Sources Over (Under)	(74,153)	(42,280)	6,064	48,344
Fund Balance, July 1, as restated	131,615	131,615	131,615	-
Fund Balance, June 30	\$ 57,462	\$ 89,335	\$ 137,679	\$ 48,344

See Notes on page 202 in this section.

Other

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ 32,973	\$ 33,527	\$ 32,612	\$ (915)
-	549	569	20
877	877	877	-
83	83	90	7
12,395	11,888	11,757	(131)
48,247	34,743	37,637	2,894
170,569	180,771	179,519	(1,252)
3,949	5,069	6,968	1,899
100,763	105,764	103,368	(2,396)
39,729	36,956	34,277	(2,679)
11,365	11,943	13,777	1,834
56,664	54,259	51,281	(2,978)
1,662	1,661	1,214	(447)
1,107	636	4,395	3,759
56,931	66,280	126,072	59,792
537,314	545,006	604,413	59,407
74,100	88,860	74,825	14,035
23,612	25,988	17,921	8,067
8,012	8,291	5,151	3,140
307,354	320,108	264,874	55,234
64,362	69,835	51,658	18,177
107,907	107,014	88,986	18,028
49,219	38,641	19,190	19,451
634,566	658,737	522,605	136,132
(97,252)	(113,731)	81,808	195,539
17,264	17,470	39,497	22,027
(36,796)	(99,667)	(112,097)	(12,430)
(19,532)	(82,197)	(72,600)	9,597
(116,784)	(195,928)	9,208	205,136
489,798	489,798	489,798	-
\$ 373,014	\$ 293,870	\$ 499,006	\$ 205,136

**Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balances –
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, 2012, 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	\$ 137,679	\$ 499,006
Adjustments from Budget to Modified Accrual:		
Accrued Revenues:		
Taxes	-	10,167
Other Revenue	49,346	(849)
Accrued Expenditures/Transfers	(6,657)	(27,509)
Fund Reclassification - Budget to Modified Accrual	1,062	434
Fund Balance, Modified Accrual Basis	<u>\$ 181,430</u>	<u>\$ 481,249</u>

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – 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, 2012.

<i>(Dollars in Thousands)</i>	Health and Social Services	Other
Appropriations (1)	\$ 559,133	\$ 634,566
Supplemental Appropriations:		
Reappropriations (2)	20,008	77,431
Subsequent Executive (3)	3,221	31,309
Subsequent Legislative (4)	-	2,350
Capital Outlay Reversions (5)	-	(30,305)
Transfers (6)	4,713	3,873
Capital Outlay Adjustment (7)	(20,008)	(60,487)
Appropriations, as adjusted	<u>\$ 567,067</u>	<u>\$ 658,737</u>

1. Represents the budget appropriated through Chapter 890, 2011 Acts of Assembly, as amended by Chapter 2, 2012 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to appropriate any additional revenues collected so that they can be legally spent.
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay balances.
6. Represents transfers required by the Appropriation Act.
7. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.

Nonmajor Enterprise Funds

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

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

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

Local Choice Health Care administers a health care plan for the employees of participating local governments.

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 Net Assets – Nonmajor Enterprise Funds

June 30, 2012

(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 2,574	\$ 25,368	\$ 110,507
Investments	16	-	-
Receivables, Net	6,364	1	21,214
Due From Other Funds	-	-	-
Inventory	47,188	-	-
Prepaid Items	1,655	1	-
Other Assets	160	-	-
Total Current Assets	57,957	25,370	131,721
Noncurrent Assets:			
Nondepreciable Capital Assets	2,181	-	-
Depreciable Capital Assets, Net	7,895	-	-
Total Noncurrent Assets	10,076	-	-
Total Assets	68,033	25,370	131,721
Liabilities			
Current Liabilities:			
Accounts Payable	17,626	262	9,880
Amounts Due to Other Governments	-	-	-
Due to Other Funds	13,256	430	-
Due to External Parties (Fiduciary Funds)	278	5	-
Interfund Payable	28,489	-	-
Unearned Revenue	58	803	-
Obligations Under Securities Lending Program	540	-	-
Other Liabilities	-	15	-
Claims Payable Due Within One Year	-	7,329	26,507
Long-term Liabilities Due Within One Year	2,698	19	-
Total Current Liabilities	62,945	8,863	36,387
Noncurrent Liabilities:			
Claims Payable Due in More Than One Year	-	15,660	-
Long-term Liabilities Due in More Than One Year	34,027	353	-
Total Noncurrent Liabilities	34,027	16,013	-
Total Liabilities	96,972	24,876	36,387
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,076	-	-
Unrestricted	(39,015)	494	95,334
Total Net Assets (Deficit)	\$ (28,939)	\$ 494	\$ 95,334

Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia
\$ 10,718	\$ 4,964	\$ 20,961	\$ 1,996	\$ 1,966	\$ 896	\$ 164
-	-	-	-	-	-	-
1,347	118	3,880	2	-	175	-
50	538	410	-	8,088	-	-
3,683	34	-	-	-	745	77
-	-	-	-	-	-	-
3	-	-	-	-	6	-
15,801	5,654	25,251	1,998	10,054	1,822	241
149	-	-	-	-	-	-
10,869	1,652	153	-	-	-	-
11,018	1,652	153	-	-	-	-
26,819	7,306	25,404	1,998	10,054	1,822	241
1,594	244	1,464	347	1,434	164	-
-	-	-	-	2,175	-	-
68	300	286	912	4	6	6
3	14	13	32	5	5	-
-	-	-	-	-	-	-
-	909	2	-	-	-	1
-	-	-	-	-	-	-
-	-	-	-	-	173	-
-	-	-	-	-	-	-
158	168	133	499	32	-	-
1,823	1,635	1,898	1,790	3,650	348	7
-	-	-	-	-	-	-
2,126	1,593	1,470	3,924	613	656	79
2,126	1,593	1,470	3,924	613	656	79
3,949	3,228	3,368	5,714	4,263	1,004	86
11,018	1,652	153	-	-	-	-
11,852	2,426	21,883	(3,716)	5,791	818	155
\$ 22,870	\$ 4,078	\$ 22,036	\$ (3,716)	\$ 5,791	\$ 818	\$ 155

Continued on next page

Combining Statement of Net Assets – Nonmajor Enterprise Funds (Continued from previous page)

June 30, 2012

(Dollars in Thousands)

	Behavioral Health Local Funds	Total
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 489	\$ 180,603
Investments	-	16
Receivables, Net	-	33,101
Due From Other Funds	-	9,086
Inventory	-	51,727
Prepaid Items	-	1,656
Other Assets	-	169
Total Current Assets	489	276,358
Noncurrent Assets:		
Nondepreciable Capital Assets	-	2,330
Depreciable Capital Assets, Net	-	20,569
Total Noncurrent Assets	-	22,899
Total Assets	489	299,257
Liabilities		
Current Liabilities:		
Accounts Payable	-	33,015
Amounts Due to Other Governments	-	2,175
Due to Other Funds	-	15,268
Due to External Parties (Fiduciary Funds)	-	355
Interfund Payable	-	28,489
Unearned Revenue	-	1,773
Obligations Under Securities Lending Program	-	540
Other Liabilities	179	367
Claims Payable Due Within One Year	-	33,836
Long-term Liabilities Due Within One Year	-	3,707
Total Current Liabilities	179	119,525
Noncurrent Liabilities:		
Claims Payable Due in More Than One Year	-	15,660
Long-term Liabilities Due in More Than One Year	-	44,841
Total Noncurrent Liabilities	-	60,501
Total Liabilities	179	180,026
Net Assets		
Invested in Capital Assets, Net of Related Debt	-	22,899
Unrestricted	310	96,332
Total Net Assets (Deficit)	\$ 310	\$ 119,231



**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Operating Revenues			
Charges for Sales and Services	\$ 615,524	\$ 5,019	\$ 259,135
Other	17,401	-	-
Total Operating Revenues	632,925	5,019	259,135
Operating Expenses			
Cost of Sales and Services	359,898	-	-
Prizes and Claims	-	11,796	250,018
Personal Services	87,018	620	-
Contractual Services	25,711	687	16,701
Supplies and Materials	2,886	5	-
Depreciation	1,958	-	-
Rent, Insurance, and Other Related Charges	24,688	61	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other	2,646	-	-
Total Operating Expenses	504,805	13,169	266,719
Operating Income (Loss)	128,120	(8,150)	(7,584)
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	193	-	-
Other	9,195	-	-
Total Nonoperating Revenues (Expenses)	9,388	-	-
Income (Loss) Before Transfers	137,508	(8,150)	(7,584)
Transfers In	259	-	-
Transfers Out	(143,790)	(71)	-
Change in Net Assets	(6,023)	(8,221)	(7,584)
Total Net Assets (Deficit), July 1	(22,916)	8,715	102,918
Total Net Assets (Deficit), June 30	\$ (28,939)	\$ 494	\$ 95,334

Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia
\$ 31,841	\$ 8,472	\$ 16,346	\$ 7,875	\$ 55,229	\$ 6,208	\$ 446
1	-	-	-	-	7	-
31,842	8,472	16,346	7,875	55,229	6,215	446
-	-	-	-	-	2,427	218
-	-	-	-	-	-	-
6,085	3,311	3,112	9,170	1,146	2,663	169
1,484	516	14,987	845	68	506	-
22,117	2,045	3	89	11	133	8
222	180	46	-	-	-	-
1,215	833	1,194	833	19	-	-
-	-	-	-	39,514	-	-
982	82	28	-	3	-	22
32,105	6,967	19,370	10,937	40,761	5,729	417
(263)	1,505	(3,024)	(3,062)	14,468	486	29
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(263)	1,505	(3,024)	(3,062)	14,468	486	29
843	-	-	1,000	-	-	-
(27)	(1,084)	(227)	(313)	(13,497)	(1,290)	-
553	421	(3,251)	(2,375)	971	(804)	29
22,317	3,657	25,287	(1,341)	4,820	1,622	126
\$ 22,870	\$ 4,078	\$ 22,036	\$ (3,716)	\$ 5,791	\$ 818	\$ 155

Continued on next page

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Nonmajor Enterprise Funds** (Continued from previous page)

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Behavioral Health Local Funds	Total
Operating Revenues		
Charges for Sales and Services	\$ 473	\$ 1,006,568
Other	-	17,409
Total Operating Revenues	473	1,023,977
Operating Expenses		
Cost of Sales and Services	450	362,993
Prizes and Claims	-	261,814
Personal Services	-	113,294
Contractual Services	-	61,505
Supplies and Materials	-	27,297
Depreciation	-	2,406
Rent, Insurance, and Other Related Charges	-	28,843
Non-recurring Cost Estimate Payments to Providers	-	39,514
Other	-	3,763
Total Operating Expenses	450	901,429
Operating Income (Loss)	23	122,548
Nonoperating Revenues (Expenses)		
Interest, Dividends, Rents, and Other Investment Income	-	193
Other	-	9,195
Total Nonoperating Revenues (Expenses)	-	9,388
Income (Loss) Before Transfers	23	131,936
Transfers In	-	2,102
Transfers Out	(15)	(160,314)
Change in Net Assets	8	(26,276)
Total Net Assets (Deficit), July 1	302	145,507
Total Net Assets (Deficit), June 30	\$ 310	\$ 119,231



Combining Statement of Cash Flows – Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 627,505	\$ 5,236	\$ 257,663
Internal Activity-Receipts from Other Funds	-	-	-
Internal Activity-Payments to Other Funds	-	-	-
Payments to Suppliers for Goods and Services	(389,078)	-	-
Payments for Contractual Services	(25,737)	(57)	(16,776)
Payments for Prizes, Claims, and Loss Control	-	(7,290)	(236,937)
Payments to Employees	(82,089)	(824)	-
Payments to Providers for Non-recurring Cost Estimates	-	-	-
Other Operating Revenue	3,086	-	-
Other Operating Expense	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>133,687</u>	<u>(2,935)</u>	<u>3,950</u>
Cash Flows from Noncapital Financing Activities			
Transfers In From Other Funds	259	-	-
Transfers Out to Other Funds	(316,216)	(71)	-
Other Noncapital Financing Receipt Activities	212,801	-	-
Other Noncapital Financing Disbursement Activities	(29,468)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(132,624)</u>	<u>(71)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,008)	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>(1,008)</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	55	(3,006)	3,950
Cash and Cash Equivalents, July 1	<u>2,156</u>	<u>28,374</u>	<u>106,557</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,211</u>	<u>\$ 25,368</u>	<u>\$ 110,507</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	\$ 2,574	\$ 25,368	\$ 110,507
Cash and Travel Advances	160	-	-
Less:			
Securities Lending Cash Equivalents	(523)	-	-
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 2,211</u>	<u>\$ 25,368</u>	<u>\$ 110,507</u>

Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia
\$ 27,070	\$ 8,205	\$ 12,701	\$ 7,875	\$ 51,203	\$ 6,185	\$ 446
4,769	-	4,246	-	-	-	-
-	(1,034)	(1,334)	-	(8)	-	-
(22,556)	(2,021)	(2)	(89)	(11)	(2,550)	(217)
(1,406)	(522)	(14,767)	(824)	(69)	(456)	-
-	-	-	-	-	-	-
(5,550)	(2,833)	(2,681)	(8,225)	(997)	(2,372)	(151)
-	-	-	-	(42,367)	-	-
1	-	-	-	-	-	-
(976)	-	(32)	(802)	-	-	(30)
1,352	1,795	(1,869)	(2,065)	7,751	807	48
837	-	-	1,000	-	-	-
(27)	(1,084)	(227)	(313)	(13,497)	(1,289)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
810	(1,084)	(227)	687	(13,497)	(1,289)	-
(837)	(252)	-	-	-	-	-
(837)	(252)	-	-	-	-	-
1,325	459	(2,096)	(1,378)	(5,746)	(482)	48
9,396	4,505	23,057	3,374	7,712	1,384	116
\$ 10,721	\$ 4,964	\$ 20,961	\$ 1,996	\$ 1,966	\$ 902	\$ 164
10,718	4,964	20,961	1,996	1,966	896	164
3	-	-	-	-	6	-
-	-	-	-	-	-	-
\$ 10,721	\$ 4,964	\$ 20,961	\$ 1,996	\$ 1,966	\$ 902	\$ 164

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Behavioral Health Local Funds	Total
Cash Flows from Operating Activities		
Receipts for Sales and Services	\$ 473	\$ 1,004,562
Internal Activity-Receipts from Other Funds	-	9,015
Internal Activity-Payments to Other Funds	-	(2,376)
Payments to Suppliers for Goods and Services	(450)	(416,974)
Payments for Contractual Services	-	(60,614)
Payments for Prizes, Claims, and Loss Control	-	(244,227)
Payments to Employees	-	(105,722)
Payments to Providers for Non-recurring Cost Estimates	-	(42,367)
Other Operating Revenue	-	3,087
Other Operating Expense	-	(1,840)
Net Cash Provided by (Used for) Operating Activities	<u>23</u>	<u>142,544</u>
Cash Flows from Noncapital Financing Activities		
Transfers In From Other Funds	-	2,096
Transfers Out to Other Funds	(15)	(332,739)
Other Noncapital Financing Receipt Activities	1	212,802
Other Noncapital Financing Disbursement Activities	-	(29,468)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(14)</u>	<u>(147,309)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	-	(2,097)
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(2,097)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9	(6,862)
Cash and Cash Equivalents, July 1	480	187,111
Cash and Cash Equivalents, June 30	<u>\$ 489</u>	<u>\$ 180,249</u>
Reconciliation of Cash and Cash Equivalents		
Per the Statement of Net Assets:		
Cash and Cash Equivalents	\$ 489	\$ 180,603
Cash and Travel Advances	-	169
Less:		
Securities Lending Cash Equivalents	-	(523)
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 489</u>	<u>\$ 180,249</u>

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ 128,120	\$ (8,150)	\$ (7,584)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	1,958	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(2,286)	-	(1,473)
(Increase) Decrease in Due From Other Funds	-	-	-
(Increase) Decrease in Inventory	(318)	-	-
(Increase) Decrease in Prepaid Items	356	-	-
Increase (Decrease) in Accounts Payable	(1,289)	70	5,156
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	912	418	-
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	-	(19)	-
Increase (Decrease) in Unearned Revenue	(46)	218	-
Increase (Decrease) in Other Liabilities	-	15	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	1,399	7,851
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	3,035	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(52)	(2)	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	6,332	81	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 133,687</u>	<u>\$ (2,935)</u>	<u>\$ 3,950</u>

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ (263)	\$ 1,505	\$ (3,024)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	222	180	46
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(51)	64	543
(Increase) Decrease in Due From Other Funds	50	(238)	50
(Increase) Decrease in Inventory	447	(16)	-
(Increase) Decrease in Prepaid Items	-	-	-
Increase (Decrease) in Accounts Payable	570	41	154
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	(111)	107	(64)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	(7)	(25)	(24)
Increase (Decrease) in Unearned Revenue	-	(310)	(6)
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	6	20	3
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	489	467	453
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,352</u>	<u>\$ 1,795</u>	<u>\$ (1,869)</u>

<u>Department of Environmental Quality</u>	<u>Wireless E-911 Service Board</u>	<u>Virginia Museum of Fine Arts</u>	<u>Science Museum of Virginia</u>	<u>Behavioral Health Local Funds</u>	<u>Total</u>
\$ (3,062)	\$ 14,468	\$ 486	\$ 29	\$ 23	\$ 122,548
-	-	-	-	-	2,406
-	4,063	(30)	9	-	839
-	(8,088)	-	-	-	(8,226)
-	-	(19)	(7)	-	87
-	-	2	-	-	358
8	400	44	-	-	5,154
-	(3,224)	-	-	-	(3,224)
60	(3)	(4)	-	-	1,315
(69)	(11)	(6)	-	-	(161)
-	-	-	(1)	-	(145)
-	-	50	-	-	65
-	-	-	-	-	9,250
-	-	-	-	-	3,035
(8)	-	-	-	-	(33)
1,006	146	284	18	-	9,276
<u>\$ (2,065)</u>	<u>\$ 7,751</u>	<u>\$ 807</u>	<u>\$ 48</u>	<u>\$ 23</u>	<u>\$ 142,544</u>



Internal Service Funds

Internal Service Funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Virginia Information Technologies Agency accounts for the installation and maintenance of the state government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; and the development of automated systems.

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

Health Care accounts for the health insurance programs provided to state employees and for retirees who are not yet eligible to participate in Medicare.

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

Property Management accounts for real estate services, non-routine facility maintenance, and the disposal of state-owned property.

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

General Services accounts for a variety of services, including the purchase of supplies, the sale of surplus property, water testing, graphic design and engineering.

Payroll Service Bureau accounts for the payroll and leave accounting services provided to state agencies and institutions.

Combining Statement of Net Assets – Internal Service Funds

June 30, 2012

(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 28,398	\$ 1,383	\$ 126,148
Investments	-	-	127
Receivables, Net	2,733	4,283	1,905
Due From Other Funds	22,901	1,865	20,515
Due From External Parties (Fiduciary Funds)	-	-	133
Due From Component Units	-	-	12,198
Inventory	-	17,827	-
Prepaid Items	-	-	-
Other Assets	7,184	3	-
Total Current Assets	61,216	25,361	161,026
Noncurrent Assets:			
Nondepreciable Capital Assets	10,123	673	-
Depreciable Capital Assets, Net	5,290	12,298	-
Total Noncurrent Assets	15,413	12,971	-
Total Assets	76,629	38,332	161,026
Liabilities			
Current Liabilities:			
Accounts Payable	25,100	2,632	33,631
Amounts Due to Other Governments	725	323	-
Due to Other Funds	95	168	-
Due to External Parties (Fiduciary Funds)	96	48	-
Interfund Payable	28,000	-	-
Unearned Revenue	37,330	2,210	-
Obligations Under Securities Lending Program	-	-	4,238
Other Liabilities	-	-	-
Claims Payable Due Within One Year	-	-	109,591
Long-term Liabilities Due within One Year	842	572	-
Total Current Liabilities	92,188	5,953	147,460
Noncurrent Liabilities:			
Interfund Payable	-	-	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	12,458	7,906	-
Total Noncurrent Liabilities	12,458	7,906	-
Total Liabilities	104,646	13,859	147,460
Net Assets			
Invested in Capital Assets, Net of Related Debt	15,413	10,525	-
Unrestricted	(43,430)	13,948	13,566
Total Net Assets (Deficit)	\$ (28,017)	\$ 24,473	\$ 13,566

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 3,797	\$ 33,056	\$ 154,075	\$ 7,477	\$ 161	\$ 354,495
-	-	-	-	-	127
425	1,590	179	1,848	-	12,963
1,853	1,559	429	1,032	-	50,154
-	-	-	-	-	133
-	-	-	-	-	12,198
28	502	-	4,547	-	22,904
-	-	2	388	118	508
-	-	-	2	-	7,189
6,103	36,707	154,685	15,294	279	460,671
-	-	-	431	-	11,227
26,050	9,572	-	6,406	101	59,717
26,050	9,572	-	6,837	101	70,944
32,153	46,279	154,685	22,131	380	531,615
505	1,448	1,554	1,338	77	66,285
-	1,148	-	-	-	2,196
82	1,109	5	385	6	1,850
5	47	4	29	7	236
-	220	-	632	-	28,852
468	19,677	50,157	39	-	109,881
-	-	-	-	-	4,238
-	52	5,026	26	-	5,104
-	-	75,652	-	-	185,243
1,486	3,982	30	374	89	7,375
2,546	27,683	132,428	2,823	179	411,260
-	3,839	-	3,161	-	7,000
-	-	533,062	-	-	533,062
8,034	34,096	785	3,471	890	67,640
8,034	37,935	533,847	6,632	890	607,702
10,580	65,618	666,275	9,455	1,069	1,018,962
17,163	(4,606)	-	6,837	101	45,433
4,410	(14,733)	(511,590)	5,839	(790)	(532,780)
\$ 21,573	\$ (19,339)	\$ (511,590)	\$ 12,676	\$ (689)	\$ (487,347)

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Internal Service Funds**

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Operating Revenues			
Charges for Sales and Services	\$ 315,638	\$ 49,657	\$ 974,028
Other	-	-	1
Total Operating Revenues	315,638	49,657	974,029
Operating Expenses			
Cost of Sales and Services	-	36,236	-
Prizes and Claims	-	-	1,025,299
Personal Services	22,280	5,520	-
Contractual Services	277,118	3,342	66,003
Supplies and Materials	106	813	-
Depreciation	1,690	1,561	-
Rent, Insurance, and Other Related Charges	3,008	1,069	-
Interest Expense	-	-	-
Other	2,855	102	-
Total Operating Expenses	307,057	48,643	1,091,302
Operating Income (Loss)	8,581	1,014	(117,273)
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	195
Other	-	167	-
Total Nonoperating Revenues (Expenses)	-	167	195
Income (Loss) Before Transfers	8,581	1,181	(117,078)
Transfers In	-	-	-
Transfers Out	(931)	(2,693)	-
Change in Net Assets	7,650	(1,512)	(117,078)
Total Net Assets (Deficit), July 1	(35,667)	25,985	130,644
Total Net Assets (Deficit), June 30	\$ (28,017)	\$ 24,473	\$ 13,566

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 16,214	\$ 98,949	\$ 99,085	\$ 44,911	\$ 1,816	\$ 1,600,298
-	-	-	-	-	1
16,214	98,949	99,085	44,911	1,816	1,600,299
-	-	-	29,531	-	65,767
-	-	193,778	-	-	1,219,077
1,175	11,830	1,700	7,549	1,786	51,840
3,160	13,813	9,313	3,399	36	376,184
4,995	3,856	7	1,008	13	10,798
4,912	2,139	-	767	2	11,071
644	69,971	2,339	1,706	117	78,854
-	16	-	23	-	39
83	3,381	5,851	49	4	12,325
14,969	105,006	212,988	44,032	1,958	1,825,955
1,245	(6,057)	(113,903)	879	(142)	(225,656)
-	1	-	141	-	337
(424)	(2,337)	26	-	-	(2,568)
(424)	(2,336)	26	141	-	(2,231)
821	(8,393)	(113,877)	1,020	(142)	(227,887)
-	82	-	363	-	445
(48)	(513)	(31)	(281)	(70)	(4,567)
773	(8,824)	(113,908)	1,102	(212)	(232,009)
20,800	(10,515)	(397,682)	11,574	(477)	(255,338)
\$ 21,573	\$ (19,339)	\$ (511,590)	\$ 12,676	\$ (689)	\$ (487,347)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 13,301	\$ 24,365	\$ 479,868
Internal Activity-Receipts from Other Funds	302,645	27,304	494,003
Internal Activity-Payments to Other Funds	(607)	(1,313)	-
Payments to Suppliers for Goods and Services	(20,026)	(40,405)	-
Payments for Contractual Services	(259,913)	(3,219)	(66,075)
Payments for Prizes, Claims, and Loss Control	-	-	(984,143)
Payments to Employees	(19,840)	(4,478)	-
Other Operating Expense	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>15,560</u>	<u>2,254</u>	<u>(76,347)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In From Other Funds	-	-	-
Transfers Out to Other Funds	(931)	(2,693)	-
Other Noncapital Financing Receipt Activities	-	-	-
Other Noncapital Financing Disbursement Activities	(9,000)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(9,931)</u>	<u>(2,693)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(13,373)	(5,693)	-
Payment of Principal and Interest on Bonds and Notes	-	(446)	-
Proceeds from Sale of Bonds and Notes	-	2,863	-
Proceeds from Sale of Capital Assets	-	5	-
Other Capital and Related Financing Disbursement Activities	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>(13,373)</u>	<u>(3,271)</u>	<u>-</u>
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	195
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>195</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,744)	(3,710)	(76,152)
Cash and Cash Equivalents, July 1	<u>36,142</u>	<u>5,096</u>	<u>198,189</u>
Cash and Cash Equivalents, June 30	<u>\$ 28,398</u>	<u>\$ 1,386</u>	<u>\$ 122,037</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	\$ 28,398	\$ 1,383	\$ 126,148
Cash and Travel Advances	-	3	-
Less:			
Securities Lending Cash Equivalents	-	-	(4,111)
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 28,398</u>	<u>\$ 1,386</u>	<u>\$ 122,037</u>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 2,138	\$ 3,914	\$ 29,684	\$ 14,060	\$ 8	\$ 567,338
13,724	95,344	66,213	30,412	1,808	1,031,453
(1,451)	(4,088)	-	(2,517)	-	(9,976)
(4,693)	(71,822)	(7)	(30,072)	(13)	(167,038)
(3,077)	(13,522)	(9,316)	(3,424)	(36)	(358,582)
-	-	(74,531)	-	-	(1,058,674)
(1,004)	(10,535)	(1,466)	(6,343)	(1,542)	(45,208)
-	(1,512)	(8,558)	-	(129)	(10,199)
<u>5,637</u>	<u>(2,221)</u>	<u>2,019</u>	<u>2,116</u>	<u>96</u>	<u>(50,886)</u>
-	82	-	363	-	445
(48)	(513)	(31)	(281)	(70)	(4,567)
-	17,624	26	141	-	17,791
-	(545)	-	-	-	(9,545)
(48)	16,648	(5)	223	(70)	4,124
(4,925)	-	-	(281)	(103)	(24,375)
(1,116)	(5,302)	-	(4)	-	(6,868)
-	-	-	-	-	2,863
531	-	-	-	-	536
-	-	-	(632)	-	(632)
(5,510)	(5,302)	-	(917)	(103)	(28,476)
-	-	-	-	-	195
-	-	-	-	-	195
79	9,125	2,014	1,422	(77)	(75,043)
<u>3,718</u>	<u>23,931</u>	<u>152,061</u>	<u>6,057</u>	<u>238</u>	<u>425,432</u>
<u>\$ 3,797</u>	<u>\$ 33,056</u>	<u>\$ 154,075</u>	<u>\$ 7,479</u>	<u>\$ 161</u>	<u>\$ 350,389</u>
\$ 3,797	\$ 33,056	\$ 154,075	\$ 7,477	\$ 161	\$ 354,495
-	-	-	2	-	5
-	-	-	-	-	(4,111)
<u>\$ 3,797</u>	<u>\$ 33,056</u>	<u>\$ 154,075</u>	<u>\$ 7,479</u>	<u>\$ 161</u>	<u>\$ 350,389</u>

Continued on next page

Combining Statement of Cash Flows – Internal Service Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	<u>Virginia Information Technologies Agency</u>	<u>Virginia Correctional Enterprises</u>	<u>Health Care</u>
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ 8,581	\$ 1,014	\$ (117,273)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	1,690	1,561	-
Miscellaneous Nonoperating Income	-	201	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	42	1,173	75
(Increase) Decrease in Due From Other Funds	(8,301)	(516)	(206)
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	(4)
(Increase) Decrease in Due From Component Units	-	-	(23)
(Increase) Decrease in Other Assets	6,411	-	-
(Increase) Decrease in Inventory	-	(4,875)	-
(Increase) Decrease in Prepaid Items	51	-	-
Increase (Decrease) in Accounts Payable	1,070	1,610	12,973
Increase (Decrease) in Amounts Due to Other Governments	725	-	-
Increase (Decrease) in Due to Other Funds	(72)	(6)	-
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	(197)	(95)	-
Increase (Decrease) in Unearned Revenue	2,155	1,179	-
Increase (Decrease) in Other Liabilities	-	(1)	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	28,111
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	74	-	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	3,331	1,009	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 15,560</u>	<u>\$ 2,254</u>	<u>\$ (76,347)</u>
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the statement of net assets date:			
Trade-ins of Used Equipment on New Equipment	\$ -	\$ 41	\$ -
Installment Purchases Used to Finance Capital Assets	-	2,863	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 2,904</u>	<u>\$ -</u>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 1,245	\$ (6,057)	\$ (113,903)	\$ 879	\$ (142)	\$ (225,656)
4,912	2,139	-	767	2	11,071
-	-	-	-	-	201
(88)	(1,380)	39	(294)	-	(433)
(518)	893	(429)	(164)	-	(9,241)
-	-	-	-	-	(4)
-	-	-	-	-	(23)
-	-	-	-	-	6,411
12	(128)	-	(296)	-	(5,287)
-	-	-	37	(7)	81
(303)	(610)	(1,186)	27	(2)	13,579
-	320	-	-	-	1,045
(89)	505	2	(18)	(6)	316
(8)	(102)	(3)	(58)	(14)	(477)
298	874	(3,227)	9	-	1,288
-	(88)	(21)	26	-	(84)
-	-	(536)	-	-	27,575
-	-	121,062	-	-	121,062
27	3	(1)	20	(3)	120
149	1,410	222	1,181	268	7,570
<u>\$ 5,637</u>	<u>\$ (2,221)</u>	<u>\$ 2,019</u>	<u>\$ 2,116</u>	<u>\$ 96</u>	<u>\$ (50,886)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41
3,914	-	-	-	-	6,777
<u>\$ 3,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,818</u>

Fiduciary Funds

Private Purpose Trust Funds

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

Unclaimed Property accounts for unclaimed and escheat property that the state holds for its rightful owner.

Education Savings Trust Fund accounts for the activities of the Virginia Education Savings Trust program which is a voluntary, non-guaranteed, higher educational investment program offered by the Virginia College Savings Plan.

Loan Servicing Reserve accounts for funds that are used to service loan activities for individual loans in order to meet the provisions of the Declarations of the dissolved Virginia Education Loan Authority.

Edvantage Reserve accounts for funds that are used to service loan activities for individual loans in order to meet the provisions of the dissolved Student Education Assistance Authority.

Virginia Revolving Farm Loan Program accounts for trust funds that are used to provide loans to individual farmers for rural rehabilitation purposes.

Gas and Oil Board Fund accounts for the funds held in escrow awaiting disbursement to the validated owner of property containing gas and oil interest.

Miscellaneous Trust Funds account for perpetual trusts created through donations to the state. Earnings are used for the benefit of donor-specified local entities.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect the activities of the retirement systems and postemployment benefits administered by the Virginia Retirement System (VRS) or the Department of Accounts.

The Virginia Retirement System provides retirement benefits to Commonwealth employees, teachers, political subdivision employees, and other qualifying employees.

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

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

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

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

The Public School Superintendents' Plan provides retirement benefits to superintendents in the public school system.

The Virginia Supplemental Retirement Plan provides extra benefits to turn-around specialists in the public school system.

Other Postemployment Retiree Health Insurance Credit Fund accounts for the health insurance credits provided by the Commonwealth which offset a portion of the retirees' monthly insurance premiums.

Other Employment Group Life Fund provides life insurance coverage to members of the retirement systems.

Other Postemployment Disability Insurance Trust Fund provides income protection to Commonwealth employees for absences caused by sickness or disability.

Other Employment Volunteer Firefighters' and Rescue Squad Workers' Fund provides optional retirement benefits to volunteer firefighters and rescue squad workers.

Other Postemployment Line of Duty Death and Disability Fund provides death and health benefits to beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty.

Investment Trust Fund

Investment Trust Fund reflects the external portion of the local government investment pool sponsored by the Commonwealth.

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

Agency Funds

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

Funds for the Collection of Taxes and Fees account for taxes and fees collected by the Commonwealth to be distributed to localities or other states.

Employee Benefits Fund accounts for undistributed withholdings for employee benefits.

Contractor Deposits Fund accounts for reimbursable deposits, including both cash and securities, from mining companies, road construction companies, and from motor fuel retailers to ensure performance meets regulatory standards.

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

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

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

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

Behavioral Health Non-patient Fund accounts for the savings of non-patients in the Commonwealth's mental health facilities.

Comptroller's Debt Setoff Fund accounts for monies held in a suspense status while research is conducted to determine the party entitled to the funds.

Unclaimed Property of Other States Fund accounts for unclaimed property that is due to other states.

Legal Settlement Fund accounts for receipts from court judgments that are deposited and subsequently distributed to the appropriate injured parties.

Consumer Services Fund accounts for deposits made by businesses that will provide assistance to individuals suffering losses associated with these businesses and will be returned after dispute resolution. The Milk Commission, which accounts for deposits from milk producers that will be distributed to individual farmers to offset delivery expenses and losses incurred, is reported as part of this fund.

State Asset Forfeiture Fund accounts for seized assets that are deposited and subsequently distributed to the appropriate parties pursuant to court orders.

Virginia School for the Deaf and the Blind Fund accounts for student funds used to establish new activities for students.

Woodrow Wilson Rehabilitation Center Fund accounts for student funds held by the center.

Third Party Administrator Fund (formerly the Commuter Rail Fund) accounts for funds held in custody for assets of the Virginia Railway Express and the van pool insurance program.

Department of Environmental Quality Fund accounts for deposits from the EPA as a result of a legal settlement which will be distributed to localities to retro-fit school buses.

Virginia Veterans' Care Center Resident Fund accounts for the savings of residents of the Virginia Veterans Care Center.

Virginia Individual Development Account Trust Fund accounts for funds used to benefit low income individuals and to assist them in purchasing affordable housing.

E-Payables Fund accounts for payments to vendors which are held in a suspense status until the electronic payment is processed.

Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds

June 30, 2012

(Dollars in Thousands)

	Unclaimed Property	Education Savings Trust Fund	Loan Servicing Reserve
Assets			
Cash and Cash Equivalents	\$ 29,160	\$ 49,894	\$ 189
Investments:			
Bonds and Mortgage Securities	65	63,471	-
Stocks	225,883	49,309	-
Index and Pooled Funds	566	617,610	-
Real Estate	1,466	-	-
Mutual and Money Market Funds	58,961	857,076	-
Other	1,119	324,832	-
Total Investments	<u>288,060</u>	<u>1,912,298</u>	<u>-</u>
Receivables, Net:			
Accounts	-	-	-
Interest and Dividends	-	1,670	-
Total Receivables	<u>-</u>	<u>1,670</u>	<u>-</u>
Prepaid Items	213	-	-
Total Assets	<u>317,433</u>	<u>1,963,862</u>	<u>189</u>
Liabilities			
Accounts Payable and Accrued Expenses	263	250	-
Due to Other Funds	13	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	19	-	-
Obligations Under Securities Lending Program	-	-	-
Other Liabilities	-	1,145	-
Compensated Absences Payable	258	-	-
Insurance Premiums and Claims Payable	83	-	-
Pension Liability	1,113	-	-
Other Postemployment Benefits (OPEB) Liability	381	-	-
Total Liabilities	<u>2,130</u>	<u>1,395</u>	<u>-</u>
Net Assets Held in Trust for Participants	<u>\$ 315,303</u>	<u>\$ 1,962,467</u>	<u>\$ 189</u>

<u>Edvantage Reserve</u>	<u>Virginia Revolving Farm Loan Program</u>	<u>Gas and Oil Board Escrow Account</u>	<u>Miscellaneous Trust</u>	<u>Total</u>
\$ 257	\$ 6,424	\$ 27,901	\$ 66	\$ 113,891
-	-	-	-	63,536
-	-	-	-	275,192
-	-	-	-	618,176
-	-	-	-	1,466
-	-	-	-	916,037
-	39	-	-	325,990
-	39	-	-	2,200,397
-	13	-	-	13
-	-	-	-	1,670
-	13	-	-	1,683
-	-	-	-	213
257	6,476	27,901	66	2,316,184
-	1	-	-	514
-	-	-	-	13
-	-	-	-	19
-	1,299	-	-	1,299
-	-	-	-	1,145
-	2	-	-	260
-	-	-	-	83
-	14	-	-	1,127
-	5	-	-	386
-	1,321	-	-	4,846
\$ 257	\$ 5,155	\$ 27,901	\$ 66	\$ 2,311,338

Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds

For the Fiscal Year June 30, 2012
(Dollars in Thousands)

	<u>Unclaimed Property</u>	<u>Education Savings Trust Fund</u>	<u>Loan Servicing Reserve</u>
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ -	\$ 21,148	\$ -
Total Investment Income	-	21,148	-
Less Investment Expenses	-	3,395	-
Net Investment Income	-	17,753	-
Proceeds from Unclaimed Property	16,124	-	-
Contributions:			
Participants	-	278,656	-
Total Contributions	-	278,656	-
Total Additions	16,124	296,409	-
Deductions:			
Loan Servicing Payments	-	-	1
Educational Expense Benefits	-	108,327	-
Insurance Premiums and Claims	28,428	-	-
Trust Payments	-	-	-
Administrative Expenses	5,241	211	-
Shares Redeemed	-	10,187	-
Total Deductions	33,669	118,725	1
Net Increase (Decrease)	(17,545)	177,684	(1)
Net Assets Held in Trust for Participants			
July 1	332,848	1,784,783	190
June 30	\$ 315,303	\$ 1,962,467	\$ 189

<u>Edvantage Reserve</u>	<u>Virginia Revolving Farm Loan Program</u>	<u>Gas and Oil Board Escrow Account</u>	<u>Miscellaneous Trust</u>	<u>Total</u>
\$ -	\$ 76	\$ 155	\$ -	\$ 21,379
-	76	155	-	21,379
-	-	28	-	3,423
-	76	127	-	17,956
-	-	-	-	16,124
-	-	2,727	-	281,383
-	-	2,727	-	281,383
-	76	2,854	-	315,463
-	318	-	-	319
-	-	-	-	108,327
10	-	-	-	28,438
-	-	1,899	-	1,899
-	80	70	-	5,602
-	-	-	-	10,187
10	398	1,969	-	154,772
(10)	(322)	885	-	160,691
267	5,477	27,016	66	2,150,647
\$ 257	\$ 5,155	\$ 27,901	\$ 66	\$ 2,311,338

Combining Statement of Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds

June 30, 2012

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Assets			
Cash and Cash Equivalents	\$ 293,654	\$ 3,668	\$ 2,257
Investments:			
Bonds and Mortgage Securities	17,724,329	203,448	125,196
Stocks	17,518,875	201,090	123,745
Fixed Income Commingled Funds	839,728	9,639	5,931
Index and Pooled Funds	4,997,590	57,364	35,301
Real Estate	3,566,080	40,933	25,189
Private Equity	5,549,272	63,697	39,197
Short-term Investments	169,306	1,944	1,196
Other	2,036,748	23,379	14,387
Total Investments	<u>52,401,928</u>	<u>601,494</u>	<u>370,142</u>
Receivables, Net:			
Contributions	121,651	1,003	989
Interest and Dividends	195,246	2,241	1,379
Security Transactions	1,095,237	12,572	7,736
Other Receivables	3,898	29	18
Total Receivables	<u>1,416,032</u>	<u>15,845</u>	<u>10,122</u>
Due from Other Funds	13	-	-
Due from Internal Parties (Governmental Funds and Business-type Activities)	17,062	140	139
Due from Component Units	9,057	-	-
Furniture and Equipment	29,262	-	-
Total Assets	<u>54,167,008</u>	<u>621,147</u>	<u>382,660</u>
Liabilities			
Accounts Payable and Accrued Expenses	26,452	278	171
Due to Other Funds	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	114	-	-
Obligations Under Securities Lending Program	2,046,604	23,492	14,456
Other Liabilities	141,711	1,615	994
Retirement Benefits Payable	254,329	3,904	2,725
Refunds Payable	4,208	35	-
Compensated Absences Payable	2,038	-	-
Insurance Premiums and Claims Payable	-	-	-
Payable for Security Transactions	1,424,831	16,354	10,064
Pension Liability	9,192	99	59
Other Postemployment Benefits (OPEB) Liability	3,148	32	19
Total Liabilities	<u>3,912,627</u>	<u>45,809</u>	<u>28,488</u>
Net Assets Held in Trust for Pension/Other Employment			
Benefits, Pool Participants and Other Purposes	<u>\$ 50,254,381</u>	<u>\$ 575,338</u>	<u>\$ 354,172</u>

Virginia Law Officers' Retirement System	Political Appointees	Public School Superintendents	Virginia Supplemental Retirement Plan	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust Fund
\$ 5,703	\$ -	\$ -	\$ -	\$ 853	\$ 4,914	\$ 2,145
316,352	2,568	36	70	47,333	272,593	118,933
312,685	3,480	-	10	46,783	269,433	117,554
14,988	-	-	-	2,242	12,915	5,635
89,199	1,468	47	-	13,346	76,861	33,535
63,649	-	-	-	9,523	54,845	23,929
99,046	-	-	-	14,819	85,345	37,236
3,021	-	-	-	452	2,604	1,136
36,353	-	-	-	5,439	31,324	13,667
935,293	7,516	83	80	139,937	805,920	351,625
2,089	-	-	-	3,042	2,756	-
3,485	-	-	-	521	3,003	1,310
19,548	-	-	-	2,925	16,844	7,349
46	-	-	-	16	39	6,766
25,168	-	-	-	6,504	22,642	15,425
-	-	-	-	-	13,910	-
293	-	-	-	427	386	-
289	-	-	-	124	344	-
-	-	-	-	-	-	-
966,746	7,516	83	80	147,845	848,116	369,195
433	-	-	-	10,777	373	857
-	-	-	-	-	-	-
-	-	-	-	-	-	-
36,529	-	-	-	5,465	31,476	13,733
2,512	-	-	-	376	2,164	944
6,805	-	-	-	-	-	-
121	-	-	-	188	69	128
-	-	-	-	-	-	-
-	-	-	-	-	45,502	-
25,431	-	-	-	3,805	21,914	9,561
125	-	-	-	157	202	263
48	-	-	-	56	55	92
72,004	-	-	-	20,824	101,755	25,578
\$ 894,742	\$ 7,516	\$ 83	\$ 80	\$ 127,021	\$ 746,361	\$ 343,617

Continued on next page

Combining Statement of Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds
(Continued from previous page)

June 30, 2012

(Dollars in Thousands)

	Other Employment Volunteer Firefighters and Rescue Squad Workers	Other Postemployment Line of Duty Death and Disability	Total
Assets			
Cash and Cash Equivalents	\$ -	\$ 8	\$ 313,202
Investments:			
Bonds and Mortgage Securities	43	418	18,811,319
Stocks	-	413	18,594,068
Fixed Income Commingled Funds	-	20	891,098
Index and Pooled Funds	-	118	5,304,829
Real Estate	-	84	3,784,232
Private Equity	-	131	5,888,743
Short-term Investments	-	4	179,663
Other	2,084	48	2,163,429
Total Investments	<u>2,127</u>	<u>1,236</u>	<u>55,617,381</u>
Receivables, Net:			
Contributions	-	11,999	143,529
Interest and Dividends	-	5	207,190
Security Transactions	-	26	1,162,237
Other Receivables	-	792	11,604
Total Receivables	<u>-</u>	<u>12,822</u>	<u>1,524,560</u>
Due from Other Funds	-	-	13,923
Due from Internal Parties (Governmental Funds and Business-type Activities)	-	-	18,447
Due from Component Units	-	-	9,814
Furniture and Equipment	-	-	29,262
Total Assets	<u>2,127</u>	<u>14,066</u>	<u>57,526,589</u>
Liabilities			
Accounts Payable and Accrued Expenses	-	1	39,342
Due to Other Funds	-	13,910	13,910
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	-	114
Obligations Under Securities Lending Program	-	48	2,171,803
Other Liabilities	-	3	150,319
Retirement Benefits Payable	-	-	267,763
Refunds Payable	-	-	4,749
Compensated Absences Payable	-	-	2,038
Insurance Premiums and Claims Payable	-	-	45,502
Payable for Security Transactions	-	33	1,511,993
Pension Liability	-	48	10,145
Other Postemployment Benefits (OPEB) Liability	-	23	3,473
Total Liabilities	<u>-</u>	<u>14,066</u>	<u>4,221,151</u>
Net Assets Held in Trust for Pension/Other Employment			
Benefits, Pool Participants and Other Purposes	<u>\$ 2,127</u>	<u>\$ -</u>	<u>\$ 53,305,438</u>



Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ 907,311	\$ 10,216	\$ 6,631
Total Investment Income	907,311	10,216	6,631
Less Investment Expenses	292,698	3,363	2,055
Net Investment Income	614,613	6,853	4,576
Contributions:			
Member	765,765	5,168	2,968
Employer	970,331	11,443	18,907
Total Contributions	1,736,096	16,611	21,875
Other Revenue	3,782	-	-
Total Additions	2,354,491	23,464	26,451
Deductions:			
Retirement Benefits	3,257,359	46,113	33,454
Refunds to Former Members	84,577	319	-
Retiree Health Insurance Credits	-	-	-
Insurance Premiums and Claims	-	-	-
Administrative Expenses	28,314	270	159
Other Expenses	584	7	5
Long-term Disability Benefits	-	-	-
Total Deductions	3,370,834	46,709	33,618
Transfers:			
Transfers In	-	-	-
Transfers Out	(110)	-	-
Total Transfers	(110)	-	-
Net Increase (Decrease)	(1,016,453)	(23,245)	(7,167)
Net Assets Held in Trust for Pension/Other Employment Benefits, Pool Participants and Other Purposes			
July 1	51,270,834	598,583	361,339
June 30	\$ 50,254,381	\$ 575,338	\$ 354,172

Virginia Law Officers' Retirement System	Political Appointees	Public School Superintendents	Virginia Supplemental Retirement Plan	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust Fund
\$ 16,370	\$ 276	\$ 2	\$ 2	\$ (873)	\$ 11,981	\$ 5,807
16,370	276	2	2	(873)	11,981	5,807
5,175	-	-	-	847	4,686	2,029
11,195	276	2	2	(1,720)	7,295	3,778
17,558	745	42	-	-	-	-
24,644	310	-	-	51,356	46,534	78
42,202	1,055	42	-	51,356	46,534	78
-	-	-	-	-	751	-
53,397	1,331	44	2	49,636	54,580	3,856
64,849	585	-	-	-	-	-
4,027	-	-	-	-	-	-
-	-	-	-	131,102	-	-
-	-	-	-	-	140,941	-
407	11	-	-	370	86	528
15	-	-	-	-	8	36
-	-	-	-	-	-	28,444
69,298	596	-	-	131,472	141,035	29,008
110	-	-	-	-	-	-
-	-	-	-	-	-	-
110	-	-	-	-	-	-
(15,791)	735	44	2	(81,836)	(86,455)	(25,152)
910,533	6,781	39	78	208,857	832,816	368,769
<u>\$ 894,742</u>	<u>\$ 7,516</u>	<u>\$ 83</u>	<u>\$ 80</u>	<u>\$ 127,021</u>	<u>\$ 746,361</u>	<u>\$ 343,617</u>

Continued on next page

Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds
(Continued from previous page)

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Other Employment Volunteer Firefighters and Rescue Squad Workers	Other Postemployment Line of Duty Death and Disability	Total
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	\$ 30	\$ 5	\$ 957,758
Total Investment Income	30	5	957,758
Less Investment Expenses	-	-	310,853
Net Investment Income	30	5	646,905
Contributions:			
Member	41	-	792,287
Employer	98	11,554	1,135,255
Total Contributions	139	11,554	1,927,542
Other Revenue	-	35	4,568
Total Additions	169	11,594	2,579,015
Deductions:			
Retirement Benefits	-	-	3,402,360
Refunds to Former Members	22	-	88,945
Retiree Health Insurance Credits	-	-	131,102
Insurance Premiums and Claims	-	10,492	151,433
Administrative Expenses	-	351	30,496
Other Expenses	-	751	1,406
Long-term Disability Benefits	-	-	28,444
Total Deductions	22	11,594	3,834,186
Transfers:			
Transfers In	-	-	110
Transfers Out	-	-	(110)
Total Transfers	-	-	-
Net Increase (Decrease)	147	-	(1,255,171)
Net Assets Held in Trust for Pension/Other Employment Benefits, Pool Participants and Other Purposes			
July 1	1,980	-	54,560,609
June 30	<u>\$ 2,127</u>	<u>\$ -</u>	<u>\$ 53,305,438</u>



Combining Statement of Fiduciary Net Assets – Investment Trust Fund

June 30, 2012

(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Assets		
Cash and Cash Equivalents	\$ 1,018,553	\$ 1,018,553
Investments:		
Bonds and Mortgage Securities	81,225	81,225
Short-term Investments	1,351,251	1,351,251
Total Investments	1,432,476	1,432,476
Receivables, Net:		
Interest and Dividends	859	859
Total Receivables	859	859
Total Assets	2,451,888	2,451,888
Liabilities		
Total Liabilities	-	-
Net Assets Held in Trust for		
Pool Participants	\$ 2,451,888	\$ 2,451,888

Combining Statement of Changes in Fiduciary Net Assets - Investment Trust Fund

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Additions:		
Investment Income:		
Interest, Dividends, and Other Investment Income	\$ 3,337	\$ 3,337
Distributions to Shareholders from Net Investment Income	(3,337)	(3,337)
Total Investment Income	-	-
Net Investment Income	-	-
Shares Sold	3,787,827	3,787,827
Reinvested Distributions	3,321	3,321
Total Additions	3,791,148	3,791,148
Deductions:		
Shares Redeemed	4,126,507	4,126,507
Total Deductions	4,126,507	4,126,507
Net Decrease	(335,359)	(335,359)
Net Assets Held in Trust for Pool Participants		
July 1	2,787,247	2,787,247
June 30	<u>\$ 2,451,888</u>	<u>\$ 2,451,888</u>

Combining Statement of Fiduciary Net Assets – Agency Funds

June 30, 2012

(Dollars in Thousands)

	Funds for the Collection of Taxes and Fees	Employee Benefits	Contractor Deposits	Deposits of Insurance Carriers
Assets				
Cash and Cash Equivalents	\$ 163,557	\$ 3,639	\$ 30,261	\$ 34,608
Investments:				
Short-term Investments	6	-	56	72,636
Other	-	-	-	334,261
Total Investments	6	-	56	406,897
Receivables, Net:				
Accounts	76,987	-	-	37
Total Receivables	76,987	-	-	37
Other Assets	-	-	-	-
Total Assets	<u>\$ 240,550</u>	<u>\$ 3,639</u>	<u>\$ 30,317</u>	<u>\$ 441,542</u>
Liabilities				
Accounts Payable and Accrued Expenses	\$ -	\$ 2,789	\$ -	\$ -
Amounts Due to Other Governments	240,325	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	850	-	-
Obligations Under Securities Lending Program	225	-	1,853	-
Other Liabilities	-	-	28,464	441,542
Insurance Premiums and Claims Payable	-	-	-	-
Total Liabilities	<u>\$ 240,550</u>	<u>\$ 3,639</u>	<u>\$ 30,317</u>	<u>\$ 441,542</u>

Inmate and Ward	Child Support Collection	Behavioral Health Patient	Behavioral Health Non-Patient	Comptroller's Debt Setoff	Unclaimed Property of Other States	Legal Settlement	Consumer Services
\$ 9,199	\$ 17,906	\$ 3,162	\$ 33	\$ 1,171	\$ 7,189	\$ 1,669	\$ 1,202
-	-	-	-	-	-	9	-
-	-	164	-	-	-	-	-
-	-	164	-	-	-	9	-
347	-	-	-	-	-	-	-
347	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 9,546	\$ 17,906	\$ 3,326	\$ 33	\$ 1,171	\$ 7,189	\$ 1,678	\$ 1,202
\$ 1,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
-	-	-	-	-	7,189	-	-
134	-	-	-	-	-	-	-
-	-	-	-	-	-	289	-
7,473	17,906	3,326	33	1,171	-	1,389	1,201
-	-	-	-	-	-	-	-
\$ 9,546	\$ 17,906	\$ 3,326	\$ 33	\$ 1,171	\$ 7,189	\$ 1,678	\$ 1,202

Continued on next page

Combining Statement of Fiduciary Net Assets – Agency Funds (Continued from previous page)

June 30, 2012

(Dollars in Thousands)

	<u>State Asset Forfeiture</u>	<u>Virginia School for the Deaf and Blind</u>	<u>Woodrow Wilson Rehabilitation Center</u>	<u>Third Party Administrator</u>
Assets				
Cash and Cash Equivalents	\$ 7,506	\$ 17	\$ 3	\$ 11,371
Investments:				
Short-term Investments	8	-	-	-
Other	-	-	-	-
Total Investments	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receivables, Net:				
Accounts	-	-	-	5
Total Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Other Assets	-	-	-	58
Total Assets	<u>\$ 7,514</u>	<u>\$ 17</u>	<u>\$ 3</u>	<u>\$ 11,434</u>
Liabilities				
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ -	\$ 2
Amounts Due to Other Governments	-	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	-	-	-
Obligations Under Securities Lending Program	268	-	-	-
Other Liabilities	7,246	17	3	10,837
Insurance Premiums and Claims Payable	-	-	-	595
Total Liabilities	<u>\$ 7,514</u>	<u>\$ 17</u>	<u>\$ 3</u>	<u>\$ 11,434</u>

Department of Environmental Quality	Virginia Veterans' Care Center Resident Fund	Virginia Individual Development Account Trust Fund	E-Payables	Total
\$ 128	\$ 131	\$ 5	\$ 7,846	\$ 300,603
-	-	-	-	72,715
-	-	-	-	334,425
-	-	-	-	407,140
-	-	-	-	77,376
-	-	-	-	77,376
-	-	-	-	58
\$ 128	\$ 131	\$ 5	\$ 7,846	\$ 785,177
\$ -	\$ -	\$ -	\$ -	\$ 4,731
-	-	-	-	247,514
-	-	-	-	984
-	-	-	-	2,635
128	131	5	7,846	528,718
-	-	-	-	595
\$ 128	\$ 131	\$ 5	\$ 7,846	\$ 785,177

**Combining Statement of Changes in Assets and Liabilities –
Agency Funds**

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Balance July 1	Additions	Deletions	Balance June 30
Funds for the Collection of Taxes and Fees				
Assets:				
Cash and Cash Equivalents	\$ 167,398	\$ 1,252,703	\$ 1,256,544	\$ 163,557
Short-term Investments	45	6	45	6
Accounts Receivable	57,970	76,987	57,970	76,987
Total Assets	\$ 225,413	\$ 1,329,696	\$ 1,314,559	\$ 240,550
Liabilities:				
Amounts Due to Other Governments	\$ 225,219	\$ 1,329,472	\$ 1,314,366	\$ 240,325
Obligations Under Securities Lending Program	194	224	193	225
Total Liabilities	\$ 225,413	\$ 1,329,696	\$ 1,314,559	\$ 240,550
Employee Benefits				
Assets:				
Cash and Cash Equivalents	\$ 2,760	\$ 206,214	\$ 205,335	\$ 3,639
Total Assets	\$ 2,760	\$ 206,214	\$ 205,335	\$ 3,639
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 1,885	\$ 205,364	\$ 204,460	\$ 2,789
Due to Internal Parties (Governmental Funds and Business-type Activities)	875	850	875	850
Total Liabilities	\$ 2,760	\$ 206,214	\$ 205,335	\$ 3,639
Contractor Deposits				
Assets:				
Cash and Cash Equivalents	\$ 27,160	\$ 14,712	\$ 11,611	\$ 30,261
Short-term Investments	350	56	350	56
Total Assets	\$ 27,510	\$ 14,768	\$ 11,961	\$ 30,317
Liabilities:				
Obligations Under Securities Lending Program	\$ 1,491	\$ 1,853	\$ 1,491	\$ 1,853
Other Liabilities	26,019	12,915	10,470	28,464
Total Liabilities	\$ 27,510	\$ 14,768	\$ 11,961	\$ 30,317
Deposits of Insurance Carriers				
Assets:				
Cash and Cash Equivalents	\$ 35,193	\$ 41,284	\$ 41,869	\$ 34,608
Short-term Investments	58,289	72,636	58,289	72,636
Other Investments	340,617	45,579	51,935	334,261
Accounts Receivable	30	692	685	37
Total Assets	\$ 434,129	\$ 160,191	\$ 152,778	\$ 441,542
Liabilities:				
Other Liabilities	\$ 434,129	\$ 160,191	\$ 152,778	\$ 441,542
Total Liabilities	\$ 434,129	\$ 160,191	\$ 152,778	\$ 441,542
Inmate and Ward				
Assets:				
Cash and Cash Equivalents	\$ 8,189	\$ 1,170	\$ 160	\$ 9,199
Accounts Receivable	266	81	-	347
Total Assets	\$ 8,455	\$ 1,251	\$ 160	\$ 9,546
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 2,053	\$ 9	\$ 123	\$ 1,939
Due to Internal Parties (Governmental Funds and Business-type Activities)	141	-	7	134
Other Liabilities	6,261	1,283	71	7,473
Total Liabilities	\$ 8,455	\$ 1,292	\$ 201	\$ 9,546

	Balance July 1	Additions	Deletions	Balance June 30
Child Support Collection				
Assets:				
Cash and Cash Equivalents	\$ 14,226	\$ 649,497	\$ 645,817	\$ 17,906
Total Assets	\$ 14,226	\$ 649,497	\$ 645,817	\$ 17,906
Liabilities:				
Other Liabilities	\$ 14,226	\$ 649,497	\$ 645,817	\$ 17,906
Total Liabilities	\$ 14,226	\$ 649,497	\$ 645,817	\$ 17,906
Behavioral Health Patient				
Assets:				
Cash and Cash Equivalents	\$ 3,513	\$ 3,069	\$ 3,420	\$ 3,162
Other Investments	173	-	9	164
Total Assets	\$ 3,686	\$ 3,069	\$ 3,429	\$ 3,326
Liabilities:				
Other Liabilities	\$ 3,686	\$ 3,069	\$ 3,429	\$ 3,326
Total Liabilities	\$ 3,686	\$ 3,069	\$ 3,429	\$ 3,326
Behavioral Health Non-Patient				
Assets:				
Cash and Cash Equivalents	\$ 20	\$ 14	\$ 1	\$ 33
Total Assets	\$ 20	\$ 14	\$ 1	\$ 33
Liabilities:				
Other Liabilities	\$ 20	\$ 14	\$ 1	\$ 33
Total Liabilities	\$ 20	\$ 14	\$ 1	\$ 33
Comptroller's Debt Setoff				
Assets:				
Cash and Cash Equivalents	\$ 1,122	\$ 12,782	\$ 12,733	\$ 1,171
Total Assets	\$ 1,122	\$ 12,782	\$ 12,733	\$ 1,171
Liabilities:				
Other Liabilities	\$ 1,122	\$ 12,782	\$ 12,733	\$ 1,171
Total Liabilities	\$ 1,122	\$ 12,782	\$ 12,733	\$ 1,171
Unclaimed Property of Other States				
Assets:				
Cash and Cash Equivalents	\$ 6,065	\$ 6,964	\$ 5,840	\$ 7,189
Total Assets	\$ 6,065	\$ 6,964	\$ 5,840	\$ 7,189
Liabilities:				
Amounts Due to Other Governments	\$ 6,065	\$ 6,964	\$ 5,840	\$ 7,189
Total Liabilities	\$ 6,065	\$ 6,964	\$ 5,840	\$ 7,189
Legal Settlement				
Assets:				
Cash and Cash Equivalents	\$ 1,504	\$ 656	\$ 491	\$ 1,669
Short-term Investments	45	9	45	9
Total Assets	\$ 1,549	\$ 665	\$ 536	\$ 1,678
Liabilities:				
Obligations Under Securities Lending Program	\$ 196	\$ 289	\$ 196	\$ 289
Other Liabilities	1,353	376	340	1,389
Total Liabilities	\$ 1,549	\$ 665	\$ 536	\$ 1,678

Continued on next page

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

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Balance July 1	Additions	Deletions	Balance June 30
Consumer Services				
Assets:				
Cash and Cash Equivalents	\$ 1,351	\$ 334	\$ 483	\$ 1,202
Total Assets	\$ 1,351	\$ 334	\$ 483	\$ 1,202
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 4	\$ 31	\$ 34	\$ 1
Other Liabilities	1,347	303	449	1,201
Total Liabilities	\$ 1,351	\$ 334	\$ 483	\$ 1,202
State Asset Forfeiture				
Assets:				
Cash and Cash Equivalents	\$ 6,363	\$ 6,868	\$ 5,725	\$ 7,506
Short-term Investments	-	8	-	8
Total Assets	\$ 6,363	\$ 6,876	\$ 5,725	\$ 7,514
Liabilities:				
Obligations Under Securities Lending Program	\$ -	\$ 268	\$ -	\$ 268
Other Liabilities	6,363	6,608	5,725	7,246
Total Liabilities	\$ 6,363	\$ 6,876	\$ 5,725	\$ 7,514
Virginia School for the Deaf and the Blind				
Assets:				
Cash and Cash Equivalents	\$ 16	\$ 5	\$ 4	\$ 17
Total Assets	\$ 16	\$ 5	\$ 4	\$ 17
Liabilities:				
Other Liabilities	\$ 16	\$ 5	\$ 4	\$ 17
Total Liabilities	\$ 16	\$ 5	\$ 4	\$ 17
Woodrow Wilson Rehabilitation Center				
Assets:				
Cash and Cash Equivalents	\$ 4	\$ 15	\$ 16	\$ 3
Total Assets	\$ 4	\$ 15	\$ 16	\$ 3
Liabilities:				
Other Liabilities	\$ 4	\$ 15	\$ 16	\$ 3
Total Liabilities	\$ 4	\$ 15	\$ 16	\$ 3
Third Party Administrator				
Assets:				
Cash and Cash Equivalents	\$ 11,065	\$ 4,008	\$ 3,702	\$ 11,371
Accounts Receivable	12	-	7	5
Other Assets	40	18	-	58
Total Assets	\$ 11,117	\$ 4,026	\$ 3,709	\$ 11,434
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 1	\$ 2	\$ 1	\$ 2
Other Liabilities	10,521	4,019	3,703	10,837
Insurance Premiums and Claims Payable	595	-	-	595
Total Liabilities	\$ 11,117	\$ 4,021	\$ 3,704	\$ 11,434

	Balance July 1	Additions	Deletions	Balance June 30
Department of Environmental Quality				
Assets:				
Cash and Cash Equivalents	\$ 170	\$ -	\$ 42	\$ 128
Total Assets	\$ 170	\$ -	\$ 42	\$ 128
Liabilities:				
Other Liabilities	\$ 170	\$ -	\$ 42	\$ 128
Total Liabilities	\$ 170	\$ -	\$ 42	\$ 128
Virginia Veterans' Care Center Resident Fund				
Assets:				
Cash and Cash Equivalents	\$ 179	\$ 914	\$ 962	\$ 131
Total Assets	\$ 179	\$ 914	\$ 962	\$ 131
Liabilities:				
Other Liabilities	\$ 179	\$ 914	\$ 962	\$ 131
Total Liabilities	\$ 179	\$ 914	\$ 962	\$ 131
Virginia Individual Development Account Trust Fund				
Assets:				
Cash and Cash Equivalents	\$ 128	\$ 456	\$ 579	\$ 5
Total Assets	\$ 128	\$ 456	\$ 579	\$ 5
Liabilities:				
Other Liabilities	\$ 128	\$ 456	\$ 579	\$ 5
Total Liabilities	\$ 128	\$ 456	\$ 579	\$ 5
E-Payables				
Assets:				
Cash and Cash Equivalents	\$ 6,351	\$ 61,608	\$ 60,113	\$ 7,846
Total Assets	\$ 6,351	\$ 61,608	\$ 60,113	\$ 7,846
Liabilities:				
Other Liabilities	\$ 6,351	\$ 61,608	\$ 60,113	\$ 7,846
Total Liabilities	\$ 6,351	\$ 61,608	\$ 60,113	\$ 7,846
Totals - Agency Funds				
Assets:				
Cash and Cash Equivalents	\$ 292,777	\$ 2,263,273	\$ 2,255,447	\$ 300,603
Short-term Investments	58,729	72,715	58,729	72,715
Other Investments	340,790	45,579	51,944	334,425
Accounts Receivable	58,278	77,760	58,662	77,376
Other Assets	40	18	-	58
Total Assets	\$ 750,614	\$ 2,459,345	\$ 2,424,782	\$ 785,177
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 3,943	\$ 205,406	\$ 204,618	\$ 4,731
Amounts Due to Other Governments	231,284	1,336,436	1,320,206	247,514
Due to Internal Parties (Governmental Funds and Business-type Activities)	1,016	850	882	984
Obligations Under Securities Lending Program	1,881	2,634	1,880	2,635
Other Liabilities	511,895	914,055	897,232	528,718
Insurance Premiums and Claims Payable	595	-	-	595
Total Liabilities	\$ 750,614	\$ 2,459,381	\$ 2,424,818	\$ 785,177

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

The Virginia Outdoors Foundation promotes preservation and fundraising for the purchase of preservation land.

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

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

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

The Virginia Foundation for Healthy Youth determines the appropriate recipients of monies in the Virginia Tobacco Settlement Fund.

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

The Hampton Roads Sanitation District Commission operates a sewage system for 17 localities in the Chesapeake Bay Area.

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

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

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

The Science Museum of Virginia Foundation operates to implement and fund projects and operations of the Science Museum of Virginia.

The Virginia Commercial Space Flight Authority disseminates knowledge pertaining to scientific and technological research and development among public and private entities including, but not limited to, knowledge in the area of commercial space flight, and to promote industrial and economic development.

The Danville Science Center, Inc. promotes programs, projects and operations to educate students.

The Virginia Museum of Fine Arts Foundation implements and funds programs, projects, and operations of the Virginia Museum of Fine Arts.

The A. L. Philpott Manufacturing Extension Partnership promotes industrial expansion by providing consulting services to manufacturers.

The Virginia Horse Center Foundation operates for the benefit of the equine industry.

The Virginia University Research Partnership oversees the administration of grant payments for use by a non-profit, public benefit research institute that conducts research and development for government agencies, commercial businesses, foundations, and other organizations, as well as commercializes technology.

The Fort Monroe Authority assists in formulating a reuse plan for Fort Monroe.

The Assistive Technology Loan Fund Authority provides assistance with loans and in the purchase of assistive technology or other equipment to enable Virginians with disabilities to become more independent.

The Virginia National Defense Industrial Authority promotes business, technology, transportation, education, economic development and other efforts in support of the mission, execution, and transformation of the United States military and national defense activities located in the Commonwealth.

The Virginia Sesquicentennial of the American Civil War Foundation was created to prepare for and commemorate the sesquicentennial of Virginia's participation in the American Civil War.

The Virginia Land Conservation Foundation acquires interests in preservation land and provides grants to other entities to acquire interests in preservation land.

The Virginia Arts Foundation works to promote the arts in the Commonwealth.

The Library of Virginia Foundation promotes and supports the Library of Virginia.

The 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.

Other Higher Education Institutions included in this section are:

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
Virginia College Building Authority
New College Institute

Combining Statement of Net Assets – Nonmajor Component Units

June 30, 2012

(Dollars in Thousands)

	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Virginia Port Authority	Virginia Resources Authority
Assets				
Cash and Cash Equivalents	\$ 3,245	\$ 283	\$ 42,475	\$ 3,949
Investments	-	-	-	4,359
Receivables, Net	283	107	53,189	3,992,961
Contributions Receivable, Net	-	-	-	-
Due from Primary Government	-	-	-	-
Due from Component Units	71	1,400	-	-
Inventory	-	-	12,970	-
Prepaid Items	354	35	13,424	-
Other Assets	29	-	5,168	50,827
Restricted Cash and Cash Equivalents	-	1,728	71,730	337,012
Restricted Investments	-	-	44,322	283,758
Other Restricted Assets	-	-	5,603	-
Nondepreciable Capital Assets	-	5,013	215,735	196
Depreciable Capital Assets, Net	655	57	605,768	10
Total Assets	4,637	8,623	1,070,384	4,673,072
Liabilities				
Accounts Payable	370	156	19,421	124
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	-	-	-	-
Due to Component Units	205	-	-	-
Due to External Parties (Fiduciary Funds)	-	-	-	-
Unearned Revenue	1	-	-	2,664
Obligations Under Securities Lending Program	-	-	5,528	-
Other Liabilities	-	-	11,842	29,624
Loans Payable to Primary Government	-	-	-	-
Long-term Liabilities:				
Due Within One Year	525	72	26,093	127,030
Due in More Than One Year	5,016	91	576,884	3,156,787
Total Liabilities	6,117	319	639,768	3,316,229
Net Assets				
Invested in Capital Assets, Net of Related Debt	655	5,070	290,000	206
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	-
Other	-	-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	-	1,340,656
Debt Service	-	-	68,272	-
Gifts and Grants	-	-	-	-
Higher Education	-	-	-	-
Virginia Pooled Investment Program	-	-	-	7,449
Other	-	1,730	2,192	-
Unrestricted	(2,135)	1,504	70,152	8,532
Total Net Assets (Deficit)	\$ (1,480)	\$ 8,304	\$ 430,616	\$ 1,356,843

Virginia Tourism Authority	Virginia Foundation for Healthy Youth	Tobacco Indemnification and Community Revitalization Commission	Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Partnership Authority	Virginia Small Business Financing Authority	Virginia School for the Deaf and Blind Foundation	Science Museum of Virginia Foundation
\$ 3,026	\$ 9,180	\$ 30,974	\$ 34,761	\$ 1,365	\$ 3,742	\$ 237	\$ 600
-	-	440,883	103,723	4,098	70	3,067	9
255	-	99	38,892	37,336	10,846	-	11
-	-	-	-	-	-	-	2,618
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
735	5	5	-	18	-	-	5
1	6	6,965	5,917	-	-	-	-
-	-	26,155	88,444	-	29,234	-	2,594
-	-	265,050	-	-	-	-	12,343
-	-	7,078	-	-	-	-	-
811	-	-	145,167	3,667	-	-	1,792
820	-	73	765,125	1,778	-	-	3
5,648	9,191	777,282	1,182,029	48,262	43,892	3,304	19,975
458	91	134	28,565	98	75	-	1
-	-	-	-	-	-	-	-
-	7	4	-	-	2	-	686
-	-	71	-	-	-	-	-
-	6	5	-	-	3	-	-
2	-	-	-	162	-	-	37
-	-	-	-	-	2,343	-	-
-	636	8,158	10,142	13	1,169	-	-
-	-	-	-	-	-	-	-
317	38	48	50,127	3,731	-	-	2
2,779	679	553	596,789	35,300	255	-	9
3,556	1,457	8,973	685,623	39,304	3,847	-	735
1,631	-	1	348,407	3,591	-	-	1,795
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,653
-	-	293,324	-	-	-	-	1,969
-	-	-	15,736	-	-	-	-
-	-	-	-	-	27,179	-	9,237
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	9,856	-	-
461	7,734	474,984	132,263	5,367	3,010	3,304	586
\$ 2,092	\$ 7,734	\$ 768,309	\$ 496,406	\$ 8,958	\$ 40,045	\$ 3,304	\$ 19,240

Continued on next page

Combining Statement of Net Assets – Nonmajor Component Units (Continued from previous page)

June 30, 2012

(Dollars in Thousands)

	Virginia Commercial Space Flight Authority	Danville Science Center, Inc.	Virginia Museum of Fine Arts Foundation	A. L. Philpott Manufacturing Extension Partnership
Assets				
Cash and Cash Equivalents	\$ -	\$ 98	\$ 4,042	\$ 1,218
Investments	-	-	5,102	-
Receivables, Net	7,085	4	-	319
Contributions Receivable, Net	-	-	19,869	-
Due from Primary Government	-	-	-	-
Due from Component Units	-	-	-	-
Inventory	-	6	-	-
Prepaid Items	25	50	-	-
Other Assets	-	-	730	-
Restricted Cash and Cash Equivalents	-	316	31,705	-
Restricted Investments	-	729	183,964	-
Other Restricted Assets	-	-	-	-
Nondepreciable Capital Assets	69,393	-	54	-
Depreciable Capital Assets, Net	881	24	960	6
Total Assets	77,384	1,227	246,426	1,543
Liabilities				
Accounts Payable	3,820	-	368	143
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	-	-	-	-
Due to Component Units	3,790	-	-	-
Due to External Parties (Fiduciary Funds)	-	-	-	-
Unearned Revenue	39	91	-	85
Obligations Under Securities Lending Program	-	-	-	-
Other Liabilities	-	-	587	-
Loans Payable to Primary Government	-	-	-	-
Long-term Liabilities:				
Due Within One Year	-	-	1,251	191
Due in More Than One Year	-	-	54,156	-
Total Liabilities	7,649	91	56,362	419
Net Assets				
Invested in Capital Assets, Net of Related Debt	70,274	24	890	6
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	-
Other	-	254	146,386	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	408	-
Debt Service	-	-	-	-
Gifts and Grants	-	274	62,005	-
Higher Education	-	-	-	-
Virginia Pooled Investment Program	-	-	-	-
Other	-	-	-	-
Unrestricted	(539)	584	(19,625)	1,118
Total Net Assets (Deficit)	\$ 69,735	\$ 1,136	\$ 190,064	\$ 1,124

Virginia Horse Center Foundation	Virginia University Research Partnership	Fort Monroe Authority	Assistive Technology Loan Fund Authority	Virginia National Defense Industrial Authority	Virginia Sesquicentennial of the American Civil War Foundation	Virginia Land Conservation Foundation	Virginia Arts Foundation
\$ 8	\$ 4	\$ 2,561	\$ 9,165	\$ -	\$ 319	\$ 3,260	\$ -
-	-	19	-	-	-	-	-
228	-	474	1,301	-	-	-	-
389	-	-	-	-	-	-	-
-	-	-	-	-	-	2,208	-
-	-	-	-	205	-	-	-
35	-	-	-	-	-	-	-
15	-	182	-	-	-	-	-
7	-	-	-	-	-	-	-
259	-	113	-	-	-	-	850
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,413	-	-	-	-	-	-	-
14,175	-	51	3	-	-	-	-
22,529	4	3,400	10,469	205	319	5,468	850
393	-	522	-	110	-	810	-
-	-	-	-	-	-	-	-
-	-	11	-	-	-	-	-
-	-	-	-	-	-	1,400	-
-	-	-	-	-	-	-	-
62	-	71	-	-	-	-	-
-	-	-	-	-	-	-	-
175	-	104	-	-	-	-	-
-	-	-	-	-	-	-	-
460	-	-	6	17	-	-	-
11,706	-	533	-	122	-	10	-
12,796	-	1,241	6	249	-	2,220	-
9,571	-	51	3	-	-	-	-
-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	850
-	-	-	-	-	-	-	-
257	-	-	-	-	-	-	-
-	-	-	-	-	319	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(97)	4	2,108	10,460	(44)	-	3,248	-
\$ 9,733	\$ 4	\$ 2,159	\$ 10,463	\$ (44)	\$ 319	\$ 3,248	\$ 850

Continued on next page

Combining Statement of Net Assets – Nonmajor Component Units (Continued from previous page)

June 30, 2012

(Dollars in Thousands)

	Library of Virginia Foundation	College of William and Mary	Virginia Military Institute	Virginia State University
Assets				
Cash and Cash Equivalents	\$ 119	\$ 71,903	\$ 16,927	\$ 19,341
Investments	1,650	24,502	66,175	735
Receivables, Net	66	18,368	2,527	8,090
Contributions Receivable, Net	224	20,699	16,446	643
Due from Primary Government	-	310	102	292
Due from Component Units	-	2,001	5,795	2,226
Inventory	110	848	5,680	-
Prepaid Items	14	2,044	1,000	2,053
Other Assets	-	1,606	125	609
Restricted Cash and Cash Equivalents	-	63,264	1,165	40,631
Restricted Investments	947	499,582	242,784	31,522
Other Restricted Assets	-	136,884	5,368	-
Nondepreciable Capital Assets	-	145,156	16,316	64,809
Depreciable Capital Assets, Net	26	581,468	217,262	173,231
Total Assets	3,156	1,568,635	597,672	344,182
Liabilities				
Accounts Payable	54	31,849	8,422	12,724
Amounts Due to Other Governments	-	-	1,325	-
Due to Primary Government	-	776	200	259
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	-	573	162	182
Unearned Revenue	-	15,376	1,545	3,353
Obligations Under Securities Lending Program	-	140	553	365
Other Liabilities	45	13,758	2,305	3,948
Loans Payable to Primary Government	-	-	-	-
Long-term Liabilities:				
Due Within One Year	-	25,077	2,065	6,670
Due in More Than One Year	116	304,562	76,706	170,022
Total Liabilities	215	392,111	93,283	197,523
Net Assets				
Invested in Capital Assets, Net of Related Debt	26	495,367	219,623	122,799
Restricted For:				
Nonexpendable:				
Higher Education	-	444,765	113,656	16,440
Other	940	-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Gifts and Grants	306	-	-	-
Higher Education	-	225,613	120,068	19,540
Virginia Pooled Investment Program	-	-	-	-
Other	-	-	-	-
Unrestricted	1,669	10,779	51,042	(12,120)
Total Net Assets (Deficit)	\$ 2,941	\$ 1,176,524	\$ 504,389	\$ 146,659

<u>Norfolk State University</u>	<u>University of Mary Washington</u>	<u>James Madison University</u>	<u>Radford University</u>	<u>Old Dominion University</u>	<u>George Mason University</u>	<u>Virginia Community College System</u>	<u>Christopher Newport University</u>
\$ 34,880	\$ 17,558	\$ 112,669	\$ 79,531	\$ 98,673	\$ 115,399	\$ 210,009	\$ 29,659
6	5	10,192	3,084	21,868	4,531	24,568	92
5,442	5,184	12,121	5,969	90,937	36,955	27,533	1,019
640	574	3,927	1,465	9,826	19,550	6,418	11,308
261	626	708	250	532	1,020	2,480	1,072
1,774	3,058	4,548	5,248	5,841	5,919	35,486	2,793
-	529	1,022	468	675	1,859	2,938	171
1,922	949	8,038	2,021	801	3,224	20,824	2,247
1,717	2,532	14	3,586	1,113	8,101	821	953
7,429	16,598	5,283	7,704	17,583	60,352	77,215	14,346
21,390	35,324	63,392	40,746	157,490	100,644	113,051	16,245
179	-	4,860	288	-	47,785	-	865
8,660	80,557	133,641	66,254	64,167	125,033	223,735	114,449
205,910	273,824	669,452	151,622	518,031	1,151,606	964,445	384,442
290,210	437,318	1,029,867	368,236	987,537	1,681,978	1,709,523	579,661
5,367	11,421	33,234	21,447	40,713	58,907	80,621	17,069
-	-	-	-	-	-	5,096	-
322	249	1,003	423	713	-	2,044	264
-	-	-	-	-	-	-	-
202	128	442	191	113	25	1,332	115
1,947	1,959	15,763	3,355	14,140	39,135	55,093	1,310
187	150	2,548	754	1,459	7,137	16,781	325
3,713	3,534	10,126	8,700	11,134	19,124	8,612	8,476
-	-	-	-	-	-	5,090	-
3,977	4,042	17,156	2,397	21,090	37,681	23,168	13,822
113,423	247,080	274,110	37,334	402,165	949,678	330,877	246,211
129,138	268,563	354,382	74,601	491,527	1,111,687	528,714	287,592
133,400	171,156	564,151	215,463	307,238	499,203	1,111,939	274,696
8,302	28,335	47,082	23,814	120,767	74,041	63,597	16,409
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,536	11,554	37,341	28,416	82,120	60,402	69,755	8,742
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,834	(42,290)	26,911	25,942	(14,115)	(63,355)	(64,482)	(7,778)
\$ 161,072	\$ 168,755	\$ 675,485	\$ 293,635	\$ 496,010	\$ 570,291	\$ 1,180,809	\$ 292,069

Continued on next page

Combining Statement of Net Assets – Nonmajor Component Units (Continued from previous page)

June 30, 2012

(Dollars in Thousands)

	Longwood University	Southwest Virginia Higher Education Center	Roanoke Higher Education Authority	Innovation and Entrepreneurship Investment Authority
Assets				
Cash and Cash Equivalents	\$ 46,897	\$ -	\$ 1,993	\$ 7,972
Investments	15,879	-	81	-
Receivables, Net	2,941	1,653	4,513	534
Contributions Receivable, Net	3,367	-	-	-
Due from Primary Government	195	-	-	-
Due from Component Units	1,712	65	54	-
Inventory	494	-	-	-
Prepaid Items	1,874	28	15	68
Other Assets	1,262	-	-	650
Restricted Cash and Cash Equivalents	9,030	-	-	-
Restricted Investments	33,718	-	-	-
Other Restricted Assets	110	-	-	-
Nondepreciable Capital Assets	56,923	886	630	5,629
Depreciable Capital Assets, Net	204,459	11,759	17,305	12,407
Total Assets	378,861	14,391	24,591	27,260
Liabilities				
Accounts Payable	7,807	263	80	379
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	255	-	-	-
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	114	14	-	-
Unearned Revenue	1,677	-	60	601
Obligations Under Securities Lending Program	325	-	-	-
Other Liabilities	10,752	1	23	114
Loans Payable to Primary Government	-	-	-	-
Long-term Liabilities:				
Due Within One Year	5,072	135	119	1,321
Due in More Than One Year	130,387	1,351	1,009	1,222
Total Liabilities	156,389	1,764	1,291	3,637
Net Assets				
Invested in Capital Assets, Net of Related Debt	156,277	11,991	16,886	15,674
Restricted For:				
Nonexpendable:				
Higher Education	31,319	-	-	-
Other	-	-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Gifts and Grants	-	-	-	-
Higher Education	15,638	-	-	430
Virginia Pooled Investment Program	-	-	-	-
Other	-	-	-	-
Unrestricted	19,238	636	6,414	7,519
Total Net Assets (Deficit)	\$ 222,472	\$ 12,627	\$ 23,300	\$ 23,623

Institute for Advanced Learning and Research	Southern Virginia Higher Education Center	Virginia College Building Authority	New College Institute	Total Nonmajor Component Units
\$ 2,953	\$ 438	\$ 48	\$ 1,723	\$ 1,023,204
-	-	-	-	734,698
649	9	24,944	-	4,392,844
-	-	-	106	118,069
-	-	4,496	-	14,552
19	-	-	22	78,237
-	-	-	-	27,805
58	-	-	1	62,034
-	2	-	-	92,741
381	337	190,339	-	1,101,797
-	-	-	855	2,147,856
-	-	-	-	209,020
-	-	-	-	1,556,086
11,398	1,397	-	530	6,940,963
15,458	2,183	219,827	3,237	18,499,906
401	92	15	35	386,559
-	-	-	-	6,421
-	13	-	4	7,235
-	-	110,093	-	115,559
-	8	-	3	3,618
623	-	-	-	159,151
-	-	-	-	38,595
240	-	71,950	-	239,005
-	-	-	-	5,090
-	81	145,283	15	519,079
-	1,055	2,325,307	417	10,054,701
1,264	1,249	2,652,648	474	11,535,013
11,398	1,397	-	530	5,061,389
-	-	-	461	988,988
-	-	-	-	154,085
-	-	-	-	1,636,357
-	-	-	-	84,265
-	-	-	-	99,320
144	337	78,688	1,532	773,856
-	-	-	-	7,449
-	-	-	-	13,778
2,652	(800)	(2,511,509)	240	(1,854,594)
\$ 14,194	\$ 934	\$ (2,432,821)	\$ 2,763	\$ 6,964,893

Combining Statement of Activities – Nonmajor Component Units

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	Program Revenues				Net (Expenses) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Higher Education					
College of William and Mary	\$ 399,335	\$ 231,203	\$ 48,673	\$ 16,447	\$ (103,012)
Virginia Military Institute	85,296	38,428	7,259	10,674	(28,935)
Virginia State University	155,150	59,486	37,922	16,888	(40,854)
Norfolk State University	157,291	58,617	33,655	22,170	(42,849)
University of Mary Washington	132,271	74,771	5,061	15,447	(36,992)
James Madison University	435,513	308,978	39,870	31,855	(54,810)
Radford University	168,604	100,033	23,272	22,542	(22,757)
Old Dominion University	440,510	218,524	95,505	8,955	(117,526)
George Mason University	768,782	432,620	146,586	38,352	(151,224)
Virginia Community College System	1,231,775	379,113	419,020	129,814	(303,828)
Christopher Newport University	126,488	84,461	15,700	44,209	17,882
Longwood University	129,439	75,037	12,005	9,871	(32,526)
Southwest Virginia Higher Education Center	9,128	887	5,359	286	(2,596)
Roanoke Higher Education Authority	3,085	1,142	93	125	(1,725)
Innovation and Entrepreneurship Investment Authority	13,987	4,125	2,291	-	(7,571)
Institute for Advanced Learning and Research	8,492	1,216	1,656	2,050	(3,570)
Southern Virginia Higher Education Center	4,336	752	1,193	-	(2,391)
Virginia College Building Authority	701,645	75,583	40,714	-	(585,348)
New College Institute	3,125	-	1,679	-	(1,446)
Total Higher Education	4,974,252	2,144,976	937,513	369,685	(1,522,078)
Other Nonmajor Component Units					
Virginia Economic Development Partnership	20,100	384	293	-	(19,423)
Virginia Outdoors Foundation	4,241	2,154	406	-	(1,681)
Virginia Port Authority	369,869	304,354	6,282	10,988	(48,245)
Virginia Resources Authority	142,935	137,944	-	53,010	48,019
Virginia Tourism Authority	23,251	659	2,711	-	(19,881)
Virginia Foundation for Healthy Youth	9,890	-	64	-	(9,826)
Tobacco Identification and Community Revitalization Commission	100,185	-	-	-	(100,185)
Hampton Roads Sanitation District Commission	203,750	204,089	-	14,806	15,145
Virginia Biotechnology Research Partnership Authority	8,846	3,842	-	-	(5,004)
Virginia Small Business Financing Authority	654	1,298	5,924	-	6,568
Virginia School for the Deaf and Blind Foundation	20	-	-	-	(20)
Science Museum of Virginia Foundation	3,681	-	706	2,631	(344)
Virginia Commercial Space Flight Authority	33,961	-	45,471	654	12,164
Danville Science Center, Inc.	418	7	241	-	(170)
Virginia Museum of Fine Arts Foundation	15,368	-	(3,616)	-	(18,984)
A. L. Philpott Manufacturing Extension Partnership	3,445	1,670	1,502	-	(273)
Virginia Horse Center Foundation	4,717	2,952	649	-	(1,116)
Virginia University Research Partnership	1,000	-	-	-	(1,000)
Fort Monroe Authority	7,317	1,572	3,514	-	(2,231)
Assistive Technology Loan Fund Authority	436	-	-	-	(436)
Virginia National Defense Industrial Authority	519	-	-	-	(519)
Virginia Sesquicentennial of the American Civil War Foundation	183	-	51	-	(132)
Virginia Land Conservation Foundation	697	-	-	-	(697)
Virginia Arts Foundation	-	27	-	-	27
Library of Virginia Foundation	1,149	314	-	-	(835)
Total Other Nonmajor	956,632	661,266	64,198	82,089	(149,079)
Total Nonmajor Component Units	\$ 5,930,884	\$ 2,806,242	\$ 1,001,711	\$ 451,774	\$ (1,671,157)

General Revenues				
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous	Contributions to Permanent / Term Endowments
\$ 62,671	\$ 15,368	\$ (804)	\$ 28,844	\$ 18,322
11,500	38	(1,111)	487	3,664
39,282	1,799	(1,255)	2,132	1,548
45,313	1,585	368	2,047	1,418
21,897	975	(59)	520	4,030
74,546	286	1,770	2,775	1,557
46,160	315	367	1,094	1,448
111,690	85	1,838	-	4,110
125,587	2,491	1,318	816	8,304
348,031	9,905	3,412	17,646	7,486
26,841	34	(1,962)	161	1,876
26,215	352	1,484	248	2,011
1,822	-	-	8	-
1,122	11	60	-	-
10,572	-	26	-	-
5,523	-	3	59	-
1,938	1,312	-	-	-
162,394	-	203	-	-
1,439	17	45	-	63
1,124,543	34,573	5,703	56,837	55,837
18,687	-	7	25	-
1,753	104	11	4	-
36,253	-	1,520	-	-
-	-	-	-	-
19,691	-	8	-	-
-	9,558	-	-	-
-	-	39,555	442	-
-	-	1,457	2,602	-
-	-	454	-	-
5,000	-	142	63	-
-	-	60	-	-
-	1,724	(9)	11	1
1,500	-	-	9	-
-	97	7	-	-
-	5,109	(122)	-	60,928
399	-	-	-	-
-	176	2	-	91
1,000	-	-	-	-
3,901	-	-	-	-
-	50	96	-	-
395	-	-	-	-
-	-	-	-	-
2,100	-	-	-	-
-	-	-	32	-
-	229	(106)	7	354
90,679	17,047	43,082	3,195	61,374
\$ 1,215,222	\$ 51,620	\$ 48,785	\$ 60,032	\$ 117,211

Continued on next page

Combining Statement of Activities – Nonmajor Component Units (Continued from previous page)

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Changes in Net Assets	Net Assets (Deficit) July 1	Net Assets (Deficit) June 30
Higher Education			
College of William and Mary	\$ 21,389	\$ 1,155,135	\$ 1,176,524
Virginia Military Institute	(14,357)	518,746	504,389
Virginia State University	2,652	144,007	146,659
Norfolk State University	7,882	153,190	161,072
University of Mary Washington	(9,629)	178,384	168,755
James Madison University	26,124	649,361	675,485
Radford University	26,627	267,008	293,635
Old Dominion University	197	495,813	496,010
George Mason University	(12,708)	582,999	570,291
Virginia Community College System	82,652	1,098,157	1,180,809
Christopher Newport University	44,832	247,237	292,069
Longwood University	(2,216)	224,688	222,472
Southwest Virginia Higher Education Center	(766)	13,393	12,627
Roanoke Higher Education Authority	(532)	23,832	23,300
Innovation and Entrepreneurship Investment Authority	3,027	20,596	23,623
Institute for Advanced Learning and Research	2,015	12,179	14,194
Southern Virginia Higher Education Center	859	75	934
Virginia College Building Authority	(422,751)	(2,010,070)	(2,432,821)
New College Institute	118	2,645	2,763
Total Higher Education	(244,585)	3,777,375	3,532,790
Other Nonmajor Component Units			
Virginia Economic Development Partnership	(704)	(776)	(1,480)
Virginia Outdoors Foundation	191	8,113	8,304
Virginia Port Authority	(10,472)	441,088	430,616
Virginia Resources Authority	48,019	1,308,824	1,356,843
Virginia Tourism Authority	(182)	2,274	2,092
Virginia Foundation for Healthy Youth	(268)	8,002	7,734
Tobacco Identification and Community Revitalization Commission	(60,188)	828,497	768,309
Hampton Roads Sanitation District Commission	19,204	477,202	496,406
Virginia Biotechnology Research Partnership Authority	(4,550)	13,508	8,958
Virginia Small Business Financing Authority	11,773	28,272	40,045
Virginia School for the Deaf and Blind Foundation	40	3,264	3,304
Science Museum of Virginia Foundation	1,383	17,857	19,240
Virginia Commercial Space Flight Authority	13,673	56,062	69,735
Danville Science Center, Inc.	(66)	1,202	1,136
Virginia Museum of Fine Arts Foundation	46,931	143,133	190,064
A. L. Philpott Manufacturing Extension Partnership	126	998	1,124
Virginia Horse Center Foundation	(847)	10,580	9,733
Virginia University Research Partnership	-	4	4
Fort Monroe Authority	1,670	489	2,159
Assistive Technology Loan Fund Authority	(290)	10,753	10,463
Virginia National Defense Industrial Authority	(124)	80	(44)
Virginia Sesquicentennial of the American Civil War Foundation	(132)	451	319
Virginia Land Conservation Foundation	1,403	1,845	3,248
Virginia Arts Foundation	59	791	850
Library of Virginia Foundation	(351)	3,292	2,941
Total Other Nonmajor	66,298	3,365,805	3,432,103
Total Nonmajor Component Units	\$ (178,287)	\$ 7,143,180	\$ 6,964,893

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,				
	2012	2011	2010	2009	2008
Tax-Supported Debt:					
Primary Government:					
General Obligation Bonds (1):					
Section 9(b) Bonds (2)	\$ 831,148	\$ 914,574	\$ 999,841	\$ 1,040,636	\$ 935,105
Section 9(c) Bonds (2)	42,593	45,800	49,545	36,884	66,884
Subtotal - General Obligation Bonds	873,741	960,374	1,049,386	1,077,520	1,001,989
Nongeneral Obligation Debt:					
Section 9(d) Bonds (2)	5,222,270	4,427,114	3,705,737	3,001,263	2,667,962
Other Long-term Debt and Obligations (3)	2,742,274	2,397,060	2,079,248	1,841,561	1,614,506
Total Primary Government	8,838,285	7,784,548	6,834,371	5,920,344	5,284,457
Component Units:					
General Obligation Bonds (1):					
Section 9(c) Bonds (2)	906,474	765,280	631,275	573,550	487,296
Subtotal - General Obligation Bonds	906,474	765,280	631,275	573,550	487,296
Nongeneral Obligation Bonds:					
Section 9(d) Bonds (2)	2,747,447	2,139,017	1,919,034	1,455,411	1,172,290
Other Long-term Debt (3)	1,701,305	1,472,492	1,209,731	1,050,487	906,560
Total Component Units	5,355,226	4,376,789	3,760,040	3,079,448	2,566,146
Total Tax-Supported Debt	14,193,511	12,161,337	10,594,411	8,999,792	7,850,603
Debt Not Supported by Taxes:					
Primary Government:					
Total Primary Government (2)	2,915,671	2,759,434	2,803,913	2,787,825	2,934,728
Component Units:					
Section 9(d) Moral Obligation Bonds	801,384	684,005	669,839	726,416	1,073,577
Section 9(d) Other Debt	1,541,802	1,450,714	1,333,083	1,356,659	1,147,172
Other Long-term Debt (4)	15,088,830	15,302,035	15,102,864	14,288,566	12,838,045
Foundations (5)	1,570,447	1,355,777	1,317,122	1,294,063	1,102,712
Total Component Units	19,002,463	18,792,531	18,422,908	17,665,704	16,161,506
Total Debt Not Supported by Taxes	21,918,134	21,551,965	21,226,821	20,453,529	19,096,234
Total Debt of the Commonwealth	\$ 36,111,645	\$ 33,713,302	\$ 31,821,232	\$ 29,453,321	\$ 26,946,837

	2012	2011	2010	2009	2008
Section 9(b) Debt:					
Transportation Facilities Bonds	\$ -	\$ -	\$ 6,469	\$ 12,695	\$ 18,622
Public Facilities Bonds	831,148	914,574	993,372	1,027,941	916,483
Subtotal 9(b) Debt	831,148	914,574	999,841	1,040,636	935,105
Section 9(c) Debt:					
Higher Educational Institution Bonds	906,474	765,280	631,275	573,550	487,296
Transportation Facilities Bonds	24,210	26,355	28,394	30,358	59,294
Parking Facilities Bonds	18,383	19,445	21,151	6,526	7,590
Subtotal 9(c) Debt	949,067	811,080	680,820	610,434	554,180
Total General Obligation Debt (1)	\$ 1,780,215	\$ 1,725,654	\$ 1,680,661	\$ 1,651,070	\$ 1,489,285

- (1) Total general obligation debt for the fiscal year ended.
- (2) Net of unamortized discounts, premiums, deferrals on debt defeasance, and/or issuance expenses.
- (3) Includes capital lease obligations, notes payable, installment purchase obligations, pension liability, and the long-term portion of the liability for compensated absences.
- (4) Includes bonds payable, notes payable, and other debt not supported by taxes.
- (5) Foundations represent FASB reporting entities defined in Note 1.B.

Tax-Supported Debt and Other Long-term Obligations

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2012	2011	2010	2009	2008
Primary Government:					
General Obligation Debt (1) (4):					
Section 9(b) Debt					
Transportation Facilities (2)	\$ -	\$ -	\$ 6,469	\$ 12,695	\$ 18,622
Public Facilities (2)	831,148	914,574	993,372	1,027,941	916,483
Subtotal Section 9(b) Debt	831,148	914,574	999,841	1,040,636	935,105
Section 9(c) Debt					
Parking Facilities (2)	18,383	19,445	21,151	6,526	7,590
Transportation Facilities (2)	24,210	26,355	28,394	30,358	59,294
Subtotal Section 9(c) Debt	42,593	45,800	49,545	36,884	66,884
Subtotal General Obligation Debt	873,741	960,374	1,049,386	1,077,520	1,001,989
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Transportation Debt (2)	2,655,481	2,008,601	1,428,918	908,601	948,507
Virginia Public Building Authority (2)	2,566,789	2,418,513	2,276,819	2,092,662	1,719,455
Subtotal Section 9(d) Debt	5,222,270	4,427,114	3,705,737	3,001,263	2,667,962
Other Long-term Debt:					
Transportation Notes Payable (3)	8,000	8,000	8,000	8,000	12,325
Regional Jail Construction	2,748	4,617	6,445	8,231	9,980
Capital Lease Obligations	77,400	87,219	97,012	102,913	113,477
Installment Purchase Obligations	114,959	101,014	73,950	61,966	54,761
Virginia Public Broadcasting Board Notes Payable (3)	-	-	2,990	5,830	8,520
Industrial Development Authority Obligations	-	-	5,150	10,025	14,640
Economic Development Authority Obligations	81,747	85,827	89,722	93,442	96,992
Tax Refund Note (3)	40,639	60,959	81,278	81,278	-
Aviation Notes Payable (3)	1,050	1,336	1,623	1,909	2,195
Subtotal Other Long-term Debt	326,543	348,972	366,170	373,594	312,890
Other Long-term Obligations:					
Compensated Absences	315,176	311,523	320,912	336,072	345,361
Pension Liability	1,660,768	1,405,714	1,147,163	989,517	878,579
OPEB Liability	406,969	301,771	214,943	117,604	57,473
Pollution Remediation Liability	5,171	4,772	4,019	2,472	-
Other Liabilities	27,647	24,308	26,041	22,302	20,203
Subtotal Other Long-term Obligations	2,415,731	2,048,088	1,713,078	1,467,967	1,301,616
Total Primary Government	8,838,285	7,784,548	6,834,371	5,920,344	5,284,457
Component Units:					
General Obligation Bonds (1) (4):					
Section 9(c) Debt					
Higher Educational Institutions (2)	906,474	765,280	631,275	573,550	487,296
Subtotal General Obligation Debt	906,474	765,280	631,275	573,550	487,296
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Virginia Port Authority (2)	237,321	186,011	194,287	200,886	218,596
Innovation & Entrepreneurship Investment Authority	2,375	3,465	4,480	5,415	6,270
Virginia College Building Authority	2,470,589	1,909,586	1,677,617	1,203,701	899,572
Virginia Biotechnology Research Partnership Authority	37,162	39,955	42,650	45,409	47,852
Subtotal Section 9(d) Debt	2,747,447	2,139,017	1,919,034	1,455,411	1,172,290
Other Long-term Debt:					
Capital Lease Obligations	91,166	119,519	104,489	113,687	136,773
Installment Purchase Obligations (3)	100,161	118,277	141,026	156,236	118,811
Subtotal Other Long-term Debt	191,327	237,796	245,515	269,923	255,584
Other Long-term Obligations:					
Compensated Absences	253,845	248,149	238,916	237,832	229,910
Pension Liability	785,472	644,481	506,555	420,996	358,881
OPEB Liability	470,661	342,066	218,745	121,736	62,185
Subtotal Other Long-term Obligations	1,509,978	1,234,696	964,216	780,564	650,976
Total Component Units	5,355,226	4,376,789	3,760,040	3,079,448	2,566,146
Total Tax-Supported Debt	\$ 14,193,511	\$ 12,161,337	\$ 10,594,411	\$ 8,999,792	\$ 7,850,603

- (1) The general obligation debt is the only debt or long-term obligation that is backed by the full faith, credit, and taxing power of the Commonwealth.
- (2) Net of unamortized discounts, premiums, deferral on debt defeasance, and/or issuance expenses.
- (3) Reflected as Notes Payable in Note 25, Long-term Liabilities.
- (4) See Note 1 on previous page.

Debt and Other Long-term Obligations Not Supported by Taxes

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2012	2011	2010	2009	2008
Primary Government:					
Other Long-term Debt & Obligations:					
Federal Reimbursement Anticipation Notes Payable (1)	\$ 182,450	\$ 274,650	\$ 414,319	\$ 548,695	\$ 677,297
Grant Anticipation Notes (GARVEES) (1)	298,728	-	-	-	-
Pension Liability	42,249	34,054	26,379	21,368	18,887
OPEB Liability	12,751	9,099	5,779	2,973	1,551
Capital Lease Obligations	449	918	1,407	1,919	2,347
Compensated Absences	9,267	9,044	9,130	8,955	8,761
Installment Purchase Obligations	-	-	187	964	1,735
Tuition Benefits Payable	2,175,296	2,215,261	2,095,958	1,909,786	1,891,424
Lottery Prizes Payable	194,481	216,408	250,754	293,165	332,726
Total Primary Government	2,915,671	2,759,434	2,803,913	2,787,825	2,934,728
Component Units:					
Section 9(d) Moral Obligation Debt: (1)					
Virginia Housing Development Authority	-	-	-	-	391,691
Virginia Resources Authority	801,384	684,005	669,839	726,416	681,886
Subtotal Section 9(d) Moral Obligation Debt	801,384	684,005	669,839	726,416	1,073,577
Section 9(d) Other Debt:					
Higher Educational Institutions (1):					
Auxiliary Enterprise Revenue Bonds	1,205,869	1,232,954	1,059,008	1,077,484	846,677
Teaching Hospitals Revenue Bonds (4)	335,933	217,760	274,075	279,175	300,495
Subtotal Section 9(d) Other Debt	1,541,802	1,450,714	1,333,083	1,356,659	1,147,172
Other Long-term Debt:					
Virginia Housing Development Authority (1) (2)	5,945,174	6,438,200	6,739,603	6,754,384	6,487,296
Hampton Roads Sanitation District	639,286	560,996	547,318	360,136	359,904
Virginia Biotechnology Research Partnership Authority	-	1,125	1,355	1,565	10,015
Virginia Public School Authority (1) (2)	3,378,084	3,215,448	3,235,947	3,258,258	3,030,087
Virginia Port Authority	281,978	284,558	288,764	223,541	292,982
Virginia Resources Authority	2,478,243	2,060,398	1,915,717	1,740,010	1,101,055
Notes Payable	2,070,152	2,403,627	2,034,214	1,649,031	1,293,035
Other Long-term Debt	295,913	337,683	339,946	301,641	263,671
Foundations (5)	1,570,447	1,355,777	1,317,122	1,294,063	1,102,712
Subtotal Other Long-term Debt	16,659,277	16,657,812	16,419,986	15,582,629	13,940,757
Subtotal Section 9(d) and Other Debt	18,201,079	18,108,526	17,753,069	16,939,288	15,087,929
Total Component Units	19,002,463	18,792,531	18,422,908	17,665,704	16,161,506
Total Debt Not Supported by Taxes (3)	\$ 21,918,134	\$ 21,551,965	\$ 21,226,821	\$ 20,453,529	\$ 19,096,234

- (1) Net of unamortized discounts, premiums, deferral on debt defeasance, and/or issuance expenses.
- (2) Includes notes payable and/or installment purchase obligations.
- (3) These amounts are not backed by the full faith, credit, and taxing power of the Commonwealth.
- (4) Includes the Virginia Commonwealth University Health System Authority.
- (5) Foundations represent FASB reporting entities defined in Note 1.B.

Authorized and Unissued Tax-Supported Debt

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

	As of June 30, 2011	New Debt Authorized	Debt Issued	Other Adjust- ments	As of June 30, 2012
Section 9(b) Debt (Primary Government):					
Higher Educational Institution Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Park and Recreational Facilities	-	-	-	-	-
Subtotal Section 9(b) Debt	-	-	-	-	-
Section 9(c) Debt (Primary Government):					
Higher Educational Institution Bonds	547,939	125,594	168,875	(13,867)	490,791
Parking Facilities Bonds	226	-	-	-	226
Subtotal Section 9(c) Debt	548,165	125,594	168,875	(13,867)	491,017
Section 9(d) Debt:					
Primary Government:					
Transportation Contract Revenue Bonds					
(Northern Virginia Transportation District					
Fund Program)	24,700	-	-	-	24,700
Transportation Capital Projects Revenue Bonds	2,087,335	-	600,000	-	1,487,335
Component Units:					
Virginia Public Building Authority					
(Projects)	415,111	80,253	249,698	(28,949)	216,717
Virginia Public Building Authority					
(Jails)	289,141	25,376	48,802	-	265,715
Virginia College Building Authority					
(21st Century)	1,921,306	137,536	509,890	(63,262)	1,485,690
Virginia College Building Authority					
(Equipment Program)	115,008	118,318	97,700	(17,308)	118,318
Virginia Port Authority	125,000	-	57,370	(2,631)	64,999
Subtotal Section 9(d) Debt	4,977,601	361,483	1,563,460	(112,150)	3,663,474
Total Authorized and Unissued					
Tax-Supported Debt	\$ 5,525,766	\$ 487,077	\$ 1,732,335	\$ (126,017)	\$ 4,154,491

Tax-Supported Debt – Annual Debt Service Requirements [1]

For the Fiscal Year Ended June 30, 2012

(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
2013	\$ 119,250	\$ 77,263	\$ 196,513	\$ 464,791	\$ 347,479	\$ 812,270
2014	120,545	71,811	192,356	458,254	323,777	782,031
2015	119,785	66,191	185,976	457,183	303,276	760,459
2016	111,895	60,590	172,485	458,292	282,415	740,707
2017	104,160	55,416	159,576	452,789	261,851	714,640
2018	98,050	50,513	148,563	425,190	241,458	666,648
2019	97,270	46,181	143,451	397,001	222,842	619,843
2020	96,865	41,877	138,742	365,653	204,864	570,517
2021	98,680	37,580	136,260	363,041	188,496	551,537
2022	93,500	33,194	126,694	354,960	172,005	526,965
2023	93,875	28,868	122,743	354,231	156,281	510,512
2024	93,325	24,580	117,905	357,441	140,376	497,817
2025	84,920	20,264	105,184	345,074	124,201	469,275
2026	79,200	16,414	95,614	344,134	108,633	452,767
2027	70,425	12,941	83,366	314,426	92,949	407,375
2028	54,700	9,715	64,415	295,885	78,015	373,900
2029	39,260	7,235	46,495	285,885	63,718	349,603
2030	29,295	5,487	34,782	262,000	50,001	312,001
2031	24,660	4,113	28,773	204,010	37,137	241,147
2032	14,460	2,945	17,405	165,730	28,157	193,887
2033	13,805	2,274	16,079	106,815	21,062	127,877
2034	12,455	1,633	14,088	111,435	15,920	127,355
2035	9,930	1,060	10,990	111,880	10,555	122,435
2036	5,835	616	6,451	86,785	5,315	92,100
2037	2,560	365	2,925	38,730	1,549	40,279
2038	1,675	244	1,919	-	-	-
2039	1,730	165	1,895	-	-	-
2040	1,785	84	1,869	-	-	-
Subtotal	1,693,895	679,619	2,373,514	7,581,615	3,482,332	11,063,947
Add						
Accretion on						
Capital Appreciation						
Bonds	-	-	-	16,339	-	16,339
Add						
Unamortized						
Premium	115,291	-	115,291	546,397	-	546,397
Less						
Unamortized						
Discount	-	-	-	(670)	-	(670)
Less						
Deferral on						
Debt Defeasance	(28,969)	-	(28,969)	(42,530)	-	(42,530)
Total	\$ 1,780,217	\$ 679,619	\$ 2,459,836	\$ 8,101,151	\$ 3,482,332	\$ 11,583,483

[1] Includes Virginia Biotechnology Research Park Authority, Innovation and Entrepreneurship Investment Authority, Fairfax County Economic Development Authority, Virginia Aviation Board, Tax Refund Note, and Transportation Notes Payable. Does not include other capital leases, installment purchase obligations, regional jail reimbursements under the original treasury board program, compensated absences, pension liability, pollution remediation liability and uninsured employers' fund.

[2] Includes principal amount of \$5,222,268 (dollars in thousands) which includes transportation notes payable of \$8,000 (dollars in thousands) for the primary government.

Total		
Principal	Interest	Total
\$ 584,041	\$ 424,742	\$ 1,008,783
578,799	395,588	974,387
576,968	369,467	946,435
570,187	343,005	913,192
556,949	317,267	874,216
523,240	291,971	815,211
494,271	269,023	763,294
462,518	246,741	709,259
461,721	226,076	687,797
448,460	205,199	653,659
448,106	185,149	633,255
450,766	164,956	615,722
429,994	144,465	574,459
423,334	125,047	548,381
384,851	105,890	490,741
350,585	87,730	438,315
325,145	70,953	396,098
291,295	55,488	346,783
228,670	41,250	269,920
180,190	31,102	211,292
120,620	23,336	143,956
123,890	17,553	141,443
121,810	11,615	133,425
92,620	5,931	98,551
41,290	1,914	43,204
1,675	244	1,919
1,730	165	1,895
1,785	84	1,869
<u>9,275,510</u>	<u>4,161,951</u>	<u>13,437,461</u>
16,339	-	16,339
661,688	-	661,688
(670)	-	(670)
(71,499)	-	(71,499)
<u>\$ 9,881,368</u>	<u>\$ 4,161,951</u>	<u>\$ 14,043,319</u>

Tax-Supported Debt – Detail of Long-term Indebtedness

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
General Obligation Debt					
Section 9(b) Debt (Primary Government):					
Public Facilities Bonds					
Series 2002 Refunding	\$ 114,865	\$ 27,380	\$ (27,380)	\$ -	
Series 2003	50,400	30,275	(27,755)	2,520	06/01/13
Series 2004	243,680	100,195	(41,580)	58,615	06/01/13-18
Series 2005	118,110	47,140	(17,570)	29,570	06/01/13-25
Series 2006 Refunding	61,535	31,090	(7,980)	23,110	06/01/13-15
Series 2006	117,910	59,165	(5,920)	53,245	06/01/13-26
Series 2007	200,465	163,920	(10,251)	153,669	06/01/13-27
Series 2008	198,165	168,625	(9,925)	158,700	06/01/13-28
Series 2008 Refunding	25,458	9,769	(4,912)	4,857	06/01/13
Series 2009	80,000	72,000	(4,000)	68,000	06/01/13-29
Series 2009 Refunding	121,765	121,295	-	121,295	06/01/16-22
Series 2009 Taxable BABs	45,000	42,635	(2,365)	40,270	06/01/13-29
Series 2012	71,065	-	71,065	71,065	06/01/13-24
Deferral on Debt Defeasance	-	(16,210)	(426)	(16,636)	
Unamortized Premium	-	57,295	5,573	62,868	
Total Public Facilities Bonds	1,448,418	914,574	(83,426)	831,148	
Total Section 9(b) Debt	1,448,418	914,574	(83,426)	831,148	
Section 9(c) Debt					
Higher Educational Institution Bonds (Component Units)					
Series 1983 Bonds					
Old Dominion University					
Mid-Rise Dormitory	3,500	340	(165)	175	06/01/13
Powhatan Field Apartments, Phase II	3,636	370	(185)	185	06/01/13
Virginia Commonwealth University					
Low-Rise Dormitory	4,050	400	(195)	205	06/01/13
Subtotal Series 1983 Bonds	11,186	1,110	(545)	565	
Series 2002 Bonds					
College of William and Mary					
Dorm Renovations	5,015	480	(480)	-	
George Mason University					
Housing Building V	8,635	820	(820)	-	
James Madison University					
Bluestone Dorm Renovations I	2,045	195	(195)	-	
Bluestone Dorm Renovations II	2,125	205	(205)	-	
Old Dominion University					
Housing Renovation	2,565	245	(245)	-	
Virginia Polytechnic Institute and State University					
Parking Auxiliary Project	975	140	(140)	-	
Subtotal Series 2002 Bonds	21,360	2,085	(2,085)	-	
Series 2002 Refunding Bonds					
College of William and Mary					
Dorm Renovations	362	90	(90)	-	
Dorm Repairs	898	595	(595)	-	
Underground Utility	878	538	(538)	-	
University Center	121	30	(30)	-	
George Mason University					
University Center	14,696	6,148	(6,148)	-	
James Madison University					
Residence Facility	3,089	782	(782)	-	

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 2002 Refunding Bonds (continued)					
Longwood University					
Dining Hall	3,072	2,039	(2,039)	-	
University of Mary Washington					
Telecommunications	2,647	660	(660)	-	
University of Virginia					
Newcomb Hall Expansion Projects	6,213	3,816	(3,816)	-	
Student Residence Facility Project	2,796	1,721	(1,721)	-	
Virginia Commonwealth University					
Visitors Deck	1,823	1,211	(1,211)	-	
Virginia State University					
Jones Dining Hall	1,358	900	(900)	-	
Subtotal Series 2002 Refunding Bonds	37,953	18,530	(18,530)	-	
Series 2004 New Money and Refunding Bonds					
Christopher Newport University					
New Residence Hall - '01 Refunded Portion	12,842	12,502	(1,152)	11,350	06/01/13-20
Residence Hall II - '99 Refunded Portion	8,416	6,887	(726)	6,161	06/01/13-19
College of William & Mary					
Dorm Renovation Phase II - '97 Refunded Portion	469	301	(44)	257	06/01/13-17
Dorm Renovations - '98 Refunded Portion	3,778	2,787	(344)	2,443	06/01/13-18
Dorm Repairs - '97 Refunded Portion	2,077	1,343	(199)	1,144	06/01/13-17
Renovate Dormitories - '01 Refunded Portion	2,629	2,559	(235)	2,324	06/01/13-20
Utility System - '97 Refunded Portion	1,226	785	(116)	669	06/01/13-17
George Mason University					
Commonwealth and Dominion Housing	2,340	815	(260)	555	06/01/13-14
Housing Building V - '01 Refunded Portion	9,940	9,676	(892)	8,784	06/01/13-20
James Madison University					
Bluestone Dorm, Phase II - '01 Refunded Portion	3,130	3,047	(281)	2,766	06/01/13-20
Dining Facilities Renovation - '98 Refunded Portion	638	468	(57)	411	06/01/13-18
Dining Hall Renovation - '97 Refunded Portion	818	528	(78)	450	06/01/13-17
Residence Hall - '97 Refunded Portion	7,093	4,591	(674)	3,917	06/01/13-17
Student Services - '97 Refunded Portion	3,783	2,448	(359)	2,089	06/01/13-17
Longwood University					
Dining Hall - '99 Refunded Portion	1,868	1,527	(161)	1,366	06/01/13-19
Residence Hall Improvements - '99 Refunded Portion	1,747	1,433	(151)	1,282	06/01/13-19
University of Mary Washington					
Residence Hall Renovation - '01 Refunded Portion	1,036	1,009	(95)	914	06/01/13-20
University of Virginia					
Residence Hall - Monroe Lane - '01 Refunded Portion	2,513	2,446	(225)	2,221	06/01/13-20
Residence Hall - Wise - '99 Refunded Portion	3,020	2,474	(262)	2,212	06/01/13-19
Virginia Commonwealth University					
Academic Parking Deck - '97 Refunded Portion	7,723	4,999	(737)	4,262	06/01/13-17
Virginia Military Institute					
Crozet Hall and Parking	11,240	4,395	(3,420)	975	06/01/13-14
Virginia Polytechnic Institute and State University					
Dining Hall - '98 Refunded Portion	1,928	1,422	(177)	1,245	06/01/13-18
Dining Hall HVAC - '99 Refunded Portion	1,168	957	(101)	856	06/01/13-19
Parking Auxiliary Project - '97 Refunded Portion	951	611	(92)	519	06/01/13-17
Residence Hall - '97 Refunded Portion	9,995	6,472	(950)	5,522	06/01/13-17
Renovate Dietrick Severy, Phase II	4,800	1,590	(1,150)	440	06/01/13-14
Virginia State University					
Jones Dining Hall - '98 Refunded Portion	618	458	(57)	401	06/01/13-18
Subtotal Series 2004 New Money and Refunding Bonds	107,786	78,530	(12,995)	65,535	

Continued on next page

Tax-Supported Debt – Detail of Long-term Indebtedness (Continued from previous page)

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 2005 Bonds					
College of William & Mary					
Renovate Dining	9,555	4,735	(1,660)	3,075	06/01/13-16, 25-26
Renovate Dorms	5,800	2,875	(1,005)	1,870	06/01/13-16, 25-26
George Mason University					
Student Housing	25,800	16,435	(3,440)	12,995	06/01/13-16, 25-30
Longwood University					
Renovate Housing Facilities	3,915	1,695	(700)	995	06/01/13-16, 25
Old Dominion University					
Renovate Housing - Phase I	4,735	2,035	(840)	1,195	06/01/13-16, 25
University of Mary Washington					
Seacobeck Dining Hall	4,730	2,030	(840)	1,190	06/01/13-16, 25
Subtotal Series 2005 Bonds	54,535	29,805	(8,485)	21,320	
Series 2006 Refunding Bonds					
Christopher Newport University					
Dorm/Dining - '96 Refunding, Refunded Portion	1,725	1,480	(125)	1,355	06/01/13-21
College of William & Mary					
Dorm - '96 Refunding, Refunded Portion	100	60	(20)	40	06/01/13-14
Dorm, Phase II -'96 Refunding, Refunded Portion	1,525	990	(230)	760	06/01/13-15
Subtotal Series 2006 Refunding Bonds	3,350	2,530	(375)	2,155	
Series 2006 Bonds					
College of William & Mary					
Renovate Dormitories	4,515	2,410	(170)	2,240	06/01/13-17, 23-26
George Mason University					
Construct Student Housing VII	39,080	27,825	(1,110)	26,715	06/01/13-17, 23-31
Renovate Housing Facilities	2,420	1,475	(265)	1,210	06/01/13-16
James Madison University					
Renovate Residence Hall Phase III	6,230	3,325	(235)	3,090	06/01/13-17, 23-26
Longwood University					
Renovate Housing Facilities	5,900	3,150	(225)	2,925	06/01/13-17, 23-26
Old Dominion University					
Construct Residence Hall Phase II	8,785	4,695	(335)	4,360	06/01/13-17, 23-26
Virginia Polytechnic Institute and State University					
Parking Projects	685	365	(25)	340	06/01/13-17, 23-26
Virginia State University					
Construct Dining Hall	4,330	2,435	(175)	2,260	06/01/13-17, 23-26
Construct Residence Halls	16,780	9,435	(670)	8,765	06/01/13-17, 23-26
Subtotal Series 2006 Bonds	88,725	55,115	(3,210)	51,905	
Series 2007 Bonds					
George Mason University					
Construct Student Housing VII and Entrance Road	15,495	14,695	(430)	14,265	06/01/13-32
Construct Student Housing, VII	2,010	1,865	(55)	1,810	06/01/13-32
Renovate Student Housing, President's Park I	3,130	2,235	(330)	1,905	06/01/13-17
James Madison University					
Construct Dining Hall	20,840	17,690	(765)	16,925	06/01/13-27
Renovate Bluestone Residence Hall, Phase III	2,280	1,935	(85)	1,850	06/01/13-27
Longwood University					
Renovate Cox Hall	6,250	5,300	(230)	5,070	06/01/13-27
Old Dominion University					
Construct Residence Hall, Phase II	16,115	13,680	(595)	13,085	06/01/13-27

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 2007 Bonds (continued)					
Virginia Commonwealth University					
Monroe Park Housing	15,525	14,700	(305)	14,395	06/01/13-37
Virginia Polytechnic Institute and State University					
Construct New Residence Hall	13,130	12,150	(525)	11,625	06/01/13-27
Improve Residence and Dining Halls	5,995	5,545	(240)	5,305	06/01/13-27
Virginia State University					
Construct Residence Halls	2,020	1,750	(75)	1,675	06/01/13-27
Construct Two Residence Halls	26,160	24,210	(1,050)	23,160	06/01/13-27
Subtotal Series 2007 Bonds	128,950	115,755	(4,685)	111,070	
Series 2008 Bonds					
Christopher Newport University					
1998 Refunded Portion 92C	1,664	693	(336)	357	06/01/13-14
College of William & Mary					
1998 Refunded Portion 92C	3,801	1,579	(772)	807	06/01/13
1998 Refunded Portion 92D	492	209	(103)	106	06/01/13
Renovate Graduate Student Residence Halls	2,395	2,230	(85)	2,145	06/01/13-28
George Mason University					
1998 Refunded Portion 92A	740	194	(194)	-	
Renovate Commonwealth and Dominion Phase II	1,530	1,245	(155)	1,090	06/01/13-18
Renovate President's Park Phase I	3,095	2,515	(310)	2,205	06/01/13-18
Renovate President's Park Phase II	3,120	3,010	(115)	2,895	06/01/13-28
Student Housing VII	1,955	1,825	(45)	1,780	06/01/13-33
Student Housing VII and Entrance Road	23,870	23,295	(605)	22,690	06/01/13-33
James Madison University					
1998 Refunded Portion 92C	2,644	1,100	(540)	560	06/01/13
Construct New Residence Hall	19,430	17,550	(680)	16,870	06/01/13-28
Longwood University					
1998 Refunded Portion 92A	1,397	369	(369)	-	
Renovate Cox Hall	4,630	4,175	(160)	4,015	06/01/13-28
Old Dominion University					
Quad Housing Phase II	39,960	36,095	(1,395)	34,700	06/01/13-28
University of Mary Washington					
1998 Refunded Portion 92C	1,202	502	(246)	256	06/01/13
University of Virginia					
1998 Refunded Portion 92C	207	52	(52)	-	
1998 Refunded Portion 92D	594	248	(122)	126	06/01/13
1998 Refunded Portion 92D	4,323	1,798	(881)	917	06/01/13
1998 Refunded Portion 92D	431	180	(88)	92	06/01/13
VCCS/Northern Virginia Community College					
1998 Refunded Portion 92A	882	232	(232)	-	
Virginia Commonwealth University					
1998 Refunded Portion 92C	2,985	1,239	(608)	631	06/01/13
1998 Refunded Portion 92C	384	99	(99)	-	
1998 Refunded Portion 92D	1,152	481	(235)	246	06/01/13
Virginia Polytechnic Institute and State University					
1998 Refunded Portion 92C	1,813	756	(371)	385	06/01/13
1998 Refunded Portion 92D	1,010	423	(206)	217	06/01/13
1998 Refunded Portion 92D	969	403	(195)	208	06/01/13
New Residence Hall	17,185	16,020	(620)	15,400	06/01/13-28
Parking Auxiliary Projects	1,545	1,395	(55)	1,340	06/01/13-28
Subtotal Series 2008 Bonds	145,405	119,912	(9,874)	110,038	

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Tax-Supported Debt – Detail of Long-term Indebtedness (Continued from previous page)

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 2009 Bonds					
Christopher Newport University					
Residence Hall '01 Refunded Portion	1,878	1,878	-	1,878	06/01/15-21
College of William & Mary					
Dining Commons Hall Renovation '05 Refunded Portion	3,200	3,200	-	3,200	06/01/17-22
Dormitory Renovations '06B Refunded Portion	1,270	1,270	-	1,270	06/01/18-22
Dormitory Renovations '02 Refunded	2,582	2,582	-	2,582	06/01/14-22
Dormitory Renovations '05 Refunded	1,940	1,940	-	1,940	06/01/17-22
Dormitory Renovations '01 Refunded Portion	384	384	-	384	06/01/15-21
George Mason University					
Housing Building V '01 Refunded Portion	6,267	6,267	-	6,267	06/01/15-24
Housing Building V '02 Refunded Portion	4,448	4,448	-	4,448	06/01/14-22
Housing VIII	7,910	7,910	-	7,910	06/01/13-34
Renovate President Park Phase I	1,790	1,620	(170)	1,450	06/01/13-19
Student Housing Construction VII '05 Refunded	6,630	6,630	-	6,630	06/01/17-22
Student Housing VII C	8,255	8,060	(200)	7,860	06/01/13-34
Student Housing Construction VII '06B Refunded	8,230	8,230	-	8,230	06/01/18-22
James Madison University					
Bluestone Dorm Phase II '01 Refunded Portion	458	458	-	458	06/01/15-21
Renovate Bluestone Res Hall III '06B Refunded Portion	1,750	1,750	-	1,750	06/01/18-22
Renovate Bluestone Dorms '02 Refunded Portion	1,048	1,048	-	1,048	06/01/14-22
Renovate Bluestone Dorms II '02 Refunded Portion	1,089	1,089	-	1,089	06/01/14-22
Longwood University					
Housing Facilities Renovations '05 Refunded Portion	1,340	1,340	-	1,340	06/01/17-22
Renovate Housing Facilities '06B Refunded Portion	1,655	1,655	-	1,655	06/01/18-22
Old Dominion University					
Construct Residence Hall Ph II '06B Refunded Portion	2,465	2,465	-	2,465	06/01/18-22
Housing Renovations '02 Refunded Portion	1,319	1,319	-	1,319	06/01/14-22
Housing Renovations Ph I '05 Refunded Portion	1,625	1,625	-	1,625	06/01/17-22
University of Mary Washington					
Residence Hall Renovation '01 Refunded Portion	153	153	-	153	06/01/15-21
Seacobeck Dining Hall '05 Refunded Portion	1,625	1,625	-	1,625	06/01/17-22
University of Virginia					
Residence Hall Monroe Lane '01 Refunded Portion	368	368	-	368	06/01/15-21
Virginia Military Institute					
Crozet Hall & Parking '04A Refunded Portion	4,242	4,242	-	4,242	06/01/16-22
Virginia Polytechnic Institute and State University					
Parking Aux Projects '06B Refunded Portion	190	190	-	190	06/01/18-22
Improve Residence and Dining Halls	3,720	3,720	(135)	3,585	06/01/13-29
Parking Auxiliary Project '02 Refunded Portion	276	276	-	276	06/01/14-17
Parking Structure	24,590	24,590	(605)	23,985	06/01/13-34
Renovate Dietrick Servery Ph II '04A Refunded Portion	1,891	1,891	-	1,891	06/01/16-22
Renovate Ambler Johnston Hall	39,005	39,005	(1,410)	37,595	06/01/13-29
Virginia State University					
Construct Residence Hall '06B Refunded Portion	4,965	4,965	-	4,965	06/01/18-22
Construct Dining Hall '06B Refunded Portion	1,280	1,280	-	1,280	06/01/18-22
Subtotal Series 2009 Bonds	149,838	149,473	(2,520)	146,953	
Series 2010 Bonds					
Christopher Newport University					
Construct Residence Hall	34,480	34,480	-	34,480	06/01/13-40
College of William & Mary					
Construct New Dormitory	2,010	1,965	(80)	1,885	06/01/13-30
Renovate Residence Halls	4,440	4,335	(175)	4,160	06/01/13-30

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 2010 Bonds (continued)					
George Mason University					
Housing VIII	39,420	39,420	-	39,420	06/01/13-35
Renovate Commons	1,325	1,325	-	1,325	06/01/13-30
Renovate Student Housing, President's Park II	2,790	2,790	(270)	2,520	06/01/13-20
Smithsonian CRC Housing	5,415	5,415	-	5,415	06/01/13-35
James Madison University					
Renovate Bluestone Dormitories, Phase IV	14,890	14,545	(590)	13,955	06/01/13-30
Old Dominion University					
Renovate Student Housing, Phase I	1,975	1,930	(80)	1,850	06/01/13-30
Virginia Commonwealth University					
Construct West Grace Housing and Parking Phase I	29,130	29,130	-	29,130	06/01/13-35
Virginia Polytechnic Institute and State University					
Construct Academic and Student Affairs Building	34,650	34,650	(1,405)	33,245	06/01/13-30
Parking Auxiliary Projects	745	725	(30)	695	06/01/13-30
Subtotal Series 2010 Bonds	171,270	170,710	(2,630)	168,080	
Series 2011 Bonds					
Christopher Newport University					
Renovate Santoro Residence Hall	4,100	-	3,875	3,875	06/01/13-21
College of William & Mary					
Construct New Dormitory	14,400	-	14,400	14,400	06/01/13-31
George Mason University					
Housing VIII	20,230	-	20,230	20,230	06/01/13-36
Presidential Park Housing Renovation	2,700	-	2,700	2,700	06/01/13-21
Renovate Commons	14,350	-	14,350	14,350	06/01/14-31
Smithsonian CRC Housing	4,070	-	4,070	4,070	06/01/14-36
Student Housing VII-C	1,045	-	1,045	1,045	06/01/13-36
Virginia Commonwealth University					
West Grace Housing - North	25,830	-	25,830	25,830	06/01/14-36
Virginia Polytechnic Institute and State University					
Renovate Ambler Johnston Hall	18,860	-	18,860	18,860	06/01/13-31
Virginia State University					
Construct Gateway Residence Hall Phase II	34,735	-	33,990	33,990	06/01/13-31
Construct Quad Phase II	28,555	-	28,555	28,555	06/01/14-31
Subtotal Series 2011 Bonds	168,875	-	167,905	167,905	
Series 2012 Bonds					
College of William & Mary					
Dining Commons Hall Renovation 2005 Refunding	1,289	-	1,289	1,289	06/01/23-24
Dorm Renovation - 2002 Refunding (93B Ref)	21	-	21	21	06/01/13
Dorm Renovation - 2002 Refunding	137	-	137	137	06/01/13
Dorm Renovation - 2005 Refunding	780	-	780	780	06/01/23-24
Dorm Repairs - 2002 Refunding (96 Ref)	429	-	429	429	06/01/13-16
Underground Utilities - 2002 Refunding (95 Ref)	388	-	388	388	06/01/13-16
University Center - 2002 Refunding (93B Ref)	7	-	7	7	06/01/13
George Mason University					
Housing Building V - 2002 Refunding	234	-	234	234	06/01/13
Student Housing Construction, VII - 2005 Refunding	2,674	-	2,674	2,674	06/01/23-24
University Center - 2002 Refunding (93A Ref)	3,956	-	3,956	3,956	06/01/13-15

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Tax-Supported Debt – Detail of Long-term Indebtedness (Continued from previous page)

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 2012 Bonds (continued)					
James Madison University					
Renovate Bluestone Dorm (16395) - 2002 Refunding	56	-	56	56	06/01/13
Renovate Bluestone Dorm (16687) - 2002 Refunding	58	-	58	58	06/01/13
Residence - 2002 Refunding (93A Ref)	187	-	187	187	06/01/13
Longwood University					
Dining Hall - 2002 Refunding (96 Ref)	1,472	-	1,472	1,472	06/01/13-16
Housing Facilities Renovation - 2005 Refunding	545	-	545	545	06/01/23-24
Old Dominion University					
Housing Renovation, Phase I - 2005 Refunding	655	-	655	655	06/01/23-24
Housing Renovation - 2002 Refunding	70	-	70	70	06/01/13
University of Mary Washington					
Seacobeck Dining Hall - 2005 Refunding	655	-	655	655	06/01/23-24
Telecommunication - 2002 Refunding (93B Ref)	159	-	159	159	06/01/13
University of Virginia					
Newcomb Hall - 2002 Refunding (95 Ref)	2,752	-	2,752	2,752	06/01/13-16
Student Residence - 2002 Refunding (95 Ref)	1,241	-	1,241	1,241	06/01/13-16
Virginia Commonwealth University					
Visitors Deck - 2002 Refunding (96 Ref)	871	-	871	871	06/01/13-16
Virginia Military Institute					
Crozet Hall & Parking - 2004A Refunding	3,019	-	3,019	3,019	06/01/15, 23-25
Virginia Polytechnic Institute and State University					
Parking Auxiliary - 2002 Refunding	39	-	39	39	06/01/13
Renovate Dietrick Servery -2004A Refunding	942	-	942	942	06/01/15, 23-24
Virginia State University					
Jones Hall - 2002 Refunding (96 Ref)	646	-	646	646	06/01/13-16
Subtotal Series 2012 Bonds	23,282	-	23,282	23,282	
Deferral on Debt Defeasance	-	(11,812)	119	(11,693)	
Unamortized Premium	-	33,537	15,822	49,359	
Subtotal Higher Educational Institution Bonds					
	1,112,515	765,280	141,194	906,474	
Transportation Facilities Bonds (Primary Government)					
Series 2006, Coleman Refunding	31,880	25,685	(2,080)	23,605	06/01/13-21
Deferral on Debt Defeasance	-	(50)	8	(42)	
Unamortized Premium	-	720	(73)	647	
Subtotal Transportation Facilities Bonds	31,880	26,355	(2,145)	24,210	

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Parking Facilities Bonds (Primary Government)					
Series 2002 Refunding	230	125	(125)	-	
Series 2004	5,390	1,785	(1,295)	490	06/01/13-14
Series 2009	13,755	13,290	(480)	12,810	06/01/13-29
Series 2009 Refunding	2,122	2,122	-	2,122	06/01/16-22
Series 2012 Refunding (2002 Ref)	82	-	82	82	06/01/13-15
Series 2012 Refunding (2004A Ref)	1,061	-	1,061	1,061	06/01/15, 23-24
Deferral on Debt Defeasance	-	(220)	(379)	(599)	
Unamortized Premium	-	2,343	74	2,417	
Subtotal Parking Facilities					
Bonds	<u>22,640</u>	<u>19,445</u>	<u>(1,062)</u>	<u>18,383</u>	
Total Section 9(c) Debt	<u>1,167,035</u>	<u>811,080</u>	<u>137,987</u>	<u>949,067</u>	
Total General Obligation Debt	<u>2,615,453</u>	<u>1,725,654</u>	<u>54,561</u>	<u>1,780,215</u>	
Nongeneral Obligation Debt					
Section 9(d) Debt					
Virginia Public Building Authority Bonds (Primary Government)					
Series 2001A	35,830	1,685	(1,685)	-	
Series 2002A	55,000	4,975	(2,445)	2,530	08/01/12
Series 2003A	38,809	15,080	(4,535)	10,545	08/01/12-14
Series 2004A	187,106	116,005	(19,090)	96,915	08/01/12-16
Series 2004B	207,065	108,830	(60,565)	48,265	08/01/12-15
Series 2004C	39,260	20,175	(3,635)	16,540	08/01/12-15
Series 2004D	106,460	102,020	(7,735)	94,285	08/01/12-20
Series 2005A	47,305	30,600	(3,700)	26,900	08/01/12-18
Series 2005B	135,675	95,675	(16,795)	78,880	08/01/12-19
Series 2005C	165,810	108,865	(44,585)	64,280	08/01/12-16
Series 2005D	50,000	50,000	-	50,000	08/01/22-25
Series 2006A	135,000	105,350	(8,360)	96,990	08/01/12-26
Series 2006B	215,065	179,385	(9,945)	169,440	08/01/12-26
Series 2007A	242,480	213,690	(11,930)	201,760	08/01/12-27
Series 2008A	58,995	31,735	(15,485)	16,250	08/01/12
Series 2008B	150,000	141,320	(5,130)	136,190	08/01/12-28
Series 2009A	40,995	38,340	(2,715)	35,625	08/01/12-21
Series 2009B	265,000	254,325	(11,095)	243,230	08/01/12-29
Series 2009C	10,000	9,320	(695)	8,625	08/01/12-21
Series 2009D	42,745	42,680	(65)	42,615	08/01/12-21
Series 2010A1	60,520	60,520	(11,259)	49,261	08/01/12-15
Series 2010A2 BABs	256,710	256,710	-	256,710	08/01/16-30
Series 2010B1	87,510	87,510	(7,564)	79,946	08/01/12-18
Series 2010B2 Taxable BABs	195,310	195,310	-	195,310	08/01/19-30
Series 2010B3 Refunding	50,780	50,780	-	50,780	08/01/12-22
Series 2011A	280,000	-	280,000	280,000	08/01/12-31
Series 2011B	18,500	-	18,500	18,500	08/01/12-31
Series 2012A	72,415	-	72,415	72,415	08/01/16-24
Deferral on Debt Defeasance	-	(22,201)	(2,952)	(25,153)	
Unamortized Premium	-	119,829	29,326	149,155	
Total Virginia Public Building Authority					
Bonds	<u>3,250,345</u>	<u>2,418,513</u>	<u>148,276</u>	<u>2,566,789</u>	

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Tax-Supported Debt – Detail of Long-term Indebtedness (Continued from previous page)

For the Fiscal Year Ended June 30, 2012

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
Nongeneral Obligation Debt (continued)					
Section 9(d) Debt (continued)					
Virginia College Building Authority Bonds (Component Unit) (1)					
21st Century College Program					
Series 2002	130,795	3,865	(3,865)	-	
Series 2003	140,250	9,880	(4,820)	5,060	02/01/2013
Series 2004A	172,745	17,010	(5,395)	11,615	02/01/13-14
Series 2004B Refunding	61,395	47,320	(7,050)	40,270	02/01/13-20
Series 2005	115,785	16,330	(2,665)	13,665	02/01/13-15, 25
Series 2006BC	120,000	106,120	(5,295)	100,825	02/01/13-26
Series 2007A	59,125	59,125	-	59,125	02/01/14-22
Series 2007B	132,095	40,620	(19,760)	20,860	02/01/13-17, 25-27
Series 2008A	144,075	115,495	(10,165)	105,330	02/01/13-28
Series 2009A	284,020	264,560	(8,555)	256,005	02/01/13-29
Series 2009B	84,680	67,585	(8,450)	59,135	02/01/13-18
Series 2009C Refunding	12,945	10,500	(1,915)	8,585	02/01/13-15
Series 2009D	52,420	46,575	(6,905)	39,670	02/01/13-17
Series 2009E Refunding	208,860	208,595	(270)	208,325	02/01/13-24
Series 2009F1	53,880	41,205	(13,155)	28,050	02/01/13-14
Series 2009F2 Taxable BABs	390,575	390,575	-	390,575	02/01/15-30
Series 2010A	50,350	43,325	(6,795)	36,530	02/01/13-17
Series 2010B1	55,815	55,815	(10,945)	44,870	02/01/13-15
Series 2010B2 Taxable BABs	290,600	290,600	-	290,600	02/01/16-30
Series 2011A	272,515	-	272,515	272,515	02/01/13-32
Series 2012A	335,075	-	335,075	335,075	02/01/13-32
Deferral on Debt Defeasance	-	(15,994)	1,674	(14,320)	
Unamortized Premium	-	90,480	67,744	158,224	
Total Virginia College Building Authority Bonds	3,168,000	1,909,586	561,003	2,470,589	
Transportation Debt (Primary Government)					
Route 28 Refunding Bonds	111,680	100,503	(6,329)	94,174	10/01/03-18
Transportation Revenue Bonds (U.S. Route 58)	606,620	411,390	(33,320)	378,070	11/15/03-26
Northern Virginia Transportation District Program	324,410	305,290	(29,685)	275,605	11/15/03-26
Oak Grove Connector (Chesapeake)	33,075	18,495	(1,305)	17,190	11/15/03-22
Capital Projects	492,665	1,079,305	582,895	1,662,200	11/15/10-37
Deferral on Debt Defeasance	-	(2,507)	2,507	-	
Unamortized Premium	-	96,125	132,117	228,242	
Total Section 9(d) Transportation Debt	1,568,450	2,008,601	646,880	2,655,481	
Virginia Port Authority Debt (Component Unit)					
Series 1996	38,300	-	-	-	
Series 1998 Refunding	71,015	-	-	-	
Series 2002	135,000	114,085	(109,525)	4,560	07/11/92-27
Series 2005	60,000	53,155	(1,590)	51,565	07/01/05-30
Series 2006	21,730	14,365	(2,335)	12,030	07/01/07-16
Series 2011	57,370	-	57,370	57,370	07/01/11-36
Series 2012	108,015	-	108,015	108,015	01/01/12-27
Deferral on Debt Defeasance	-	(75)	(541)	(616)	
Unamortized Premium	-	4,481	(84)	4,397	
Total Virginia Port Authority Debt	491,430	186,011	51,310	237,321	
Innovation and Entrepreneurship Investment Authority Debt (Component Unit)					
Series 1997	13,300	3,465	(1,090)	2,375	05/01/97-14

Series	Amount Issued	Outstanding June 30, 2011	Issued (Retired) During Year	Outstanding June 30, 2012	Maturity
Nongeneral Obligation Debt (continued)					
Section 9(d) Debt (continued)					
Virginia Biotechnology Research Partnership Authority (Component Unit)					
Series 2009	91,010	39,495	(2,755)	36,740	09/01/03-22
Deferral on Debt Defeasance	-	(2,690)	250	(2,440)	
Unamortized Discount	-	(629)	70	(559)	
Unamortized Premium	-	3,779	(358)	3,421	
	91,010	39,955	(2,793)	37,162	
Economic Development Authority Obligations					
	96,515	82,775	(3,875)	78,900	12/01/06-26
Unamortized Premium	-	3,052	(205)	2,847	
	96,515	85,827	(4,080)	81,747	
Total Section 9(d) Debt	8,679,050	6,651,958	1,399,506	8,051,464	
Nongeneral Obligation Debt and Other Obligations					
Other Long-term Debt (2)					
Capital Leases	-	206,738	(38,172)	168,566	
Installment Purchase Obligations	-	219,291	(4,171)	215,120	
Transportation Notes Payable	-	8,000	-	8,000	
Regional Jail Construction Liability	-	4,617	(1,869)	2,748	
Tax Refund Note	-	60,959	(20,320)	40,639	
Aviation Note Payable	6,600	1,336	(286)	1,050	
Total Other Long-term Debt	6,600	500,941	(64,818)	436,123	
Other Long-term Obligations					
Compensated Absences	-	559,672	9,349	569,021	
Pension Liability	-	2,050,195	396,045	2,446,240	
OPEB Liability	-	643,837	233,793	877,630	
Other	-	29,080	3,738	32,818	
Total Other Long-term Obligations	-	3,282,784	642,925	3,925,709	
Total Nongeneral Obligation Debt and Other Obligations	8,685,650	10,435,683	1,977,613	12,413,296	
Total Tax-Supported Debt and Other Obligations	\$ 11,301,103	\$ 12,161,337	\$ 2,032,174	\$ 14,193,511	

(1) These amounts are reported as notes payable on the higher education institutions' financial statements.

(2) Pursuant to GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Governmental Activities include internal service funds.



STATISTICAL SECTION

The financial presentations included in this section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commonwealth's overall financial health.

Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

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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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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)

	2012	2011	2010	2009
Tax Revenues:				
Individual and Fiduciary Income	\$ 10,714	\$ 10,050	\$ 8,730	\$ 9,471
Sales and Use	3,866	3,674	3,553	3,568
Motor Fuels	900	903	891	889
Corporation Income	950	827	833	642
Public Service Corporations	115	113	112	103
Motor Vehicle Sales and Use	538	495	440	406
Communications Sales and Use	425	556	453	-
Gross Premiums of Insurance Companies	391	412	391	387
Alcoholic Beverage Sales	121	114	111	110
Deeds, Contracts, Wills, and Suits	371	335	326	351
Beer and Beverage Excise	44	44	44	45
Estate	-	2	6	4
Tobacco Products	195	175	178	182
Bank Stock	19	25	24	21
Wine and Spirits / ABC Liter	24	23	21	20
Other Taxes	75	77	74	77
Total Tax Revenues	18,748	17,825	16,187	16,276
Other Revenues:				
Federal and Other Grants, Donations, and Federal				
Revenue Sharing	9,933	10,749	10,628	8,113
Institutional Revenue	385	384	403	409
Sales of Property and Commodities	41	36	32	26
Rights and Privileges	921	917	870	889
Interest, Dividends, and Rents	164	159	294	218
Fines, Forfeitures, Costs, Penalties and Escheats	362	368	343	349
Assessments - Special Services	120	122	116	113
Other Revenues	814	712	704	611
Total Other Revenues	12,740	13,447	13,390	10,728
Total Revenues	\$ 31,488	\$ 31,272	\$ 29,577	\$ 27,004
Percentage Increase Over Previous Year	0.7%	5.7%	9.5%	-0.9%
Expenditures by Function:				
Education	\$ 8,733	\$ 8,682	\$ 8,843	\$ 9,260
Administration of Justice	2,422	2,398	2,399	2,531
Individual and Family Services	12,682	12,688	12,236	10,764
Resources and Economic Development	870	886	897	990
Transportation	4,474	3,860	3,401	3,704
General Government (1)	3,007	3,129	2,932	2,512
Capital Outlay	330	439	619	612
Total Expenditures	\$ 32,518	\$ 32,082	\$ 31,327	\$ 30,373
Percentage Increase Over Previous Year	1.4%	2.4%	3.1%	4.6%

Includes all General, Special Revenue, Debt Service, Capital Project, and Permanent Funds

(1) General Government expenditure amounts include debt service principal retirement and interest charges.

Source: Department of Accounts

2008	2007	2006	2005	2004	2003
\$ 10,084	\$ 9,629	\$ 9,236	\$ 8,344	\$ 7,380	\$ 6,751
3,820	3,760	3,682	3,569	3,007	2,722
924	930	902	912	904	881
767	889	869	644	426	344
106	89	91	89	91	99
534	588	593	599	589	529
-	-	-	-	-	-
397	385	374	374	351	333
106	100	94	89	86	81
457	584	696	597	341	286
44	44	44	43	43	42
136	140	167	161	148	141
183	188	189	122	16	15
14	13	12	10	9	9
19	18	16	14	8	9
68	79	78	71	134	109
<u>17,659</u>	<u>17,436</u>	<u>17,043</u>	<u>15,638</u>	<u>13,533</u>	<u>12,351</u>
6,627	6,204	5,958	5,627	5,832	5,524
390	360	343	324	338	334
29	24	32	37	28	26
933	826	816	758	734	689
452	532	256	204	84	191
394	334	279	317	317	380
109	110	103	105	96	96
645	558	634	685	475	468
<u>9,579</u>	<u>8,948</u>	<u>8,421</u>	<u>8,057</u>	<u>7,904</u>	<u>7,708</u>
<u>\$ 27,238</u>	<u>\$ 26,384</u>	<u>\$ 25,464</u>	<u>\$ 23,695</u>	<u>\$ 21,437</u>	<u>\$ 20,059</u>
3.2%	3.6%	7.5%	10.5%	6.9%	1.3%
\$ 8,940	\$ 8,700	\$ 7,661	\$ 7,068	\$ 6,236	\$ 6,250
2,543	2,398	2,296	2,204	2,052	2,032
9,345	8,996	8,626	8,060	7,525	7,134
868	812	788	708	668	641
3,883	3,141	3,092	3,115	2,917	3,044
2,612	2,545	2,246	2,101	2,179	1,925
845	808	588	414	193	108
<u>\$ 29,036</u>	<u>\$ 27,400</u>	<u>\$ 25,297</u>	<u>\$ 23,670</u>	<u>\$ 21,770</u>	<u>\$ 21,134</u>
6.0%	8.3%	6.9%	8.7%	3.0%	-0.6%

Net Assets by Component
Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 19,891	\$ 18,320	\$ 17,424	\$ 16,209
Restricted	1,648	1,171	1,160	1,421
Unrestricted	(2,216)	(1,596)	(1,887)	(1,555)
Total Governmental Activities Net Assets	<u>19,323</u>	<u>17,895</u>	<u>16,697</u>	<u>16,075</u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	34	35	31	23
Restricted	179	16	16	372
Unrestricted	143	70	(169)	(180)
Total business-type Activities Net Assets	<u>356</u>	<u>121</u>	<u>(122)</u>	<u>215</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	19,925	18,355	17,455	16,232
Restricted	1,827	1,187	1,176	1,793
Unrestricted	(2,073)	(1,526)	(2,056)	(1,735)
Total Primary Government Net Assets	<u>\$ 19,679</u>	<u>\$ 18,016</u>	<u>\$ 16,575</u>	<u>\$ 16,290</u>

Source: Department of Accounts

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 15,241	\$ 13,835	\$ 11,637	\$ 11,830	\$ 11,097	\$ 9,811
1,641	1,893	1,588	1,252	857	883
516	944	2,874	841	598	440
<u>17,398</u>	<u>16,672</u>	<u>16,099</u>	<u>13,923</u>	<u>12,552</u>	<u>11,134</u>
26	30	32	(132)	22	24
816	872	790	600	412	437
59	212	17	(49)	(250)	(290)
<u>901</u>	<u>1,114</u>	<u>839</u>	<u>419</u>	<u>184</u>	<u>171</u>
15,267	13,865	11,669	11,698	11,119	9,835
2,457	2,765	2,378	1,852	1,269	1,320
575	1,156	2,891	792	348	150
<u>\$ 18,299</u>	<u>\$ 17,786</u>	<u>\$ 16,938</u>	<u>\$ 14,342</u>	<u>\$ 12,736</u>	<u>\$ 11,305</u>

Changes in Net Assets
Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	2012	2011	2010	2009
Expenses				
Governmental Activities:				
General Government	\$ 2,878	\$ 2,917	\$ 2,829	\$ 2,541
Education	9,181	9,086	9,312	9,566
Transportation	3,030	2,839	2,311	2,786
Resources and Economic Development	985	1,006	1,107	1,003
Individual and Family Services	12,712	12,663	12,285	10,757
Administration of Justice	2,639	2,641	2,741	2,611
Interest on Long-term Debt	229	228	206	201
Total Governmental Activities Expenses	31,654	31,380	30,791	29,465
Business-type Activities:				
State Lottery	1,121	1,030	998	920
Virginia College Savings Plan	96	243	294	115
Pocahontas Parkway	-	-	-	-
Unemployment Compensation	640	662	923	881
Alcoholic Beverage Control	507	479	469	467
Risk Management	13	8	7	6
Local Choice Health Care	267	230	231	231
Virginia Industries for the Blind	32	28	28	24
Consolidated Laboratory	7	7	6	6
eVA Procurement System	19	17	19	18
Department of Environmental Quality Title V	11	10	10	11
Wireless E-911	41	38	48	53
Museum and Library Gift Shops	6	7	2	1
Behavioral Health Canteen and Work Activity	1	-	1	1
Virginia Information Providers Network	-	-	-	-
Total Business-type Activities Expenses	2,761	2,759	3,036	2,734
Total Primary Government Expenses	\$ 34,415	\$ 34,139	\$ 33,827	\$ 32,199
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 255	\$ 254	\$ 248	\$ 243
Education	397	388	380	373
Transportation	645	650	611	643
Resources and Economic Development	393	309	306	299
Individual and Family Services	429	430	411	415
Administration of Justice	323	322	308	321
Operating Grants and Contributions	9,178	9,950	9,951	7,584
Capital Grants and Contributions	1,267	1,324	1,603	997
Total Governmental Activities Program Revenues	12,887	13,627	13,818	10,875

Source: Department of Accounts

2008	2007	2006	2005	2004	2003
\$ 2,470	\$ 2,645	\$ 2,015	\$ 2,029	\$ 1,947	\$ 1,654
9,300	9,542	7,926	7,269	6,497	6,484
3,054	2,256	2,559	2,493	2,217	2,210
878	841	835	765	687	669
9,249	9,022	8,570	7,991	7,587	7,153
2,607	2,659	2,493	2,262	2,126	2,115
205	203	209	167	172	189
27,763	27,168	24,607	22,976	21,233	20,474
936	929	908	908	846	759
244	180	238	311	4	408
-	-	39	39	37	37
433	382	339	359	485	712
457	434	408	375	355	334
6	3	6	3	8	6
202	179	165	155	131	111
24	20	20	21	20	15
6	6	5	5	5	5
18	19	6	7	7	7
12	11	11	10	10	11
50	47	43	39	37	42
2	2	2	2	2	2
-	1	1	1	1	-
-	-	14	35	35	-
2,390	2,213	2,205	2,270	1,983	2,449
\$ 30,153	\$ 29,381	\$ 26,812	\$ 25,246	\$ 23,216	\$ 22,923
\$ 229	\$ 216	\$ 251	\$ 258	\$ 224	\$ 195
379	350	311	272	228	304
709	583	601	537	518	523
297	299	280	241	226	205
389	370	394	398	394	341
387	292	286	294	346	321
6,067	5,870	5,671	5,262	5,312	4,796
1,152	851	707	578	734	779
9,609	8,831	8,501	7,840	7,982	7,464

Continued on next page

Changes in Net Assets
Accrual Basis of Accounting (Continued from previous page)

Last Ten Fiscal Years
(Dollars in Millions)

	2012	2011	2010	2009
Business-type Activities:				
Charges for Services:				
State Lottery	1,616	1,483	1,436	1,366
Virginia College Savings Plan	160	459	371	(117)
Pocahontas Parkway	-	-	-	-
Unemployment Compensation	853	686	524	341
Alcoholic Beverage Control	633	598	584	573
Risk Management	5	4	5	6
Local Choice Health Care	259	247	241	226
Virginia Industries for the Blind	32	28	30	24
Consolidated Laboratory	8	8	7	9
eVA Procurement System	16	19	17	27
Department of Environmental Quality Title V	8	7	10	9
Wireless E-911	55	53	53	51
Museum and Library Gift Shops	7	8	2	2
Behavioral Health Canteen and Work Activity	1	-	-	-
Virginia Information Providers Network	-	-	-	-
Operating Grants and Contributions	-	1	4	105
Total Business-type Activities Program Revenue	3,653	3,601	3,284	2,622
Total Primary Government Program Revenues	\$ 16,540	\$ 17,228	\$ 17,102	\$ 13,497
Net (Expense)/Revenue				
Governmental Activities	\$ (18,767)	\$ (17,753)	\$ (16,973)	\$ (18,590)
Business-type Activities	892	842	248	(112)
Total Primary Government Net Expense	\$ (17,875)	\$ (16,911)	\$ (16,725)	\$ (18,702)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Individual and Fiduciary Income	\$ 10,814	\$ 10,050	\$ 8,779	\$ 9,559
Sales and Use	3,885	3,669	3,569	3,554
Corporation Income	979	852	846	546
Motor Fuel	900	903	891	889
Motor Vehicle Sales and Use	538	495	440	406
Communications Sales and Use	423	557	456	-
Premiums of Insurance Companies	391	406	414	365
Public Service Corporations	115	113	112	103
Other Taxes	849	795	777	814
Unrestricted Grants and Contributions	49	48	49	60
Investment Earnings	84	63	205	143
Miscellaneous	465	286	427	237
Transfers	668	615	597	591
Contributions to Permanent and Term Endowments	-	-	-	-
Total Governmental Activities	20,160	18,852	17,562	17,267
Business-type Activities:				
Other Taxes	9	9	10	13
Investment Earnings	1	1	2	4
Miscellaneous	-	-	-	-
Transfers	(668)	(614)	(597)	(591)
Special Items	-	-	-	-
Total Business-type Activities	(658)	(604)	(585)	(574)
Total Primary Government	\$ 19,502	\$ 18,248	\$ 16,977	\$ 16,693
Change in Net Assets				
Governmental Activities	\$ 1,394	\$ 1,099	\$ 589	\$ (1,323)
Business-type Activities	234	238	(337)	(686)
Total Primary Government	\$ 1,628	\$ 1,337	\$ 252	\$ (2,009)

Source: Department of Accounts

2008	2007	2006	2005	2004	2003
1,389	1,366	1,367	1,334	1,262	1,136
70	328	272	379	109	234
-	-	15	10	7	5
350	438	543	539	445	263
552	525	497	465	426	388
7	7	5	6	5	5
216	207	186	158	138	119
24	21	21	22	22	15
8	7	6	5	5	5
26	29	7	4	5	-
10	10	10	10	9	10
51	50	43	39	34	30
2	2	2	2	3	3
1	1	1	1	1	1
-	-	15	35	36	-
39	36	27	19	17	38
2,745	3,027	3,017	3,028	2,524	2,252
\$ 12,354	\$ 11,858	\$ 11,518	\$ 10,868	\$ 10,506	\$ 9,716
\$ (18,154)	\$ (18,337)	\$ (16,106)	\$ (15,136)	\$ (13,251)	\$ (13,010)
355	814	812	758	541	(197)
\$ (17,799)	\$ (17,523)	\$ (15,294)	\$ (14,378)	\$ (12,710)	\$ (13,207)
\$ 10,100	\$ 9,639	\$ 9,206	\$ 8,356	\$ 7,364	\$ 6,816
3,821	3,756	3,679	3,578	3,014	2,736
772	906	838	651	412	326
924	930	938	912	908	882
534	588	593	599	589	529
-	-	-	-	-	-
356	385	374	374	351	333
106	89	91	89	92	99
1,025	1,161	1,296	1,108	784	689
54	50	48	53	52	61
349	477	221	154	25	135
224	154	115	291	284	486
593	564	581	535	549	466
-	20	-	-	-	-
18,858	18,719	17,980	16,700	14,424	13,558
12	12	12	12	12	5
12	11	12	10	9	12
1	-	1	1	-	2
(593)	(563)	(581)	(535)	(549)	(466)
-	-	164	-	-	-
(568)	(540)	(392)	(512)	(528)	(447)
\$ 18,290	\$ 18,179	\$ 17,588	\$ 16,188	\$ 13,896	\$ 13,111
\$ 704	\$ 381	\$ 1,873	\$ 1,564	\$ 1,173	\$ 548
(213)	274	421	246	13	(644)
\$ 491	\$ 655	\$ 2,294	\$ 1,810	\$ 1,186	\$ (96)

**Changes in Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting**

Last Ten Fiscal Years
(Dollars in Millions)

	2012	2011	2010	2009
Revenues				
Taxes	\$ 18,748	\$ 17,825	\$ 16,187	\$ 16,276
Rights and Privileges	921	917	869	889
Institutional Revenue	385	384	403	409
Interest, Dividends, Rents, and				
Other Investment Income	164	159	294	218
Federal Grants and Contracts	9,933	10,749	10,628	8,112
Other	1,337	1,238	1,196	1,100
Total Revenues	31,488	31,272	29,577	27,004
Expenditures				
General Government	2,322	2,439	2,306	1,889
Education	8,733	8,683	8,842	9,260
Transportation	4,474	3,860	3,401	3,704
Resources and Economic Development	870	886	897	990
Individual and Family Services	12,682	12,688	12,236	10,764
Administration of Justice	2,422	2,398	2,399	2,531
Capital Outlay	330	439	619	612
Debt Service:				
Principal Retirement	423	456	420	416
Interest and Charges	262	233	206	207
Total Expenditures	32,518	32,082	31,326	30,373
Revenues Over (Under) Expenditures	(1,030)	(810)	(1,749)	(3,369)
Other Financing Sources (Uses)				
Transfers In	1,770	1,498	1,624	1,571
Transfers Out	(1,097)	(876)	(1,022)	(976)
Notes Issued	10	37	20	21
Insurance Recoveries	3	8	5	8
Capital Leases	1	2	1	1
Bonds Issued	1,196	883	941	646
Premium on Debt Issuance	217	71	44	46
Refunding Bonds Issued	319	51	124	68
Sale of Capital Assets	4	3	4	4
Payments to Refunded Bond Escrow Agents	(373)	(55)	(146)	(74)
Total Other Financing Sources (Uses)	2,050	1,622	1,595	1,315
Net Change in Fund Balances	\$ 1,020	\$ 812	\$ (154)	\$ (2,054)
Debt Service as a Percentage of				
Noncapital Expenditures (1)	2.29%	2.30%	2.04%	2.09%

(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

2008	2007	2006	2005	2004	2003
\$ 17,659	\$ 17,436	\$ 17,043	\$ 15,636	\$ 13,533	\$ 12,351
933	826	816	758	734	689
390	360	343	325	338	334
452	532	256	204	84	191
6,627	6,203	5,958	5,627	5,832	5,524
1,177	1,027	1,048	1,144	916	971
<u>27,238</u>	<u>26,384</u>	<u>25,464</u>	<u>23,694</u>	<u>21,437</u>	<u>20,060</u>
2,047	2,030	1,787	1,687	1,757	1,549
8,940	8,700	7,661	7,068	6,236	6,250
3,883	3,141	3,092	3,115	2,917	3,044
868	812	788	708	668	641
9,345	8,996	8,626	8,060	7,524	7,134
2,543	2,398	2,296	2,204	2,052	2,032
845	809	588	414	193	108
362	322	280	249	243	195
203	192	179	165	179	181
29,036	27,400	25,297	23,670	21,769	21,134
<u>(1,798)</u>	<u>(1,016)</u>	<u>167</u>	<u>24</u>	<u>(332)</u>	<u>(1,074)</u>
1,663	1,637	1,590	1,555	1,507	1,643
(1,070)	(1,072)	(1,014)	(1,018)	(954)	(1,161)
-	16	128	-	-	7
6	7	4	-	-	-
5	4	1	1	-	60
416	593	584	375	-	713
23	40	45	84	19	102
59	123	205	731	186	573
7	8	7	-	-	-
(62)	(131)	(214)	(789)	(211)	(610)
1,047	1,225	1,336	939	547	1,327
<u>\$ (751)</u>	<u>\$ 209</u>	<u>\$ 1,503</u>	<u>\$ 963</u>	<u>\$ 215</u>	<u>\$ 253</u>
2.00%	1.93%	1.86%	1.78%	1.96%	1.79%

**Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting**

Last Ten Fiscal Years
(Dollars in Millions)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund				
Reserved (1)	\$ -	\$ -	\$ 395	\$ 670
Unreserved (1)	-	-	(1,069)	(928)
Nonspendable	118	113	-	-
Restricted	729	464	-	-
Committed	486	410	-	-
Unassigned	(821)	(1,046)	-	-
Total	<u>\$ 512</u>	<u>\$ (59)</u>	<u>\$ (674)</u>	<u>\$ (258)</u>
All Other Governmental Funds				
Special Revenue Funds				
Reserved (1)	\$ -	\$ -	\$ 410	\$ 204
Unreserved (1)	-	-	2,502	2,325
Nonspendable	105	111	-	-
Restricted	567	422	-	-
Committed	2,923	2,683	-	-
Assigned	12	10	-	-
Debt Service Funds				
Reserved (1)	-	-	105	102
Restricted	79	68	-	-
Capital Projects Funds				
Unreserved (1)	-	-	206	331
Restricted	202	145	-	-
Permanent Funds				
Unreserved (1)	-	-	47	45
Nonspendable	28	29	-	-
Restricted	1	1	-	-
Total	<u>\$ 3,917</u>	<u>\$ 3,469</u>	<u>\$ 3,270</u>	<u>\$ 3,007</u>

(1) GASB Statement No. 54 changes in fund balance information presented in this section began with fiscal year 2011. Fund balances prior to fiscal year 2011 were not reclassified because this was deemed impractical. The nature of the difference between fiscal year 2011 forward and all prior years relates to fund balances for those prior years not being reclassified to GASB Statement No. 54 fund classifications. For additional information on fund balance classifications, see Note 3, Fund Balance Classifications.

Source: Department of Accounts

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 1,125	\$ 1,420	\$ 1,162	\$ 708	\$ 409	\$ 285
78	564	973	521	37	(221)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,203	\$ 1,984	\$ 2,135	\$ 1,229	\$ 446	\$ 64
\$ 242	\$ 280	\$ 108	\$ 159	\$ 88	\$ 58
3,072	3,060	2,882	2,278	2,155	2,205
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
101	97	94	76	75	86
-	-	-	-	-	-
134	81	(16)	(33)	(34)	113
-	-	-	-	-	-
52	53	30	28	28	25
-	-	-	-	-	-
-	-	-	-	-	-
\$ 3,601	\$ 3,571	\$ 3,098	\$ 2,508	\$ 2,312	\$ 2,487

Comparison of General Fund Balance

Last Ten Fiscal Years
(Dollars in Millions)

Fiscal Year Ended June 30,	Fund Balance	
	Budgetary Basis	Modified Accrual Basis
2012	\$ 1,683.4	\$ 512.4
2011	1,297.6	(58.8)
2010	870.9	(674.3)
2009	823.5	(258.5)
2008	2,219.8	1,202.9
2007	2,955.1	1,984.0
2006	2,890.0	2,135.5
2005	1,865.3	1,229.0
2004	1,109.6	446.2
2003	554.8	63.6

Source: Department of Accounts

Revenue Capacity

Personal Income Tax Rates

Last Ten Fiscal Years
(Dollars in Millions)

<u>For the Fiscal Year Ended June 30,</u>	<u>Personal Income Tax Collections (1)</u>	<u>Personal Income (2)(3)</u>	<u>Average Effective Rate (3)(4)</u>
2012	\$ 10,613	\$ 385,019	2.76%
2011	9,944	372,442	2.67%
2010	9,088	353,358	2.57%
2009	9,481	340,789	2.78%
2008	10,115	351,933	2.87%
2007	9,788	333,573	2.93%
2006	9,309	314,893	2.96%
2005	8,352	292,208	2.86%
2004	7,430	272,713	2.72%
2003	6,776	255,660	2.65%

(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 2008-2011 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.

Source: Department of Taxation
U.S. Bureau of Economic Analysis

Effective Tax Rates (1)

Tax Years 2002 – 2011

<u>Income Tax Bracket</u>	<u>Tax Rate</u>
\$0 - \$3,000	2.00%
\$3,000 - \$5,000	2.00% - 2.40%
\$5,000 - \$17,000	2.40% - 4.23%
\$17,000 - \$30,000	4.23% - 4.89%
\$30,000 - \$50,000	4.89% - 5.23%
\$50,000 - \$100,000	5.23% - 5.49%
Over \$100,000	5.49% up to 5.75%

(1) Amounts shown are for all filing status returns.

Source: Department of Taxation

Personal Income Tax Filers and Liability by Income Level (1)

Current Year and Ten Years Ago

Income Level	Tax Year Ended December 31, 2010 (2)				Tax Year Ended December 31, 2001			
	Number of Returns	% of Total	Income Tax Liability	% of Total	Number of Returns	% of Total	Income Tax Liability	% of Total
\$100,000 and higher	611,252	17.03%	\$ 6,177,101,222	64.77%	323,459	10.31%	\$ 3,208,278,711	50.36%
\$75,000 - \$99,999	307,335	8.56%	1,080,514,753	11.33%	229,296	7.31%	830,429,996	13.04%
\$50,000 - \$74,999	473,739	13.20%	1,086,774,089	11.39%	417,051	13.30%	1,018,928,677	15.99%
\$25,000 - \$49,999	819,914	22.85%	944,422,353	9.90%	751,914	23.97%	978,039,758	15.35%
\$10,000 - \$24,999	735,313	20.49%	245,394,436	2.57%	699,899	22.32%	313,566,545	4.92%
\$9,999 and lower	641,124	17.87%	3,493,675	0.04%	714,767	22.79%	21,768,858	0.34%
Total	<u>3,588,677</u>	<u>100.00%</u>	<u>\$ 9,537,700,528</u>	<u>100.00%</u>	<u>3,136,386</u>	<u>100.00%</u>	<u>\$ 6,371,012,545</u>	<u>100.00%</u>

- (1) Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.
 (2) Tax year 2010 is the most recent year for which data are available.

Source: Department of Taxation

Personal Income by Industry

Last Ten Fiscal Years
(Dollars in Millions)

	<u>2012 (1)</u>	<u>2011 (2)</u>	<u>2010 (2)</u>	<u>2009 (2)</u>	<u>2008 (2)</u>
Farm Earnings	\$ 730	\$ 495	\$ 282	\$ 276	\$ 363
Agricultural/Forestry, Fishing, and Other	403	352	350	289	285
Mining	1,188	1,215	1,127	883	1,091
Construction	14,159	14,191	14,272	13,498	15,996
Manufacturing	16,755	16,422	16,057	15,706	16,888
Transportation, Warehousing, Information and Public Utilities	17,220	16,533	16,423	16,805	17,317
Wholesale Trade	9,754	9,929	9,260	9,234	9,731
Retail Trade	14,613	14,001	13,880	13,354	13,955
Finance, Insurance, Real Estate, Rental and Leasing	18,786	18,303	17,229	16,453	17,648
Services	122,240	116,611	111,665	106,760	105,023
Federal, Civilian	25,243	24,529	23,667	21,782	20,692
Military	16,457	16,935	16,961	16,361	15,858
State and Local Government	30,232	29,790	29,590	29,556	29,002
Other (3)	97,239	93,136	82,595	79,832	88,084
Total Personal Income	<u>\$ 385,019</u>	<u>\$ 372,442</u>	<u>\$ 353,358</u>	<u>\$ 340,789</u>	<u>\$ 351,933</u>

(1) Personal income figures for 2012 are estimated.

(2) Amounts for 2008-2011 were revised to reflect the incorporation of newly available and revised source data.

(3) Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

Source: U.S. Bureau of Economic Analysis (BEA)

Note: Details may not agree to BEA due to rounding.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 235	\$ 330	\$ 627	\$ 552	\$ 298
331	323	257	303	269
931	1,016	830	761	631
17,381	17,949	16,735	15,568	13,505
16,974	17,055	17,199	16,536	16,596
17,168	17,226	16,913	16,385	15,386
9,833	8,976	8,470	8,042	7,402
14,393	14,190	13,734	13,093	12,428
18,825	18,677	18,358	16,300	15,697
98,000	91,113	83,935	76,830	69,834
19,609	18,012	17,166	16,630	14,408
15,120	14,396	13,412	12,813	11,925
27,604	26,215	24,642	22,791	21,410
77,169	69,415	59,930	56,109	55,871
<u>\$ 333,573</u>	<u>\$ 314,893</u>	<u>\$ 292,208</u>	<u>\$ 272,713</u>	<u>\$ 255,660</u>

Taxable Sales by Business Class (1) (2)Last Ten Calendar Years
(Dollars in Millions)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Apparel	\$ 4,749	\$ 4,601	\$ 4,494	\$ 5,015	\$ 5,191
Automotive	2,717	2,555	2,397	2,440	2,563
Food	25,691	24,617	24,134	23,721	22,502
Furniture, Home Furnishings, and Equipment	2,538	2,442	2,519	3,013	3,448
General Merchandise	20,635	19,836	19,577	19,387	19,574
Lumber, Building Materials and Supply	7,750	7,652	7,369	8,140	9,354
Fuel	1,828	1,691	1,582	1,539	1,729
Machinery, Equipment and Supplies	309	243	173	241	238
Miscellaneous	16,341	16,402	16,780	18,527	18,301
Hotels, Motels, Tourist Camps, etc.	2,988	2,837	2,804	3,066	3,079
Alcoholic Beverage	567	545	532	517	487
Other Miscellaneous and Unidentifiable	2,955	2,997	3,505	4,495	5,577
Total	<u>\$ 89,068</u>	<u>\$ 86,418</u>	<u>\$ 85,866</u>	<u>\$ 90,101</u>	<u>\$ 92,043</u>
Direct Sales Tax Rate (3)	5.0%	5.0%	5.0%	5.0%	5.0%

(1) Retail sales information is available only on a calendar-year basis.

(2) Data from tax year 2005 is not available. Beginning with the third quarter of tax year 2005, business classification categories provided by the Department of Taxation changed to reflect NAICS codes. Consequently, the first half of tax year 2005 information is not available in a comparable form to the second half of tax year 2005. Files from before the third quarter of tax year 2005 will never be directly comparable with files from the third quarter of tax year 2005 and thereafter.

(3) Effective September 1, 2004, the sales tax rate increased from 4.5 percent to 5.0 percent.

Source: Department of Taxation

	<u>2006</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$	4,917	\$ 4,087	\$ 3,719	\$ 3,579	\$ 3,434
	2,413	5,146	4,810	4,487	3,470
	19,943	21,931	20,887	19,937	19,378
	3,684	6,015	5,666	5,208	5,006
	17,104	13,312	12,686	12,117	12,472
	8,929	9,006	7,431	6,979	6,778
	1,778	488	487	392	458
	213	3,581	3,151	3,001	3,112
	18,355	14,914	13,297	12,466	12,051
	3,003	2,354	2,307	2,213	2,157
	456	409	483	186	342
	8,683	48	49	80	67
\$	<u>89,478</u>	<u>\$ 81,291</u>	<u>\$ 74,973</u>	<u>\$ 70,645</u>	<u>\$ 68,725</u>

5.0%

4.5%

4.5%

4.5%

4.5%

Sales Tax Revenue by Business Class (1)

Tax Year 2011 and Nine Years Ago

	Tax Year Ended December 31, 2011				Tax Year Ended December 31, 2002			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Apparel	3,857	3.71%	\$ 4,749,505,811	5.33%	5,685	4.10%	\$ 3,578,970,238	5.06%
Automotive	3,057	2.94%	2,717,244,708	3.05%	11,594	8.36%	4,487,272,935	6.35%
Food	20,614	19.80%	25,690,979,695	28.84%	26,448	19.08%	19,936,841,785	28.22%
Furniture, Home Furnishings, and Equipment	3,979	3.82%	2,537,541,856	2.85%	8,704	6.29%	5,207,693,314	7.37%
General Merchandise	15,620	15.01%	20,635,206,515	23.17%	9,465	6.83%	12,117,264,163	17.16%
Lumber, Building Materials, and Supply	5,631	5.41%	7,750,287,839	8.70%	4,729	3.41%	6,979,329,337	9.88%
Fuel	2,635	2.53%	1,827,678,962	2.05%	934	0.67%	391,932,276	0.55%
Machinery, Equipment, and Supply	150	0.14%	308,523,909	0.35%	8,763	6.32%	3,001,401,543	4.25%
Miscellaneous	36,651	35.21%	16,341,457,551	18.35%	59,556	42.96%	12,465,972,993	17.65%
Hotels, Motels, Tourist Camps, etc.	2,254	2.17%	2,987,755,500	3.35%	2,084	1.51%	2,212,793,148	3.14%
Alcoholic Beverage	333	0.32%	567,092,605	0.64%	267	0.19%	185,722,142	0.26%
Other Miscellaneous and Unidentifiable	9,301	8.94%	2,954,546,407	3.32%	392	0.28%	80,118,797	0.11%
Total	104,082	100.00%	\$ 89,067,821,358	100.00%	138,621	100.00%	\$ 70,645,312,671	100.00%

(1) Due to confidentiality issues, the names of the ten largest revenue payers are not presented. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.

Sources: Department of Taxation
Weldon Cooper Center for Public Service, University of Virginia

Debt Capacity

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities		Total Primary Government	Debt as a Percentage of Personal Income (2)	Amount Per Capita (3)
	General Obligation Bonds	Non- General Obligation Bonds	Other Long-term Obligations (1)	Non-General Obligation Bonds	Other Long-term Obligations (1)			
2012	\$ 873,741	\$ 5,703,448	\$ 326,543	\$ -	\$ 449	\$ 6,904,181	1.79%	\$ 844
2011	960,374	4,701,764	348,972	-	918	6,012,028	1.62%	749
2010	1,049,386	4,120,056	366,170	-	1,594	5,537,206	1.56%	702
2009	1,077,520	3,549,958	373,594	-	2,883	5,003,955	1.46%	638
2008	1,001,989	3,345,259	312,890	-	4,082	4,664,220	1.34%	601
2007	900,329	3,363,275	341,574	-	2,610	4,607,788	1.38%	599
2006	716,498	3,231,917	342,805	-	5,967	4,297,187	1.36%	564
2005	657,032	2,930,344	231,131	463,357	9,709	4,291,573	1.47%	571
2004	536,386	2,797,410	346,118	447,372	12,475	4,139,761	1.52%	557
2003	589,618	2,974,706	372,522	432,563	15,917	4,385,326	1.72%	603

- (1) Pension, compensated absences, other postemployment benefits, uninsured employers' fund, lottery prizes payable, tuition benefits payable, and pollution remediation obligations have been excluded.
- (2) Personal income amounts used for this calculation were obtained from the U. S. Bureau of Economic Analysis.
- (3) Population statistics used in this calculation were provided by the Department of Taxation. Fiscal year 2012 population was estimated.

Sources: Department of Accounts
 Department of Taxation
 U. S. Bureau of Economic Analysis

Ratios of General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years

(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	General Bonded Debt Outstanding [1] [2]				Percentage of Tax Revenues [5]	Amount Per Capita [6]
	Governmental		Higher Education			
	9(b) [3]	9(c) [4]	9(c)	Total		
2012	\$ 831,148	\$ 42,593	\$ 906,474	\$ 1,780,215	16.77%	\$ 218
2011	914,574	45,800	765,280	1,725,654	17.35%	215
2010	999,841	49,545	631,275	1,680,661	18.49%	213
2009	1,040,636	36,884	573,550	1,651,070	17.41%	211
2008	935,105	66,884	487,296	1,489,285	14.72%	192
2007	821,563	78,766	411,842	1,312,171	13.41%	171
2006	626,124	90,374	325,969	1,042,467	11.20%	137
2005	555,447	101,585	296,963	953,995	11.42%	127
2004	428,891	107,495	316,923	853,309	11.48%	115
2003	471,118	118,500	349,185	938,803	13.86%	129

[1] Amounts are net of unamortized premiums, discounts, deferrals on debt defeasance, and/or issuance expenses.

[2] There are currently no Section 9(a) bonds outstanding.

[3] Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations.

[4] Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt.

[5] Individual and fiduciary Income tax collections were used for this calculation.

[6] Population statistics used in this calculation are provided by the Department of Taxation. Fiscal year 2012 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	2012	2011	2010	2009
Taxes on Income and Retail Sales:				
Individual and Fiduciary Income Tax [1]	\$ 10,612,836	\$ 9,944,370	\$ 9,088,252	\$ 9,481,109
Corporate Income Tax [2]	859,923	822,259	806,473	648,033
State Sales and Use Tax [3]	3,314,677	3,190,452	3,264,210	3,116,831
Total	\$ 14,787,436	\$ 13,957,081	\$ 13,158,935	\$ 13,245,973
Average Tax Revenues (Three Fiscal Years)	\$ 13,967,817	\$ 13,453,996	\$ 13,543,258	\$ 13,804,097
Section 9(a) [2] General Obligation Debt Limit [4]				
Debt Issuance Limit				
(30% of 1.15 times annual tax revenues)	\$ 5,101,665	\$ 4,815,193	\$ 4,539,833	\$ 4,569,861
Less Bonds Outstanding:	-	-	-	-
Debt Issuance Margin for Section 9(a) [2]				
General Obligation Bonds	\$ 5,101,665	\$ 4,815,193	\$ 4,539,833	\$ 4,569,861
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)	\$ 16,062,990	\$ 15,472,096	\$ 15,574,747	\$ 15,874,712
Less Bonds Outstanding:**				
Public Facilities Bonds [6]	831,148	914,574	993,372	1,027,941
Transportation Facilities Refunding Bonds [5] [6]	-	-	6,469	12,696
Debt Issuance Margin for Section 9(b)				
General Obligation Bonds	\$ 15,231,842	\$ 14,557,522	\$ 14,574,906	\$ 14,834,075
Debt Applicable to Limit as a % Limit	5.17%	5.91%	6.42%	6.56%
Additional Section 9(b) Debt Borrowing Restriction:				
Four-year Authorization Restriction (25% of 9(b) Debt Limit)	\$ 4,015,747	\$ 3,868,024	\$ 3,893,687	\$ 3,968,678
Less 9(b) Debt authorized in past three fiscal years	-	-	-	-
Maximum Additional Borrowing Restriction (amount that may be authorized by the General Assembly)	\$ 4,015,747	\$ 3,868,024	\$ 3,893,687	\$ 3,968,678
Section 9(c) General Obligation Debt Limit				
Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	\$ 16,062,990	\$ 15,472,096	\$ 15,574,747	\$ 15,874,712
Less Bonds Outstanding:**				
Parking Facilities Bonds [6]	18,383	19,445	21,151	6,527
Transportation Facilities Bonds [6]	24,210	26,355	28,394	30,358
Higher Educational Institution Bonds [6]	906,474	765,280	631,275	573,550
Debt Issuance Margin for Section 9(c)				
General Obligation Bonds	\$ 15,113,923	\$ 14,661,016	\$ 14,893,927	\$ 15,264,277
Debt Applicable to Limit as a % Limit	5.91%	5.24%	4.37%	3.85%

**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*. Fiscal year 2004 restated to reflect actual data as reported in the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Major Special Revenue Funds of each respective year's CAFR.
- [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] Net of unamortized premium, discount and deferral on debt defeasance.

Sources: Department of Accounts
Department of the Treasury

2008	2007	2006	2005	2004	2003
\$ 10,114,833	\$ 9,787,592	\$ 9,308,570	\$ 8,352,366	\$ 7,430,365	\$ 6,775,746
807,852	879,575	871,554	616,690	434,493	343,319
3,302,181	3,274,286	3,029,949	3,093,725	2,582,797	2,335,958
<u>\$ 14,224,866</u>	<u>\$ 13,941,453</u>	<u>\$ 13,210,073</u>	<u>\$ 12,062,781</u>	<u>\$ 10,447,655</u>	<u>\$ 9,455,023</u>
\$ 13,792,131	\$ 13,071,436	\$ 11,906,836	\$ 10,655,153	\$ 9,777,865	\$ 9,583,019
\$ 4,907,579	\$ 4,809,801	\$ 4,557,475	\$ 4,161,659	\$ 3,604,441	\$ 3,261,983
-	-	-	-	-	-
<u>\$ 4,907,579</u>	<u>\$ 4,809,801</u>	<u>\$ 4,557,475</u>	<u>\$ 4,161,659</u>	<u>\$ 3,604,441</u>	<u>\$ 3,261,983</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 15,860,950	\$ 15,032,151	\$ 13,692,862	\$ 12,253,426	\$ 11,244,545	\$ 11,020,472
916,483	797,300	596,464	520,655	389,219	422,399
18,622	24,263	29,660	34,792	39,672	48,719
<u>\$ 14,925,845</u>	<u>\$ 14,210,588</u>	<u>\$ 13,066,738</u>	<u>\$ 11,697,979</u>	<u>\$ 10,815,654</u>	<u>\$ 10,549,354</u>
5.90%	5.47%	4.57%	4.53%	3.81%	4.27%
\$ 3,965,238	\$ 3,758,038	\$ 3,423,215	\$ 3,063,356	\$ 2,811,136	\$ 2,755,118
-	-	-	1,019,529	1,019,529	1,019,529
<u>\$ 3,965,238</u>	<u>\$ 3,758,038</u>	<u>\$ 3,423,215</u>	<u>\$ 2,043,827</u>	<u>\$ 1,791,607</u>	<u>\$ 1,735,589</u>
\$ 15,860,950	\$ 15,032,151	\$ 13,692,862	\$ 12,253,426	\$ 11,244,545	\$ 11,020,472
7,590	8,804	9,939	11,040	6,367	7,199
59,294	69,962	80,435	90,545	101,128	111,301
487,296	411,842	325,969	296,963	316,923	349,185
<u>\$ 15,306,770</u>	<u>\$ 14,541,543</u>	<u>\$ 13,276,519</u>	<u>\$ 11,854,878</u>	<u>\$ 10,820,127</u>	<u>\$ 10,552,787</u>
3.49%	3.26%	3.04%	3.25%	3.77%	4.24%

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	Pledged Revenues (1)	Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements (3) (4)		Coverage
						Principal	Interest	
Primary Government Revenue Bonds:								
Pocahontas Parkway Association (4)	2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
(Series 1998A-D and 2001A)	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-
	2006	(140,294)	11,680	30,214	(158,828)	-	-	-
	2005	(115,062)	10,344	29,675	(134,393)	-	9,121	(14.73)
	2004	(75,338)	7,674	27,505	(95,169)	-	9,121	(10.43)
	2003	(62,755)	5,111	27,104	(84,748)	-	9,121	(9.29)

- (1) Pocahontas Parkway bonds are payable solely from toll revenues.
- (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 1999. The toll rights owned by the Pocahontas Parkway Association were sold on June 29, 2006; the association was relieved of any outstanding debt at that time and has no bonds outstanding at June 30, 2012, to report.

Demographic and Economic Information

Schedule of Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population In Thousands (1)</u>	<u>Personal Income In Thousands (2)(3)</u>	<u>Per Capita Income (3)</u>	<u>Public Primary and Secondary School Enrollment</u>	<u>Unemployment Rate</u>
2012	8,178	\$ 385,019,000	\$ 47,080	1,258,521	6.0 %
2011	8,029	372,442,000	46,387	1,253,038	6.5 %
2010	7,886	353,358,000	44,808	1,245,937	7.0 %
2009	7,839	340,789,000	43,474	1,236,546	5.6 %
2008	7,758	351,933,000	45,364	1,232,436	3.4 %
2007	7,694	333,573,000	43,355	1,221,939	3.1 %
2006	7,623	314,893,000	41,308	1,214,737	3.2 %
2005	7,512	292,208,000	38,899	1,185,612	3.5 %
2004	7,432	272,713,000	36,694	1,165,905	3.7 %
2003	7,275	255,660,000	35,142	1,156,471	4.0 %

- (1) Population figure for fiscal year 2012 is estimated.
- (2) Personal income amount for fiscal year 2012 is estimated.
- (3) Amounts for fiscal years 2008-2011 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

Sources: Department of Education
Department of Taxation
Virginia Employment Commission
U.S. Bureau of Economic Analysis

Principal Employers (1)

Current Year and Nine Years Ago

<u>Employer</u>	<u>2011 Rank (2)</u>	<u>2002 Rank</u>
U.S. Department of Defense	1	1
Wal-Mart	2	2
Fairfax County Public Schools	3	3
Huntington Ingalls Industries, Inc.	4	5
Sentara Healthcare	5	9
U. S. Postal Service	6	6
Food Lion	7	4
County of Fairfax	8	7
University of Virginia / Blue Ridge Hospital (3)	9	-
City of Virginia Beach Schools	10	8

- (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 2011 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

	2012	2011	2010	2009	2008
General Government					
Virginia Information Technologies Agency	262	261	295	353	377
Department of Taxation	917	976	1,044	947	1,014
Department of General Services	624	634	654	618	624
All other	1,571	1,936	1,608	1,918	1,960
Education					
Colleges and Universities	53,979	49,107	47,981	48,485	48,032
All other	2,667	3,287	3,276	3,551	3,806
Transportation					
Department of Transportation	7,167	7,024	6,852	8,261	8,680
Department of Motor Vehicles	1,926	1,949	1,900	1,931	2,001
All other	190	242	233	215	239
Resources and Economic Development					
Department of Conservation & Recreation	933	909	930	953	960
Department of Environmental Quality	731	743	768	800	842
All other	2,957	3,001	2,874	3,334	3,369
Individual and Family Services					
Department of Health	3,784	3,827	3,856	3,750	3,800
Behavioral Health Agencies	8,803	8,757	8,635	8,355	8,341
All other	5,740	5,576	5,622	5,957	5,550
Administration of Justice					
Department of State Police	2,640	2,627	2,533	2,671	2,668
Department of Juvenile Justice	2,499	2,380	2,442	2,314	2,457
Correctional Facilities	9,656	9,656	9,623	10,437	10,802
All other	6,363	6,262	6,314	6,285	6,441
Business-type Activities					
Department of Alcoholic Beverage Control	3,306	2,483	2,461	2,581	2,472
State Lottery	270	267	257	252	241
All other	81	82	77	74	50
State Total (2)	<u>117,066</u>	<u>111,986</u>	<u>110,235</u>	<u>114,042</u>	<u>114,726</u>

(1) Includes salaried and wage employees but excludes adjunct faculty.

(2) Totals have been rounded and may vary slightly from the Department of Human Resource Management reports.

Sources: Department of Human Resource Management

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
400	453	1,068	593	347
927	1,031	1,026	1,047	972
634	621	603	625	583
1,915	1,778	1,775	1,730	1,944
48,004	47,371	44,725	42,817	41,729
3,811	3,813	3,555	3,528	3,735
8,824	9,338	9,401	9,541	10,204
2,044	2,102	2,056	2,059	1,861
231	110	129	145	185
753	709	937	927	847
882	870	862	837	827
3,412	3,263	3,161	3,244	3,096
3,943	3,817	3,646	3,674	3,657
8,361	7,679	6,609	6,708	6,810
5,540	6,424	7,868	7,850	7,395
2,700	2,604	2,607	2,626	2,499
2,295	2,312	2,222	2,200	2,197
10,456	10,368	10,398	10,286	10,244
6,454	5,382	5,036	5,098	4,880
1,938	1,851	1,726	1,656	1,565
265	261	271	304	317
48	257	257	240	237
<u>113,837</u>	<u>112,414</u>	<u>109,938</u>	<u>107,735</u>	<u>106,131</u>

Operating Indicators by Function (1)

Last Seven Fiscal Years

	2012	2011
General Government		
Virginia Department of Taxation		
Number of Returns Processed (calendar year) (2)	Not yet available	6,969,581
Department of Accounts		
Number of Payments Processed Via Check	1,624,902	1,658,227
Number of Payments Processed Electronically	9,856,757	9,912,627
Percentage Processed Electronically	85.8%	85.7%
Education		
State Council of Higher Education		
Number of Students Enrolled at State-supported Colleges and Universities	535,294	519,772
Department of Education		
Number of Public Primary and Secondary School Enrollment	1,258,521	1,253,038
Transportation		
Department of Transportation		
Number of Vehicles Paying Tolls for the Pocahontas Parkway (3)	NA	NA
Resources and Economic Development		
Department of Environmental Quality		
Number of Permits Issued	4,063	2,486
Number of Inspections Conducted	9,834	10,441
Department of Housing and Community Development		
Number of Housing Units Improved to Define Standards through Housing Programs	7,279	7,675
Department of Agriculture and Consumer Services		
Number of Food Inspections Conducted	12,966	12,003
Number of Weights/Measure Equipment Inspected	68,292	66,760
Department of Forestry		
Number of Firefighters Trained in Forest Fire Control	1,178	1,192
Individual and Family Services		
Comprehensive Services for At-Risk Youth and Families		
Number of Youth Served	15,425	16,617
Department for the Aging		
Number of Medicare Recipients	1,190,827	1,143,243
Department of Medical Assistance Services		
Number of Medicaid Recipients	996,835	992,816
Department of Behavioral Health and Developmental Services (4)		
Number of Patients Served	2,608	2,724
Number of Beds Used	3,471	3,317
Department of Social Services		
Average Number of Households Receiving Food Stamps	434,223	396,613
Number of Households Receiving Child Support Enforcement Assistance	349,661	352,825
Department of Health		
Number of WIC Participants	270,962	270,219
Number of Childhood Immunizations Administered	1,439,233	1,773,402

2010	2009	2008	2007	2006
6,998,747	7,079,611	6,893,047	6,746,596	7,860,850
1,625,763	1,715,164	2,597,746	1,431,918	1,522,865
11,141,067	10,059,109	8,065,038	2,861,979	2,684,123
87.2%	85.4%	75.6%	66.7%	63.8%
501,866	467,093	449,671	428,642	412,336
1,245,937	1,236,546	1,232,436	1,221,939	1,214,737
N/A	N/A	N/A	N/A	5,746,292
2,780	1,925	2,389	3,491	2,011
11,804	11,599	11,721	11,730	10,471
7,231	5,198	3,248	3,392	3,459
13,516	14,639	17,551	14,623	16,350
53,329	57,275	84,481	77,921	101,471
1,123	1,034	1,200	1,300	1,000
17,242	17,957	19,658	18,498	16,722
1,122,522	1,104,765	1,071,681	1,039,059	1,010,487
937,522	857,662	818,452	805,458	812,796
2,754	2,877	2,915	3,003	3,033
3,396	3,533	2,891	2,988	3,499
350,599	277,498	240,821	228,116	223,116
359,317	359,487	359,977	363,272	361,909
275,580	270,378	258,593	270,918	247,386
1,602,907	1,470,403	1,455,166	1,076,412	1,093,450

Continued on next page

Operating Indicators by Function (1) (Continued from previous page)

Last Seven Fiscal Years

	2012	2011
Administration of Justice		
Supreme Court		
Number of Criminal Trials (calendar year)	708,943	697,360
Number of Civil Trials (calendar year)	1,299,053	1,289,633
Number of Traffic Hearings (calendar year)	1,956,836	2,069,668
Compensation Board		
Number of Constitutional Officers Receiving Financial Support	650	650
Department of State Police		
Number of Traffic Citations Issued (calendar year)	550,122	567,480
Number of Arrests (calendar year)	19,460	20,132
Department of Corrections		
Number of Inmates	29,685	32,116
Business-type Activities		
State Lottery Department		
Number of Plays Sold - Pick 3	243,270,273	241,963,816
Number of Plays Sold - Pick 4	222,774,015	207,174,550
Number of Plays Sold - Cash 5	26,677,286	26,657,009
Number of Plays Sold - Megamillions	140,240,940	138,496,457
Number of Plays Sold - Win for Life (5)	17,682,922	21,052,138
Number of Plays Sold - Lotto South (5)	-	-
Number of Plays Sold - Millionaire Raffle (6)	6,625,456	6,600,000
Number of Plays Sold - Fast Play Bingo (6)	12,094,785	8,915,566
Number of Plays Sold - Powerball (7)	89,046,990	66,614,340
Number of Plays Sold - Decades of Dollars (8)	15,467,376	8,377,354
Number of Tickets Sold - Instant Tickets	842,121,604	756,837,222
Virginia College Savings Plan		
Number of Prepaid Tuition Contractholders	69,847	70,955
Virginia Employment Commission		
Number of Individuals Receiving Unemployment Benefits	136,753	162,025
New Unemployment Benefit Claims	318,935	360,657

- (1) In accordance with GASB Statement No. 44, the Commonwealth began reporting these operating indicators in fiscal year 2006. Information was not available prior to fiscal year 2005.
- (2) Information is not yet available for fiscal year 2012.
- (3) The assets of the Pocahontas Parkway Association, including the rights and obligations to manage, operate, maintain and collect tolls, were sold in June 2006. Therefore, this information is not available subsequent to fiscal year 2006.
- (4) This agency is structured to provide services primarily in a community setting. Although they have a significant amount of capital and operating costs in facility operations, inpatient treatment methodology is being deemphasized over time. Their inpatient census will continue to decline in the future. Over \$250 million of community funding (state and Federal dollars) each fiscal year supports 40 community services boards across the Commonwealth. These entities serve approximately 300,000 Virginians each year.
- (5) Win for Life replaced Lotto South during fiscal year 2006; therefore, information for fiscal year 2005 and prior is not available.
- (6) Fast Play Bingo and Millionaire Raffle began during fiscal year 2007; therefore, information for fiscal year 2006 and prior is not available.
- (7) Powerball began during fiscal year 2010; therefore, information for fiscal year 2009 and prior is not available.
- (8) Decades of Dollars began during fiscal year 2011; therefore, information for fiscal year 2010 and prior is not available.

2010	2009	2008	2007	2006
705,777	731,609	741,701	733,714	710,380
1,372,483	1,397,850	1,366,596	1,335,192	1,327,296
2,143,109	2,050,896	2,019,753	1,973,047	1,971,413
650	654	649	650	650
686,173	647,396	652,837	646,166	600,121
22,713	23,996	22,475	23,348	22,622
31,735	32,708	33,157	31,647	31,072
246,899,030	250,634,329	256,605,411	265,398,821	257,008,607
197,460,420	185,418,033	183,990,214	179,922,714	169,761,961
28,242,740	29,267,637	29,022,974	27,520,707	27,723,536
174,882,294	162,095,735	166,144,927	130,299,581	159,665,341
28,440,948	32,128,730	37,717,958	41,323,625	17,529,322
-	-	-	-	44,322,641
6,600,000	8,905,555	8,798,720	13,005,307	-
6,884,748	6,772,764	9,229,805	6,600,000	-
34,562,352	-	-	-	-
-	-	-	-	-
711,155,383	690,382,366	694,902,491	698,271,837	689,315,033
71,373	71,898	71,812	71,382	70,006
190,370	219,646	122,144	106,554	110,881
418,431	474,777	279,939	260,804	260,381

Sources: Compensation Board
 Comprehensive Services for At-Risk Youth and Families
 Department of Agriculture and Consumer Services
 Department of Behavioral Health and Developmental Services
 Department of Education
 Department of Environmental Quality
 Department of Forestry
 Department of Health
 Department of Housing and Community Development
 Department of Medical Assistance Services
 Department of Social Services
 Department of State Police
 Department of Transportation
 State Council of Higher Education
 State Lottery Department
 Supreme Court
 Virginia College Savings Plan
 Virginia Employment Commission

Capital Asset Statistics by Function (1)

Last Seven Fiscal Years

	2012	2011
General Government		
Department of General Services		
Number of Buildings	62	54
Total Square Footage of Buildings	4,961,416	5,259,506
Vehicles	14,161	13,983
Education		
State Council of Higher Education		
Campuses of In-State Institutions	262	250
Campuses of Out-of-State Institutions	158	166
Transportation		
Department of Transportation		
Bridges Maintained	13,042	12,949
State Maintained Highway Lane Miles (calendar year) (2)	Not yet available	71,668
Vehicles	7,797	7,593
Number of Buildings (3)	3,487	3,520
Total Square Footage of Buildings	7,830,447	7,916,019
Resources and Economic Development		
Department Conservation & Recreation		
State Parks	37	37
Acres of State Parks (in thousands)	69	69
Natural Area Preserves	39	39
Acres of Natural Area Preserves (in thousands)	31	30
Historic Sites	3	3
Acres of Historic Sites (in thousands)	0.3	0.3
Number of Buildings (4)	1,164	1,164
Total Square Footage of Buildings	1,152,257	1,152,257
Department of Forestry		
State Forests	22	22
Buildings	295	295
Total Square Footage of Buildings	600,602	600,602
Individual and Family Services		
Department of Behavioral Health and Developmental Services		
Number of Buildings	407	429
Total Square Footage of Buildings	5,169,937	5,901,505
Administration of Justice		
Department of State Police		
Number of Stations	65	65
Number of Buildings	144	145
Total Square Footage of Buildings	562,736	562,736
Department of Corrections		
Number of Buildings	1,858	1,820
Total Square Footage of Buildings	11,872,765	11,771,319
Business-type Activities		
Department of Alcoholic Beverage Control		
Number of Buildings	25	25
Total Square Footage of Buildings	1,185,501	1,185,501

(1) In accordance with GASB Statement No. 44, the Commonwealth began reporting these capital asset statistics in fiscal year 2006. Information was not available prior to fiscal year 2005.

(2) Information not yet available for 2012. Prior year amounts have been updated based on revised information from the Virginia Department of Transportation.

(3) Includes storage sheds.

(4) Includes cabins.

2010	2009	2008	2007	2006
55	48	48	47	45
5,053,912	4,718,480	4,409,026	4,358,746	4,236,832
13,534	13,322	13,262	12,779	11,841
244	254	258	207	116
121	87	67	63	110
12,949	12,912	12,603	12,603	12,603
71,561	71,349	71,091	70,784	70,105
7,734	8,185	9,060	9,443	9,952
3,513	3,526	3,562	3,595	3,582
7,713,617	7,683,384	7,734,267	7,750,199	7,624,896
37	37	37	37	34
71	69	68	67	66
39	39	38	35	34
30	29	28	25	25
3	3	3	3	3
0.3	0.3	0.3	0.3	0.3
1,164	1,168	991	991	989
1,152,257	1,154,487	1,223,427	1,223,427	1,284,589
19	19	19	17	17
295	295	295	295	283
600,602	600,602	600,602	600,602	587,838
438	435	441	449	446
5,744,389	5,743,088	6,037,953	6,161,843	6,263,527
64	66	66	66	66
145	145	145	143	143
562,736	550,736	550,736	526,617	526,617
1,835	1,826	1,817	1,809	1,812
11,920,234	12,160,909	11,963,087	11,787,810	11,102,021
25	24	22	21	22
1,185,501	1,142,273	787,348	784,548	789,548

Sources: Department of Conservation and Recreation
Department of Forestry
Department of Motor Vehicles
Department of State Police

Department of Transportation
Department of the Treasury
State Council of Higher Education for Virginia

Employees of the Department of Accounts

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and printed on a Xerox WorkCentre 5675 at a cost of \$4.86 per copy.

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**COMMONWEALTH OF VIRGINIA
SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2012**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

EXECUTIVE SUMMARY

The results of our single audit of the Commonwealth of Virginia for the year ended June 30, 2012, are summarized below:

- we issued an unqualified opinion on the basic financial statements;
- we found three matters that we consider to collectively create a material weakness in internal control over financial reporting;
- we found certain other matters that we consider significant deficiencies in internal control over financial reporting;
- we identified instances of noncompliance or other matters required to be reported under Government Auditing Standards related to the basic financial statements;
- we found certain matters and instances of noncompliance with selected provisions of laws and regulations related to major programs required to be reported in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133, Section .510(a) that we consider to be significant deficiencies; and
- we issued an unqualified opinion on the Commonwealth's compliance with requirements applicable to each major program.

Our audit findings are reported in the accompanying, "Schedule of Findings and Questioned Costs."

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Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

February 6, 2013

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

We are pleased to submit the statewide **Single Audit Report of the Commonwealth of Virginia** for the fiscal year ended June 30, 2012.

This report contains the following:

- Our reports on compliance and on internal control over financial reporting and each major federal program.
- The schedule of findings and questioned costs, together with management's corrective action plans.
- The summary schedule of prior audit findings.
- The Schedule of Expenditures of Federal Awards.

The Commonwealth's **Comprehensive Annual Financial Report** for the year ended June 30, 2012 and our report thereon have been issued under separate cover.

We would like to express our appreciation to the many individuals whose efforts assisted in preparing this report and recognize the Commonwealth's management and federal program and financial staff for their cooperation and assistance in resolving single audit issues.

A handwritten signature in cursive script that reads "Martha S. Mavredes".

AUDITOR OF PUBLIC ACCOUNTS

GDS/clj



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Commonwealth's basic financial statements and have issued our report thereon dated December 14, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of certain component units of the Commonwealth as described in our report on the Commonwealth's financial statements and Note I.B. to the financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Hampton Roads Sanitation District Commission, Science Museum of Virginia Foundation, Virginia Museum of Fine Arts Foundation, Danville Science Center, Inc., and Library of Virginia Foundation, 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.

Internal Control Over Financial Reporting

Management of the Commonwealth of Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commonwealth's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commonwealth's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying

“Schedule of Findings and Questioned Costs” as items 12-002 through 12-004 that we consider to collectively create a material weakness; and other deficiencies, items 12-001, 12-005 through 12-029, that we consider to be significant deficiencies in internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies identified as items 12-002 through 12-004, which are described in the section titled “Schedule of Findings and Questioned Costs,” to collectively create a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies identified as items 12-001, 12-005 through 12-029, which are described in the section titled “Schedule of Findings and Questioned Costs,” to be significant deficiencies.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the Commonwealth’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying “Schedule of Findings and Questioned Costs” as items 12-001 through 12-006, 12-008 through 12-013, 12-016 through 12-018, 12-020 through 12-024 and 12-030 through 12-048.

We noted certain additional matters involving internal control over financial reporting and immaterial instances of noncompliance that we have reported to the management of the individual state agencies and institutions.

The Commonwealth’s response to the findings identified in our audit are described in the accompanying “Schedule of Findings and Questioned Costs”. We did not audit the Commonwealth’s response and, accordingly, we express no opinion on it.

Status of Prior Findings

The Commonwealth’s status of corrective actions taken with respect to previously reported findings are located in the section entitled “Resolution of Prior Year Audit Findings.”

Report Distribution

The “Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters” is intended solely for the information and use of the Governor and General Assembly of Virginia, management, federal awarding agencies, and pass-through agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution should not be limited.



AUDITOR OF PUBLIC ACCOUNTS
December 14, 2012



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Compliance

We have audited the Commonwealth of Virginia's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Commonwealth's major federal programs for the year ended June 30, 2012. The Commonwealth's major federal programs are identified in the "Summary of Auditor's Results" section of the accompanying "Schedule of Findings and Questioned Costs." Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Commonwealth's management. Our responsibility is to express an opinion on the Commonwealth's compliance based on our audit. The Commonwealth's basic financial statements include the operations of certain agencies and component units, which received federal awards that are not included in the Commonwealth's Schedule of Expenditures of Federal Awards for the year ended June 30, 2012. Our audit, described below, did not include the operations of these agencies and component units since they were audited by other auditors as discussed in Note 1 of the "Notes to the Schedule of Expenditures of Federal Awards".

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a federal major program occurred. An audit includes examining, on a test basis, evidence about the Commonwealth's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commonwealth's compliance with those requirements.

In our opinion, the Commonwealth complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying “Schedule of Findings and Questions Costs” as items 12-030 through 12-032, 12-034 through 12-035, 12-038 through 12-040, and 12-042 through 12-048.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying “Schedule of Findings and Questions Costs” as items 12-030 through 12-033, 12-036 through 12-039, and 12-042 through 12-048. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Commonwealth's basic financial statements. The accompanying “Schedule of Expenditures of Federal Awards” is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

The Commonwealth's responses to the findings identified in our audit are described in the accompanying "Schedule of Findings and Questioned Costs." We did not audit the Commonwealth's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Governor and General Assembly of Virginia, management, federal awarding agencies, and pass-through agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution should not be limited.



AUDITOR OF PUBLIC ACCOUNTS

February 6, 2013 (except as related to the Report on the Schedule of Expenditures of Federal Awards, as to which the date is December 14, 2012)

**SCHEDULE OF FINDINGS
AND
QUESTIONED COSTS**

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2012

Financial Statements

Type of auditor's report issued: Unqualified
 Internal control over financial reporting:
 Material weakness identified? Yes
 Significant deficiencies identified not considered to be material weaknesses? Yes
 Noncompliance material to financial statements noted? No

Federal Awards

Internal Control over major programs:
 Material weakness identified? No
 Significant deficiencies identified not considered to be material weaknesses? Yes
 Type of auditor's report issued on compliance for major programs: Unqualified
 Any audit findings disclosed that are required to be reported in accordance
 with section 510(a) of OMB Circular A-133? Yes

The Commonwealth's major programs are as follows:

CFDA(s)	Name of Federal Program or Cluster
10.551	SNAP Cluster
10.561	
10.553	Child Nutrition Cluster
10.555	
10.556	
10.559	
10.558	Child and Adult Care Food Program
20.205	Highway Planning and Construction Cluster
20.219	
81.041	State Energy Program
81.042	Weatherization Assistance for Low-Income Persons
81.127	Energy Efficient Appliance Rebate Program (EEARP) - ARRA
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA
84.007	Student Financial Assistance Programs Cluster
84.033	
84.038	
84.063	
84.268	
84.375	
84.376	

FINANCIAL STATEMENT INTERNAL CONTROL AND COMPLIANCE FINDINGS

STATE COMPLIANCE

12-001: Transfer Unclaimed Refunds to Unclaimed Property Division

Applicable to: State Corporation Commission

Type of Finding: Internal Control and Compliance

The State Corporation Commission is not complying with the Uniform Disposition of Unclaimed Property Act. The Clerk's Office receives a high volume of insignificant fee overpayments throughout the year. The Clerk's Office performs due diligence to locate the owners of unclaimed refunds greater than \$25, but owners do not always respond to these notifications. Weekly, the Clerk's Office transfers all refunds that have been unclaimed for at least a year to the General Fund rather than to Unclaimed Property. The Commission transferred over \$350,000 in unclaimed refunds to the general fund in fiscal year 2012.

Prior to July 1, 1989, the Clerk's Office and the Division of Securities and Retail Franchising deposited all funds collected in the General Fund. On July 1, 1989, the Commission began recording the funds for these two divisions in a Special Revenue Fund. At that time, the Commission began transferring any overpayments remaining after performing due diligence to the General Fund.

The Commission is not reporting unclaimed property to the program administrator as specified in section 55-210.9 and 55-210.12 of the Code of Virginia, which states "All intangible property held for the owner by any government or governmental subdivision or agency, public corporation, or public authority that has remained unclaimed by the owner for more than one year after it became payable is presumed abandoned. Every person holding funds or other property, tangible or intangible, presumed abandoned under this chapter shall report and remit to the administrator with respect to the property as hereinafter provided."

Transferring unclaimed refunds to the General Fund does not legally remove the Commission's liability to pay out refunds. When the Commission transfers unclaimed funds to the General Fund, those funds are no longer available to payout claims. Conversely, the Unclaimed Property Division holds funds in trust in the Literary Fund for pay out as claims occur. The Commission should comply with the Uniform Disposition of Unclaimed Property Act and report unclaimed property to the Unclaimed Property Division within the Department of the Treasury.

Management Plan for Corrective Action for State Corporation Commission

The appropriate members of the Commission's staff will meet with the Division of Unclaimed Property to review how to report and remit the abandoned property to that Division so the Commission will be in compliance with the Uniform Disposition of Unclaimed Property Act. The Commission will then implement the recommendations and the new process.

Responsible Party: Office of the Clerk – Joel Peck, Clerk of the SCC

Estimated Completion Date: December 31, 2013

SYSTEMS SECURITY

12-002: Prohibit System Users from Modifying Security Settings

Applicable to: Department of Social Services

Type of Finding: Internal Control and Compliance

The Virginia Department of Social Services (Social Services) allows five end users of the Virginia Case Management System (VaCMS) to modify its security settings. Section 8.2.2 of the Commonwealth's Information Security Standard requires each agency to establish separation of duties in order to protect sensitive Information Technology (IT) systems and data.

Without separating end users from functions reserved for the Information Security Officer (ISO), the ISO is limited in his ability to know that VaCMS 'controls are working as intended and cannot ensure the Commissioner that functions within VaCMS are properly secured. This weakness was caused when these users were assigned their current level of access in order to troubleshoot and test VaCMS before it went into production in October 2011.

When a system moves from the development phase into production, it is important that the entity secure the system to mitigate the risk of fraud or error. Therefore, we recommend Social Services not provide end users with functions reserved for the ISO to strengthen controls surrounding VaCMS. To avoid this issue in the future, we recommend that Social Services incorporate VaCMS into the ISO's Security Access Management System; which is used to monitor system access centrally. Incorporating the VaCMS into the ISO's Security Access Management System will also help mitigate the risk of fraud or error when other public assistance programs migrate to the VaCMS in the future. In addition, Social Services should consider implementing a process to review VaCMS' audit logs until these functions are separated in order to track end user activity. By doing such, the ISO will be able to mitigate the risk of end users having too much access.

Management Plan for Corrective Action for Department of Social Services

Access levels for the five users identified were immediately modified to limit their ability to change security settings. A review of actions taken by these users was conducted based on system audit logs to confirm no inappropriate actions were taken. The Department will address this weakness as a part of the Eligibility Modernization Project. Security access controls for VaCMS will be incorporated into existing ISO processes. We are exploring other options to improve controls over VaCMS and audit log reviews while the new system is being developed.

Responsible Party: Matt Teasdale, Chief Information Security Officer

Estimated Completion Date: October 1, 2015 or when the Eligibility Modernization Project is complete

12-003: Create and Implement an Audit Process for Sensitive Applications

Applicable to: Department of Social Services

Type of Finding: Internal Control and Compliance

Social Services does not have an audit management process for highly privileged administration accounts in its Unisys Mapper System and its new Virginia Case Management System, VaCMS, that both contain mission critical data and personally identifiable information. The Commonwealth's Information Security Standard, SEC 501-06 Section 9.3, requires agencies to monitor and record IT system activity to adequately protect sensitive data.

Database administrator accounts have elevated privileges that allow these accounts to perform inserts, updates, and deletes on data in the database without adhering to the controls implemented in the end-user application that accesses the database. Administrator accounts can also structurally change database tables and automatically execute programs triggered by specific events.

Without an audit management process, Social Services is unable to log and monitor the activities performed by the database administrator accounts. This inhibits the administrators' ability to trouble-shoot unexpected events and reduces management's ability to assist law enforcement in investigating a potential database breach. Social Services has not been able to implement an audit management process because the feature does not exist within the Unisys Mapper System.

To eliminate this weakness, Social Services' is replacing the Unisys Mapper System with one containing modern controls. However, Social Services has not finalized a process to monitor the activities recorded in the logs of its latest system, Virginia Case Management System, VaCMS. Therefore, we recommend that Social Services assign the responsibility and establish an audit management process for all its applications that contain sensitive data, such as mission critical and personally identifiable information. By doing such, Social Services will reduce the risk of unauthorized and undetected database modifications.

Management Plan for Corrective Action for Department of Social Services

An updated audit review process is being developed to review changes and monitor access by developers that bypass normal business rules. The Information Security Office will incorporate this review into our Network Monitoring Program and compare changes made to databases by Database Administrators to service requests and help desk tickets. Additionally, we will implement a second review and approval process that controls the elevated privileges and the amount of time developers are granted access to production data.

Responsible Party: Matthew Teasdale, Chief Information Security Officer

Estimated Completion Date: June 30, 2013

12-004: Create and Implement a Change Management Process for Sensitive Applications

Applicable to: Department of Social Services

Type of Finding: Internal Control and Compliance

The Virginia Department of Social Services (Social Services) has not adopted an application change management process that conforms to industry best practices for its Virginia Case Management System (VaCMS). The Commonwealth's Information Security Standard, SEC 501-06 Section 10.4.2, requires agencies to establish change management controls so that changes to the Information Technology (IT) environment do not compromise security controls. Several best practices, such as ITIL and COBIT, provide guidance on establishing a comprehensive change management framework. Implementing a formal change management process reduces the risk that sensitive data is compromised due to programming errors or acts of fraud.

In October 2011, the VaCMS transitioned from the development to the production phase. While VaCMS was in the development phase, Social Services had a formal change management process in place to track system modifications. However, when VaCMS transitioned to production, Social Services failed to carry its change management process forward. The change management responsibility was transferred to the Division of Child Care and Early Childhood Development (Division), which has not yet adopted an application change management process that conforms to industry best practices.

To remedy this weakness, we recommend Social Services adopt a change management process that conforms to industry best practices. Specifically, Social Services should develop a procedure for the VaCMS' change management process. In addition, Social Services should consider implementing a Change Advisory Board consisting of individuals from the Information Technology, Operations, and Business groups. By doing such, Social Services will keep management informed of system modifications and mitigate the risk of programming errors or acts of fraud.

Management Plan for Corrective Action for Department of Social Services

The Division of Child Care and Early Development will review, update and implement the vendor based change management process used in the development of VaCMS. Industry best practices will be implemented including engaging subject matter experts from business, information technology and information security.

Responsible Party: Barbara Newlin, Director, Division of Child Care and Early Childhood Development

Estimated Completion Date: September 30, 2013

12-005 Improve Web Application Security

Applicable to: Department of Motor Vehicles

Type of Finding: Internal Control and Compliance

The Department of Motor Vehicles (Motor Vehicles) uses outdated software for an essential component in a key web application system. The outdated software no longer receives security updates from its vendor, which makes the system more vulnerable to potential attacks from the internet.

We have communicated some additional details of this weakness to management in a separate document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia, due to their sensitivity and description of security controls.

We recommend that Motor Vehicles address these concerns to reduce the risk of a malicious user taking advantage of the weakness to exploit the system and the data it contains.

Management Plan for Corrective Action for Department of Motor Vehicles

Motor Vehicles will continue to work with VITA to finalize the appropriate Work Request for the necessary hardware and software for the required upgrade.

Motor Vehicles will take the necessary steps to implement the upgrade.

Motor Vehicles will assess the impact to customers and applications if the identified item is changed. If it is not possible to change it, Motor Vehicles will submit an Exception Request to VITA.

Responsible Party: Douglas Mack, Information Security Officer; Dave Burhop, Chief Information Officer

Estimated Completion Date: October 31, 2013

12-006 Improve Database Security

Applicable to: Department of Motor Vehicles

Type of Finding: Internal Control and Compliance

The Department of Motor Vehicles (Motor Vehicles) is actively working towards mitigating the database security control weaknesses we found during our previous year's audit. While Motor Vehicles addressed all issues in its corrective action plan, we found that Motor Vehicles did not implement proper controls while addressing Database Administrator activity logs.

We have communicated the details of this issue to management in a separate document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia, due to their sensitivity and description of security controls.

We recommend that Motor Vehicles review its activity logging controls and change the appropriate configurations to ensure the activity log's confidentiality, integrity, and availability. While implementing these controls, Motor Vehicles should reference the Center for Internet Security Oracle best practices and the Commonwealth's Information Security Standard, SEC501-07, to ensure compliance with best practices and standards.

Management Plan for Corrective Action for Department of Motor Vehicles

Motor Vehicles will review its activity logging controls and change the appropriate configurations to ensure the activity log's confidentiality, integrity, and availability.

Motor Vehicles will work with VITA and a third party vendor to remediate this finding.

Due to the sensitivity and description of security controls, a detailed Corrective Action Plan is not included here. A detailed Corrective Action Plan containing seven (7) corrective actions has been submitted separately to the Auditor of Public Accounts and is marked Freedom of Information Act Exempt under the same code section cited in the finding above.

Responsible Party: Douglas Mack, Information Security Officer; Dave Burhop, Chief Information Officer; Ed Slate, Application Support Manager

Estimated Completion Date: May 31, 2013

12-007: Improve Database Security

Applicable to: Department of Transportation

Type of Finding: Internal Control

The Department of Transportation did not implement certain controls in a key Oracle database that stores sensitive information. The Center for Internet Security Oracle 11g Database best practices recommends implementing specific controls to reduce unnecessary risk to data confidentiality, integrity, and availability. We have communicated the details of this issue to management in a separate document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia, due to their sensitivity and description of security controls.

Management Plan for Corrective Action for Department of Transportation

Due to the sensitivity and description of security controls, a detailed Corrective Action Plan is not included here. A detailed Corrective Action Plan containing two corrective actions was submitted separately to the Auditor of Public Accounts and is marked Freedom of Information Act Exempt under the same code section cited in the finding above.

Responsible Party: Stacy D. McCracken, VDOT Enterprise Application Office Director

Estimated Completion Date: December 23, 2012 – Completed.

12-008: Improve Database Security

Applicable to: State Corporation Commission

Type of Finding: Internal Control and Compliance

The State Corporation Commission (Commission) should strengthen controls over its administrative Database Management System. During our audit, we found that the Commission did not implement proper controls while addressing Database Administrator activity logs for the system audited.

We have communicated the details of this issue to management in a separate document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia, due to their sensitivity and description of security controls.

We recommend that the Commission review its activity logging controls for the system audited and change the appropriate configurations to ensure the activity log's confidentiality, integrity, and availability. While implementing these controls, the Commission should reference the Center for Internet Security Oracle best practices and the Commonwealth's Information Security Standard, SEC501-07, to ensure compliance with best practices and standards.

Management Plan for Corrective Action for the State Corporation Commission

The Commission will make the technical adjustments as recommended by the Auditor of Public Accounts.

Responsible Party: Information Technology Division – Janet LaFleur, Chief Technology Officer and Office of Information Security – Grayson Walters, Information Security Officer

Estimated Completion Date: July 31, 2013

12-009: Improve Oracle Database Security

Applicable to: Department of Education

Type of Finding: Internal Control and Compliance

Education does not follow certain Commonwealth information security standards and best practices for its Oracle database that stores personally identifiable information and information protected under the Family Education Rights and Privacy Act (FERPA). The missing controls increases the overall database security posture in regards to data confidentiality, integrity, and availability.

While Education has improved some controls in the database during the last year, we identified two issues that require immediate attention. Since our recommendations include descriptions of security mechanisms, which are exempt from public disclosure by the Code of Virginia, management received a separate document containing a detailed description of our

recommendation. Management concurred with our recommendations and is working on a corrective action plan.

Management Plan for Corrective Action for Department of Education

Education will develop a method to establish a review process for removing accounts for terminated employees and contractors and will incorporate the review process into agency policy. Also, Education will incorporate additional controls into the database configuration.

Responsible Party: Bethann Canada, Director - Educational Information Management and Ray Woten, Systems Development Manager

Estimated Completion Date: Application Development: April 30, 2013, Database

Configuration: Complete

12-010: Improve Oracle Database Security

Applicable to: University of Virginia

Type of Finding: Internal Control and Compliance

The University of Virginia (University) does not implement certain controls in its Oracle database that stores sensitive information for the Student Information System. Some of this information is also classified sensitive under the Family Educational Rights and Privacy Act (FERPA).

The Center for Internet Security (CIS) Oracle 11g Database best practices recommends implementing specific controls to reduce unnecessary risk to data confidentiality, integrity, and availability.

We identified and communicated three weak controls to management in a separate document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms. Management agreed with our recommendations and provided a corrective action plan to us under the same public disclosure exemption.

Management Plan for Corrective Action for University of Virginia

The University provided a corrective action plan in a document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia Due to it containing descriptions of security mechanisms.

Responsible Party: Kirk Vandebrooke, SIS Technical Director

Estimated Completion Date: Summer/Fall 2013

12-011: Ensure Timely Risk Assessment Updates

Applicable to: Virginia State Lottery Department

Type of Finding: Internal Control and Compliance

Lottery has not updated the risk assessment for one of its five sensitive Information Technology (IT) systems since fiscal year 2009. Without current risk assessments for sensitive systems, Lottery cannot identify and implement effective security safeguards to protect data or develop adequate contingency plans. Additionally, the Commonwealth's Information Security Standard, SEC501-06, requires agencies to update risk assessments at least every three years, or earlier if the agency introduces major changes into its IT environment.

Updated risk assessments identify, analyze, and mitigate risks that may compromise Lottery's IT systems. While the undocumented system has no direct impact on the integrity of Lottery's games, the system processes personally identifiable information, such as social security numbers.

We recommend that Lottery dedicate the necessary resources to update the risk assessment. Lottery should also take this opportunity to update their business impact analysis and continuity of operations plan to ensure those documents reflect the results of the IT systems risk assessment.

Management Plan for Corrective Action for Virginia State Lottery Department

The Lottery made a business decision to delay completing the assessment until certain precursory activities were completed. All sensitive system risk assessments have been completed, and no further updates to this audit issue will be provided.

Responsible Party: Deborah Courtney, Director of Finance

Estimated Completion Date: Complete

12-012: Update IT Infrastructure Device

Applicable to: Virginia State Lottery Department

Type of Finding: Internal Control and Compliance

Lottery operates a legacy Information Technology (IT) infrastructure device that the vendor has not supported since December 2009. While several interconnected devices and controls protect Lottery's infrastructure, operating an unsupported device weakens Lottery's security posture and the concept of layered security.

Since our recommendation includes descriptions of security mechanisms, we have communicated the details of this weakness to Lottery's management in a separate document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia.

We recognize that Lottery plans to upgrade this device in September 2012. Therefore, we recommend that Lottery follow through with this plan and continue to dedicate the necessary resources to achieve this due date.

Management Plan for Corrective Action for Virginia State Lottery Department

The Lottery completed the scheduled upgrade to the referenced Information Technology infrastructure device on September 13, 2012; no further updates to this audit issue will be provided.

Responsible Party: Deborah Courtney, Director of Finance

Estimated Completion Date: Complete

12-013: Secure Data on Backup Media

Applicable to: Virginia State Lottery Department

Type of Finding: Internal Control and Compliance

Lottery does not secure data on backup media transferred to an off-site storage location. While the backup media does not contain any information that may compromise the integrity of any lottery games, the media does contain personal information protected under Section 2.2-3800-C (8) of the Code of Virginia. Further, the Commonwealth's Information Security Standard, SEC501-06 Section 6.2.2.8, also requires agencies to either encrypt sensitive data on backup media or implement mitigating controls to reduce the risk of data compromise.

We recommend that Lottery dedicate the necessary resources to either encrypt sensitive data while stored on backup media, or to establish mitigating controls, such as improving physical security of unencrypted data while in transit to and from off-site storage locations.

Management Plan for Corrective Action for Virginia State Lottery Department

The Lottery has made improvements to the physical security of unencrypted data while in transit to and from the off-site storage location. These mitigating controls effectively reduce the risk of data compromise while the Lottery explores encryption options during this year. Another update on the status of this issue will be provided by April 30, 2013.

Responsible Party: Deborah Courtney, Director of Finance

Estimated Completion Date: June 30, 2013

12-014: Address Findings in Internal Audit Report

Applicable to: Department of Medical Assistance Services

Type of Finding: Internal Control

We concur with the findings in Medical Assistance Services Internal Audit report on the operating environment and security business processes issued in May 2012. The report recommends management strengthen the security of private health information transmitted via email, formally document evidence of annual user system account reviews, and update security policies and procedures, risk assessment, business impact analysis, security plan, and contingency plan documents. Due to the sensitivity of the information for which Medical Assistance Services is responsible, management should continue in its efforts to address their findings.

Management Plan for Corrective Action for Department of Medical Assistance Services

The DMAS Division of Information Management and the Office of Compliance and Security have been working together to address the findings of the DMAS Security Compliance Audit issued on September 27, 2012. To date, three findings have been resolved (risk assessment, business impact analysis, and document evidence of annual user system account reviews). Listed is a summary of the corrective action plan for each finding.

1. Update security policies and procedures

The Office of Compliance and Security will review and update all HIPAA Security Policies and DMAS Information Security (IS) policy and IS procedures.

2. Perform IT risk assessment

The Office of Compliance and Security completed updating the risk assessment for sensitive IT systems on December 11, 2012.

3. Review business impact analysis

The Office of Compliance and Security completed reviewing and updating the VITA Commonwealth of Virginia Business Impact Analysis on October 31, 2012.

4. Update security plan

The Office of Compliance and Security will coordinate with the Information Management Division (IM), the Human Resources Division (HR), and the Office of Communications, Legislation, and Administration (OCLA) to review and update the Enterprise Security Plan.

5. Update contingency plan documents

The Information Management Division (IM) will review and update components, procedures, and details of the DMAS Contingency Plan.

6. *Strengthen the security of private health information transmitted via email*

The Information Management Division (IM) will review, consider, and adopt a different encryption/decryption mechanism on its internal operating systems as well as on portable “laptop” computers used outside of its facilities.

7. *Document evidence of annual user system account reviews*

The Office of Compliance and Security developed a written procedure to document the annual user account review process. The procedure was finalized and approved on December 12, 2012.

Responsible Party: Sylvia Hart, Director, Information Management Division and Theresa Fleming, DMAS Information Security Officer, Office of Compliance and Security.

Estimated Completion Date: See Schedule Below:

<i>Update security policies and procedures</i>	-	<i>September 30, 2013</i>
<i>Perform IT risk assessment</i>	<i>December 11, 2012</i>	-
<i>Review business impact analysis</i>	<i>October 31, 2012</i>	-
<i>Update security plan</i>	-	<i>June 30, 2013</i>
<i>Update contingency plan documents</i>	-	<i>September 30, 2013</i>
<i>Strengthen the security of private health information transmitted via email</i>	-	<i>July 1, 2013</i>
<i>Document evidence of annual user system account reviews</i>	<i>December 12, 2012</i>	-

SYSTEMS ACCESS

12-015: Enhance Controls Over System Access for Critical Systems

Applicable to: Department of Accounts

Type of Finding: Internal Control

Accounts should enhance controls over system access to critical systems for Accounts’ employees. During our review of access management, we noted areas in need of improvement for the Commonwealth’s payroll system (CIPPS) and the Commonwealth’s accounting system (CARS) including the documentation of policies and procedures surrounding granting access including what type of access is necessary for specific job functions of Accounts’ employees and periodic review of employees’ access.

Accounts is responsible for granting access to CARS and CIPPS for all of the Commonwealth’s agencies. While there are controls in place for granting access to individuals at

the various agencies, the controls do not always apply for Accounts' employees who often have much more system access capabilities than the individuals at the various agencies.

Access is granted on an ad-hoc basis depending on what job functions Accounts assigns the employee. There are no documented policies and procedures specific to granting access for Accounts' employees including what type of access is necessary for specific job functions. This not only makes it more difficult to periodically review access, but also increases the risk of inappropriate access. In addition, CIPPS is an old and complex mainframe system and there is no formal training for those granting access. There is also no clear documentation on what users can do with their access, making it difficult to grant the appropriate access or determine if ongoing access is reasonable.

We noted Accounts' users having access that extends beyond their normal job duties. This was noted for critical functions within the system such as granting security; therefore, these users can modify their own security or add or modify any other user's security. We also noted instances of individuals keeping their access after changing positions, which management indicated was for backup purposes; however, this creates numerous levels of backups. Further, there is no periodic review of Accounts employees' access to CIPPS and management's internal control testing (ARMICS) does not cover CIPPS security.

Management should develop policies and procedures for granting access for Accounts' employees including a description of the type of access necessary to perform specific job functions. The policies and procedures should be based on the principle of least privilege and address the level of backup needed for critical functions. In addition, management should ensure that individuals granting access have a thorough knowledge of what each role allows the user to do within the system. Management should also implement periodic reviews of employees' access to ensure it is appropriate based on the individual's current job duties and in compliance with its policies and procedures. Further, management should incorporate CIPPS security within its ARMICS reviews.

Accounts is currently in the process of implementing a new enterprise system to replace CARS. Modern systems offer more comprehensive access options, which will make it even more important to have comprehensive policies and procedures surrounding granting of access. Therefore, management should also consider these issues when designing and implementing access policies and procedures for the new system.

Management Plan for Corrective Action for Department of Accounts

Accounts understands the risks associated with granting system access to CIPPS and CARS to employees of Accounts. Accounts plans to document the policies and procedures for granting access to both CIPPS and CARS that address the type of access necessary to accomplish specific job functions that are unique to the Department. Accounts currently has in place a semi-annual review of CARS Security for staff and plans to extend this process to CIPPS Security as well and include CIPPS security in the agency's internal control testing as promulgated in ARMICS. As noted in our discussions, Accounts is responsible for unique and significant mission critical functions that comport directly to the Commonwealth's overall financial management goals and objectives. This critical responsibility necessitates certain key and experienced staff members maintain specific security capabilities that

may appear outside of their normal duties to ensure these functions are executed in a timely and accurate manner. Accounts' management will continue to monitor these circumstances and use prudent judgment to ensure security capabilities granted are appropriate and necessary. Accounts recognizes the importance of training for staff responsible for granting CIPPS system access and will ensure adequate training is provided.

Responsible Party: Melinda Pearson, Director of General Accounting and Lora George, Director of Statewide Payroll Operations

Estimated Completion Date: September 30, 2013

12-016: Secure Database Logs

Applicable to: Department of Health

Type of Finding: Internal Control and Compliance

Health allows its Database Administrators (DBA) to modify the logs that track their activities. The Commonwealth's Information Security Standard, SEC501-06 requires and the Center for Internet Security (CIS) Oracle Best Practices recommends that organizations protect audit trail log files to ensure their integrity.

DBAs with the ability to modify logs can change or delete the information generated by the Database Management System to hide their activities. DBAs at Health have access to change these logs because management did not configure the system with the settings typically done to protect this information, such as segregating the log files from DBA access on the operating system or by transferring the logs to an external server that is inaccessible to the DBAs.

We understand that Health is working towards correcting this concern by implementing the safeguards and processes to ensure that audit trails are not at risk of modification. We also recommend that Health actively align its internal Oracle policies and processes with an industry best practice, such as the CIS Best Practices, in addition to following the requirements set forth by the Commonwealth's Information Security Standard, SEC501-06.

Management Plan for Corrective Action for Department Health

In order to ensure that all audit logs are secured and inaccessible to those who should not have access, the Virginia Department of Health (VDH) is implementing a change to the management of database audit logs across all applications that support agency business functions. This includes logs generated from the Web F&A application. Audit log management will be incorporated into the VDH IT Security Manual as a standard of practice by June 1, 2013. VDH is currently working with VITA and Northrop Grumman (NG) to determine the server size needed to house our audit logs. We will be generating a work request with VITA/NG to procure a server for this purpose. Additionally, we will implement specific security and procedural policies tied to this audit server as appropriate. Due to the timeframe required to

implement a work request and procure new infrastructure to support the audit server, this project will be completed by June 30, 2013.

The VDH IT Security Manual will include the following processes tied to audit log management:

- *A dedicated/secure server location (outside the existing application servers) where audit logs are written directly by the database operating system. This server will be located in the VITA/NG data center and will be managed by NG.*
- *Storage of the audit logs (of record) on the alternative location.*
- *Access limited to the Information Security Officer (Read Only) and NG Server/Security Administrators.*
- *A copy of the logs will be available to the DBA and development staff for working purposes and to troubleshoot transactional issues (but not the logs of record stored on the secure server).*
- *VDH will use an archive schedule to manage the server file storage, whereby older versions of the log will be written to tapes for off-site archival. The proposed archival cycle will maintain the audit logs for a period of a year.*
- *Tape archives will be reused in accordance with CIS best practices.*

Responsible Party: J. Wesley Kleene, Information Security Officer and Debbie Condrey, Chief Information Officer

Estimated Completion Date: June 30, 2013

12-017: Perform Required System Access Reviews

Applicable to: Department of Health

Type of Finding: Internal Control and Compliance

Management at Health is not periodically conducting system access reviews. Commonwealth's Information Security Standard SEC 501 (SEC 501) Section 5.2.2.6 requires management to perform periodic reviews of all user accounts and their corresponding privileges. By not performing the system access reviews as required, management did not identify that two of its critical controls over system access are not working as intended; promptly remove system access, and approve system access.

Promptly Remove System Access

Management did not remove Commonwealth Accounting and Reporting System (CARS) access timely for four employees. SEC 501 Section 5.2.2.23-24 requires the prompt removal of system access for terminated or transferred employees. System access should be removed as close to the employee's date of separation as administratively possible. While we found no evidence of these employees accessing the system after their termination date, untimely removal of user access increases the risk of unauthorized transactions and could impact the integrity of the Commonwealth's financial systems.

Approve System Access

Management could not provide evidence that some of the access granted to the WebVision system was approved. Management completed the proper approval forms; however, in 63 cases the assigned roles that were granted were not selected by their manager on the approval form. While management believes that each employee's roles within WebVision is reasonable based on their job requirements, each of these instances represents a deviation from Health's policies and procedures for approving authorization to its systems. This creates the risk of individuals obtaining unauthorized access to Health's sensitive information.

If management had performed the required system access reviews, management would have found that it was not promptly removing system access and could have used the system access reviews as evidence that the access granted was subsequently approved. Management should start conducting reviews to comply with SEC 501 Section 5.2.2.6, which requires management to perform periodic reviews of all user accounts and their corresponding privileges to mediate the risk of unauthorized access and transactions.

Management Plan for Corrective Action for Department of Health

With regards to the timely removal of CARS access, the Office of Financial Management (OFM) makes every reasonable attempt to terminate access in a timely manner. The separation of three individuals was noted during the review of the May 14, 2012 CARS Security Listing and Certification that was provided by the Department of Accounts on May 24th. CARS access for two of the three individuals was terminated immediately. OFM sought input from the appropriate VDH Office regarding the third individual. It was our understanding, that while the employee had retired from VDH, they were returning in a wage or temporary employee capacity to assist with transition. Upon review by the applicable program, it was determined access should be terminated. The risk to VDH and the Commonwealth was minimal; two individuals noted above had access to data entry and financial inquiry and the third individual only had inquiry capabilities. None of these individuals had the capability to approve financial transactions for payment.

The fourth individual noted by Auditor of Public Accounts, transferred within VDH (from OFM to another office). She assisted OFM during transition and her new role allowed her to retain inquiry capabilities. Her access was also terminated on May 29th as it was no longer needed.

VDH policy requires that an HR14, Separation Action Form, be processed for terminated employees. Due to management position vacancies, HR14's were not processed in a timely manner in the above noted three instances. However, in addition to the review of VDH's HR14's and the DOA's CARS Security Listing and Certification Report, the following additional steps have been taken to strengthen controls:

- 1. OFM has terminated CARS access for individuals outside of OFM.*
- 2. A review of CARS access has been added to the monthly reconciliation*

process managed by OFM.

Response submitted by Beth Franklin, Director - Office of Financial Management

Completion date for corrective action: These corrective actions were implemented during September 2012.

With regards to WebVision, the review consisted of approximately 30 personnel with WebVision access assigned specific roles associated with their job(s) at the local health districts or the offices. Each person was assigned roles/privileges based on approximately 65 job functions. As a VDH application, WebVision is distributed to all of the Health Districts for use in daily operational functions. Therefore, the granting of access has been performed by a combination of Health District Account Managers and the VDH Applications Help Desk. Many of the cases identified in the audit were associated with accounts managed at the District level, and paperwork for these individuals was unavailable due to changes in staff over the years. During the audit, the identification of the 63 cases was a subset of approximately 1900 role assignments within WebVision.

The Virginia Department of Health (VDH) continues to enhance the policies and procedures for numerous system(s) to comply with Commonwealth and VDH Security Policies. VDH has a policy that requires the review of access for major systems such as WebVision. The VDH Office of Information Management (OIM) has instituted an account request form for specific systems (such as WebVision) that tracks the request and assignment of privileges to each user. This review policy is being updated to require (periodic) review of all user accounts and corresponding privileges for the user's continued need to access the system. VDH initiates a quarterly review (using a pre-defined report) of WebVision user roles and privileges at the Health District and Office level. The role/privilege report currently exists within the WebVision application and can be used for this certification process. The process will require certification from each Health District or Office Director that the review has been completed and privileges are appropriate for all users. Documentation is maintained at the Health District or Office level, while the certification is maintained in OIM.

Responsible Party: Beth Franklin, Director-Office of Financial Management and J. Wesley Kleene, Information Security Officer

Estimated Completion Date: April 2013

12-018: Improve User Access Control Across Systems

Applicable to: Department of Motor Vehicles

Type of Finding: Internal Control and Compliance

The Department of Motor Vehicles (Motor Vehicles) does not periodically review user account privileges in its IT system that controls access to certain sensitive applications and files. The Commonwealth's Information Security Standard, SEC 501-06 Section 5.2.2 (6), requires

agencies to review all user accounts and corresponding privileges for the users' continued need to access all IT systems.

Motor Vehicles is working with the Commonwealth's IT Partnership with Northrop Grumman to establish an account review process, however, due to circumstances beyond Motor Vehicles' control, the process is stalled and there is no definite completion date.

We recommend that Motor Vehicles continue working with the IT Partnership and the Commonwealth's Chief Information Officer to escalate the urgency within the Partnership to complete the necessary tasks to establish a process to review user accounts and the associated privileges. In the meantime, we recommend that Motor Vehicles periodically compare the active accounts to a listing of active employees; ensuring accounts identified as belonging to terminated employees are deleted.

Management Plan for Corrective Action for Department of Motor Vehicles

Motor Vehicles will continue to work with the IT Partnership to complete the necessary steps to remediate this finding.

Motor Vehicles will develop and implement a method to systematically review accounts and associated privileges on a periodic basis.

Responsible Party: Douglas Mack, Information Security Officer; Dave Burhop, Chief Information Officer

Estimated Completion Date: September 16, 2013

12-019: Improve System Access Controls

Applicable to: Virginia College Savings Plan

Type of Finding: Internal Control

The access controls of the Virginia College Savings Plan has evolved over the years and in some cases does not address the implementation of the new Banner financial system and the interfaces with the student account systems. Additionally, some of the employees have special access to assist in the implementation of Banner financial system.

We found instances of employees who had access to sensitive forms in the Banner System which are not necessary to perform their core job responsibilities. We also found that the College Savings Plan had not removed an employee's access in a timely manner following the employee's separation from the agency. In addition, College Savings Plan has not implemented system controls which ensure proper segregation of duties for several business processes, which Banner includes as either part of the workflow process or part of the system application.

The College Savings Plan should consider each employee's access to all functions across all systems when managing access and assign access in accordance with the principal of least privilege. Without the proper system controls in place, College Savings Plan is not able to properly monitor or

prevent actions taken by employees. Inappropriate access to the agency's systems reduces management's ability, in the normal course of performing their assigned functions, to prevent, or detect errors in a timely basis.

For the future, the College Savings Plan should improve its access review process to ensure that access is only granted based on the principal of least privilege and that levels of access are updated as employees change positions. College Savings Plan should also consider segregation of duties within the system. By improving the access review process to include consideration of sensitive forms and segregation of duties, the College Savings Plan's overall level of risk will decrease.

Management Plan for Corrective Action for Virginia College Savings Plan

The Virginia College Savings Plan concurs with the above finding pertaining to system access controls and recognizes that College Savings Plan does not have the proper level of system access controls within their two major systems: Banner Finance and College Savings System (CSS). Within their response, the Virginia College Savings Plan indicates that they do not fully rely on these automated system controls, but instead have manual controls to compensate for them.

In response to this finding, College Savings Plan staff have already reviewed access for 99 forms/reports in Banner that were deemed sensitive, including forms that contain personal information. As a result of this review, access changes were made related to the ongoing implementation of Banner Finance. Also, within the corrective action plan, College Savings Plan staff will review the work done by the Auditor of Public Accounts to make changes to systems access and grant access only in accordance with the principle of least privilege. Per Sherri Wyatt, Chief Compliance Officer, VCSP is working to have a programmed automated report which will show potential areas of control weakness in the area of systems access and review this report on a regular basis.

Responsible Party: Mary Morris, CEO

Estimated Completion Date: July 31, 2013

SYSTEMS SECURITY PROGRAM

12-020: Create Information Security Review Plan

Applicable to: Department of the Treasury

Type of Finding: Internal Control and Compliance

Treasury does not have a three-year plan that coordinates reviews of information systems containing sensitive information. The Commonwealth's IT Security Audit Standard, SEC502-02.1, requires agencies to create a plan that considers independent review coverage of all systems containing sensitive data over a three year period.

We recommend that Treasury create a plan per the requirements outlined in the Commonwealth's standard. Treasury should coordinate these review activities across independent parties who are not associated with the process or procedures of particular systems, such as Treasury's Information Security Officer or other qualified party.

Management Plan for Corrective Action for Department of Treasury

Treasury will develop a three-year plan that coordinates reviews of information systems containing sensitive information in compliance with the Commonwealth's IT Security Audit Standard, SEC502-02.1. The three-year plan will be developed prior to March 31, 2013 and submitted to VITA for review.

Although Treasury has developed strong internal controls in an effort to safeguard sensitive data and places significant emphasis on adherence to these controls for both our operational staff and our system development staff, we recognize the importance of developing a three-year audit plan and timeline that structures the performance of an independent review of these controls in compliance with the Commonwealth's IT Security Audit Standard.

Responsible Party: Robert S. Young, Chief Deputy State Treasurer

Estimated Completion Date: March 31, 2013

12-021: Update IT Risk Management and Contingency Plans
Applicable to: Alcoholic Beverage Control

Type of Finding: Internal Control and Compliance

ABC has not updated its Information Technology (IT) risk assessments or its disaster recovery contingency plans for its software applications that contain confidential and mission critical data since 2007. By not updating the risk assessments or disaster recovery contingency plan, ABC incurs a significant risk because the agency's systems have substantially changed since ABC originally created the plans. Without updated risk assessments and disaster recovery plans for its applications, ABC cannot accurately determine the appropriate information security safeguards to protect data or develop adequate plans to recover from a disaster or major system failure. This would result in unnecessary and potentially material financial losses from system unavailability and data confidentiality problems. In addition, the Commonwealth's Information Security Standard, SEC 501-06, requires agencies to maintain updated IT risk management and contingency plans for all sensitive applications and systems.

Updated plans are especially important during times of transition and change. As ABC and the IT Partnership with Northrop Grumman begin the process to plan moving the servers from ABC's headquarters to the Commonwealth's enterprise data center, the ability to reference updated recovery plans is very important. ABC will need to update these plans again once it has completed the move. ABC should consider establishing written restoration processes for its applications for use until the server move is complete.

We recommend that ABC develop current disaster recovery procedures for its applications that ABC can use until IT Partnership fully transitions the servers to the enterprise data center. Once fully transitioned, we recommend that ABC updates its risk assessments and contingency plans to reflect the final environment.

Management Plan for Corrective Action for Alcoholic Beverage Control

ABC concurs that Risk Management and Disaster Recovery are required and important parts of the Information Security Program. ABC has implemented a Risk Management strategy to complete the process, and has engaged additional resources to begin documenting the disaster recovery process.

*Responsible Party: Andy Hallberg, Information Security Officer and Steve Fox
Director of Information Technology*

Estimated Completion Date: January 31, 2013

12-022: Update Information Technology (IT) Disaster Recovery Plans

Applicable to: Department of Social Services

Type of Finding: Internal Control and Compliance

Social Services did not update its IT disaster recovery plans to reflect its current IT environment. While recovery responsibilities for infrastructure components rest with the IT Partnership with Northrop Grumman, it is still Social Services' responsibility to maintain updated recovery procedures for its mission critical applications. The Commonwealth's Information Security Standard, SEC 501-06 Section 3.3.2, requires agencies to conduct periodic reviews, reassessment, testing, and revision of the IT disaster recovery plans to reflect changes in essential business functions, services, IT system hardware and software, and personnel.

Social Services last updated its recovery plans in 2005 before its IT infrastructure transitioned to the IT Partnership. These outdated plans present a risk to Social Services because they do not contain the proper procedures to restore its mission critical applications. This may result in longer downtimes in which individuals will not be able to access services, such as food stamps and Medicaid, in case of a disaster. Social Services does not have an updated IT disaster recovery plan because management did not explicitly assign this responsibility within its Information Security Program dated September 2012.

We recommend that Social Services update all IT disaster recovery plans to reflect its current environment and application restoration procedures. To ensure future updates occur, management should assign the periodic review and update of the recovery plans to specific positions within Social Services, and document these responsibilities within each employee's work profile and its Information Security Program.

Management Plan for Corrective Action for Department of Social Services

The Division of Information Systems will update the Department's IT disaster recovery plans to reflect current technical environments and application restoration procedures.

Responsible Party: Robert Hobbelman, Director, Division of Information Systems

Estimated Completion Date: June 30, 2013

12-023: Identify Non-Essential and Dependent Business Functions

Applicable to: Department of Health

Type of Finding: Internal Control and Compliance

Health does not evaluate all business functions and dependencies when preparing its risk management and contingency planning documents. The Commonwealth's Information Security Standard, SEC 501, requires agencies to identify all business functions and dependent functions. Specifically, the business impact analysis should include all non-essential dependent functions that essential functions rely on.

By excluding non-essential dependent functions, Health increases the risk of omitting essential functions. Dependent functions upon which essential functions rely are also considered essential and could impact the agency's mission if not properly identified.

We are aware that Health is actively working towards correcting this concern. We recommend that Health dedicate the necessary resources to expand the departmental business impact analyses to include non-essential dependent functions.

Management Plan for Corrective Action for Department of Health

The development of a functional (agency or office) Business Impact Assessment (BIA) is the responsibility of the application/system owner with assistance and guidance from the Information Security Officer. In accordance with SEC501, agencies shall use this information in the development of IT risk management and disaster recovery documentation. While business functions were identified as part of the current BIA documents, these were not specifically documented as a part of the final IT BIA report. In order to assist business units in the future, the Chief Information Officer (CIO) approved a change to the current IT BIA template to include this documentation as part of the reporting requirement. This will also assist the agency COOP development as we identify the Mission Essential Functions.

During prior IT BIA's, the agency had defined a dependent function that would disrupt or significantly degrade the ability to perform an essential mission element that is part of an essential function. The new IT BIA template clarifies this, by requiring the business unit to first document their business functions and tasks, then further define those functions that are essential or dependent. VDH is currently using

the updated IT BIA template and is specifically working with the business units associated with Web F&A and VVESTS to update those documents.

It is important to note that the inclusion of this requirement goes well beyond the needs associated with documenting the business impact for a specific IT system. As an example, Web F&A requires input for the business functions of both the Office of Financial Management and the Office of Human Resources. Therefore, the business function documentation will include many functions not related to Web F&A (as either essential or non-essential functions).

Responsible Party: J. Wesley Kleene, Information Security Officer

Estimated Completion Date: June 30, 2013

12-024: Improve Information Security Awareness and Training

Applicable to: Department of Education

Type of Finding: Internal Control and Compliance

The Department of Education (Education) does not provide adequate information security awareness and training or ensure that all employees with access to sensitive information receive training at least annually.

The Commonwealth's Information Security Standard requires agencies to train employees annually as to their responsibilities while interacting with sensitive data. While Education provides some general information security awareness and training, we found that the program is missing the following training requirements.

- Agency-specific IT security training requirements
- Role-based IT security training requirements
- Document users' acceptance of the agency security policies, including acceptable use, after receiving training

Additionally, Education only provided training to 253 of 304 employees during fiscal year 2012. It is essential that Education provide IT system managers, administrators, and user's timely training and enforce this requirement by suspending employee account access for non-compliant employees.

We recommend that Education improve its information security awareness and training program by including agency-specific and role-based security training requirements. We also recommend that Education ensure compliance with the annual training requirement by suspending access for non-compliant employees.

Management Plan for Corrective Action for Department of Education

Education will incorporate agency-specific IT security training requirements into agency policy (training already exists.) Also, Education will incorporate role-based IT security training requirements into agency policy (training already exists.)

Education will develop a method to document users' acceptance of agency security policies, and will then incorporate those requirements into agency policy.

Responsible Party: Bethann Canada, Director - Educational Information Management and Ray Woten, Systems Development Manager

Estimated Completion Date: Policy and Content: April 30, 2013 Application Development: July 31, 2013

FINANCIAL REPORTING

12-025: Improve Communication Surrounding Financial Reporting Process

Applicable to: Department of Accounts and Department of Taxation

Type of Finding: Internal Control

The Departments of Accounts and Taxation need to have a more collaborative process to ensure activity related to Taxation is properly reported in the Commonwealth's financial statements. Over the last several years, we have noted instances where it does not appear that Accounts and Taxation are collaborating to the extent necessary to ensure they fully understand the others' financial reporting processes. This increases the risk that the Commonwealth's financial statements could have material errors.

Taxation and Accounts do communicate with each other as part of the financial reporting process and we acknowledge the communication that occurred to resolve issues related to the fiscal year 2012 financial statements. Our recommendations are intended to improve the level and nature of communication between the two agencies to create a more proactive and collaborative financial reporting process for activity that is significant to the Commonwealth's Comprehensive Annual Financial Report (CAFR).

Both Accounts and Taxation play vital roles in the process used to prepare the CAFR. Accounts is responsible for accumulating and analyzing financial information from the Commonwealth's agencies and institutions. Taxation provides information to Accounts on material financial activity reported in the CAFR. While each agency has staff that are very knowledgeable about their internal processes and activity, it is important that they are also continuously sharing information to ensure the financial reporting process accurately presents the Commonwealth's financial activity. Over the last few years, we have either proposed adjustments or posed questions concerning financial information, that either Taxation provided to Accounts or Accounts reported based on activity in the Commonwealth's accounting system (CARS), which resulted in material changes to the CAFR. We believe that strengthening the communication process between Taxation and Accounts could minimize the risk of future misstatements.

As part of strengthening this process, Taxation needs to improve their financial reporting procedures. Taxation's accounts receivable reporting procedures adequately document the mechanics of the process, but do not adequately address the underlying concepts and methodologies that are critical to understanding their reporting processes. There are also a number of specific assumptions that Accounts and Taxation have agreed to over the years that are not documented in

Taxation's procedures. Taxation needs to expand their procedures to address and document some of these underlying methodologies and concepts. In addition, methodology changes and the justification, similar to the ones this year, need to be documented so information is available on decisions and methodology changes should questions arise in future years.

Accounts also has a responsibility for understanding the methodologies and assumptions for activity that is material to the CAFR. Accounts should review Taxation's procedures to ensure the methodology is sound and it correctly includes assumptions that they have mutually agreed to in the past. Both Taxation and Accounts need to periodically reevaluate these assumptions to ensure they are still valid and relevant.

To minimize the risk of future errors related to Taxation's financial activity, Accounts and Taxation need to work more closely together and have a more collaborative process. We recommend that Taxation and Accounts ensure that they have sufficient documentation surrounding the financial reporting process and have discussed their internal processes with each other. In addition, we recommend they have periodic communications surrounding Taxation's financial activity to discuss the need for modifications to the procedures and/or the manner in which the activity is reported in CARS and in the CAFR. We also recommend that Accounts evaluate whether there are other agencies with material activity and higher risk financial reporting processes for which this type of periodic communication is necessary.

Management Plan for Corrective Action for Department of Accounts

Accounts and Taxation have met to discuss the accounting and reporting processes in previous years. These collaborative meetings have both improved and strengthened the information-gathering process and data reported in the Comprehensive Annual Financial Report. Since these previous collaborative efforts have added significant value to the financial reporting process, Accounts agrees that these collaborative efforts should be expanded and enhanced. Accounts will assume responsibility for moderating regular meetings going forward.

Responsible Party: Randy McCabe, Assistant State Comptroller

Estimated Completion Date: September 30, 2013

Management Plan for Corrective Action for Department of Taxation

TAX will work with DOA to create a more collaborative process to ensure activity related to Taxation is properly recorded in the Commonwealth's financial statements. The process will include increased communications between the agencies, periodic reviews of methodology and assumptions used for the CAFR, and a review of all new taxes or changes in tax laws impacting information submitted to CARS.

Responsible Party: Reggie Williams, TAX Fiscal Director and Rose Curtin, TAX General Accounting Manager

Estimated Completion Date: September 30, 2013

12-026: Improve Financial Reporting Procedures
Applicable to: Department of Transportation

Type of Finding: Internal Control

Transportation's unaudited Accounts Receivable, Commitments, and Schedule of Federal Expenditure submissions for the Commonwealth's Comprehensive Annual Financial Report (CAFR) compilation contained omissions or errors which in some instances resulted in material misstatements or misclassifications. System implementation, data conversion and the financial reporting preparation and review processes did not include sufficient procedures to prevent or detect these errors or omissions.

The nature of data converted from Transportation's old to its new financial reporting system impacted the accuracy of queries used to support their CAFR submissions. While Transportation performed reviews on a sample basis to ensure the accuracy of the information both during conversion and when their financial reporting queries were run, Transportation's review was not sufficient to identify the errors noted above.

Further, over the past several years Transportation has experienced turnover within their Accounts Receivable personnel. This, combined with the implementation of a new system, without updated procedures, made it difficult for the agency personnel responsible for preparing this submission to adequately consider the inclusion and classification of receivables or be capable of questioning items that fell outside of expectations.

Transportation should ensure that their financial reporting procedures over these areas provide sufficient direction for new personnel as well as adequate controls to prevent or detect and correct mistakes such as those identified above. We recognize that a system implementation of this scope is unusual and infrequent and acknowledge Transportation's ongoing efforts to ensure future system queries designed to support financial reporting are appropriately reviewed for reasonableness and accuracy. Improved financial reporting controls will ensure Transportation's unaudited financial submissions are materially correct and accurately represent its operations in order to meet Transportation and the Commonwealth's financial reporting needs.

Management Plan for Corrective Action for Department of Transportation

Transportation has performed a 100 percent review of converted contracts, corrected all contracts with conversion issues and has resumed the quarterly review of contracts with district contract administrators. Queries and reports identified with errors during the audit have been corrected and will continue to be monitored for accuracy. In November the Assistant Controller position over Accounts Receivable, which was temporarily filled on an acting basis, was permanently filled with a highly qualified Certified Public Accountant. Over the next few months we will develop new or update existing written procedures for completion of all year-end financial submissions to include changes brought about by the new financial system. Additionally, we will continue to refine and validate the reports and queries used from the new financial system to ensure accurate information is being used to prepare the year-end financial submissions.

Responsible Party: Janice S. Long, Controller

Estimated Completion Date: June 30, 2013

REVENUES

12-027: Resolve Employer Wage Discrepancies Timely

Applicable to: Virginia Employment Commission

Type of Finding: Internal Control

As we reported in our last audit, the Tax Reconciliation Unit and the Tax and Wage Information Processing (TWIP) Unit are not consistently reviewing and resolving wage discrepancies in a timely manner. Employers report wages paid to employees to the Employment Commission, which verifies the amounts reported against other sources of information such as tax returns. Differences between the amounts reported to the Employment Commission appear on various wage discrepancy reports and the TWIP Unit reviews and resolves discrepancies that meet certain thresholds.

During our review, we found the Tax Reconciliation Unit did not adequately resolve two out of 16 (12.5 percent) wage discrepancies tested in a timely manner. These discrepancies date from the third and fourth quarters of calendar year 2011 and remain unresolved as of October 2012. During this timeframe, the Tax Reconciliation Unit experienced significant turnover including the reassignment of several key staff to the Commission's system implementation projects. As a result, the policies and procedures established by the Tax Reconciliation Unit were not being followed to resolve these discrepancies. In addition, the Tax Reconciliation Unit has not established policies for what constitutes timely resolution of identified discrepancies.

We recommend Management continue to review staffing levels of the Reconciliations Unit so that the Unit has adequate and appropriately trained resources. The Unit is currently implementing a new system and this is an opportunity for them to review their business processes as well as their policies and procedures. They should ensure their policies and procedures address what constitutes timely resolution of identified discrepancies as well as information necessary to track and monitor the status of discrepancies under review. Unresolved wage discrepancies could impact the amounts employers pay in Unemployment Insurance taxes as well as the amount of benefits employees can receive.

Management Plan for Corrective Action for Virginia Unemployment Commission

Formal policies and procedures have been implemented that will result in a consistent review and resolution of wage discrepancies. These policies and procedures establish specific expectations as to what constitutes timely resolution of identified discrepancies. All employees affected by these policies will receive thorough training in these policies/procedures and the accountability for performance within them. Affected staff Employee Work Profiles (EWP's) will be adjusted to clearly reflect these responsibilities and accountabilities.

Responsible Party: William Walton, Unemployment Insurance Director

Estimated Completion Date: June 30, 2013

12-028: Implement Consistent Procedures over Clerks Office Revenue Deposited for Other Divisions

Applicable to: State Corporation Commission

Type of Finding: Internal Control

The State Corporation Commission is not depositing timely or reconciling some fines and penalties in the Literary Fund. The Commission does not have a consistent procedure for deposits made through the Clerk's Office on behalf of other divisions resulting in late and possibly incomplete deposits. Divisions that make deposits through the Clerk's Office for specific court cases sometimes send the funds directly to the Clerk's Office and sometimes funnel the funds through the Office of the Commission Comptroller and then to the Clerk's Office. The Commission's policy does not directly address the handling of these types of deposits. Additionally, the Clerk's Office only reconciles its divisional revenue to the agency accounting system (eSCC); they do not reconcile accounts within the Literary Fund. These funds are fines or penalties typically deposited on behalf of other divisions, amounting to over \$1.1 million during fiscal year 2012.

The Commission's collection of these fines and penalties is infrequent, and the individuals involved are not properly trained. For this reason, consistent procedures over revenue handling are essential for safeguarding funds received and for ensuring deposits are made intact and timely. Inconsistent revenue handling procedures, untimely deposits, and revenue that is not reconciled increase the risks of theft and improper revenue recognition.

The Commission should strengthen its policy to ensure consistent revenue handling procedures specifically over revenues deposited by the Clerk's Office on behalf of other divisions. The Commission should train the individuals processing these funds. The Commission should also take steps to ensure that all deposits are reconciled from divisional systems to eSCC.

Management Plan for Corrective Action for State Corporation Commission

The Commission will take the following corrective actions: In relation to Deposits, the Commission will revise the General Revenue Policies and Procedures to address the non-revenue depositing divisions and publish and distribute the revised policy. The Commission will train the employees in the non-revenue depositing divisions. The Office of Internal Audit will perform a follow-up audit on the revenue to ensure compliance.

In relation to reconciliations, the Commission will revise Clerk's Office procedures to add the literary fund revenue to the monthly reconciliation. The Office of Internal Audit will perform a follow-up audit to ensure the revenue is reconciled from the division system to the Commission system on a monthly basis.

Responsible Party: Office of the Commission Comptroller – Leo Padis, Commission Comptroller and Office of Internal Audit – Susan Smith, Principal Internal Auditor

Estimated Completion Date: December 31, 2013

INVENTORY

12-029: Improve Controls over the MIPS to Performance Interface

Applicable to: Alcoholic Beverage Control

Type of Finding: Internal Control

The Department of Alcoholic Beverage Control's (ABC) staff is not regularly reviewing Management of Inventory and Product Sales (MIPS) data, which can lead to adjustments that affect prior periods and can result in misstatements and losses. While ABC's MIPS system does not properly interface with the Performance Financial System, staff prepares monthly adjustments to bring the financial system in balance with MIPS from real time reports and to reconcile MIPS to Performance at year end. Therefore, any MIPS adjustments prepared after the report run date are not in the Performance system.

Staff periodically review and correct MIPS data; however there is no regular schedule or routine for processing the correction or conducting the review. For example, the Total Dollar Value of Inventory Report as of June 30, 2012 prepared on July 16, 2012 did not equal the same report prepared on September 7, 2012. A discrepancy between these reports arose from corrections entered into MIPS with no corresponding entry in Performance at year end.

ABC should require monthly reviews and the correction of any discrepancies after properly investigating the differences in the MIPS System. MIPS data should be accurate when the financial team brings Performance in balance in order to have properly represented financial statements.

Management Plan for Corrective Action for Alcoholic Beverage Control

ABC concurs that there is no regular routine for reviewing and correcting MIPS data. We are currently working on developing several processes that will provide for both automated and manual review of MIPS, and these are detailed below.

The difference of \$1,435 in the "Total Dollar Inventory Value On Hand" amounts on the reports prepared on July 16 and September 7 were due to the corrections discussed below. The report is a "real time" report and will reflect the total balance on hand as of a specific date. Because the corrections made were for prior periods, the inventory amounts changed to reflect the corrections as of those dates. If the report had been a historical report, the amounts would not have changed.

The specific corrections entered into MIPS to which the Auditor of Public Accounts are referring occurred at the end of August, 2012, and therefore will be reflected in Performance during the next monthly reconciliation, in September. The corrections that were made were due to stale "in transit" inventory items that had not been cleared out of the system when stores received in special orders with their regular shipments. The corrections dated back to 2010 and totaled \$1,435 out of a total inventory balance on hand of \$84,158,402. ABC realizes that the corrections related to prior periods, however, the amount was immaterial (.0017 percent) to our financial statements and therefore no restatement was necessary. This amount will

be adjusted in Performance during the next reconciliation and the two systems will be in balance. As the systems are reconciled each month, ABC does not concur that adjustments are not properly posted in Performance or that the adjustments can result in misstatements or losses.

ABC will develop a mechanism for retaining the historical monthly inventory values. ABC Information Technology Services Division (ITSD) is currently working on developing an historical report for use by Finance and auditors, and will modify the report descriptions to differentiate between the real time report and the historical data report. This report should be complete January 30, 2013.

Since the corrections made were the result of last minute special orders remaining in transit and not being closed, ABC will develop a calendar picker for all ordering that will enforce delivery dates in alignment with actual store delivery dates. This will reduce the frequency of stale orders and the need for corrections. ABC ITSD will also develop a MIPS job to automatically close stale orders where possible and provide an email notice to the stores to prompt resolution of any outstanding in transit items. These items should be complete by January 30, 2013. And to further ensure financial statement accuracy, ABC personnel will perform an annual review of the MIPS data in June of each year, prior to year end closing. This will be a written procedure and will be in place for June, 2013.

Responsible Party: Barry Wenzig, Fiscal Director

Estimated Completion Date: June 2013

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

12-030: Obtain Valid Social Security Numbers

Applicable to: Department of Medical Assistance Services

Federal Program Name and CFDA#: Medicaid Cluster - #93.720, 93.775, 93.777, 93.778

Federal Award Number and Year VA20121 – VA 20123 (2012)

Compliance Requirements: Eligibility - 42 CFR 435.910(g)

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

The Department of Medical Assistance Services (Medical Assistance Services) has not developed a process for ensuring its system contains only valid Social Security Numbers (SSN) for recipients. Federal regulations 42 CFR 435.910(g) and 435.920 require Medical Assistance Services to verify recipient SSNs with the Social Security Administration (SSA) or request the SSA to furnish the number, which is allowable under 42 CFR 435.910(e)(3).

For over a year, the SSA has been furnishing Medical Assistance Services with the valid SSNs for 390 recipients; however, Medical Assistance Services has not updated their system with

the SSNs provided by the SSA. During the same time period, using information provided by Medical Assistance Services, the SSA was not able to validate or furnish valid SSNs for another 167 recipients who continue to receive services.

Management at Medical Assistance Services believes that there is little risk of financial consequence to the Commonwealth because 42 CFR 435.910(f) states that an agency must not deny or delay services to an otherwise eligible applicant pending issuance or verification of the individual's SSN by the SSA. However, inconsistencies between various databases will cause questions regarding the program's integrity. Medical Assistance Services' information does not contain valid SSNs because the Commonwealth currently does not accept SSNs furnished by the SSA.

Management at Medical Assistance Services should work with the Secretary of Health and Human Resources and their federal counterparts to determine which sources of information will be considered "trusted sources" to ensure the Commonwealth has the best information about each recipient. Making these decisions about which entity is the best source for each of the data elements needed for determining eligibility will become more important as the Secretary's Office works to increase program integrity and administrative efficiencies by enhancing information sharing between state and federal agencies.

Management Plan for Corrective Action for Department of Medical Assistance Services

On December 7, 2012, DMAS staff met with DSS State staff and mapped out a mechanism to correct the errors identified on the monthly report. DMAS staff in the Program Operations Division's Eligibility and Enrollment Unit (EEU) will correct the errors that can be addressed within the Medicaid Management Information System (MMIS), and a list of SSN discrepancies will be created for each affected locality. The localities will be sent the reports in early February 2013 with a requested completion date of February 28, 2013. The monthly report issued in March 2013 will be reviewed by DMAS to ensure all discrepancies have been addressed.

Initial results of DMAS' analysis of the 557 SSNs identified by the Auditor of Public Accounts as either valid SSNs provided by SSA (390) or SSA unable to validate SSN (167) are as follows:

- 76 cases have been closed;*
- 125 active enrollee cases have been corrected;*
- 240 cases where DMAS has identified the proper SSN and EEU will provide the information to DSS for updates; and*
- 116 cases with unknown SSNs that must be referred by EEU to DSS for a case review.*

DMAS will continue to monitor the monthly report identifying the SSNs that don't match with SSA data. We anticipate there will still continue to be a number of individuals who fail the SSA match each month, so the problem with eligibility workers failing to either verify SSNs prior to enrollment or not working the monthly

reports may continue until the implementation of planned Eligibility and Enrollment system controls.

Controls Implemented

DMAS has implemented policy clarifications and requirements to verify SSNs prior to enrollment in Medicaid. A data match with SSA is completed each month and an error report is provided to the Department of Social Services listing each individual who could not be matched by SSA as well as why the match could not be done. It is incumbent upon local agency workers to review the report each month and make corrections to the eligibility file and DMAS has no assurances that the corrections are being made. DMAS and DSS State staff will continue to review the reports, and work together to ensure localities correct errors as they are identified.

Controls Under Development

With the implementation of the Electronic Health and Human Resources (eHHR) Program (including the new Eligibility and Enrollment system for the Medicaid population as of October 2013), Virginia's technical environments will modernize how DSS, DMAS and other agencies collect, use, and share vital data. Currently eligibility workers must manually key information and errors are only identified after the data has already been entered by batch verification runs. With the new technology eligibility determination will be more accurate and streamlined when applicants' information is verified in near real-time, when a single set of rules are applied, and when any missing or incorrect information on the application is flagged prior to application submission. Information like the social security number will be verified against source data at the Social Security Administration and flagged if there isn't a match in real time. The person keying the information will not be able to proceed until a correct match is found. Automated renewals will also flag any erroneous data such as a previously miss-keyed social security number. Improvements to the accuracy rate will be evident for new applicants, but the full effect will be most apparent by 2016 when the eligibility modernization effort is fully deployed.

Responsible Party: Karen Kimsey, Director, Policy and Research Division

Estimated Completion Date: While this will be an issue that will continue to be monitored by DMAS, it is anticipated the current errors identified through the SSA data match will be corrected by eligibility workers by April 1, 2013. It is also anticipated this issue will be eliminated with the implementation of the new Eligibility and Enrollment system for the Medicaid population as of October 2013 when the SSA match will occur at the time of application for Medicaid benefits. The identity of the applicant will be verified before application is made for Medicaid benefits; this is different from the current process, which verifies after application has been made. Following the implementation of the new Eligibility and Enrollment system DMAS will continue to identify any remaining SSN errors in the existing Medicaid population, and work with DSS localities to correct them by December 2013

12-031: Obtain and Review Sub-recipient Audit Reports

Applicable to: Tidewater Community College

Federal Program Name and CFDA#: Health Information Technology #93.721

Federal Award Number and Year: 90CC0080/01 2012

Compliance Requirement: Sub-recipient Monitoring - OMB Circular A-133 .400 (d) (4)

Known Questioned Costs: None

Type of Finding: Internal Control and Compliance

Tidewater Community College (TCC), as the Health Information Technology Consortium leader, is responsible for monitoring sub-recipients of the Consortium. We determined A-133 audits were required for all sub-recipients; however, the audit reports were not obtained and evaluated by TCC.

OMB Circular A-133 .400 (d) (4) states that pass-through entities should ensure all sub-recipients expending \$500,000 or more in federal awards during the sub-recipient's fiscal year have been subject to an A-133 audit. Pass-through entities should issue a management decision on audit findings included in the sub-recipient's audit report and ensure the sub-recipient takes appropriate and timely corrective action. This procedure, as outlined in A-133, ensures sub-recipients have satisfied the compliance requirements for the management of federal funds.

We recommend Tidewater Community College properly monitor A-133 audits of sub-recipients ensuring the audits are conducted and any internal control or noncompliance issues are addressed timely and appropriately.

Management Plan for Corrective Action for Tidewater Community College

In response to the audit finding pertaining to the monitoring requirement for sub-recipients receiving A-133 audits, Tidewater Community College did incorporate in its agreements with sub-recipients, the requirement to obtain and submit the required audits as noted below.

*"3. Audit Requirements: The Single Audit Act Amendments of 1996 *31 U.S.C 7501-7507) combined the audit requirements for all entities under one Act. An audit is required for all entities which expend \$500,000 or more of Federal funds in each fiscal year. The audits are due within 30 days of receipt from the auditor or within nine months of the end of the fiscal year, whichever occurs first. The audit report, when completed, should be sent to the Federal Audit Clearinghouse, Bureau of the Census; 1201 East 10th Street; Jeffersonville, IN 47132. Member Community Colleges which expend \$500,000 or more of Federal funds in each fiscal year are subject to these requirements and must submit their audits in accordance with the aforementioned guidance. Member Community Colleges should notify TCC of their audit submission."*

The College did not provide the appropriate follow-up to ensure the reports were received and reviewed. The College will request the audit reports immediately, and will review and follow-up on any reported deficiencies by February 15, 2013.

Responsible Party: Reyne Buchholz, Director of Fiscal Services

Estimated Completion Date: February 2013

12-032: Review Grantee Audited Schedule of Expenditure of Federal Awards

Applicable to: Department of Social Services

Federal Program Name and CFDA#: Medicaid Cluster - #93.720, 93.775, 93.777, 93.778

Federal Award Number and Year: VA20121 – VA 20123 (2012)

Compliance Requirements: Sub-Recipient Monitoring A-133 .400(d)(4)

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

Social Services is not reviewing the audited Schedule of Expenditure of Federal Awards (SEFA) during its review of grantee single audits. While Social Services reviews grantee single audits for audit findings, it does not review the SEFAs, or compare them to Social Services' internal accounting records to ensure pass-through funds are properly included. Grantees that do not include proper amounts on their SEFA are increasing the likelihood that Social Services cannot rely on the grantee's audit. Office of Management of Budget's Circular A-133 .400(d)(4) requires Social Services to ensure sub-recipients have met the audit requirements of Audits of State, Local Governments, and Non-Profit Organizations, and .320(b)(2)(xi) also requires the reporting of the amount of expenditures associated with each federal program.

For the fiscal year ended June 30, 2011, the latest information available, we selected one grant from 12 different grantee SEFAs obtained from the Federal Audit Clearinghouse and compared their amounts to Social Services' internal accounting records. In total, for the twelve items tested, we found that grantees' reported expenditures were approximately \$2.1 million less than Social Services' internal accounting records. Because Social Services had not compared their records to the grantees' SEFA, management was not aware of these differences. Subsequently, management has reviewed most of the differences we found and determined that they were the result of reporting errors made by the grantees.

Errors within grantee SEFAs may cause federal funds that pass-through Social Services not to receive a proper audit. To mitigate this risk and to be in compliance with federal requirements we recommend Social Services review SEFAs and compare them to Social Services' internal accounting records. In addition, Social Services should develop a formal process for requiring grantees to provide a justification for significant differences or resubmit a corrected SEFA to Social Services and the federal government if an error is discovered. If an error is discovered with a local government's SEFA, Social Services should copy the Auditor of Public Accounts on their communications with the local government because an error on an audited SEFA may be an indicator of audit quality. SEFAs are the foundation for their grantee single audits and management should develop and implement the necessary processes to ensure their accuracy.

Management Plan for Corrective Action for Department of Social Services

The Department will develop a mechanism to review the audited Schedule of Expenditure of Federal Awards (SEFA) during review of grantee single audits. The review will include a comparison of SEFAs to the Department's internal accounting records to ensure pass-through funds are properly included.

Responsible Party: Jack B. Frazier, Director, Community and Volunteer Services

Estimated Completion Date: June 30, 2013

12-033: Further Evaluate Automating the OASIS Reconciliation Process

Applicable to: Department of Social Services

Federal Program Name and CFDA#: Foster Care #93.658

Federal Award Number and Year: 1201VA1401 (2012)

Compliance Requirements: Sub-Recipient Monitoring - 45 CFR 1356.71

Known Questioned Costs: \$0

Type of Finding: Internal Control

The Division of Family Services (Family Services) is not reviewing Online Automated Services Information Systems (OASIS) reconciliations in a timely manner. As required by 45 CFR 1356.71, the case record of the child must contain sufficient documentation to verify a child's eligibility in order to substantiate payments made on the child's behalf. Since OASIS is separate from the Payment System, Local Departments of Social Services (Local Departments) must perform manual reconciliations between OASIS and their payment systems to meet this federal requirement, which Family Services must manually review to meet its oversight responsibilities.

Due to a lack of staffing within Family Services, the Division has only been able to review OASIS reconciliations from one-sixth of the Local Departments during the fiscal year. During these reviews, Family Services has found deficiencies in the reconciliation process. However, some of the errors noted had taken place months before the review was performed by Family Services and still have not been corrected. Without a streamlined reconciliation and review process, Local Departments are adding to their overhead costs and Social Services will most likely not be able to meet its oversight responsibilities without additional staffing.

Management within Family Services was recently informed by its data analytics vendor that there is an automated process to match payment and case records electronically. However, the scope of the contract only included an assessment as to whether the automated process was feasible. Therefore, Social Services will need to evaluate if it should replace the manual reconciliations with an automated process.

To be more effective and efficient, Family Services should consider using automated features to streamline its OASIS reconciliation process. Therefore, we recommend Family Services work with Executive Management to further evaluate automating the OASIS reconciliation process. In deciding, at a minimum, Social Services should perform a cost-benefit analysis to ensure the benefits outweigh the costs. Automating this process should help Family Services be able to identify errors faster than its current manual process and incorporate those risks into its monitoring plan. Additionally, it should make the reconciliation process more effective to take some of the administrative burden off of the Local Departments.

Management Plan for Corrective Action for Department of Social Services

The Division of Family Services will evaluate options to move to an automated reconciliation process for OASIS. Part of this evaluation will include working with the Office of Comprehensive Services to determine the feasibility of using the automated reconciliation process that may be available via the SAS project. Failing

that, the Division will evaluate the feasibility and cost effectiveness of making system changes to OASIS.

Responsible Party: Alex Kamberis, Acting Director, Division of Family Services

Estimated Completion Date: December 31, 2013

12-034: Work with Federal Government to Eliminate Likely Questioned Costs in the Future

Applicable to: Department of Social Services

Federal Program Name and CFDA#: Medicaid Cluster #93.720, 93.775, 93.777, 93.778

Federal Award Number and Year: VA20121 – VA 20123 (2012)

Compliance Requirements: Eligibility - CFR Section 431.10

Known Questioned Costs: \$39,620

Type of Finding: Compliance

Social Services system has conflicting information describing a child's relationship with his or her parents. To comply with the Code of Federal Regulations, Section 431.10 and the state plan for evaluating income limits for Medicaid, Social Services' manual requires caseworkers assign children to a parent's budget unit, if the parent is financially responsible for the child. If the caseworker incorrectly does not include a child in the parent's budget unit, the system will not remove the child from Medicaid if the parent's income exceeds the limit set by the state plan.

A query of all families returned 249 cases where the family's income exceeded the Federal Poverty Level. Of these 249 cases we randomly tested 25 and found 22 cases where the family properly consisted of multiple budget units to account for the parent not being financially responsible for their child. However, in the other three cases the caseworker incorrectly excluded the child from the budget unit of the financially responsible parent. Projecting the \$3,978 paid for services in these three cases to the population of families with incomes exceeding the Federal Poverty Level we estimate likely questioned costs of \$39,620, or .0005 percent of Medicaid's expenses.

These errors occurred because the case worker did not set up the family within the correct budget units as the case originated. Social Services is in the process of replacing their eligibility determination system, ADAPT, with a new modernized system to comply with the requirements of the Affordable Care Act. In addition, eligibility requirements pertaining to household income will be changing in the upcoming year. Therefore, Social Services should perform a cost-benefit analysis to determine whether any system enhancements' benefits would exceed any likely questioned costs. Social Services should also obtain information from the federal government to determine how to implement the new income eligibility rules to eliminate additional likely questioned costs in the future.

Management Plan for Corrective Action for Department of Social Services

Under the Affordable Care Act (ACA), household composition will be based on the household's tax filing unit, rather than budget unit and family units. While the

potential for errors will still exist, we believe that the errors will be significantly minimized as the household's tax filing information will be received directly from the IRS through the federal data hub. Based on a .0005 percent Medicaid error rate identified for incorrect household composition cases and the fact that Medicaid household composition rules will be changing effective January 1, 2014, we do not think it is cost effective to make any systems changes to the current eligibility system which will be replaced over the next three years. We will continue to send electronic transmissions to our local eligibility staff to remind them of the current household composition rules. In addition, regional program staff will reiterate the current rules through the provision of program monitoring and technical assistance.

Responsible Party: Thomas J. Steinhauser, Director, Division of Benefit Programs

Estimated Completion Date: On-going

12-035: Continue Using Performance Information to Evaluate Policy Changes

Applicable to: Department of Social Services

Federal Program Name and CFDA#: Medicaid Cluster #93.720, 93.775, 93.777, 93.778

Federal Award Number and Year: VA20121 – VA 20123 (2012)

Compliance Requirements: Eligibility - CFR 42 Section 435.916

Known Questioned Costs: \$900,000

Type of Finding: Compliance

Approximately 1,000, or .25 percent, of all recipients statewide in Medicaid were not re-certified as eligible within twelve months. As required by Title 42 Section 435.916 of the Code of Federal Regulations, agencies administering the Medicaid Program must re-determine the eligibility of Medicaid beneficiaries, with respect to circumstances that may change, at least every 12 months. Together, the Commonwealth and federal government provided approximately \$900,000 worth of benefits to these individuals after the eligibility re-certification was required. If these individuals are not subsequently determined to still be eligible for Medicaid, the federal government may question its half of the funding.

Management at Social Services has identified re-certification of Medicaid as a risk and developed a performance measures report to track compliance with this requirement. Management is in the process of pursuing policy and system changes to allow case workers to perform administrative re-certifications for Medicaid. Social Services should continue to use its performance measures to evaluate the effectiveness of their changes and make adjustments as needed.

Management Plan for Corrective Action for Department of Social Services

The Department has identified the timely review of Medicaid eligibility as a risk due to the overall cost of the Medicaid program in the Commonwealth. During the period under review, the overall rate at which renewals were not completed timely was .25 percent. Stated differently, 99.75 percent of renewals were completed timely. This compliance rate clearly indicates that Department efforts in this area are achieving desired results.

Responsible Party: Thomas J. Steinhauser, Director, Division of Benefit Programs

Estimated Completion Date: On-going.

12-036: Perform Risk Assessment and Develop a Monitoring Plan Before Hiring More Staff
Applicable to: Department of Social Services

Federal Program Name and CFDA#: Foster Care #93.658 and Adoption Assistance #93.659

Federal Award Number and Year: 1201VA1401 (2012) and 1201VA1407 (2012)

Compliance Requirements: Sub-Recipient Monitoring United States Code 31 USC 7502(f)(2)(b) and A-133 ____ .400 (d)(3)

Known Questioned Costs: \$0

Type of Finding: Internal Control

The Division of Family Services (Family Services) within Social Services has not assessed programmatic risks prior to making the decision to hire additional staff for its monitoring function. The United States Code 31 USC 7502(f)(2)(b) requires pass-through entities to monitor the sub-recipient's use of federal awards through site visits, limited scope audits, or other means. The implementing federal circular A-133 .400 (d)(3) necessitates that monitoring activities be done as necessary, which can only be determined by doing a proper risk assessment.

In response to a review performed by the United States Department of Health and Human Services, Family Services has reviewed Title IV-E Foster Care and Adoption Assistance case files from Local Departments of Social Services (Local Departments) and has found errors. To resolve these errors and avoid financial penalties, the Commissioner and his Deputies (Executive Management) have authorized Family Services to hire eight additional positions to perform monitoring activities. However, Family Services has not performed a risk assessment or developed a monitoring plan before making this decision to hire. Without a risk assessment or monitoring plan, Social Services cannot be sure the eight new employees are fully warranted.

We recommend Family Services work with Social Services' monitoring experts in the Division of Community and Volunteer Services to develop a monitoring plan, which should be supported by a risk assessment. This assessment should include, but not be limited to, recipient's prior year monitoring findings, effectiveness of their internal systems, and potential risk to Social Services. If these efforts are unsuccessful, we recommend the Executive Management work with both divisions to determine what resources are necessary to develop the plan. By doing such, Social Services will be able to focus its monitoring efforts and allocate its resources efficiently and effectively to mitigate programmatic risk.

Management Plan for Corrective Action for Department of Social Services

Moving forward, the Division of Family Services will collaborate with the Division of Community and Volunteer Services to develop monitoring plans for the reviews of Title IV-E and Adoption Assistance case files in local agencies. Using a risk assessment model, the Division of Family Services will utilize previous year's findings to create a monitoring plan for the coming year to best allocate resources and mitigate risk.

Responsible Party: Alex Kamberis, Acting Director, Division of Family Services

Estimated Completion Date: December 31, 2013

U.S. DEPARTMENT OF ENERGY

12-037: Improve Timeliness of Sub-Recipient Monitoring Reports

Applicable to: Department of Housing and Community Development

Federal Program Name and CFDA#: Weatherization Assistance Program #81.042

Federal Award Number and Year: DE-EE0000193 2012

Compliance Requirements: Sub-recipient Monitoring - OMB Circular A-133 .400 (d)

Known Questioned Costs: \$0

Type of Finding: Internal Control

We found that the Department of Housing and Community Development (Housing) did not issue monitoring reports as required by the Virginia Weatherization Assistance Program Operations Manual (manual). Per the manual, Housing is required to monitor each sub-recipient annually and issue a report to the sub-recipient 30 days after completing its review. Housing completed all 22 of its required reviews in fiscal year 2012; however, five were issued six months to one year late and as of December 2012 17 were still pending release.

Housing passes through approximately 98 percent of its U.S. Department of Energy Weatherization Grant funding to sub-recipients. Housing should work to ensure timely completion and issuance of all monitoring reports. Completing these reports will provide for the timely resolution of findings and recovery of disallowed costs when Housing identifies them.

Management Plan for Corrective Action for Department of Housing and Community Development

Housing concurs with the finding and is moving forward to address and correct the situation. In response to the finding, Housing plans to have all monitoring reports completed by the end of March 2013. Housing plans on hiring an hourly employee in the next few weeks to complete this task. In addition, Housing also intends on contracting for additional assistance to do the final monitoring required to take place as the ARRA Weatherization program closes in October of 2013.

Responsible Party: M. Shea Hollifield, Deputy Direct of the Division of Housing

Estimated Completion Date: March 2013

U.S. DEPARTMENT OF AGRICULTURE

12-038: Complete Required Number of Sub-recipient Reviews

Applicable to: Department of Health

Federal Program Name and CFDA#: Child and Adult Care Feeding Programs #10.558

Federal Award Number and Year: 1VA300399 (2012)

Compliance Requirements: Sub-Recipient Monitoring - 7 CFR 226.6(m)

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

The Department of Health (Health) did not complete the minimum number of sub-recipient monitoring reviews required by the federal Child and Adult Care Feeding Program (CACFP). The U.S. Department of Agriculture (USDA) federal regulation seven CFR 226.6(m) requires Health in each federal fiscal year to review 33.3 percent of all of its sub-recipients. Health reviewed 24.13 percent of its sub-recipients in the federal fiscal year ending September 2011.

Insufficient reviews by Health increases the risk of program non-compliance and fraud at sub-recipients. The Commonwealth, through Health, is liable to the federal government for any funds that program sub-recipients do not use according to program regulations. It is Health's responsibility to comply with federal regulations and to mitigate the Commonwealth's risk by reviewing sub-recipients.

Health did not complete the required number of reviews of sub-recipients because management did not use all of the funds the USDA awarded to Health for conducting these reviews. The USDA is aware of Health's non-compliance because Health returned approximately 97 percent of the \$515,000 that it was authorized to use for reviewing sub-recipients.

Health's management is already in the process of hiring additional individuals to meet the sub-recipient monitoring requirements for federal fiscal year 2012. Health's management should continue its efforts to complete the required number of sub-recipient reviews and adjust their plans as necessary to mitigate the Commonwealth's risk.

Management Plan for Corrective Action for Department of Health

The Division of Community Nutrition agrees that we failed to meet the USDA requirement of reviewing 33.3 percent of the CACFP institutions (24.6 percent were reviewed). Delays in approval of full time positions contributed to this finding. Wage and contract positions were hired but experienced high turn-over rates. Approval has subsequently been obtained for additional full time employees. This should allow us to meet this requirement for fiscal 2013.

Responsible Party: Michael J Welch Ph.D., - Director, Division of Community Nutrition

Estimated Completion Date: June 30, 2013

U.S. DEPARTMENT OF TRANSPORTATION

12-039: Improve Internal Controls Supporting Davis-Bacon Act Compliance

Applicable to: Department of Transportation

Federal Program Name and CFDA#: Highway Planning and Construction (2011-2012) #20.205

Compliance Requirements: OMB Circular A-133 § ____.500(c).

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

The Department of Transportation (Transportation) is not properly monitoring certified payroll submissions from contractors and/or subcontractors to ensure their adherence with the Davis-Bacon Act (Code of Federal Regulations Title 29 Parts 1, 3, 5, 6 and 7). The Davis-Bacon Act requires that contractors and subcontractors submit weekly payrolls to Transportation for federally funded construction contracts exceeding \$2,000 to ensure they pay prevailing wage rates predetermined by the Department of Labor.

Transportation relies on its Site Manager system to facilitate its oversight activities. District office staff supports the process by entering the payroll receipt date into Site Manager as well as date stamping the payroll submission. We observed several instances where these steps were not being properly or consistently followed, impacting Transportation's ability to properly monitor the submissions. Transportation's Civil Rights Division, tasked with centrally monitoring Davis-Bacon Act compliance, cites insufficient staffing in district offices as impacting their ability to achieve full compliance with their own policies and procedures.

As our testwork did not identify any specific instances of contractor non-compliance with the Davis-Bacon Act; we are not questioning any federal costs. However, ineffective monitoring of contractor and subcontractor payrolls could allow instances of non-compliance to go undetected and ultimately result in the loss in federal funding.

Transportation should either provide additional staff as necessary to follow their existing policies and procedures or evaluate and update their policies and procedures to reflect a process that will enable them to ensure contractor compliance with the Davis Bacon Act within the constraints of their available resources.

Management Plan for Corrective Action for Department of Transportation

- 1. Effective July 2012, an agreement was reached between the Scheduling and Contracts Division and the Civil Rights Division that Construction Engineer Inspector Consultants would be utilized to ensure labor compliance with the Davis Bacon Act. Each District Civil Rights Office has worked collaboratively with District Construction Engineers to implement this initiative and augmented staff have been provided to assist with labor compliance.*
- 2. Central Office will reinforce proper procedures to District Civil Rights Offices regarding date stamping receipt of payroll submissions and entering payroll receipt date into Site Manager.*
- 3. The Civil Rights Division in collaboration with VDOT Information Technology is currently implementing the Civil Rights Labor Management System. The Civil Rights Labor Management System will require contractors to electronically submit their payrolls; any discrepancies between Davis Bacon wages and payrolls will be flagged for manual review. This will assist Civil Rights to be more effective and efficient in monitoring certified payroll submissions.*
- 4. Civil Rights District Offices will routinely conduct interviews with employees of prime contractors and subcontractors to verify that Davis Bacon wages are being*

paid. Discrepancies will be addressed with the contractor and restitution of wages made to impacted employees.

Responsible Party: Shay Ponquinette, Civil Rights Acting Division Administrator

Estimated Completion Date: Items 1 and 2 are complete; Item 4 has been started and is on-going; Item 3 will be complete June 30, 2014

U.S. DEPARTMENT OF EDUCATION

12-040: Obtain Federal Authorization before Deviating from Cash Management Requirements

Applicable to: Department of Aging and Rehabilitative Services

Federal Program Name and CFDA#: Vocational Rehabilitative Cluster #84.126, 84.390

Federal Award Number and Year: H126A120069 (2012)

Compliance Requirements: Cash Management - 2 CFR Section 215.22

Known Questioned Costs: \$0

Type of Finding: Compliance

In response to the threat of a federal shutdown, the Department for Aging and Rehabilitative Services (Rehabilitative Services) drew down approximately \$1.5 million dollars in excess federal funds in late July 2011, which remained in Rehabilitative Services accounts until September 2011.

Under Rehabilitative Services' Cash Management Improvement Act (CMIA) agreement with the federal government, the Commonwealth agrees to draw down federal funds based on prescribed funding techniques to limit the amount of time between the draw down and the use of those funds.

While Rehabilitative Services materially complied with the CMIA, because of a potential federal shutdown, Rehabilitative Services made a management decision to draw down approximately two weeks of additional funds to ensure that clients in the Vocational Rehabilitation program would continue to be served in the event that funds were not available from the federal government.

If Rehabilitative Services needs to deviate from its agreement with the federal government, it should communicate the decision to the federal government and obtain its authorization.

Management Plan for Corrective Action for Department of Aging and Rehabilitative Services

Aging and Rehabilitative Services has resolved this finding, in the future we will directly communicate with the federal government and request authorization. The request for additional funds was to avoid drastic delays in services to our clients in case of the debt ceiling not being addressed by the federal government by the August 2, 2011 deadline. The agency received communication on July 29, 2011 from the U.S. Department of Education stating their inability to provide guidance to grantees on the impact of the debt ceiling. The request did not materially affect the CMIA.

Responsible Party: John Thaniel, Chief Financial Officer

Estimated Completion Date: January 31, 2013

12-041: Improve Control Environment

*Applicable to: Paul D. Camp Community College
Virginia Military Institute*

Federal Program Name and CFDA#: Student Financial Aid

Compliance Requirements: Circular No. A-133 Subpart C – Auditees .300 Auditee responsibilities. (b)

Known Questioned Costs: \$0

Type of Finding: Risk Alert

We found that management at Paul D. Camp Community College and Virginia Military Institute (VMI) have not fully cross-trained their staff on various financial aid processes. In addition, we found that Paul D. Camp Community College lacks adequate contingency planning and documented procedures sufficient to ensure continued control over Student Financial Aid processes in the event key personnel cannot perform their duties.

We recommend the institutions devote the resources necessary to ensure continuity in operations in the event of an absence of their respective managers. Proper contingency planning includes cross-training financial aid and business office staff to perform multiple duties and adequately documenting procedures reflecting the operations of the office.

Management Plan for Corrective Action for Paul D. Camp Community College

After Meeting with Ms. Stephanie Serbia of the Auditor of Public Accounts Office (APA), Paul D. Camp Community College (PDCCC) moved rapidly to rectify the issue. As noted in the above report, this item is not a repeat finding from a prior year.

PDCC has employed a new Business Manager as of September 10, 2012. Ms. Deanna Davenport brings a wealth of experience and knowledge to the College from her more than 25 years of experience with state and business entities, including the Virginia Department of Transportation.

Ms. Davenport has received training on Business/Financial Aid Office operations from the VCCS Systems Office as well as working with the staff of other Virginia Community College System (VCCS) institutions including Thomas Nelson, Eastern Shore, and Southside Community Colleges.

Additionally, the PDCCC Financial Aid Officer, Ms. Teresa Harrison, and Ms. Davenport have scheduled a several day long training session at Eastern Shore Community College (ESCC) on the integration of Financial Aid and Business Office procedures, in order to create a seamless process from the moment a student applies for financial aid until they graduate. ESCC was designated as an institution of best practices by Ms. Serbia.

Cross-training on the Federal G5 system has been completed and will be ongoing in other areas of Financial Aid and PDCCC Business Office.

The Virginia Community College System Internal Audit Department completed a review of the PDCCC Local Funds Account. As a result of that review, PDCCC staff have amended its Revenues, Cash, and Investments procedures to strengthen the reconciliation of all College accounts and improve internal controls. All accounts, including the College's Federal Funds account, are reconciled on a monthly basis. After the reconciliation process has been completed, by an employee with no signature authority over any of the PDCCC accounts, any adjustments made as a result of the reconciliations are submitted to the Vice President of Financial and Administrative Services for review.

As a new internal control, PDCCC has created a master process and procedures calendar. Required processes and procedures for Financial Aid, the Business Office, Admissions, Academics, and Information Technology have been included in one master document for review and monitoring by division managers and the Vice-President of Financial and Administrative Services. This document is updated on a monthly basis.

Each month PDCCC staff, including the Business Manager, Financial Aid Officer, and the Vice-President of Financial and Administrative Services, meet to review Financial Aid/Business Office items. These meetings review the College's Cost of Attendance, the Federal Funds account, return of Title IV funds, G5 Reconciliations, and the improvement of PDCCC internal controls.

The PDCCC Business Office and Financial Aid Policies and Procedures Committee has been formed and begun review of all PDCCC Business Office and Financial Aid policies and procedures. The members of this committee include the PDCCC Business Manager, Financial Aid Office, Vice-President of Financial and Administrative Services, and all members of the Business and Financial Aid offices. The first policy/procedure update was the College's Revenues, Cash, and Investments Procedures. The policy has been amended and forwarded to the PDCCC Administrative Services Committee for review. All other PDCCC Business and Financial Aid policies are being processed in this manner.

Additionally, PDCCC has invited the VCCS Internal Audit Department to review all Business Office and Financial Aid policies and procedures including a review of internal controls. That review begins January 7, 2013, with a VCCS internal auditor on campus visit.

Responsible Party: Joe Edenfield, Vice President of Financial and Administrative Services

Estimated Completion Date: January 2013 (cross-training is ongoing)

Management Plan for Corrective Action for Virginia Military Institute

VMI Concurrs with the Auditor of Public Account's comments, but would like to add the following information. Cross-training staff to complete key financial aid processes has been and continues to be a focus for the Comptroller's office at VMI. We identified an individual in March 2012 to serve as a backup in the student accounting office and will continue to train this individual on the key tasks. In addition, we will ensure that all key processes are adequately documented to provide continuity in operations in the Comptroller's office in the event of an absence of this key employee.

Responsible Party: Irma Bailey, Comptroller

Estimated Completion Date: Cross-training is ongoing

12-042: Reconcile Federal Funds Accounts

Applicable to: Paul D. Camp Community College
Virginia Highlands Community College

Federal Program Name and CFDA#: Student Financial Aid

Compliance Requirements: Circular No. A-133 Subpart C – Auditees .300
Auditee responsibilities. (b)

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

We found Paul D. Camp Community College did not reconcile the College's Federal Funds bank account during fiscal year 2012 and Virginia Highlands Community College did not reconcile the federal funds bank account to the College's Accounting system from January 2012 through May 2012.

Federal regulations require institutions receiving Federal Student Aid to have an adequate internal control structure which includes reconciling the federal funds bank account. Reconciling the College's bank account timely is a fundamental internal control and failing to properly reconcile and correct differences could result in undetected errors or irregularities.

These Colleges should immediately implement policies and procedures to ensure reconciliations of all bank accounts occur monthly and are reviewed and signed by an appropriate supervisor.

Management Plan for Corrective Action for Paul D. Camp Community College

After meeting with Ms. Stephanie Serbia of the Auditor of Public Accounts Office (APA), Paul D. Camp Community College (PDCCC) moved rapidly to rectify the issue.

The lack of proper reconciliations can be attributed to our Business Manager being out for more than four months, due to a health issue, and her subsequent resignation. The College has hired a new Business Manager and the PDCCC Federal Funds

account reconciliations are occurring monthly. PDCCC policies and procedures have been updated to ensure all bank reconciliations occur on a timely basis. After the reconciliation process is complete, any adjustments made as a result of the reconciliations are submitted to the Vice President of Financial and Administrative Services for review.

Responsible Party: Joe Edenfield, Vice President of Financial and Administrative Services

Estimated Completion Date: January 2013

Management Plan for Corrective Action for Virginia Highlands Community College

Virginia Highlands Community College concurs with the Auditor of Public Account's Internal Control Weakness finding on properly reconciling bank accounts to the accounting system. As discussed, during the audit, the College's Payroll technician position is shared between Human Resources and the Budget Office. Due to the overload of work from the new HRMS system, the Payroll Technician has had to spend the majority of her time working strictly on payroll and not bank reconciliations. As of August 2012, all reconciliations have been completed and will continue to be reconciled on a monthly basis.

Responsible Party: Christine Fields, Vice President of Financial and Administrative Services

Estimated Completion Date: August 2012

12-043: Reconcile Financial Aid Activity to Direct Loan Servicing System

*Applicable to: Central Virginia Community College
Germanna Community College*

Federal Program Name and CFDA#: Student Financial Aid

Compliance Requirements: Special Tests and Provisions – 34 CFR 685.301(e) and 685.102(b)

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

These Colleges did not reconcile loan financial records with the Direct Loan Servicing System (DLSS).

In accordance with 34 CFR 685.301(e) and 34 CFR 685.102(b), colleges must report all loan disbursements and submit required records to the Direct Loan Servicing System via the Common Origination and Disbursement (COD) system within 30 days of disbursement. Each month, COD provides colleges with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and Loan Detail records.

The Financial Aid Office should reconcile its financial records with the SAS files monthly to ensure the DLSS accurately reflects the college's financial records.

Management Plan for Corrective Action for Central Virginia Community College

The Central Virginia Community College, Office of Financial Aid, reestablished eligibility to deliver student loans to its students. CVCC's new President, in May 2011, had a desire to make college accessible to many more students. In order to accomplish this by the first award period beginning July 1, 2011, the office strived to have the product delivered by July 1. In doing so, the office found that the Reconciliation checkbox with the Department of Education was not checked and prevented the office from receiving the reconciliation file. Once this step was completed, CVCC began receiving the Reconciliation file in November, 2011. CVCC concurs with this finding. To ensure that this is done each month, the Loan coordinator will reconcile this file with the Accounting Office and COD.

Responsible Party: Deborah Marshall, Financial Aid Director

Estimated Completion Date: Complete

Management Plan for Corrective Action for Germanna Community College

While Germanna was reconciled to COD at the time of the audit, Germanna was not, as disclosed in the comment, able to demonstrate monthly consistent reconciliation of the DL Program. Germanna has since modified its Origination and Disbursement processes with DL to a transaction-based reconciliation logbook, and is able to demonstrate with each DL disbursements through COD and G5 that reconciliation is taking place. Germanna appreciates the guidance offered by Mrs. Stafford and acknowledges the need for process improvement in order to remain compliant in this area.

Responsible Party: Michael Farris, Financial Aid Coordinator

Estimated Completion Date: Complete

12-044: Reconcile Federal Activity Reports to Accounting Records

Applicable to: Paul D. Camp Community College

Federal Program Name and CFDA#: Student Financial Aid

Compliance Requirements: Cash Management – 34 CFR 676.19

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

Paul D. Camp Community College did not reconcile Federal G5 Activity Reports to the College's accounting records.

Code of Federal Regulations Title 34 CFR 676.19, requires the College to reconcile fiscal records monthly. As the College did not reconcile its activity to the federal reports, it did not recognize the need to draw down \$129,436 of Pell funds for the Fall 2011 and Spring 2012 semesters.

Accounting and Financial Aid staff should immediately begin reconciling the Federal Activity Reports to the College's accounting records. Additionally, staff should properly document the reconciliation, resolve all differences promptly, and ensure proper approval and review by the appropriate supervisor. This reconciliation ensures the College is properly receiving and recording all Federal Student Aid in its accounting system and properly reporting information in the Federal databases. Prompt and complete reconciliations would also identify amounts the College may not have drawn down from the federal programs.

Management Plan for Corrective Action for Paul D. Camp Community College

After meeting with Ms. Stephanie Serbia of the Auditor of Public Accounts Office (APA), Paul D. Camp Community College (PDCCC) moved rapidly to rectify the issue. This is not a repeat finding from a prior year.

PDCCC has begun the process of reconciling the Federal G5 Activity Reports to the College's accounting records. College internal controls have been amended to ensure that this occurs on a monthly basis with the overview of the Vice-President of Financial and Administrative Services. These processes and reconciliations will be documented.

PDCCC staff have been cross-trained on the G5 federal system. The college is moving forward with additional cross-training in other Financial Aid and Business Office areas.

Responsible Party: Joe Edenfield, Vice President of Financial and Administrative Services

Estimated Completion Date: January 2013

12-045: Ensure Use of Appropriate Cost of Attendance

Applicable to: Paul D. Camp Community College

Federal Program Name and CFDA#: Student Financial Aid

Compliance Requirements: Eligibility – 20 U.S.C. 1087ll

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

The Financial Aid Officer did not enter the correct Cost of Attendance in the college's student information system for the 2011-2012 financial aid year.

In accordance with 20 U.S.C. 1087ll, cost of attendance is determined by the college and estimates the total costs of attending for a period of one year and is a critical component in the determination of financial aid a student can receive. Since the college did not enter the 2011-2012 cost of attendance, the system defaulted to the 2010-2011 aid year and incorrectly calculated cost of attendance for Summer 2011 and early filing students in Fall 2011. The college did not have a

procedure for management to review and verify the cost of attendance to ensure it is correctly updated each financial aid year.

We recommend the college immediately implement procedures to ensure the student information system is updated each year with the correct cost of attendance.

Management Plan for Corrective Action for Paul D. Camp Community College

After meeting with Ms. Stephanie Serbia of the Auditor of Public Accounts Office (APA), Paul D. Camp Community College (PDCCC) moved rapidly to rectify this issue. This item is not a repeat finding from a prior year.

The College has corrected the 2011-2012 and verified the 2012-2013 cost of attendance. College procedures have been reviewed and amended to ensure the student information system is updated each year with the correct cost of attendance.

Responsible Party: Joe Edenfield, Vice President of Financial and Administrative Services

Estimated Completion Date: January 2013

12-046: Improve Reporting to National Student Loan Data System

Applicable to: Central Virginia Community College

Federal Program Name and CFDA#: Student Financial Aid

Compliance Requirements: Special Tests and Provisions – 34 CFR 685.309(b)

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

The Admissions and Records Office did not report students graduating in the Fall 2011 semester to the Department of Education using the National Student Loan Data System (NSLDS).

In accordance with 34 CFR 685.309(b), the college must report students receiving direct loans where the student has stopped enrolling at least half-time, is not enrolled at least half-time for the period the loan was intended, or has changed his permanent address. Unless the college expects to submit its next student status confirmation report within the next 60 days, the college must notify the Department of Education within 30 days of the enrollment change.

The Admissions and Records Office should immediately transmit all of the Fall 2011 graduates to the Department of Education using the NSLDS. Further, the Admissions and Records Office should implement reconciliation or independent check processes to ensure the data in NSLDS accurately reflects the college's academic records.

Management Plan for Corrective Action for Central Virginia Community College

On June 8, 2012, all Fall 2011 graduates were submitted to the NSLDS and verified as accurate. To ensure future accuracy of the NSLDS files, the Admissions and

Records Office Supervisor or Graduation Coordinator will log into the NSLDS website and verify the number of graduates in the file is accurate.

Responsible Party: Judy Graves, Dean of Student Services

Estimated Completion Date: Summer/Fall 2012

12-047: Improve Reporting of Pell Grant Disbursements

Applicable to: Central Virginia Community College

Federal Program Name and CFDA#: Student Financial Aid

Compliance Requirements: Reporting – 76 FR 32961

Known Questioned Costs: \$0

Type of Finding: Internal Control and Compliance

The financial aid office did not report disbursements of student financial aid to the U.S. Department of Education timely using the Common Origination and Disbursement (COD) System.

In accordance with 76 FR 32961, the college is required to report Federal Pell Grant disbursements to COD within 30 days of disbursement, but no more than seven days before disbursement. In four of 35 students tested, the financial aid office did not record disbursements in COD within the required timeframe.

The financial aid office should report disbursements to COD within the required timeframes and use the PeopleSoft provided reconciliation process to ensure all records in COD agree to college records.

Management Plan for Corrective Action for Central Virginia Community College

The College will place more effort in ensuring that all disbursements are reported to COD within the required 30 days of disbursement. The College currently uses the PeopleSoft reconciliation process to ensure that all records agree with COD.

Responsible Party: Deborah Marshall, Financial Aid Director

Estimated Completion Date: Summer/Fall 2012

12-048: Properly Calculate and Return Title IV Funds

Applicable to: Central Virginia Community College

Germanna Community College

Paul D. Camp Community College

Norfolk State University

Federal Program Name and CFDA#: Student Financial Aid

Compliance Requirements: Special Tests and Provisions – 34 CFR 668.22 and 668.3

Known Questioned Costs: \$8,417.14

Type of Finding: Internal Control and Compliance

Student Financial Aid offices at these institutions did not properly identify, calculate, and/or return Title IV funds for students who officially or unofficially withdrew from courses and no longer qualified for Federal Financial Aid.

Central Virginia Community College did not properly identify 11 total students who withdrew in the Spring 2012 semester resulting in the College not returning \$6,046.14 to the U. S. Department of Education.

Germanna Community College did not properly identify 12 of 40 students withdrawals tested (30 percent) within 30 days of the end of the semester. Additionally, Title IV funds were not returned within 45 days of the institutional determination date for 11 of 37 students tested (29 percent).

Paul D. Camp Community College did not return Title IV funds within 45 days of determination of student withdrawal for 11 of 12 students tested (92 percent). When the college did return the funds, they did not return the correct amount, resulting in a loss to the Department of Education in the amount of \$1,200.

Norfolk State University used the last day of classes, rather than the last day of exams as the official end of the semester. This error caused an understatement in the amount of the return and resulted in the return of \$1,171 less than required for the 25 items tested.

Code of Federal Regulations, 34 CFR 668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date and return the money within a reasonable timeframe. All calculations of return of Title IV funds are required to be completed within 30 days of semester end and funds are required to be returned within 45 days after the date that the institution determines the student has withdrawn.

In addition, in accordance with 34 CFR 668.3, for return of Title IV funds calculation purposes, a week of instructional time is that in which at least one day of instruction or examinations occurs or, after the last day of classes, at least one day of study for final examinations occurs.

Failure to promptly identify, calculate, and return unearned Title IV funds may jeopardize continued participation in Title IV programs.

Management Plan for Corrective Action for Central Virginia Community College

The College returned funds to the Department of Education on June 13, 2012 for students in Spring semester 2012, who's Title IV was calculated incorrectly or not calculated at all due to dates not entered into the holiday calendar from which Return of Title IV (R2T4) data is pulled.

Each year, the Financial Aid Director, the Admissions and Records Director, and the Dean of Student Services, meet to ensure dates are accurate for the academic year.

For future semesters, to ensure dates are entered in all calendars, including the Holiday calendar, the Director of Admissions will print copies of the Academic and Holiday Calendars once they have been entered into the PeopleSoft system. These copies will be distributed to the Dean of Student Services and the Financial Aid Director.

Responsible Party: Judy Graves, Dean of Student Services

Estimated Completion Date: Summer/Fall 2012

Management Plan for Corrective Action for Germanna Community College

As the number of sessions within a standard 15 week term increase, along with the complexity of ascertaining exactly which students require an R2T4 calculation performed, Germanna acknowledges the need for more timely and consistent monitoring of student withdrawals. With Mrs. Stafford's guidance, Germanna has instituted a weekly monitoring of student withdrawals to remain compliant in this area. Beginning fall semester 2012, Germanna began pursuing a more aggressive approach to R2T4 compliance by running weekly R2T4 reports within its student information system, and adjusting (and re-originating and disbursing through COD) aid for student withdrawals on a weekly basis. Germanna believes this practice will increase its compliance in this area and appreciates the assistance provided by Mrs. Stafford and the Auditor of Public Accounts.

Responsible Party: Michael Farris, Financial Aid Coordinator

Estimated Completion Date: Summer/Fall 2012

Management Plan for Corrective Action for Paul D. Camp Community College

After meeting with Ms. Stephanie Serbia of the Auditor of Public Accounts Office (APA), Paul D. Camp Community College (PDCCC) moved rapidly to rectify this issue. This item is not a repeat finding from prior year.

The 2011-2012 unearned Title IV funds have been returned to the Department of Education. PDCCC has reviewed its written procedures relating to Federal Student Aid and has implemented changes to ensure compliance with federal regulations and to return funds promptly. This process is being reviewed on a monthly basis by the Business Office Manager, Financial Aid Officer, and the Vice-President of Financial and Administrative Services.

Responsible Party: Joe Edenfield, Vice President of Financial and Administrative Services

Estimated Completion Date: January 2013

Management Plan for Corrective Action for Norfolk State University

On January 11, 2013, Norfolk State University (NSU) received a memo regarding a possible internal control weakness for the year 2011-12. The memo discussed the improvement of managing Return of Title IV (R2T4) funds.

Regulation CFR 668.3(b) provides the definition of a week of instructional time. Specifically, "A week of instructional time is a week in which at least one day of regularly scheduled instruction or examinations occurs or, after the last scheduled day of classes for term or payment period, at least one day of study for final examinations occurs."

When performing the R2T4 calculations in 2011-12, NSU used the last day of classes and did not consider final examinations as part of the calculation. The APA finding is correct. Therefore, all R2T4 calculations will be re-reviewed for the 2011-12 academic year and the Fall 2012 semester in addition to the test case sample examined by the auditors. To address the internal control weakness, NSU will move the ending date for R2T4 calculations to the final day of examinations effective immediately. Charges will be added to the affected student accounts and the requisite funds returned to the Department of Education by February 15, 2013.

The Financial Aid Office policies and procedures manual has been updated and the appropriate staff have been informed of the changes for the future.

Responsible Party: Kevin Burns, Director of Financial Aid

Estimated Completion Date: February 2013

COMMONWEALTH OF VIRGINIA

Resolution of Prior Year Audit Findings

For the Year Ended June 30, 2012

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
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RISK ALERTS**Department of Behavioral Health and Developmental Services**

2009	62	09-63	Improve Management and Controls for Facilities	N/A	DBHDS	-	Resolved
2007	8	-	Security Risk Assurance for Infrastructure	N/A	DBHDS	-	Changed to Financial Statement Finding. See Finding No. 10-23
2006	8	-	Obtain Assurance for Infrastructure Security		DBHDS		See Risk Alert <i>Security Risk Assurance for Infrastructure</i>

Department of Social Services

2009	61	09-61	Manage Infrastructure Security Risk	N/A	DSS	-	Changed to Financial Statement Finding. See Finding No. 10-24
2007	8	-	Security Risk Assurance for Infrastructure		DSS		See Finding Number 09-61

FINANCIAL STATEMENT INTERNAL CONTROL AND COMPLIANCE FINDINGS**State Board of Elections**

2010	11	10-04	Improve Information Systems Security Program	N/A	SBE	-	Corrective action is ongoing.
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Virginia Employment Commission

2011	9	11-01	Perform VATS and VABS System Access Review	N/A	VEC	-	Corrective action is ongoing.
2010	22	10-15	Strengthen Controls over System Access	N/A	VEC	-	See Finding Number 11-01
2009	32	09-27		N/A	VEC	-	See Finding Number 10-15
2011	27	11-15	Resolve Employer Wage Discrepancies Timely	N/A	VEC	-	Corrective action is ongoing.

Department of Taxation

2010	22	10-14	Improve System Access Management	N/A	TAX	-	Resolved
2009	39	09-36	Improve Efficiency of Access Management and Change Management Procedures		TAX		See Finding Number 10-14

Department of Behavioral Health and Developmental Services

2011	21	11-09	Test IT Continuity of Operations and Disaster Recovery Plans	N/A	DBHDS	-	Resolved
2010	21	10-13	Continue Improving IT Continuity of Operations and Disaster Recovery Plans - Follow-up		DBHDS	-	See Finding Number 11-09.
2009	31	09-25	Continue Improving IT Continuity of Operations and Disaster Recovery Plans		DBHDS		See Finding Number 10-13.
2008	38	08-32	Improve IT Continuity of Operations and Disaster Recovery Plans		DBHDS		See Finding Number 09-25.
2007	31	07-17	Improve Contingency and Disaster Recovery Planning		DBHDS		See Finding Number 08-32.
2011	10	11-03	Improve System Access Management	N/A	DBHDS	-	Resolved
2010	24	10-17	Promptly Remove Terminated Employees from Critical Systems		DBHDS		See Finding Number 11-03.
2009	34	09-29	Improve System Access Controls		DBHDS		See Finding Number 10-17.
2011	22	11-10	Improve Information Security Awareness Training	N/A	DBHDS	-	Resolved
2010	28	10-22			DBHDS		See Finding Number 11-10.
2009	41	09-40	Improve Security Awareness Training Documentation		DBHDS		See Finding Number 10-22.
2008	37	08-31			DBHDS		See Finding Number 09-40.

COMMONWEALTH OF VIRGINIA Resolution of Prior Year Audit Findings For the Year Ended June 30, 2012							
Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
2007	30	07-16			DBHDS		See Finding Number 08-31.
2006	28	06-19	Expand Security Awareness Training Program		DBHDS		See Finding Number 07-16.
2010	29	10-23	Manage Infrastructure Security Risk	N/A	DBHDS	-	Resolved
2011	28	11-16	Refine Estimates and Report Annual Cost Settlements to the State Comptroller	N/A	DBHDS	-	Resolved
<u>Department of Rehabilitative Services</u>							
2010	15	10-07	Improve Information Systems Security Program	N/A	DRS	-	Corrective action is ongoing.
<u>Department of Social Services</u>							
2010	18	10-10	Improve and Comply with Information Security Program	N/A	DSS	-	Resolved
2009	25	09-18			DSS		See Finding Number 10-10
2010	24	10-18	Continue Improving Systems Access	N/A	DSS	-	Resolved
2009	34	09-30			DSS		See Finding Number 10-18
2010	30	10-24	Finalize Responsibilities for Infrastructure Security	N/A	DSS	-	Corrective action is ongoing.
<u>State Corporation Commission</u>							
2011	11	11-04	Improve Systems Access Controls	N/A	SCC	-	Corrective action is ongoing.
<u>Virginia Port Authority</u>							
2011	19	11-07	Improve IT Security Program	N/A	VPA	-	N/A
2010	16	10-08	Improve IT Security Program	N/A	VPA		N/A
2011	26	11-14	Improve Microsoft SQL Server Security	N/A	VPA	-	N/A
Beginning with Fiscal Year Ended June 30, 2012, the Annual Audit of the Virginia Port Authority (Single Audit) will be conducted by an Independent Public Accounting Firm and not the Auditor of Public Accounts.							
Therefore, all prior findings will be included in the new Auditors Single Audit Report and not the Single Audit of the Commonwealth performed by the Auditor of Public Accounts.							
<u>Department of Alcoholic Beverage Control</u>							
2011	12	11-05	Improve User Account Controls	N/A	ABC	-	Corrective action is ongoing.
2011	20	11-08	Improve Compliance with Information Security Program	N/A	ABC	-	Resolved
2010	26	10-19	Improve Systems Access Processes and Monitoring	N/A	ABC	-	See Finding Number 11-08.
2009	27	09-19	Improve Compliance with Information Security Program	N/A	ABC		See Finding Number 10-19.
2011	22	11-11	Improve Remote Store Server Security	N/A	ABC		Corrective action is ongoing.
<u>Department of Motor Vehicles</u>							
2011	9	11-02	Improve System Access Controls	N/A	DMV	-	Resolved
2011	14	11-06	Enhance Information System Security Program	N/A	DMV	-	Corrective action is ongoing.
2010	12	10-05			DMV	-	See Finding Number 11-06.
2011	23	11-12	Improve Database Security	N/A	DMV	-	Corrective action is ongoing.
2011	28	11-17	Improve Controls Over Small Purchase Charge Card Program	N/A	DMV	-	Corrective action is ongoing.
<u>Department of Transportation</u>							
2011	25	11-13	Improve Microsoft SQL Server Security	N/A	VDOT	-	Resolved

COMMONWEALTH OF VIRGINIA

Resolution of Prior Year Audit Findings

For the Year Ended June 30, 2012

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
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FEDERAL COMPLIANCE FINDINGS**U. S. Department of Defense**

2010	35	10-31	Strengthen Recording and Tagging of Equipment	12.401	DMA	-	Corrective action is ongoing.
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U. S. Department of Education

2011	38	11-23	Improve Control Environment	Student Financial Aid Cluster	VWCC SWVCC	- -	Corrective action is ongoing. Corrective action is ongoing.
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2011	39	11-24	Reconcile Financial Aid Activity to Federal Systems	Student Financial Aid Cluster	DSLCC NRCC VWCC	- - -	Corrective action is ongoing. Resolved Corrective action is ongoing.
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2011	42	11-26	Appropriately Report Federal Pell Grant Disbursements	Student Financial Aid Cluster	DSLCC SWVCC	- -	Resolved Resolved
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2011	43	11-27	Improve Notification of Direct Loan Awards to Students	Student Financial Aid Cluster	DSLCC NRCC	- -	Resolved Resolved
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2011	40	11-25	Properly Calculate and Return Title IV Funds	Student Financial Aid Cluster	NRCC SWVCC DSLCC VWCC	- - - -	Corrective action is ongoing. Resolved Resolved Resolved
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2010	39	10-37	Promptly Return Title IV Refunds	Student Financial Aid Cluster	PHCC	-	See Finding Number 11-25
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2010	40	10-38	Document Reconciliation of Federal Reports to College Records	Student Financial Aid Cluster	WCC	-	Corrective action is ongoing.
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2010	41	10-39	Improve Grant Monitoring and Oversight	Research and Development Cluster	CWM	-	Resolved
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U. S. Department of Health and Human Services

2011	36	11-22	Improve Timeliness of Eligibility Determination	84.126 84.390	DRS	-	Resolved
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2010	45	10-43		Vocational Rehabilitation Cluster	DRS	-	See Finding Number 11-22
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2011	34	11-21	Obtain Valid Social Security Numbers	93.778	DMAS	-	Corrective action is ongoing.
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2010	46	10-44		Medicaid Cluster	DMAS DSS	-	See Finding Number 11-21
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2011	31	11-18	Support Title IV-E Financial Claims in a Client's Case Record	93.658 93.659	DSS	-	Corrective action is ongoing.
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2010	48	10-45	Establish Enforcement Mechanisms for Foster Care and Adoption Payments	93.659	DSS	-	See Finding Number 11-18
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2006	41	06-33	Establish Control Mechanisms for Foster Care and Adoption Payments	93.658	DSS	-	See Finding Number 10-45.
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2005	31	05-22			DSS	-	See Finding Number 06-33.
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2011	32	11-19	Reduce Benefit Payments for Individuals Refusing to Work	93.558	DSS	-	Resolved
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2011	33	11-20	Modify Monitoring Plans for Changing Risk and Obtain Senior Management Approval	93.558 93.714 93.568	DSS	-	Resolved
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COMMONWEALTH OF VIRGINIA

Resolution of Prior Year Audit Findings

For the Year Ended June 30, 2012

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
				10.551			
				10.561			
				93.658			
				93.659			
2009	50	09-48	Strengthen Inventory and Billing Controls	Medicaid Cluster	VITA	-	Resolved
2008	61	08-58			VITA		See Finding Number 09-48.
2009	52	09-50	Improve Policies and Procedures over Asset Inventory	Medicaid Cluster	VITA	-	Resolved

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
U.S. DEPARTMENT OF AGRICULTURE				
Non-Stimulus:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025		\$ 1,268,707	
Wildlife Services	10.028		15,922	
Conservation Reserve Program	10.069		60,500	
Voluntary Public Access and Habitat Incentive Program	10.093		4,759	
Specialty Crop Block Grant Program	10.169		23,562	
Specialty Crop Block Grant Program - Farm Bill	10.170		449,929	
Grants for Agricultural Research, Special Research Grants	10.200			
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	10.200			\$ 3,362
<i>Pass-Through From Southern Regional Aquaculture Center</i>	10.200			1
<i>Pass-Through From University of Florida</i>	10.200			1,760
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210		57,489	
Sustainable Agriculture Research and Education	10.215			
<i>Pass-Through From Southern Sustainable Agriculture Research & Education (SARE)</i>	10.215			11,430
<i>Pass-Through From University of Georgia</i>	10.215			27,661
Higher Education Challenge Grants	10.217		255,548	
<i>Pass-Through From University of Georgia</i>	10.217			82,040
Higher Education Multicultural Scholars Program	10.220		13,250	
Integrated Programs	10.303		29,370	
<i>Pass-Through From University of Maryland</i>	10.303			78,212
Homeland Security-Agricultural	10.304			
<i>Pass-Through From University of Florida</i>	10.304			31,868
Specialty Crop Research Initiative	10.309		18,671	
<i>Pass-Through From Cornell University</i>	10.309			19,379
Technical Assistance to Cooperatives	10.350		289,751	
State Mediation Grants	10.435		23,643	
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443		412,235	
Community Outreach and Assistance Partnership Program	10.455		2,909	
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		1,555,460	
Cooperative Extension Service	10.500		11,622,570	
<i>Pass-Through From Auburn University</i>	10.500			5,522
<i>Pass-Through From Kansas State University</i>	10.500			292,616
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	10.500			6,344
<i>Pass-Through From Southern Region Risk Management Education</i>	10.500			10,684
<i>Pass-Through From Texas A&M University</i>	10.500			5,500
<i>Pass-Through From University of Florida</i>	10.500			10,000
<i>Pass-Through From University of Georgia</i>	10.500			9,381
<i>Pass-Through From University of Nebraska</i>	10.500			207,809
<i>Pass-Through From West Virginia State University</i>	10.500			3,066
Food Donation	10.550			
<i>Pass-Through From Virginia Local Governments</i>	10.550			31,368
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		101,563,292	
<i>Pass-Through From North Carolina Department of Health</i>	10.557			1,439,178
Child and Adult Care Food Program	10.558		47,467,788	
State Administrative Expenses for Child Nutrition	10.560		3,483,089	
Senior Farmers Market Nutrition Program	10.576		475,414	
Child Nutrition Discretionary Grants Limited Availability	10.579		183,427	
Fresh Fruit and Vegetable Program	10.582		3,150,995	

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Forestry Research	10.652		35,089	
Cooperative Forestry Assistance	10.664		4,270,580	
National Forest-Dependent Rural Communities	10.670		53	
Forest Legacy Program	10.676		533,212	
Forest Stewardship Program	10.678		35,203	
Forest Health Protection	10.680		5,049	
Technical Assistance and Training Grants	10.761		63	
Resource Conservation and Development	10.901		12,605	
Soil and Water Conservation	10.902		157,739	
Environmental Quality Incentives Program	10.912		280,147	
<i>Pass-Through From National Fish & Wildlife Foundation</i>	10.912			227,004
Other Assistance:				
Agricultural Statistics Services	10.000		560	
Agricultural Statistics Services Surveys	10.000		11,085	
Food Distribution-Salvage	10.000		14,973	
Other Assistance	10.000	08-JV-11132424-217	113,674	
Other Assistance	10.000	12-25-A-5348	18,375	
Total Non-Stimulus			177,916,687	2,504,185
Stimulus (ARRA):				
WIC Grants To States(WGS)	10.578		6,178	
Recovery Act of 2009: Wildland Fire Management	10.688		304,641	
Watershed Protection and Flood Prevention - ARRA	10.904		44,668	
Total Stimulus (ARRA)			355,487	-
Total Excluding Clusters Identified Below			178,272,174	2,504,185
Child Nutrition Cluster:				
School Breakfast Program	10.553		64,658,725	
National School Lunch Program - ARRA	10.555		232,290,003	
Special Milk Program for Children	10.556		66,140	
Summer Food Service Program for Children	10.559		13,239,083	
Total Child Nutrition Cluster			310,253,951	-
Emergency Food Assistance Cluster:				
Stimulus (ARRA):				
Emergency Food Assistance Program (Administrative Costs) - ARRA	10.568		2,489,783	
Total Stimulus (ARRA)			2,489,783	-
Non-Stimulus:				
Emergency Food Assistance Program (Food Commodities)	10.569		5,517,768	
Total Non-Stimulus			5,517,768	-
Total Emergency Food Assistance Cluster			8,007,551	-
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665		1,789,547	

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Total Forest Service Schools and Roads Cluster:			1,789,547	-
SNAP Cluster:				
Supplemental Nutrition Assistance Program - ARRA	10.551		1,397,509,547	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - ARRA	10.561		99,933,743	
Total SNAP Cluster:			1,497,443,290	-
Research and Development Cluster:				
Agricultural Research - Basic and Applied Research	10.001		1,357,943	
<i>Pass-Through From North Carolina State University</i>	10.001			423
<i>Pass-Through From University of Southern Mississippi</i>	10.001			4,022
<i>Pass-Through From West Virginia University</i>	10.001			19,388
Plant and Animal Disease, Pest Control, and Animal Care	10.025		264,692	
Wildlife Services	10.028		2,831	
Aquaculture Assistance Grants - ARRA	10.086		1,944	
Federal-State Marketing Improvement Program	10.156		30,139	
Market Protection and Promotion	10.163		99,067	
Grants for Agricultural Research, Special Research Grants	10.200		1,915,002	
<i>Pass-Through From Clemson University</i>	10.200			999
<i>Pass-Through From Colorado State University</i>	10.200			4,253
<i>Pass-Through From Cornell University</i>	10.200			42,242
<i>Pass-Through From Institute for Advanced Learning & Research</i>	10.200			15,971
<i>Pass-Through From North Carolina State University</i>	10.200			10,463
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	10.200			17,819
<i>Pass-Through From Southern Illinois University</i>	10.200			6,782
<i>Pass-Through From University of California, Davis</i>	10.200			1,887
<i>Pass-Through From University of Florida</i>	10.200			251
<i>Pass-Through From University of Maine</i>	10.200			12,653
Cooperative Forestry Research	10.202		872,264	
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		4,184,684	
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205		4,503,274	
Grants for Agricultural Research-Competitive Research Grants	10.206		1,676,917	
<i>Pass-Through From Clemson University</i>	10.206			25,991
<i>Pass-Through From Kansas State University</i>	10.206			1,958
<i>Pass-Through From University of Maryland</i>	10.206			18,485
<i>Pass-Through From West Virginia University Research Corporation</i>	10.206			6,722
Animal Health and Disease Research	10.207		34,211	
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210		80,484	
Sustainable Agriculture Research and Education	10.215		29,567	
<i>Pass-Through From University of Georgia</i>	10.215			515
<i>Pass-Through From University of Rhode Island</i>	10.215			5,613
1890 Institution Capacity Building Grants	10.216		794,712	
<i>Pass-Through From Delaware State University</i>	10.216			2,188
<i>Pass-Through From Tennessee State University</i>	10.216			56,559
<i>Pass-Through From University of Maryland</i>	10.216			74,981
Biotechnology Risk Assessment Research- ARRA	10.219		70,741	
Agricultural and Rural Economic Research	10.250		56,790	
Food Assistance and Nutrition Research Programs	10.253		33,422	
<i>Pass-Through From Old Dominion University Research Foundation</i>	10.253			18,212
Research Innovation and Development Grants in Economic (RIDGE)	10.255			
<i>Pass-Through From Mississippi State University</i>	10.255			53,054

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Integrated Programs	10.303		437,262	
<i>Pass-Through From North Carolina State University</i>	10.303			87,349
<i>Pass-Through From University of Georgia</i>	10.303			8,373
International Science and Education Grants	10.305		11,593	
Organic Agriculture Research and Extension Initiative	10.307			
<i>Pass-Through From Ohio State University</i>	10.307			56,880
Specialty Crop Research Initiative	10.309		1,117,079	
<i>Pass-Through From North Carolina State University</i>	10.309			40,731
<i>Pass-Through From University of Wisconsin Madison</i>	10.309			61,693
Agriculture and Food Research Initiative (AFRI)	10.310		3,036,095	
<i>Pass-Through From Michigan State University</i>	10.310			44,898
<i>Pass-Through From North Carolina State University</i>	10.310			72,691
<i>Pass-Through From Pennsylvania State University</i>	10.310			4,226
<i>Pass-Through From Purdue University</i>	10.310			32,557
<i>Pass-Through From Temple University</i>	10.310			32,390
<i>Pass-Through From University of Arkansas Fayetteville</i>	10.310			146,142
<i>Pass-Through From University of California, Davis</i>	10.310			200,053
<i>Pass-Through From University of Florida</i>	10.310			528,868
<i>Pass-Through From University of Maryland</i>	10.310			49,479
Beginning Farmer and Rancher Development Program	10.311		151,348	
Cooperative Extension Service	10.500		799,404	
<i>Pass-Through From Kansas State University</i>	10.500			147,140
<i>Pass-Through From North Carolina State University</i>	10.500			19,817
Foreign Market Development Cooperator Program	10.600		4,997	
Forestry Research	10.652		855,525	
Cooperative Forestry Assistance	10.664		40,159	
<i>Pass-Through From North Carolina Division of Forest Resources</i>	10.664			1,910
Urban and Community Forestry Program	10.675		109,121	
Forest Health Protection	10.680		865,588	
Wood Education and Resource Center	10.681		165,240	
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777		20,514	
Resource Conservation and Development	10.901		27,791	
Soil Survey	10.903		66,613	
Environmental Quality Incentives Program	10.912		34,478	
Wildlife Habitat Incentive Program	10.914		176,648	
Agricultural Statistics Reports	10.950		29,651	
Technical Agricultural Assistance	10.960		19,374	
Cochran Fellowship Program-International Training-Foreign Participant	10.962		802	
Other Assistance:				
Crop Mapping Support	10.000	AG-3143-P-11-0124	3,576	
Fire Synthesis Support	10.000	10-JV-11330136-142	60,556	
Other Assistance	10.000	07-JV-11242300-133	20,590	
Other Assistance	10.000	08-JV-11242309-067	9,520	
Other Assistance	10.000	08-JV-11261976-359	38,097	
Other Assistance	10.000	10-2000-0047-CA	72,043	
Other Assistance	10.000	10-CS-11080821-003	13,836	
Other Assistance	10.000	11-2000-0047-CA	66,969	
Other Assistance	10.000	11-8130-0009-CA	79,068	
Other Assistance	10.000	11-8130-0029-CA	128,668	
Other Assistance	10.000	11-JV-11242305-130	1,383	
Other Assistance	10.000	11-JV-11330140-125	35,331	
Other Assistance	10.000	11-JV-11330143-066	57,401	

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Other Assistance	10.000	11-JV-11330143-067	23,939	
Other Assistance	10.000	11-JV-11330152-104	14,095	
Other Assistance	10.000	12-JV-11242303-036	1,300	
Other Assistance	10.000	58-6645-0-108	58,943	
Other Assistance	10.000	AG-3A94-C-10-0007	46,136	
Other Assistance	10.000	AG-3A94-P-08-0166	50,059	
Other Assistance	10.000	AG-3A94-P-11-068	10,247	
<i>Pass-Through From Canaan Valley Institute Incorporated</i>	10.000	CVI 2010-06		28,246
<i>Pass-Through From Eastern Shore Resource Conservation</i>	10.000	Executed 01/18/11		14,317
<i>Pass-Through From Mushroom Council</i>	10.000	Executed 5/31/11		3,947
<i>Pass-Through From National Association of State Universities and Land-Grant Colleges</i>	10.000	AKI-CB-136		9,182
<i>Pass-Through From Sustainable Forest Futures</i>	10.000	Agreement Dated 8/24/11		18,572
<i>Pass-Through From United Sorghum Checkoff Program</i>	10.000	CI004-12		5,965
<i>Pass-Through From United Sorghum Checkoff Program</i>	10.000	Executed 2/10/11		10,683
<i>Pass-Through From University of Florida</i>	10.000	1200139946		6,851
<i>Pass-Through From University of Florida</i>	10.000	1200141257		3,997
<i>Pass-Through From University of Florida</i>	10.000	PO# 1200141705		1,514
<i>Pass-Through From University of Florida</i>	10.000	PO#1200141258		5,119
<i>Pass-Through From University of Kentucky</i>	10.000	100857418		2,479
<i>Pass-Through From University of Kentucky Research Foundation</i>	10.000	3048107834-12-323		60,445
<i>Pass-Through From University of Tennessee</i>	10.000	8500016538		1,155
<i>Pass-Through From World Meteorological Organization</i>	10.000	G00740830A Hardware Support		11,614
Total Research and Development Cluster			24,769,723	2,120,714
Total U.S. Department of Agriculture			2,020,536,236	4,624,899

U.S. DEPARTMENT OF COMMERCE

Non-Stimulus:

NOAA Mission-Related Education Awards	11.008		44,483	
Economic Development-Technical Assistance	11.303		98,072	
Interjurisdictional Fisheries Act of 1986	11.407		106,716	
Sea Grant Support	11.417		1,349,206	
Coastal Zone Management Administration Awards	11.419		1,462,167	
Coastal Zone Management Estuarine Research Reserves	11.420		1,134,618	
Unallied Industry Projects	11.452		991,352	
Unallied Management Projects	11.454		1,388,866	
Chesapeake Bay Studies	11.457		605,541	
<i>Pass-Through From Virginia Resource Use Education Council</i>	11.457			3,518
Habitat Conservation	11.463			
<i>Pass-Through From Fish America Foundation</i>	11.463			30,413
Congressionally Identified Awards and Projects	11.469		2,667	
<i>Pass-Through From Consortium for Ocean Leadership</i>	11.469			7,547
Unallied Science Program	11.472		1,213,931	
Atlantic Coastal Fisheries Cooperative Management Act	11.474		239,767	
Public Safety Interoperable Communication Grant Program	11.555		2,566,872	
Measurement and Engineering Research and Standards - ARRA	11.609		451,144	
Manufacturing Extension Partnership	11.611		2,845,546	
<i>Pass-Through From Illinois Manufacturing Extension Center</i>	11.611			35,000
<i>Pass-Through From National Growth Through Innovation Foundation</i>	11.611			34,764
Congressionally-Identified Projects	11.617			
<i>Pass-Through From Vietnam Education Foundation</i>	11.617			27,486

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Other Assistance:				
Dispersion Modeling Conference July 2011	11.000	G00004575-01	1,307	
Memorandum of Understanding International Trade Administration Industry Structure Analysis Workshop	11.000	8192011	20,906	
Other Assistance	11.000	EA133F11SE3079	22,106	
<i>Pass-Through From New River Valley Planning District</i>	11.000	01-46-08957		435,874
Total Non-Stimulus			14,545,267	574,602
Stimulus (ARRA):				
Habitat Conservation	11.463			
<i>Pass-Through From The Nature Conservancy</i>	11.463			39,500
State Broadband Data and Development Grant Program - ARRA	11.558		1,229,202	
Total Stimulus (ARRA)			1,229,202	39,500
Total Excluding Clusters Identified Below			15,774,469	614,102
Economic Development Cluster:				
Community Trade Adjustment Assistance	11.010		41,333	
<i>Pass-Through From New River Valley Planning District</i>	11.010			49,333
Investments for Public Works and Economic Development Facilities - ARRA	11.300		1,984,877	
Economic Adjustment Assistance - ARRA	11.307		18,196,069	
<i>Pass-Through From DC Office of Planning</i>	11.307			137,411
Total Economic Development Cluster			20,222,279	186,744
Research and Development Cluster:				
Non-Stimulus:				
Integrated Ocean Observing System (IOOS)	11.012		218,648	
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	11.012			25,270
<i>Pass-Through From Southeastern University Research Association</i>	11.012			90,122
Research and Evaluation Program	11.312		10,045	
Sea Grant Support	11.417		864,870	
<i>Pass-Through From University of Delaware</i>	11.417			3,307
<i>Pass-Through From University of Maryland</i>	11.417			36,193
Coastal Zone Management Administration Awards	11.419		719,556	
<i>Pass-Through From County of Northampton</i>	11.419			8,040
<i>Pass-Through From Maryland Department of Natural Resources</i>	11.419			21,817
Coastal Zone Management Estuarine Research Reserves	11.420		294,378	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427		144,568	
Undersea Research	11.430			
<i>Pass-Through From University of North Carolina Wilmington</i>	11.430			43,818
Climate and Atmospheric Research	11.431		87,378	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432		1,088	
<i>Pass-Through From Florida Atlantic University</i>	11.432			15,265
<i>Pass-Through From University of Miami</i>	11.432			12,845
Marine Fisheries Initiative	11.433		54,105	
Environmental Sciences, Applications, Data, and Education	11.440		564,965	
<i>Pass-Through From University of Maryland</i>	11.440			6,539
Unallied Industry Projects	11.452		377,728	

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Unallied Management Projects	11.454		1,161,680	
<i>Pass-Through From Coonamessett Farms, Incorporated</i>	11.454			40,920
Cooperative Science and Education Program	11.455		167,790	
Chesapeake Bay Studies	11.457		855,628	
<i>Pass-Through From Fairfax County Public Schools</i>	11.457			55,091
<i>Pass-Through From University of Maryland Center for Environmental Science</i>	11.457			107,922
Special Oceanic and Atmospheric Projects	11.460			
<i>Pass-Through From University Corporation for Atmospheric Research</i>	11.460			5,432
Habitat Conservation	11.463		8,033	
<i>Pass-Through From Chesapeake Bay Trust</i>	11.463			22,777
<i>Pass-Through From The Nature Conservancy</i>	11.463			10,164
Meteorologic and Hydrologic Modernization Development	11.467			
<i>Pass-Through From Oregon Health and Science University</i>	11.467			30,000
<i>Pass-Through From University Corporation for Atmospheric Research</i>	11.467			2,912
Unallied Science Program	11.472		238,789	
<i>Pass-Through From Commercial Fisheries Research Foundation</i>	11.472			95,963
<i>Pass-Through From East Coast Shellfish Research Institute</i>	11.472			5,385
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	11.472			25,000
Coastal Services Center	11.473			
<i>Pass-Through From Gulf of Mexico Alliance</i>	11.473			9,946
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	11.473			20,773
Center for Sponsored Coastal Ocean Research-Coastal Ocean Program	11.478		56,115	
<i>Pass-Through From Louisiana State University</i>	11.478			5,056
<i>Pass-Through From University of Rhode Island</i>	11.478			3,019
Measurement and Engineering Research and Standards - ARRA	11.609		745,006	
<i>Pass-Through From Research Foundation of State University of New York at Binghamton</i>	11.609			118,040
Technology Innovation Program (TIP)	11.616			
<i>Pass-Through From Physical Acoustics Corporation</i>	11.616			213,782
Congressionally-Identified Projects	11.617		722,627	
Other Assistance:				
Algorithm Evaluation and Validation for Flood and Standing Water Product	11.000	DG133E10SE3834	54,683	
Land Surface Temperature and Flood Standing Water from Satellites	11.000	DG133E-09-CN-0156	132,256	
Mapping Data with Information	11.000	YA132310SE0580	46,954	
Other Assistance	11.000	EA133F09SE3486	5,758	
Other Assistance	11.000	GE133F10SE3588	5,652	
<i>Pass-Through From Acellent Technologies Incorporated</i>	11.000	Agreement Dated 3/1/10		56,693
<i>Pass-Through From Maryland Sea Grant College</i>	11.000	CA 09-01 SA7528085-Z		6,452
<i>Pass-Through From Riverside Technology, Incorporated</i>	11.000	A716-GMU TASK ORDER 11-02		135,874
Satellite Reprocessing in Support of Reanalysis Program	11.000	DG133E11SE1987	64,756	
Total Non-Stimulus			7,603,056	1,234,417

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Stimulus (ARRA):				
Habitat Conservation	11.463			
<i>Pass-Through From The Nature Conservancy</i>	11.463			115,934
Measurement and Engineering Research and Standards - ARRA	11.609		308,459	
Total Stimulus (ARRA)			308,459	115,934
Total Research and Development Cluster			7,911,515	1,350,351
Total U.S. Department of Commerce			43,908,263	2,151,197

U.S. DEPARTMENT OF DEFENSE

Non-Stimulus:				
Procurement Technical Assistance For Business Firms	12.002		260,492	
Payments to States in Lieu of Real Estate Taxes	12.112		22,022	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		835,025	
Electronic Absentee Systems for Elections	12.217		50,000	
Basic and Applied Scientific Research	12.300		27,971	
<i>Pass-Through From The Regents Of The University of Michigan</i>	12.300			248,181
Navy Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance	12.335			
<i>Pass-Through From Creare</i>	12.335			53,869
National Guard Military Operations and Maintenance (O&M) Projects - ARRA	12.401		34,841,097	
National Guard Challenge Program	12.404		3,647,766	
Basic Scientific Research - ARRA	12.431		4,254	
<i>Pass-Through From Institute of International Education</i>	12.431			181,293
The Language Flagship Grants to Institutions of Higher Education	12.550			
<i>Pass-Through From Virginia Military Institute Research Labs</i>	12.550			179,133
National Security Education Program David L. Boren Scholarships	12.551			
<i>Pass-Through From Institute of International Education</i>	12.551			104,041
National Security Education Program David L. Boren Fellowships	12.552			
<i>Pass-Through From Institute of International Education</i>	12.552			347,893
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607		902,797	
Basic, Applied, and Advanced Research in Science and Engineering - ARRA	12.630		8,244,868	
<i>Pass-Through From Brandeis University</i>	12.630			36,350
Language Grant Program	12.900		95,831	
Mathematical Sciences Grants Program	12.901		172,462	
<i>Pass-Through From University of Maryland</i>	12.901			268,909
Information Security Grant Program	12.902		290,476	
Other Assistance:				
Air Force-Fiscal Year 12-Project Management Integration	12.000	Letter of Agreement 03152012	10,114	
Army National Guard-Fiscal Year 12-Certified Internal Auditor Certificate Training	12.000	41100-044-0000078538	13,376	
Defense Logistics Agency Procurement Technical Assistance Program 2011	12.000	SP4800-08-2-0841	153,373	
Defense Logistics Agency Procurement Technical Assistance Program 2012	12.000	SP4800-11-2-1141	374,169	
Fort Myer-Henderson Hall-Fiscal Year 12-Facility Financial Management Training	12.000	W80HUJ02562004	3,527	
Fort Myer-Henderson Hall-Fiscal Year 12-Tech Systems Training	12.000	W91QF-12-P-0037	1,854	
Joint Base Fort Myer Henderson Hall-Fiscal Year 11-Communication for the Facility Manager Training	12.000	W80HUJ02562004A	1,738	

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Schedule of Expenditures of Federal Awards
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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Joint Base Fort Myer Henderson Hall-Fiscal Year 11-Facility Planning and Design Management	12.000	W80HUJ02562004B	1,738	
National Security Agency-Fiscal Year 11-Certificate Program Training	12.000	H98230-09-C-0886	29,569	
National Security Agency-Fiscal Year 12-Principles of Facility Management Training	12.000	CT12VN-B3825-0035	6,492	
National Security Agency-Fiscal Year 12-Sustainability for Existing Buildings Certificate	12.000	H98-230-11P0542	7,835	
National Security Agency-Fiscal Year 12-Sustainability Solutions for Operations and Maintenance	12.000	H98230-12T-0929	4,558	
Other Assistance	12.000	W7IPAA-11G4B976101	72,264	
<i>Pass-Through From Analytic Services, Incorporated</i>	12.000	101567A		5,784
<i>Pass-Through From Battelle Memorial Institute</i>	12.000	US001-0000263564		12,382
<i>Pass-Through From Battelle Memorial Institute</i>	12.000	US01-0000233986		42,123
<i>Pass-Through From Chenega Technology Services Corporation</i>	12.000	2396-10-GMU TASK ORDER 2396.01		126,632
<i>Pass-Through From Chenega Technology Services Corporation</i>	12.000	2421-11-GMU		122,149
<i>Pass-Through From Computer Sciences Corporation</i>	12.000	S9048007		120,421
<i>Pass-Through From Computer Sciences Corporation</i>	12.000	S2012619		80,824
<i>Pass-Through From Global Resource Solutions, Incorporated</i>	12.000	BAONBS23-001		50,141
<i>Pass-Through From Group W, Incorporated</i>	12.000	1015.MDDCD.10041		49,202
<i>Pass-Through From Honeywell International, Incorporated</i>	12.000	PO6400051229		50,421
<i>Pass-Through From Lockheed Martin Integrated Systems</i>	12.000	N00039-08-C-0047		3,571
<i>Pass-Through From National Interest Security Company</i>	12.000	NISC-10-SOCOM-001 PO8172		1,644
<i>Pass-Through From Native Hawaiian Veterans Limited Liability Company</i>	12.000	110421-001/110715-001/110520		25,701
<i>Pass-Through From NBM Technologies, Incorporated</i>	12.000	W9132V-10-0003		66,952
<i>Pass-Through From Northrop-Grumman</i>	12.000	LC7500077331		129,279
<i>Pass-Through From Northrop-Grumman</i>	12.000	G00015997A		41,527
<i>Pass-Through From Northrop-Grumman</i>	12.000	G00015997B		7,601
<i>Pass-Through From Q.E.D. (Quod Erat Demonstrandum) Systems, Incorporated</i>	12.000	MKT120026POC-027185		7,825
<i>Pass-Through From Raytheon Systems</i>	12.000	HQ0006-08-D-0003-0014		70,333
<i>Pass-Through From Raytheon Systems</i>	12.000	4400439151A		18,129
<i>Pass-Through From Science Applications International Corporation</i>	12.000	PO10079502		4,235
<i>Pass-Through From Science Applications International Corporation</i>	12.000	P010075710		2,409
<i>Pass-Through From Science Applications International Corporation</i>	12.000	HM0177-11-D0005		145,377
<i>Pass-Through From Science Applications International Corporation</i>	12.000	PO10052661		58,155
<i>Pass-Through From TASC (The Analytic Sciences Corporation), Incorporated</i>	12.000	PO-0002534		113,143
<i>Pass-Through From The Regents Of The University of Michigan</i>	12.000	Subcontract 300172666, Amendment Number 1		177,031
<i>Pass-Through From University of Michigan - Ann Arbor</i>	12.000	Subcontract 3001726666		236,368
Washington Headquarters Services-Fiscal Year 12-Human Resources Management Certificate Training	12.000	G00412102	57	
Total Excluding Clusters Identified Below:			50,075,725	3,189,028
Research and Development Cluster:				
Aquatic Plant Control	12.100		123,848	
Collaborative Research and Development	12.114			
<i>Pass-Through From EA Engineering, Science, and Technology, Incorporated</i>	12.114			301,889
Basic and Applied Scientific Research	12.300		22,794,951	
<i>Pass-Through From Active Spectrum Incorporated</i>	12.300			13,275
<i>Pass-Through From Aerospace Testing Alliance</i>	12.300			70,569
<i>Pass-Through From Alion Science Technology Corporation</i>	12.300			88,511
<i>Pass-Through From AVID Limited Liability Company</i>	12.300			92,272

COMMONWEALTH OF VIRGINIA
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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From BAE Systems NA, Incorporated</i>	12.300			32,726
<i>Pass-Through From Berrie Hill Research Corporation</i>	12.300			5,408
<i>Pass-Through From Boeing Company</i>	12.300			96,556
<i>Pass-Through From Booz Allen & Hamilton</i>	12.300			278,522
<i>Pass-Through From CRA Incorporated</i>	12.300			95
<i>Pass-Through From Doty Consulting</i>	12.300			9,789
<i>Pass-Through From Entegriion, Incorporated</i>	12.300			346,879
<i>Pass-Through From Excet Incorporated</i>	12.300			24,648
<i>Pass-Through From General Electric Global Research</i>	12.300			1,090
<i>Pass-Through From Global Engineering & Materials Incorporated</i>	12.300			1,528
<i>Pass-Through From Global Strategies Group</i>	12.300			21,192
<i>Pass-Through From Harmonia Incorporated</i>	12.300			39,494
<i>Pass-Through From Huntington Ingalls Industries</i>	12.300			2,510
<i>Pass-Through From ITT Industries, Incorporated</i>	12.300			32,131
<i>Pass-Through From Joseph W Jones Ecological Research</i>	12.300			114,465
<i>Pass-Through From Mercury Federal Systems</i>	12.300			39,994
<i>Pass-Through From MicroXact Incorporated</i>	12.300			21,487
<i>Pass-Through From NanoSonic Incorporated</i>	12.300			56,475
<i>Pass-Through From Pratt & Whitney Corporation</i>	12.300			78,527
<i>Pass-Through From Research Triangle Institute</i>	12.300			28,818
<i>Pass-Through From Royal Melbourne Institute of Technology University</i>	12.300			170,018
<i>Pass-Through From Science Applications International</i>	12.300			133,991
<i>Pass-Through From Shared Spectrum Company</i>	12.300			27,024
<i>Pass-Through From Simpson Weather Associates, Incorporated</i>	12.300			37,154
<i>Pass-Through From Syracuse University</i>	12.300			5,175
<i>Pass-Through From The Johns Hopkins University</i>	12.300			142,496
<i>Pass-Through From Universal Technology Corporation</i>	12.300			214,048
<i>Pass-Through From University of California, San Diego</i>	12.300			6,375
<i>Pass-Through From University of California, Santa Barbara</i>	12.300			161,327
<i>Pass-Through From University of Maryland</i>	12.300			9,299
<i>Pass-Through From University of Michigan - Ann Arbor</i>	12.300			105,253
<i>Pass-Through From University of New Mexico</i>	12.300			92,306
<i>Pass-Through From University of Notre Dame</i>	12.300			44,346
<i>Pass-Through From University of Tennessee</i>	12.300			8,028
<i>Pass-Through From University of Washington</i>	12.300			32,241
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		2,620,093	
Military Medical Research and Development	12.420		10,296,220	
<i>Pass-Through From Archinoetics, Limited Liability Company</i>	12.420			249,619
<i>Pass-Through From Avita Medical Limited Liability Company</i>	12.420			880
<i>Pass-Through From Christopher and Dana Reeve Foundation</i>	12.420			103
<i>Pass-Through From Empirical Technologies Corporation</i>	12.420			3,671
<i>Pass-Through From Henry M. Jackson Foundation for the Advancement of Military Medicine</i>	12.420			717,497
<i>Pass-Through From IASIS Molecular Sciences, Limited Liability Company</i>	12.420			118,943
<i>Pass-Through From Luna Innovations, Incorporated</i>	12.420			40,195
<i>Pass-Through From McGuire Research Institute</i>	12.420			8,033
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	12.420			349,401
<i>Pass-Through From The Geneva Foundation</i>	12.420			381,187
<i>Pass-Through From University of Cincinnati</i>	12.420			14,955
<i>Pass-Through From University of Colorado</i>	12.420			647
<i>Pass-Through From University of Pittsburgh</i>	12.420			289,143

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From University of Texas Health Science Center at San Antonio</i>	12.420			43,513
<i>Pass-Through From University of Washington</i>	12.420			279,342
<i>Pass-Through From Veterans Affairs Foundation Detroit</i>	12.420			27,469
Basic Scientific Research - ARRA	12.431		6,467,575	
<i>Pass-Through From Arizona State University</i>	12.431			87,056
<i>Pass-Through From Cornell University</i>	12.431			100,144
<i>Pass-Through From Pennsylvania State University</i>	12.431			337,305
<i>Pass-Through From The University of Texas at Austin</i>	12.431			506,865
<i>Pass-Through From University of California, Santa Barbara</i>	12.431			103,187
<i>Pass-Through From University of Missouri</i>	12.431			4,214
<i>Pass-Through From University of Nebraska at Omaha</i>	12.431			51,633
<i>Pass-Through From University of New Mexico</i>	12.431			35,054
<i>Pass-Through From University of Pennsylvania</i>	12.431			59,566
<i>Pass-Through From University of South Carolina</i>	12.431			158,200
Basic, Applied, and Advanced Research in Science and Engineering - ARRA	12.630		2,127,303	
<i>Pass-Through From Planning Systems Incorporated</i>	12.630			85,880
<i>Pass-Through From University of Colorado</i>	12.630			188,738
<i>Pass-Through From University of Southern Mississippi</i>	12.630			7,166
Uniformed Services University Medical Research Projects	12.750			
<i>Pass-Through From Henry M. Jackson Foundation</i>	12.750			266,656
Air Force Defense Research Sciences Program	12.800		7,891,124	
<i>Pass-Through From Arizona State University</i>	12.800			22,394
<i>Pass-Through From Ohio Aerospace Institute</i>	12.800			27,462
<i>Pass-Through From Texas A&M University</i>	12.800			124,828
<i>Pass-Through From University of California at Berkeley</i>	12.800			104,425
<i>Pass-Through From University of Texas Health Science Center at San Antonio</i>	12.800			28,032
<i>Pass-Through From University of Utah</i>	12.800			183,537
<i>Pass-Through From Vanderbilt University</i>	12.800			46,414
<i>Pass-Through From Yale University</i>	12.800			248,164
Mathematical Sciences Grants Program	12.901		42,901	
Information Security Grant Program	12.902		240,486	
<i>Pass-Through From Defense Group, Incorporated</i>	12.902			20,733
Research and Technology Development	12.910		4,875,418	
<i>Pass-Through From Arizona State University</i>	12.910			138,079
<i>Pass-Through From Biological Mimetics, Incorporated</i>	12.910			2,590
<i>Pass-Through From Columbia University</i>	12.910			674,511
<i>Pass-Through From Fibertek, Incorporated</i>	12.910			53,186
<i>Pass-Through From Johns Hopkins University</i>	12.910			72,594
<i>Pass-Through From University of California, San Diego</i>	12.910			22,961
<i>Pass-Through From University of California, Santa Barbara</i>	12.910			151,889
Other Assistance:				
Alloy Modeling	12.000	W911QX-11-P-0187	34,580	
Assessing the Value of Neo-Geographic Information	12.000	W9132V-11-P-0011	101,149	
Coupling, Finite Element Flow Vulnerability Protection Option	12.000	HDTRA1-08-C-0017	387,310	
Decision Making in the Absence of Data Combining Expert Judgments	12.000	20101043907000	92,599	
Determination of Outstanding Scenarios for Situational Awareness	12.000	W9132V-09-C-0007	56,599	
Forecasting Irregular Warfare via Agent-Based Network Models	12.000	N00014-08-1-0378	211	
Intelligent Software Agent for Training Intelligence Analysts	12.000	N41756-09-C-4599	137,873	
Interpersonnel Act Assignment Agreement Alberts	12.000		112,231	
Interpersonnel Act Assignment Agreement Alberts 2	12.000		16,646	
Interpersonnel Act Assignment Agreement Greanya	12.000		42,289	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Interpersonnel Act Assignment Agreement Kicklighter	12.000		248,520	
Interpersonnel Act Assignment Agreement Nielsen	12.000		142,538	
Interpersonnel Act Assignment Agreement Schlabach	12.000		37,914	
IPA for G. Christopoulos	12.000		17,123	
IPA For Jason Aimone	12.000		4,371	
IPA FOR Katherine Mccurry	12.000		2,061	
Operational Transition of Proactive Network Risk Analysis Technology	12.000	FA8750-09-C-0168	95,667	
Other Assistance	12.000		43,080	
Other Assistance	12.000	F2VUCC8295M001IPA dated 9/5/09	81,649	
Other Assistance	12.000	FA5209-11-P-0229	28,712	
Other Assistance	12.000	FA9550-11-1-0313	18,746	
Other Assistance	12.000	H98230-07-C-0418	47,882	
Other Assistance	12.000	HDTRA1-07-C-0113	512,937	
Other Assistance	12.000	HDTRA1-11-D-0016/0002	236	
Other Assistance	12.000	HDTRA-11-D-0016/0001	2,583,289	
Other Assistance	12.000	IPA Agreement Dated 7-11-11	153,522	
Other Assistance	12.000	IPAA97-08UVIRG1805	48,516	
Other Assistance	12.000	IPAA97-11UVIRG1805	132,324	
Other Assistance	12.000	MISC11DT627MAT	174,170	
Other Assistance	12.000	N00178-09-C-3013	103,133	
Other Assistance	12.000	N00178-09-D-3017	116,840	
Other Assistance	12.000	N00178-09-D-3017 -004	32,160	
Other Assistance	12.000	N00178-09-D-3017 Del Order 13	250,683	
Other Assistance	12.000	N00178-09-D-3017 DO 11	10,271	
Other Assistance	12.000	N00178-09-D-3017/0021	42,023	
Other Assistance	12.000	N00178-09-D-3017-0017	859,292	
Other Assistance	12.000	N00178-09-D3017-0018	74,069	
Other Assistance	12.000	N00178-09-D-3017-0019	284,182	
Other Assistance	12.000	N00178-09-D-3017-008	151	
Other Assistance	12.000	N00178-09-D-3017-TO15	7,989	
Other Assistance	12.000	N00244-11-P-2026, MOD P00001	61,864	
Other Assistance	12.000	N62306-10-C-1002	188,165	
Other Assistance	12.000	N62306-12-P-3006	10,128	
Other Assistance	12.000	N62583-08-C-0055	49,416	
Other Assistance	12.000	N66596-10-IPA-0006 (CASALI)	45,586	
Other Assistance	12.000	N68936-12-P-0118	9,405	
Other Assistance	12.000	SP4701-08-D-0017	1,722	
Other Assistance	12.000	W56HZV-10-C-L519	49,905	
Other Assistance	12.000	W81XWH-11-2-0187	363,923	
Other Assistance	12.000	W912HQ-10-C-0029	233,057	
Other Assistance	12.000	W9132T-10-2-0018	102,359	
Other Assistance	12.000	W9132T-11-2-0017	7,072	
Other Assistance	12.000	W9132T-11-2-0036	146,520	
Other Assistance	12.000	W913E5-09-C-0006	49,057	
Over-the-Horizon Vessel Tracking	12.000	N00178-10-C-3023	350,812	
<i>Pass-Through From 3 Phoenix, Incorporated</i>	12.000	11-3044-001		23,923
<i>Pass-Through From Alion Science and Technology Corporation</i>	12.000	SUB1122253		9,380
<i>Pass-Through From Alion Science and Technology Corporation</i>	12.000	SUB1113616MDT		170,181
<i>Pass-Through From Alion Science and Technology Corporation</i>	12.000	FA5100-10-D-001		61,353
<i>Pass-Through From Aptima, Incorporated</i>	12.000	0590-1513		51,109
<i>Pass-Through From Aptima, Incorporated</i>	12.000	0602-1515		23,739
<i>Pass-Through From Aterrasys Limited Liability Company</i>	12.000	ATS-GMU-0826-11		302,681
<i>Pass-Through From Battelle</i>	12.000	US001-0000261867		6,179

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<i>Pass-Through From Berkeley Research Associates</i>	12.000	N00173-10-C-2047		125,762
<i>Pass-Through From Booz Allen & Hamilton</i>	12.000	97304NBS68 TO 001		39,164
<i>Pass-Through From Booz Allen Hamilton</i>	12.000	98437XSB68 PROJECT 090004-0408 Task 1		6,666
<i>Pass-Through From Carnegie Mellon University</i>	12.000	FA8721-05-C0003		24,366
<i>Pass-Through From Carnegie Mellon University</i>	12.000	1150069-217772		119,822
<i>Pass-Through From Cellular Materials International Incorporated</i>	12.000	PO #BB110805A		309,246
<i>Pass-Through From Columbia University</i>	12.000	FA8650-11-C-7190		22,183
<i>Pass-Through From D-Tech Limited Liability Company</i>	12.000	FA875012C0060		2,053
<i>Pass-Through From Duke University</i>	12.000	155482A		13,298
<i>Pass-Through From EOIR Technologies</i>	12.000	W15P7T-08-D-P417		50,926
<i>Pass-Through From General Dynamics Information Technology</i>	12.000	F5702-11-04-SC10-01		38,744
<i>Pass-Through From Georgia Institute of Technology</i>	12.000	D6137-S2		16,164
<i>Pass-Through From Global Strategies Group, Incorporated</i>	12.000	G00690972A		116,020
<i>Pass-Through From Gryphon Technologies</i>	12.000	Agreement Executed ON 6/7/10		13,990
<i>Pass-Through From Gryphon Technologies</i>	12.000	GP00000184		84,456
<i>Pass-Through From Henry M. Jackson Foundation</i>	12.000	300606-06.01-60855/687028		39,178
<i>Pass-Through From Henry M. Jackson Foundation</i>	12.000	300606-05.01-60855/678233		98,054
<i>Pass-Through From Henry M. Jackson Foundation</i>	12.000	30060-10.01-60855/678723		4,872
<i>Pass-Through From HRL (Hughes Research) Laboratories</i>	12.000	8036-801887		144,573
<i>Pass-Through From Huntington Ingalls Industries</i>	12.000	PO 4500380496		54,095
<i>Pass-Through From Impact Technologies Limited Liability Company</i>	12.000	S1281C		29,996
<i>Pass-Through From Imperium Incorporated</i>	12.000	Executed 06/18/10		1,789
<i>Pass-Through From Integrated Systems Solutions Incorporated</i>	12.000	PO# 100342		28,510
<i>Pass-Through From Intelligent Fiber-Optic Systems</i>	12.000	Agreement Signed 11/04/10		5,737
<i>Pass-Through From Invertix Corporation</i>	12.000	NSA BAA-GMU 100711		40,000
<i>Pass-Through From Invincea Labs</i>	12.000	WF911NF-11-C-0048		29,671
<i>Pass-Through From Invincea Labs</i>	12.000	FA8750-10-C-0169		377,913
<i>Pass-Through From Invincea Labs</i>	12.000	WF911NF-10-C-0018		11,198
<i>Pass-Through From IR Flex Corporation</i>	12.000	Agreement Signed 6/15/10		4,130
<i>Pass-Through From Jacobs Technology, Incorporated</i>	12.000	GBPS H92222-10-D-0018		79,823
<i>Pass-Through From Johns Hopkins University</i>	12.000	TO 106035		45,103
<i>Pass-Through From Joint Venture Of Yulista Management</i>	12.000	PO A11S000069		73,709
<i>Pass-Through From Lambda Instruments Incorporated</i>	12.000	Agreement dated 1/5/09		56,485
<i>Pass-Through From Lockheed Martin Integrated Systems</i>	12.000	7100051885A		7,175
<i>Pass-Through From Logistic Management Institute</i>	12.000	G00512603A		23,016
<i>Pass-Through From Loyalist College of Applied Arts and Technology</i>	12.000	G00755652A		61,717
<i>Pass-Through From Luna Innovations Incorporated</i>	12.000	1901-NVY-2S/VT		22,387
<i>Pass-Through From Luna Innovations Incorporated</i>	12.000	2252-NVY-2S-VT		57,208
<i>Pass-Through From Luna Innovations Incorporated</i>	12.000	1570-AFR-1O/VT		402
<i>Pass-Through From Luna Innovations Incorporated</i>	12.000	2717-AFR-1T/VT		28,067
<i>Pass-Through From Lynntech Incorporated</i>	12.000	2010-ARM718-0003		53,956
<i>Pass-Through From Lynntech Incorporated</i>	12.000	2011-ARM054-0001		7,462
<i>Pass-Through From Malcolm Pirnie Incorporated</i>	12.000	4659009		1,183
<i>Pass-Through From ManTech International Corporation</i>	12.000	34056-21		152,708
<i>Pass-Through From McQ, Incorporated</i>	12.000	N00014-11-M-0348		28,483
<i>Pass-Through From McQ, Incorporated</i>	12.000	PO-002308		414
<i>Pass-Through From NanoSonic Incorporated</i>	12.000	Subcontract Number N-0338		22,940
<i>Pass-Through From NanoSonic Incorporated</i>	12.000	A-0160		1,699
<i>Pass-Through From NanoSonic Incorporated</i>	12.000	A2-3825		765
<i>Pass-Through From NanoSonic Incorporated</i>	12.000	N-0081		4,919
<i>Pass-Through From NanoSonic Incorporated</i>	12.000	NANO #N-0331		22,524
<i>Pass-Through From NanoSonic Incorporated</i>	12.000	NANO# A-0090		99,750

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From NanoSonic Incorporated</i>	12.000	NANO#A-0052		29,810
<i>Pass-Through From National Security Innovations, Incorporated</i>	12.000	W913E5-12-C-0014		21,103
<i>Pass-Through From National Security Innovations, Incorporated</i>	12.000	W913E5-11-C-0006		335,629
<i>Pass-Through From NBM Technologies, Incorporated</i>	12.000	W9123V-10-0003		222,538
<i>Pass-Through From NextGen Aeronautics Incorporated</i>	12.000	PO-09-25 (Change Order 2)		105
<i>Pass-Through From NextGen Aeronautics Incorporated</i>	12.000	PO #10-11		79,555
<i>Pass-Through From NextGen Aeronautics Incorporated</i>	12.000	PO 11-08		24,499
<i>Pass-Through From Northrop-Grumman</i>	12.000	7500067840A		256,467
<i>Pass-Through From Object Video, Incorporated</i>	12.000	FA8650-12-C-7212		2,749
<i>Pass-Through From Open Geospatial Information Systems Consortium</i>	12.000	G00004131A		32,392
<i>Pass-Through From Passive Sensors Unlimited</i>	12.000	Agreement dated 8/25/10		11,057
<i>Pass-Through From Prime Photonics Limited Company</i>	12.000	ARM-02-201-TO-003		27,162
<i>Pass-Through From Prime Photonics Limited Company</i>	12.000	NAV 02-307-TO-002		38,660
<i>Pass-Through From Prime Photonics Limited Company</i>	12.000	PO 1368		2,088
<i>Pass-Through From Prime Photonics Limited Company</i>	12.000	TO# AFR-01-104-TO-001		25,361
<i>Pass-Through From QinetiQ</i>	12.000	PRS1-00613		5
<i>Pass-Through From Radiance Technologies Incorporated</i>	12.000	09S-1357		46
<i>Pass-Through From Royal Melbourne Institute of Technology University</i>	12.000	N00014-12-0248		6,399
<i>Pass-Through From RTSync Corporation</i>	12.000	JITC-3-08		22,539
<i>Pass-Through From SA Photonics Limited Liability Company</i>	12.000	7112-VT1111		15,128
<i>Pass-Through From Science Applications International</i>	12.000	TO 4400160919		3,383
<i>Pass-Through From Science Applications International</i>	12.000	TO #18 P010060336		389,677
<i>Pass-Through From Science Applications International Corporation</i>	12.000	PO10097107		63,333
<i>Pass-Through From Science Applications International Corporation</i>	12.000	PO10088816		136,924
<i>Pass-Through From Science Applications International Corporation</i>	12.000	P010033886		1,267
<i>Pass-Through From Science Applications International Corporation</i>	12.000	DTRA01-03-D-0017 DO56		16,940
<i>Pass-Through From Science Applications International Corporation</i>	12.000	P010033816		1,520
<i>Pass-Through From Science Applications International Corporation</i>	12.000	P010046995		10,151
<i>Pass-Through From Sikorsky Aircraft Corporation</i>	12.000	S1538A		61,618
<i>Pass-Through From Silvus Technologies</i>	12.000	Executed 05/26/10		1,564
<i>Pass-Through From SMD Corporation</i>	12.000	Agreement Signed 7/13/10		9,642
<i>Pass-Through From Southwest Research Institute</i>	12.000	USACE - W912HQ-08-C-0043		90,534
<i>Pass-Through From Tetra Tech Incorporated</i>	12.000	NAVFAC-PO 1050906		19,114
<i>Pass-Through From Tetra Tech Incorporated</i>	12.000	NAVFAC-PO1077188		80,127
<i>Pass-Through From The Aerospace Corporation</i>	12.000	Order Number 4600004570		124,490
<i>Pass-Through From Therax, Incorporated</i>	12.000	ONR-10-0274		11,821
<i>Pass-Through From UES, Incorporated</i>	12.000	S-875-060-007		63,160
<i>Pass-Through From United Technologies Research Center</i>	12.000	1159787		33,183
<i>Pass-Through From Universal Technology Corporation</i>	12.000	09-S590-0019-02-C2		11,740
<i>Pass-Through From University of California San Diego</i>	12.000	UCSD-05D-0302		13,660
<i>Pass-Through From University of Central Florida</i>	12.000	64018171-01/64018214-01		9,261
<i>Pass-Through From University of Michigan - Ann Arbor</i>	12.000	3000685438 Amendment # 3		121,300
<i>Pass-Through From University of Southern California</i>	12.000	144209		52,697
<i>Pass-Through From Vanderbilt University</i>	12.000	VU-DSR#21315-S1		30,290
<i>Pass-Through From Vectare Limited Liability Company</i>	12.000	G00565653A		130,824
<i>Pass-Through From Versar Atlantic Regional Operations</i>	12.000	PO 006837 & Agreement dated 1/22		7,277
<i>Pass-Through From Virginia Tech Applied Research Corporation</i>	12.000	Letter of Guarantee		86,571
Phosphoproteomic Profiling and Functional Characterization of Host Response to Pathogens	12.000	W81XWH-11-P-0310	157,184	
Uniformed Services University	12.000	HU0001-10-1-TS13		4,645

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
White Paper Translational Peptide Research for Personnel Protection	12.000	HDTRA1-12-C-0039	192,751	
Total Research and Development Cluster			66,639,027	15,514,368
Total U.S. Department of Defense			116,714,752	18,703,396
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Non-Stimulus:				
Emergency Solutions Grant Program	14.231		1,686,861	
Supportive Housing Program	14.235		90,395	
HOME Investment Partnerships Program	14.239		12,243,144	
Housing Opportunities for Persons with AIDS	14.241		779,137	
<i>Pass-Through From City of Richmond</i>	14.241			18,067
Fair Housing Assistance Program-State and Local	14.401		226,268	
Historically Black Colleges and Universities Program	14.520		64,620	
Other Assistance:				
<i>Pass-Through From New River Valley Planning District</i>	14.000	Agreement Dated 8/15/11		28,235
<i>Pass-Through From New River Valley Planning District</i>	14.000	Executed 7/6/2011		35,680
Total Non-Stimulus			15,090,425	81,982
Stimulus (ARRA):				
Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257		1,480,246	
Total Stimulus (ARRA)			1,480,246	-
Total Excluding Clusters Identified Below			16,570,671	81,982
CDBG Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218			
<i>Pass-Through From Richmond City</i>	14.218			80,189
Total CDBG Entitlement Grants Cluster			-	80,189
CDBG State Administered CDBG Cluster:				
Non-Stimulus:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		30,840,464	
Total Non-Stimulus			30,840,464	-
Stimulus (ARRA):				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - (Recovery Act Funded)	14.255		489,431	
Total Stimulus (ARRA)			489,431	-
Total CDBG State Administered CDBG Cluster			31,329,895	-

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Research and Development Cluster:				
Transformation Initiative Research Grants; Sustainable Community Research Grant Program	14.523		127,209	
Other Assistance:				
<i>Pass-Through From New River Valley Planning District</i>	14.000	Agreement Dated 12/20/11		3,422
<i>Pass-Through From University of Cincinnati</i>	14.000	006863		30,811
Total Research and Development Cluster			127,209	34,233
Total U.S. Department of Housing and Urban Development			48,027,775	196,404

U.S. DEPARTMENT OF THE INTERIOR

Non-Stimulus:				
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228		204,364	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250		3,505,147	
Abandoned Mine Land Reclamation (AMLR) Program	15.252		6,592,902	
Science and Technology Projects Related to Coal Mining and Reclamation	15.255		84,133	
Marine Minerals Activities	15.424		27,394	
Fish and Wildlife Management Assistance	15.608		61,796	
Cooperative Endangered Species Conservation Fund	15.615		171,343	
Clean Vessel Act	15.616		242,950	
Sportfishing and Boating Safety Act	15.622		792,526	
Enhanced Hunter Education and Safety Program	15.626		240,000	
Landowner Incentive Program	15.633		116,273	
State Wildlife Grants	15.634		1,646,114	
Endangered Species Conservation - Recovery Implementation Funds	15.657		57,479	
National Resource Damage Assessment, Restoration, and Implementation	15.658		53,129	
National Cooperative Geologic Mapping Program	15.810		234,864	
National Geological and Geophysical Data Preservation Program	15.814		31,402	
Minerals Resources External Research Program	15.816		577	
Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	15.819		23,859	
Historic Preservation Fund Grants-In-Aid	15.904		900,823	
National Historic Landmark	15.912		1,360	
Outdoor Recreation-Acquisition, Development and Planning	15.916		416,960	
Rivers, Trails and Conservation Assistance	15.921		25	
Native American Graves Protection and Repatriation Act	15.922		5,018	
National Center for Preservation Technology and Training	15.923		381	
American Battlefield Protection	15.926		1,261,477	
Save America's Treasures	15.929		84,260	
Conservation Activities by Youth Service Organizations	15.931		3,090	
Cooperative Research and Training Programs – Resources of the National Park System	15.945		11,131	
<i>Pass-Through From Shenandoah Valley Battlefield Foundation</i>	15.945			4,561
Upper Mississippi River System Long Term Resource Monitoring Program	15.978		6,527	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Total Excluding Clusters Identified Below			16,777,304	4,561
Fish and Wildlife Cluster:				
Sport Fish Restoration Program	15.605		6,203,472	
Wildlife Restoration and Basic Hunter Education	15.611		7,424,695	
Total Fish and Wildlife Cluster			13,628,167	-
Research and Development Cluster:				
Fish, Wildlife and Plant Conservation Resource Management	15.231		9,743	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250		9,688	
Science and Technology Projects Related to Coal Mining and Reclamation	15.255		161,524	
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423			
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	15.423			27,780
Water Desalination Research and Development Program	15.506		68,126	
Fish and Wildlife Management Assistance	15.608		92,160	
Multi-State Conservation Grant Program	15.628		106	
State Wildlife Grants	15.634			
<i>Pass-Through From Research Foundation of State University of New York</i>	15.634			53,334
Migratory Bird Joint Ventures	15.637			
<i>Pass-Through From American Bird Conservancy</i>	15.637			10,929
<i>Pass-Through From Appalachian Mountains Joint Venture</i>	15.637			8,681
Challenge Cost Share	15.642		32,733	
Research Grants (Generic)	15.650		526,483	
<i>Pass-Through From University of California at Santa Cruz</i>	15.650			21,162
<i>Pass-Through From University of Central Florida</i>	15.650			1,999
Migratory Bird Monitoring, Assessment and Conservation	15.655		4,091	
<i>Pass-Through From American Bird Conservancy</i>	15.655			2,124
Endangered Species Conservation - Recovery Implementation Funds	15.657		8,653	
National Resource Damage Assessment, Restoration, and Implementation	15.658		154,263	
Fish and Wildlife Coordination and Assistance Programs	15.664		87,285	
Assistance to State Water Resources Research Institutes	15.805		199,955	
<i>Pass-Through From Texas State University Water Resources</i>	15.805			10,145
Earthquake Hazards Reduction Program	15.807		132,544	
U.S. Geological Survey- Research and Data Collection	15.808		288,605	
National Spatial Data Infrastructure Cooperative Agreements Program	15.809		14,463	
National Cooperative Geologic Mapping Program	15.810		58,608	
Cooperative Research Units Program	15.812		1,335,976	
National Register of Historic Places	15.914		32,096	
Technical Preservation Services	15.915		22,482	
Rivers, Trails and Conservation Assistance	15.921		335,175	
American Battlefield Protection	15.926		4,797	
Save America's Treasures	15.929		28,605	
Cooperative Research and Training Programs – Resources of the National Park System	15.945		25,622	
Other Assistance:				
Basic Ordering Agreement for Student Services Opportunities	15.000	G09PD00014	143,130	
Basic Ordering Agreement for Student Services Opportunities	15.000	G11PD01145	18,295	
Basic Ordering Agreement for Student Services Opportunities	15.000	G12PD00029	12,197	
Basic Ordering Agreement for Student Services Opportunities	15.000	G12PD00193	5,978	
Basic Ordering Agreement for Student Services Opportunities	15.000	G12PD00333	2,044	

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Basic Ordering Agreement for Student Services Opportunities	15.000	G12PD00334	1,967	
Climate Communication Internship	15.000	P2AC10261	1,175	
Decomposition Based Information Elicitation and Aggregation	15.000	D11PC20062	2,130,713	
Historic Resources Study of the Dogan Farm at Manassas National Battlefield Park	15.000	J3086-10-0062	23,649	
IPA Agreement	15.000	4500017977	22,141	
Other Assistance	15.000	40181AM497	41,514	
Other Assistance	15.000	51411-9-J125	12	
Other Assistance	15.000	D11PC20062	100,546	
Other Assistance	15.000	D12PC00337	185,699	
Other Assistance	15.000	F10PC75792	390,389	
Other Assistance	15.000	F11PX01080	4,269	
Other Assistance	15.000	F11PX03754	82,310	
Other Assistance	15.000	H4506080730	11,154	
Other Assistance	15.000	H5000095041 J5463090001	17,532	
Other Assistance	15.000	J4531090739	146	
Other Assistance	15.000	M11PC00007	60,289	
Other Assistance	15.000	SA-CESU CAH500009541, TASK J42	41,047	
<i>Pass-Through From AmericaView Incorporated</i>	15.000	AV08		23,454
<i>Pass-Through From Biodiversity Research Institute</i>	15.000	Executed 9/3/10		42,463
<i>Pass-Through From University of Illinois</i>	15.000	Subaward 2012-01033-02		28,122
Qualitative Analysis of Public Comments on the National Mall	15.000	J3992-07-0400	(43,236)	
Teaching Historic Places with Diverse Population	15.000	H3992060006	9,243	
Total Research and Development Cluster			6,895,986	230,193
Total U.S. Department of the Interior			37,301,457	234,754

DEPARTMENT OF JUSTICE

Non-Stimulus:

Law Enforcement Assistance-Narcotics and Dangerous Drugs Training	16.004		221,170	
Violence Against Women Act Court Training and Improvement Grants	16.013		31,470	
Sexual Assault Services Formula Program	16.017		249,579	
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202		239,970	
Juvenile Accountability Block Grants	16.523		925,210	
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		14,471	
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540		1,133,857	
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541		246,464	
Missing Children's Assistance	16.543		302,218	
Victims of Child Abuse	16.547			
<i>Pass-Through From National Court Appointed Special Advocate</i>	16.547			50,000
Title V-Delinquency Prevention Program	16.548		35,092	
State Justice Statistics Program for Statistical Analysis Centers	16.550		65,979	
National Criminal History Improvement Program (NCHIP)	16.554		266,608	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		780,896	
Crime Victim Assistance	16.575		10,528,271	
Crime Victim Compensation	16.576		2,827,000	
Edward Byrne Memorial Formula Grant Program	16.579		32,730	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		69,044	
Violence Against Women Formula Grants - ARRA	16.588		2,929,582	

COMMONWEALTH OF VIRGINIA
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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Grants to Encourage Arrest Policies and Enforcement of Protective Orders Program	16.590		258,925	
Local Law Enforcement Block Grant Program	16.592		32,133	
Residential Substance Abuse Treatment for State Prisoners	16.593		159,245	
Bulletproof Vest Partnership Program	16.607		42,096	
Project Safe Neighborhoods	16.609		158,407	
Public Safety Partnership and Community Policing Grants - ARRA	16.710		745,254	
Juvenile Mentoring Program	16.726			
<i>Pass-Through From National 4-H Council</i>	16.726			66,184
Enforcing Underage Drinking Laws Program	16.727		147,351	
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735		1,321,426	
DNA Backlog Reduction Program	16.741		765,689	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		454,216	
Forensic Casework DNA Backlog Reduction Program	16.743		530,950	
Anti-Gang Initiative	16.744			
<i>Pass-Through From Virginia Association of Chiefs of Police</i>	16.744			112,235
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		77,148	
Capital Case Litigation	16.746		16,126	
Convicted Offender and/or Arrestee DNA Backlog Reduction Program (In-House Analysis and Review)	16.748		38,741	
Edward Byrne Memorial Competitive Grant Program	16.751		146,056	
Economic High-Tech and Cyber Crime Prevention	16.752		69,964	
Second Chance Act Prisoner Reentry Initiative	16.812		1,127,735	
<i>Pass-Through From West Virginia Regional Jail</i>	16.812			28,160
NICS Act Record Improvement Program	16.813		5,440	
John R. Justice Prosecutors and Defenders Incentive Act	16.816		160,505	
Equitable Sharing Program	16.922		1,183,728	
Other Assistance:				
Other Assistance	16.000		59,042	
Total Non-Stimulus			28,399,788	256,579
Stimulus (ARRA):				
Violence Against Women Formula Grants - ARRA	16.588		131,267	
Recovery Act -Internet Crimes Against Children Task Force (ICAC)	16.800		156,934	
Recovery Act - State Victim Assistance Formula Grant Program	16.801		162,726	
Recovery Act - State Victim Compensation Formula Grant Program	16.802		52,039	
Total Stimulus (ARRA)			502,966	-
Total Excluding Clusters Identified Below			28,902,754	256,579
JAG Program Cluster:				
Stimulus (ARRA):				
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803		463,072	
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		10,376	
Total Stimulus (ARRA)			473,448	-
Non-Stimulus:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		4,034,151	
Total Non-Stimulus			4,034,151	-

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Total JAG Program Cluster			4,507,599	-
Research and Development Cluster:				
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540		118,264	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		681,241	
<i>Pass-Through From Forensic Sciences Foundation</i>	16.560			239
<i>Pass-Through From MDRC (Manpower Demonstration Research Corporation)</i>	16.560			44,941
<i>Pass-Through From Police Executive Research Forum</i>	16.560			221,092
Criminal Justice Research and Development-Graduate Research Fellowships	16.562		24,999	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		235,181	
<i>Pass-Through From Albemarle County Public Schools</i>	16.580			1,021
Juvenile Mentoring Program	16.726		124,433	
Other Assistance:				
Juvenile Probation Census	16.000	2007-JF-R-120 MOD3	141,485	
Other Assistance	16.000	2009-DN-BX-K233	366,778	
Other Assistance	16.000	J-FBI-10-276	51,646	
<i>Pass-Through From City of Redlands</i>	16.000	2010-DE-BX-K006		54,814
<i>Pass-Through From The Urban Institute</i>	16.000	08563-000-00-GMU-01		29,222
Skills for Offenders Assessment and Responsivity in New Goals	16.000	2010-DB-BX-K077	329,814	
Translating into Practice	16.000	2011-DX-BX-K010	9,233	
Total Research and Development Cluster			2,083,074	351,329
Total U.S. Department of Justice			35,493,427	607,908

U.S. DEPARTMENT OF LABOR

Non-Stimulus:				
Labor Force Statistics	17.002		1,585,604	
Compensation and Working Conditions	17.005		108,561	
Unemployment Insurance - ARRA	17.225		1,221,859,220	
Senior Community Service Employment Program	17.235		2,080,265	
Trade Adjustment Assistance	17.245		17,458,909	
Job Training Partnership Act	17.250			
<i>Pass-Through From Bay Consortium Workforce Investment Board</i>	17.250			1,836
WIA Dislocated Workers - ARRA	17.260		2,557,911	
<i>Pass-Through From Bay Consortium Workforce Investment Board</i>	17.260			341,145
<i>Pass-Through From Crater Regional Workforce Investment Board</i>	17.260			156,651
<i>Pass-Through From Greater Peninsula Workforce Development Consortium</i>	17.260			5,286
<i>Pass-Through From Region 2000 Regional Commission</i>	17.260			158,863
<i>Pass-Through From Virginia Workforce Network</i>	17.260			41,488
WIA Pilots, Demonstrations, and Research Projects	17.261		395,615	
<i>Pass-Through From Patrick County Education Foundation</i>	17.261			352
Work Incentives Grants	17.266		19,822	
Incentive Grants- WIA Section 503	17.267		29,646	
H-1B Job Training Grants	17.268			
<i>Pass-Through From Opportunity, Incorporated</i>	17.268			269
Community Based Job Training Grants	17.269		2,816,973	
Work Opportunity Tax Credit Program (WOTC)	17.271		710,860	
Temporary Labor Certification for Foreign Workers	17.273		307,961	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		107,813	
Occupational Safety and Health-State Program	17.503		3,132,699	
Consultation Agreements	17.504		1,065,060	
OSHA Data Initiative	17.505		11,004	
Mine Health and Safety Grants	17.600		213,528	
Brookwood-Sago Grant	17.603		37,870	
Disability Employment Policy Development	17.720		60	
Transition Assistance Program	17.807		119,371	
Total Non-Stimulus			1,254,618,752	705,890
Stimulus (ARRA):				
Unemployment Insurance - ARRA	17.225		1,784,308	
WIA Dislocated Workers - ARRA	17.260		949,884	
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA	17.275			
<i>Pass-Through From Community Housing Partnership</i>	17.275			437,494
<i>Pass-Through From MDC, Incorporated</i>	17.275			321,171
<i>Pass-Through From Shenandoah Valley Workforce Investment Board</i>	17.275			1,440,572
Health Coverage Tax Credit (HCTC) - National Emergency Grants - ARRA	17.276		223,329	
Total Stimulus (ARRA)			2,957,521	2,199,237
Total Excluding Clusters Identified Below			1,257,576,273	2,905,127
Employment Service Cluster:				
Employment Service/Wagner - Peyser Funded Activities	17.207		20,693,841	
Disabled Veterans' Outreach Program (DVOP)	17.801		1,567,966	
Local Veterans' Employment Representative Program	17.804		2,520,290	
Total Employment Service Cluster			24,782,097	-
WIA Cluster:				
Stimulus (ARRA):				
WIA Adult Program	17.258		132,644	
WIA Youth Activities	17.259		87,412	
Total Stimulus (ARRA)			220,056	-
Non-Stimulus:				
WIA Adult Program	17.258		10,946,792	
<i>Pass-Through From Bay Consortium Workforce Investment Board</i>	17.258			223,992
<i>Pass-Through From Crater Regional Workforce Investment Board</i>	17.258			157,857
<i>Pass-Through From Region 2000 Regional Commission</i>	17.258			96,968
<i>Pass-Through From South Central Workforce Investment Board</i>	17.258			6,570
<i>Pass-Through From Southwest Virginia Workforce Investment Board</i>	17.258			156
<i>Pass-Through From Virginia Workforce Network</i>	17.258			29,499
WIA Dislocated Worker Formula Grants	17.278		17,341,264	
<i>Pass-Through From Greater Peninsula Workforce Development Consortium</i>	17.278			16,841
<i>Pass-Through From South Central Workforce Investment Board</i>	17.278			9,810
WIA Youth Activities	17.259		11,718,877	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From Bay Consortium Workforce Investment Board</i>	17.259			187,923
<i>Pass-Through From Goodwill Industries</i>	17.259			3,342
<i>Pass-Through From Opportunity Incorporated</i>	17.259			11,822
<i>Pass-Through From People Incorporated of Southwest Virginia</i>	17.259			17,348
<i>Pass-Through From South Central Workforce Investment Board</i>	17.259			416,141
<i>Pass-Through From Southwest Virginia Workforce Investment Board</i>	17.259			57,000
Total Non-Stimulus			40,006,933	1,235,269
Total WIA Cluster			40,226,989	1,235,269
Total U.S. Department of Labor			1,322,585,359	4,140,396

U.S. DEPARTMENT OF STATE

Academic Exchange Programs - Undergraduate Programs	19.009		2,404,066	
<i>Pass-Through From Institute of International Education</i>	19.009			117,649
Academic Exchange Programs - Humphrey Fellowship Program	19.010			
<i>Pass-Through From Institute of International Education</i>	19.010			246,575
Professional and Cultural Exchange Programs - Special Professional and Cultural Programs	19.012		94,593	
Academic Exchange Programs-Teachers	19.408		51,631	
<i>Pass-Through From International Research and Exchange Board</i>	19.408			356,264
Professional and Cultural Exchange Programs Citizen Exchanges	19.415		1,263,488	
<i>Pass-Through From Relief International</i>	19.415			37,454
<i>Pass-Through From World Learning</i>	19.415			34,710
Academic Exchange Programs - Educational Advising and Student Services	19.432		538,187	
Public Diplomacy Programs for Afghanistan and Pakistan	19.501		1,246,859	
Weapons Removal and Abatement	19.800		458,415	
Other Assistance:				
E Pluribus Unum-Out of Many, One: Contemporary United States' Society in Context	19.000	S-ECAA-11-CA-067	374,255	
Greek Teachers Development Project	19.000	S-ECAAS-08-CA-204	7,809	
Other Assistance	19.000	PC-11-8-063	16,536	
<i>Pass-Through From Alliance for Conflict Transformation</i>	19.000	SPRMCO10CA111		8,708
<i>Pass-Through From Humphrey Fellowship Program</i>	19.000	Agreement Dated 2/1/11		134,785
<i>Pass-Through From International Research and Exchanges Board</i>	19.000	UGRAD-GEORGEMASON10		30
<i>Pass-Through From Phelps Stokes</i>	19.000	SUSI-11-067-A		166,536
Strategic Trade Control Legal and Regulatory Development Training and Assistance to the Government of Jordan	19.000	S-PMECO-09-GR-026	25,924	
Total Excluding Clusters Identified Below			6,481,763	1,102,711
Research and Development Cluster:				
One-Time International Exchange Grant Program	19.014			
<i>Pass-Through From Legacy International</i>	19.014			13,466
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300			
<i>Pass-Through From National Council for Eurasian and East European Research</i>	19.300			10,079
<i>Pass-Through From University of Delaware</i>	19.300			19,972
Professional and Cultural Exchange Programs Citizen Exchanges	19.415		286,577	
<i>Pass-Through From Prime Photonics Limited Company</i>	19.415			13,841

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Schedule of Expenditures of Federal Awards
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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Middle East Partnership Initiative (MEPI)	19.500		3,967	
Other Assistance:				
Other Assistance	19.000	S-LMAQM-07-GR-341	393	
Other Assistance	19.000	S-TS800-09-GR-204	185,991	
Sustainability Assessments	19.000	G00002527	4,546	
Workplan for Russia	19.000	SINLECO9GR0032	521,147	
Total Research and Development Cluster			1,002,621	57,358
Total U.S. Department of State			7,484,384	1,160,069
U.S. DEPARTMENT OF TRANSPORTATION				
Non-Stimulus:				
Airport Improvement Program	20.106		64,918	
National Motor Carrier Safety	20.218		5,029,846	
Commercial Driver License Program Improvement Grant	20.232		377,492	
Safety Data Improvement Program	20.234		339,686	
Commercial Vehicle Information Systems and Networks	20.237		405,200	
Commercial Drivers License Information System (CDLIS) Modernization Grant	20.238		406,919	
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240		42,525	
Federal Transit-Metropolitan Planning	20.505		3,106,367	
Formula Grants for Other Than Urbanized Areas	20.509		16,664,356	
Public Transportation Research	20.514		52,101	
Alternatives Analysis	20.522		219,365	
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605		54,901	
Alcohol Open Container Requirements	20.607		9,935,832	
Pipeline Safety Program Base Grants	20.700		1,134,056	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		474,130	
Other Assistance:				
Fatal Accident and Reporting	20.000	DTNH-22	92,233	
Fatal Accident and Reporting	20.000	DTNH22	(411,674)	
Other Assistance	20.000	G00000009A	(63,494)	
Other Assistance	20.000	G00000009B	63,494	
Other Assistance	20.000	VA-26-1011-01	127,116	
<i>Pass-Through From Arrowhead Regional Planning Commission</i>	20.000	Executed 905383244		3,207
Performance and Registration Information Systems	20.000	PZVA 03 and PZ-09-511	411,674	
Performance and Registration Information Systems	20.000	PZVA03 & PZ09	353,075	
Virginia Department of Transportation Business Opportunity and Workforce Development Center	20.000	G00000009A	8,958	
Virginia Department of Transportation Business Opportunity and Workforce Development Center	20.000	G00000009B	63,494	
Total Non-Stimulus			38,952,570	3,207
Stimulus (ARRA):				
Formula Grants for Other Than Urbanized Areas	20.509		1,257,441	
Total Stimulus (ARRA)			1,257,441	-
Total Excluding Clusters Identified Below			40,210,011	3,207

COMMONWEALTH OF VIRGINIA
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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Federal Transit Cluster:				
Federal Transit-Capital Investment Grants - ARRA	20.500		288,792	
Total Federal Transit Cluster			288,792	-
Highway Planning and Construction Cluster:				
Non-Stimulus:				
Highway Planning and Construction - ARRA	20.205		961,879,490	
<i>Pass-Through From Crash Avoidance Metric Partnership</i>	20.205			731,644
<i>Pass-Through From Ohio State University</i>	20.205			39,288
<i>Pass-Through From University of Arizona</i>	20.205			37,597
Recreational Trails Program	20.219		1,597,055	
Total Non-Stimulus			963,476,545	808,529
Stimulus (ARRA):				
Highway Planning and Construction - ARRA	20.205		181,742,663	
Total Stimulus (ARRA)			181,742,663	-
Total Highway Planning and Construction Cluster			1,145,219,208	808,529
Highway Safety Cluster:				
State and Community Highway Safety	20.600		5,073,523	
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601		2,134,476	
Occupant Protection Incentive Grants	20.602		1,249,625	
State Traffic Safety Information System Improvement Grants	20.610		792,031	
Incentive Grant Program to Increase Motorcyclist Safety	20.612		31,631	
Child Safety and Child Booster Seats Incentive Grants	20.613		50,642	
Total Highway Safety Cluster			9,331,928	-
Transit Services Programs Cluster:				
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		2,518,571	
Job Access-Reverse Commute	20.516		698,145	
New Freedom Program	20.521		1,101,966	
Total Transit Services Programs Cluster			4,318,682	-
Research and Development Cluster:				
Airport Improvement Program	20.106			
<i>Pass-Through From Stevens Institute</i>	20.106			2,678
Aviation Research Grants	20.108		914,944	
Highway Research and Development Program	20.200		607,082	
<i>Pass-Through From Crash Avoidance Metric Partnership</i>	20.200			739,267
<i>Pass-Through From Purdue University</i>	20.200			44,732
<i>Pass-Through From The National Academies</i>	20.200			168,039
<i>Pass-Through From Western Research Institute</i>	20.200			152,694
National Motor Carrier Safety	20.218		1,531,170	
Motor Carrier Research and Technology Programs	20.239		1,035,898	
Railroad Research and Development	20.313		342,910	
Railroad Safety Technology Grants	20.321			
<i>Pass-Through From Howard University</i>	20.321			95,660

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
National Highway Transportation Safety Administration (NHTSA)				
Discretionary Safety Grants	20.614		371,750	
<i>Pass-Through From Westat Incorporated</i>	20.614			703,166
University Transportation Centers Program	20.701		358,356	
<i>Pass-Through From National Transportation Research Center</i>	20.701			42,772
<i>Pass-Through From Pennsylvania State University</i>	20.701			433,731
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	20.701			3,676
<i>Pass-Through From University of Idaho</i>	20.701			979
Biobased Transportation Research	20.761			
<i>Pass-Through From University of Tennessee</i>	20.761			13,441
Transportation Planning, Research and Education	20.931		255,337	
Other Assistance:				
Analysis of Wake Turbulence Hazards	20.000	DTFAWA-04-D-0013 DO17	5,855	
Data Communication Human Factors Study	20.000	DTFAWA-10-A-80015	487,557	
Data Integrity Modeling	20.000	DTFAWA-04-D-00013 DO12	42,374	
Human Automation Interaction Methods for Evaluation of New Technologies	20.000	DTFAWA-04-D-00013 0011	194,108	
Multimodal Short Sea Freight Shipping	20.000	DTOS59-10-H-00004	655,116	
Other Assistance	20.000	DDEGRF-09-X-00504	19,999	
Other Assistance	20.000	DTFH61-08-C-00030	134,484	
Other Assistance	20.000	DTFH61-10-C-00016	322,505	
Other Assistance	20.000	DTFH61-10-C-00019	179,833	
Other Assistance	20.000	DTFH61-10-C-00032	491,444	
Other Assistance	20.000	DTFH61-10-D-00023-T-10001	40,459	
Other Assistance	20.000	DTFH61-10-D-00023-T-11001	236,024	
Other Assistance	20.000	DTFH61-10-D-00023-T-11002	104,198	
Other Assistance	20.000	DTFH61-10-P-00171	38,381	
Other Assistance	20.000	DTFH61-10-P-00172	31,781	
Other Assistance	20.000	DTFH61-11-C-00009	43,853	
Other Assistance	20.000	DTFH61-11-P-00173	25,460	
Other Assistance	20.000	DTFH64-11-G-00038	2,949	
Other Assistance	20.000	DTFR53-11-C00012	288,055	
Other Assistance	20.000	DTMC75-07-D-00006	473,991	
Other Assistance	20.000	DTMC75-08-J-00017	141	
Other Assistance	20.000	DTMC75-09-H-00013	1,814,507	
Other Assistance	20.000	DTMC75-10-J-00006	5,216	
Other Assistance	20.000	DTNH-05-D-01019-TO-0026	671	
Other Assistance	20.000	DTNH22-05-D01019	131,203	
Other Assistance	20.000	DTNH22-05-D-01019-TO-0020	1,662	
Other Assistance	20.000	DTNH22-05-D-01019-TO-0033	110,578	
Other Assistance	20.000	DTNH22-08-D-00114/0002	236,386	
Other Assistance	20.000	DTNH22-08-D-00114/0004	120,775	
Other Assistance	20.000	DTNH22-08-D-00114TO0003	23,525	
Other Assistance	20.000	DTNH22-11-D-00231/0001	68,896	
Other Assistance	20.000	DTNH22-11-D-00236/0001	496,600	
Other Assistance	20.000	DTNH22-11-D-00236/0002	123,794	
Other Assistance	20.000	DTNH22-11-D-00236/0003	320,269	
Other Assistance	20.000	DTNH22-11-D-00236/0004	198,300	
Other Assistance	20.000	DTRT12-G-UTC20	54,590	
Other Assistance	20.000	MEMO DTD 5/22/12	7,511	
Other Assistance	20.000	SHRP R-06(F)	(13,889)	
Other Assistance	20.000	TO#005: DTMC75-07-D00006	163,270	
Other Assistance	20.000	TO#007; DTMC75-07-D00006	8,973	
Other Assistance	20.000	VTRC-MOA-10-008	11,837	
Other Assistance	20.000	VTRC-MOA-10-008	15,714	

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<i>Pass-Through From Applied Pavement Technology Incorporated</i>	20.000	2010-016-RR04(01)		10,354
<i>Pass-Through From Arinc, Incorporated</i>	20.000	DTFR5310C00006		4,289
<i>Pass-Through From Booz Allen Hamilton</i>	20.000	99450XSB0C		33,444
<i>Pass-Through From Iowa State University</i>	20.000	ISU Account Number 428-17-13		136,975
<i>Pass-Through From Major Automotive Company</i>	20.000	PO# TCS24310		145,884
<i>Pass-Through From Management Analysis</i>	20.000	Agreement Signed 9/18/09		448
<i>Pass-Through From National Academy of Sciences</i>	20.000	Safety-18		74,999
<i>Pass-Through From National Institute of Aerospace</i>	20.000	F11-8100-VT, TO 8107		89,028
<i>Pass-Through From Pennsylvania State University</i>	20.000	4451-VT-USDOT-0003		63,037
<i>Pass-Through From Pennsylvania State University</i>	20.000	3941-VPI-USDOT-0003		5,761
<i>Pass-Through From Pennsylvania State University</i>	20.000	3525-VPI-USDOT-0003		275,024
<i>Pass-Through From Pennsylvania State University</i>	20.000	3909-VPI-USDOT-0003		58,754
<i>Pass-Through From Pennsylvania State University</i>	20.000	3910-VPI-USDOT-0003		34,336
<i>Pass-Through From Professional Service Industries Incorporated</i>	20.000	Agreement dated 11/8/10		15,306
<i>Pass-Through From Texas A&M Research Foundation</i>	20.000	S110052		34,498
<i>Pass-Through From The National Academies</i>	20.000	SHRP R-06(F)		70,852
<i>Pass-Through From The National Academies</i>	20.000	HR 12-85		141,089
<i>Pass-Through From The National Academies</i>	20.000	SHRP S-05		3,059,854
<i>Pass-Through From The National Academies</i>	20.000	SHRP-S12A		650,715
<i>Pass-Through From The National Academies</i>	20.000	Award # HR 04-34		2,096
<i>Pass-Through From TranSecurity Limited Liability Company</i>	20.000	Agreement dated		51,862
<i>Pass-Through From Transportation Research Board</i>	20.000	HR 12-87		24,160
<i>Pass-Through From Transportation Research Board</i>	20.000	HR 15-41		71,080
<i>Pass-Through From Transportation Research Board</i>	20.000	HR 17-43		19,225
<i>Pass-Through From Transportation Research Board</i>	20.000	HR 22-26		18,297
<i>Pass-Through From University of Maryland</i>	20.000	Z990003		65,977
<i>Pass-Through From University of Maryland</i>	20.000	Z988201		29,035
<i>Pass-Through From University of Maryland</i>	20.000	Z985701		67,371
<i>Pass-Through From University of Maryland</i>	20.000	DTFAWA-11-D00017		36,392
<i>Pass-Through From University of Minnesota Twin Cities</i>	20.000	PO H000063401		6,074
<i>Pass-Through From University of Tennessee</i>	20.000	101569		5,781
<i>Pass-Through From Wake Forest University</i>	20.000	WFUHS 10144		606,226
<i>Pass-Through From Wake Forest University School of Medicine</i>	20.000	WFUHS 30045		1,306
<i>Pass-Through From Westat, Incorporated</i>	20.000	DTNH22-11D-00237		66,071
<i>Pass-Through From Westat, Incorporated</i>	20.000	DTNH22-11-D-00237 TK ORDER 2		114,289
<i>Pass-Through From Westat, Incorporated</i>	20.000	8172-S-006		84,217
<i>Pass-Through From Williamsburg Environmental Group Incorporated</i>	20.000	Agreement dated 9/19/2011		4,720
Universal Beacon Code Feasibility Study and Algorithm Development	20.000	DTFAWA-04-D-00013/0010 26	110,827	
US Dept Transportation	20.000	DTRT12-G-UTC20	1,670	
Total Research and Development Cluster			13,248,899	8,579,661
Total U.S. Department of Transportation			1,212,617,520	9,391,397
APPALACHIAN REGIONAL COMMISSION				
Appalachian Area Development	23.002		249,733	
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011		188,213	
<i>Pass-Through From East Tennessee State University</i>	23.011			3,636
Total Excluding Clusters Identified Below			437,946	3,636

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Research and Development Cluster:				
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011			
<i>Pass-Through From East Tennessee State University</i>	23.011			3,597
Total Research and Development Cluster			-	3,597
Total Appalachian Regional Commission			437,946	7,233
OFFICE OF PERSONNEL MANAGEMENT				
Research and Development Cluster:				
Intergovernmental Personnel Act (IPA) Mobility Program	27.011		107	
Other Assistance:				
Leadership Competency Matrix Project	27.000	G00438909	23,891	
Total Research and Development Cluster			23,998	-
Total Office of Personnel Management			23,998	-
FEDERAL TRADE COMMISSION				
Research and Development Cluster:				
Laboratory Analysis of Consumer Decision Making	36.000	FTC08H8237	2,201	
Total Research and Development Cluster			2,201	-
Total Federal Trade Commission			2,201	-
GENERAL SERVICES ADMINISTRATION				
Donation of Federal Surplus Personal Property	39.003		1,358,593	
Election Reform Payments	39.011		910,432	
Other Assistance:				
Telework Centers	39.000	GS-OOP-XX-CY	168,633	
Technical Systems Training	39.000	PJON01097	2,174	
Facilities Management Training	39.000	GS-11P-10-YA-C-0102	27,222	
Total Excluding Clusters Identified Below			2,467,054	-
Research and Development Cluster:				
Other Assistance:				
Other Assistance	39.000		20,818	
<i>Pass-Through From Professional Service Industries Engineering</i>	39.000	Executed 11/23/09		613
Total Research and Development Cluster			20,818	613
Total General Services Administration			2,487,872	613

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
LIBRARY OF CONGRESS				
Books for the Blind and Physically Handicapped	42.001		306,994	
Total Excluding Clusters Identified Below			306,994	-
Research and Development Cluster:				
Other Assistance:				
Pass-Through From Waynesburg University	42.000	Agreement Dated 9/24/10		10,787
Total Research and Development Cluster			-	10,787
Total Library of Congress			306,994	10,787
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Science	43.001		216,015	
Pass-Through From Smithsonian Astrophysical Observatory	43.001			31,907
Aeronautics	43.002		71,704	
Pass-Through From Virginia Space Grant Consortium	43.002			5,000
Cross Agency Support	43.009		82,568	
Total Excluding Clusters Identified Below			370,287	36,907
Research and Development Cluster:				
Non-Stimulus:				
Science	43.001		4,135,423	
Pass-Through From California Institute of Technology	43.001			127,888
Pass-Through From Dixie State College	43.001			2,749
Pass-Through From Duke University	43.001			47,498
Pass-Through From International Scientific Technologies, Incorporated	43.001			29,508
Pass-Through From National Institute of Aerospace Associates	43.001			378,731
Pass-Through From Old Dominion University Foundation	43.001			957
Pass-Through From Planetary Science Institute	43.001			2,748
Pass-Through From Princeton University	43.001			112,496
Pass-Through From Smithsonian Astrophysical Observatory	43.001			145,367
Pass-Through From Smithsonian Institution	43.001			16,108
Pass-Through From Space Telescope Science Institute	43.001			66,787
Pass-Through From University of Alaska	43.001			1,064
Pass-Through From University of Colorado	43.001			24,991
Pass-Through From University of Illinois	43.001			124,530
Pass-Through From University of Maryland	43.001			56,688
Pass-Through From University of Oklahoma	43.001			45,087
Aeronautics	43.002		366,656	
Pass-Through From Old Dominion University Research Foundation	43.002			9,333
Pass-Through From Space Telescope Science Institute	43.002			69,899
Pass-Through From United Technologies Research Center	43.002			91,208
Pass-Through From University of Colorado	43.002			68,378
Pass-Through From Virginia Space Grant Consortium	43.002			109,483
Exploration	43.003		112,439	
Education	43.008			
Pass-Through From University of Alabama	43.008			17,196

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From Virginia Space Grant Consortium</i>	43.008			513
Cross Agency Support	43.009		169,755	
Other Assistance:				
A Multiwavelength Investigation of Galaxy Interactions: An Unexplained Frontier	43.000	NNX12AH53G	10,419	
A National Crop Progress System Based on NASA Earth Science Results	43.000	NNX09AO14G	322,203	
A Quantitative Description of Ionospheric Variability for the International Reference Ionosphere	43.000	NNX09AJ74G	139,696	
A Scale Independent Method to Measure Mass of Black Holes	43.000	NNX10AD51G	48,538	
Aerosol Cloud Monsoon Interaction Studies with Single Column Model and Comparison with Simulation	43.000	NNX08AV02H	6,168	
Alpha Line Diagnostics in Accreting Neutron Stars	43.000	NNX10AV28G	2,943	
Analysis and Products Towards the Improvement of Satellite Precipitation Retrieval	43.000	NNX07AG27G	1,905	
Characterization and Understanding of Smaller Scale Structure in Limb Data	43.000	NNX08AF30G	52,808	
Characterizing the Composition of Large Mid-Latitude Topside Ionospheric Plasmaspheric Gradients	43.000	NNX07AT21G	2,244	
Determination of the Causes of Observed Neutral Density Enhancements in the Auroral Cusp	43.000	NNX09AJ76G	212,918	
Empirical Ionospheric Solar-Geomagnetic Storm Correction to the Model Using Timed Data	43.000	NNX07AO65G	4,718	
Establishing Links Between Solar Wind and Topside Ionospheric Parameters	43.000	NNX09AU37G	23,178	
Evidence Based Assessment Tool Database Development, Operations and Training	43.000	NNX09AJ62G	94,520	
Interpersonnel Act Assignment Agreement Nicogossian	43.000		79,091	
Interpersonnel Act Assignment Agreement Parnell	43.000		167,720	
Joint GeoInformatics Laboratory	43.000	NNX09AN41A	1,095,367	
Joint Laboratory for Geosciences Interoperability Partnership	43.000	NNX07AD99G Supplement 000009	223,311	
Market Based and Auction Based Models and Algorithms for Enroute Airspace Allocation and Configuration	43.000	NNX09AB20A	198,840	
Mars Cartography and Landing Site Characterization	43.000	NNX09AN20G	64,223	
Merging Precipitation Observations to Minimize Soil Moisture Modeling Errors	43.000	NNX08AV05H	5,004	
Modeling Effects of Ion Neutral Coupling on Reconnection and Flux Emergence in the Chromosphere	43.000	NNX10AQ64G	54,874	
Monthly Oceanic Rain Rate from Microwave Emission Brightness Temperature Histograms	43.000	NNX07AN22G	140,578	
Other Assistance	43.000	2917-VT-Supplement 158	3,067	
Other Assistance	43.000	3771-006-VT	429,896	
Other Assistance	43.000	3771-007-VT	13,800	
Other Assistance	43.000	4740-015-VT	958	
Other Assistance	43.000	6284-VT; T09-6200-VT	58,366	
Other Assistance	43.000	6312-VT	100,407	
Other Assistance	43.000	Contract# NNG05GF89H	11,817	
Other Assistance	43.000	HST-GO-11686.01-A	120,728	
Other Assistance	43.000	IPA 201002	197,186	
Other Assistance	43.000	NNG12PW229	579	
Other Assistance	43.000	NNL08AA02C	393,705	
Other Assistance	43.000	NNL10AA05C	219,924	
Other Assistance	43.000	NNX07AP45G	3,086	
Other Assistance	43.000	NNX08AC49A	55,565	
Other Assistance	43.000	NNX09AG51G	26,642	
Other Assistance	43.000	NNX09AJ58G	51,305	
Other Assistance	43.000	NNX09AJ67H	21,595	
Other Assistance	43.000	NNX09AM32G	64,534	
Other Assistance	43.000	NNX09AV28G	54,740	
Other Assistance	43.000	NNX10AO38G	38,056	

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Other Assistance	43.000	NNX11AM61H	54,667	
Other Assistance	43.000	RP0200608	32,347	
Other Assistance	43.000	Task Order 6294-VT	61,729	
Other Assistance	43.000	VT-03-01, 4740-005VT, SUPP 108	2,023	
Other Assistance	43.000	VT-03-01; 2907-VT; SUPPL 152	1,155	
Other Assistance	43.000	VT03-01; 4740-012-VT; SUPP 128	35,193	
Other Assistance	43.000	VT-03-01-4740-008-VT- SUP 112	3,513	
Other Assistance	43.000	VT-03-04 4740-009-VT SUP116	42,146	
Other Assistance	43.000	VT-03-1, 2740-VT, SUPP 104	218,191	
Other Assistance	43.000	VT-03-1; 2749-VT, SUPP 102	159,496	
Other Assistance	43.000	X11-9081-VPI	34,016	
<i>Pass-Through From Adnet Systems, Incorporated</i>	43.000	SESDA GMU001		142,317
<i>Pass-Through From American Astronomical Society</i>	43.000	G00000233B		1,585
<i>Pass-Through From Arizona State University</i>	43.000	1228404A		31,521
<i>Pass-Through From ASRC (Arctic Slope Regional Corporation) Management Services</i>	43.000	AMS1688		2,205,012
<i>Pass-Through From Astro Terra Corporation</i>	43.000	Agreement Signed 5/11/11		19,981
<i>Pass-Through From Boeing Company</i>	43.000	592042		28,283
<i>Pass-Through From Boeing Company</i>	43.000	PO 505907		140,819
<i>Pass-Through From Catholic University of America</i>	43.000	NNA11AB01C		198,684
<i>Pass-Through From Catholic University of America</i>	43.000	363492-SUB 1		13,730
<i>Pass-Through From Catholic University of America</i>	43.000	363322 - SUB 10-1		3,354
<i>Pass-Through From Catholic University of America</i>	43.000	363481-SUB1		29,627
<i>Pass-Through From Giner Electrochemical Systems Limited Liability Company</i>	43.000	Contract Signed 10/8/09		67
<i>Pass-Through From Hampton University</i>	43.000	06-001		137,129
<i>Pass-Through From Institute for Advanced Learning & Research</i>	43.000	2010IALRNASANNX09AU54G		147,708
<i>Pass-Through From Jet Propulsion Laboratory</i>	43.000	1345925A		11,225
<i>Pass-Through From Jet Propulsion Laboratory</i>	43.000	1345487A		85,222
<i>Pass-Through From Jet Propulsion Laboratory</i>	43.000	1376475A		12,188
<i>Pass-Through From Jet Propulsion Laboratory</i>	43.000	1436780A		12,145
<i>Pass-Through From Jet Propulsion Laboratory</i>	43.000	1381986A		35,440
<i>Pass-Through From Jet Propulsion Laboratory</i>	43.000	1345391		10,813
<i>Pass-Through From Johns Hopkins University</i>	43.000	952679		136,753
<i>Pass-Through From Luna Innovations Incorporated</i>	43.000	2618-NAS-1Y/VT		7,352
<i>Pass-Through From Metron Aviation, Incorporated</i>	43.000	GMU-0004-E49C-N106		151,699
<i>Pass-Through From MicroXact Incorporated</i>	43.000	01-NASATE2		59,524
<i>Pass-Through From NanoSonic Incorporated</i>	43.000	N-F57P		2,845
<i>Pass-Through From NanoSonic Incorporated</i>	43.000	N-B33C		14,440
<i>Pass-Through From NanoSonic Incorporated</i>	43.000	N-7264		10,282
<i>Pass-Through From Northwest Research Associates, Incorporated</i>	43.000	NWRA-08-S-114		13,021
<i>Pass-Through From Old Dominion University Research Foundation</i>	43.000	10-205-104761		144
<i>Pass-Through From Predictive Science, Incorporated</i>	43.000	NNH10CC96C		1,572
<i>Pass-Through From Prime Photonics Incorporated</i>	43.000	NAS 01-403/TO 05		3,578
<i>Pass-Through From Prime Photonics Limited Company</i>	43.000	NAS 01-402/TO-04		7,089
<i>Pass-Through From Princeton University</i>	43.000	NNX08AN40A		188,095
<i>Pass-Through From Research South, Incorporated</i>	43.000	NNX11CC70C		42,098
<i>Pass-Through From Sonoma Technology, Incorporated</i>	43.000	STI-909046		5,503
<i>Pass-Through From Southwest Research Institute</i>	43.000	NASA JPL - NAS703001		119,782
<i>Pass-Through From Southwest Research Institute</i>	43.000	NASA JPL - NNX10AE57A		10,258
<i>Pass-Through From Southwest Research Institute</i>	43.000	277046Q		5,965
<i>Pass-Through From Space Telescope Science Institute</i>	43.000	HST-GO-12022.01-A		53,247
<i>Pass-Through From Space Telescope Science Institute</i>	43.000	HST-GO-12198.01A		15,591

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<i>Pass-Through From University of Maryland</i>	43.000	Subaward number Z634016		76,659
<i>Pass-Through From University of Maryland</i>	43.000	Z659101		6,499
<i>Pass-Through From University of Maryland</i>	43.000	Z647501		46,754
<i>Pass-Through From University of Texas at Dallas</i>	43.000	120154		45,255
<i>Pass-Through From Virginia Space Consortium</i>	43.000	Contract# NNG05GF89H		11,817
<i>Pass-Through From Virginia Space Grant Consortium</i>	43.000	12-147-104762		6,784
<i>Pass-Through From Virginia Space Grant Consortium</i>	43.000	Project Number: 09-163-154093		34,564
<i>Pass-Through From Western Michigan University</i>	43.000	25 7013970		8,947
Pinpointing the Properties of Young Central Stellar Disks and Super-Massive Black Holes in Ultraluminous Infrared	43.000	1451822	10,121	
Russian Phobos Sample Return Mission	43.000	NNX09AM07G	187,851	
Shock Acceleration and Transport of Solar Energetic Particles from the Corona	43.000	NNX09AU98G	84,218	
Solar Energetic Particle Modeling at NASA Goddard Space Flight Center	43.000	NNG11PV53P	57,311	
Spitzer Discovers the Most Luminous in a Truly Bulgeless Disk Galaxy? The Chandra View	43.000	GO1-12126X	10,365	
Supplement 1 Lunar Local and Global Cartography and Calibration	43.000	NNX08AV95G	67,824	
Supplement 3 Investigation of the Consistency of Ionospheric Density	43.000	NNX08AF43G	35,465	
The Virtual Radiation Belt Observatory	43.000	NNX10AN12G	209,052	
Tracking the Formation and Evolution of Large Scale Shock Waves Ahead of Coronal Mass Ejection	43.000	NNX10AT06G	25,288	
Understanding the Solar Corona	43.000	NNX08AU69G	12,812	
Using the Chianti Atomic Database with Python	43.000	NNX09AD04G	63,002	
Total Non-Stimulus			11,009,280	5,902,174
Stimulus (ARRA):				
Aeronautics, Recovery Act	43.004		428,523	
Total Stimulus (ARRA)			428,523	-
Total Research and Development Cluster			11,437,803	5,902,174
Total National Aeronautics and Space Administration			11,808,090	5,939,081

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Promotion of the Arts-Grants to Organizations and Individuals	45.024		55,180	
Promotion of the Arts - Partnership Agreements	45.025		712,824	
Promotion of the Humanities-Challenge Grants	45.130		2,505	
Promotion of the Humanities-Division of Preservation and Access	45.149		455,682	
<i>Pass-Through From Society of Architectural Historians</i>	45.149			117,219
Promotion of the Humanities-Research	45.161		22,344	
Promotion of the Humanities-Teaching and Learning Resources and Curriculum Development	45.162		(6,150)	
Promotion of the Humanities-Professional Development	45.163		235,219	
Promotion of the Humanities-Public Programs	45.164		371,106	
<i>Pass-Through From University of Pittsburgh</i>	45.164			1,796
Promotion of the Humanities-Office of Digital Humanities	45.169		59,279	

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Museum Grants for African American History and Culture	45.309		11,328	
Grants to States	45.310		4,170,121	
National Leadership Grants	45.312		94,229	
Laura Bush 21st Century Librarian Program	45.313		31,541	
Other Assistance:				
Develop and Host the 2012 Web Wise Conference	45.000	RE-00-11-0123-11	44,694	
Total Excluding Clusters Identified Below			6,259,902	119,015
Research and Development Cluster:				
Promotion of the Arts-Grants to Organizations and Individuals	45.024		13,406	
Promotion of the Humanities-Federal/State Partnership	45.129		931,676	
Promotion of the Humanities-Division of Preservation and Access	45.149		118,077	
Promotion of the Humanities-Fellowships and Stipends	45.160		100,800	
Promotion of the Humanities-Research	45.161		418,080	
<i>Pass-Through From University of Nebraska at Omaha</i>	45.161			(2,586)
Promotion of the Humanities-Professional Development	45.163		230,800	
Promotion of the Humanities-Public Programs	45.164		2,087	
Promotion of the Humanities-Office of Digital Humanities	45.169		144,474	
Museum for America	45.301		18,991	
Grants to States	45.310			1,468
<i>Pass-Through From University of Michigan</i>	45.310			
National Leadership Grants	45.312		160,284	
<i>Pass-Through From Honolulu Zoo Society</i>	45.312			13,684
<i>Pass-Through From The Colonial Williamsburg Foundation</i>	45.312			66,424
Interpersonnel Act Assignment Agreement Kinnaman	45.000		35,108	
Other Assistance	45.000	Agreement dated 3/8/11		10,969
Total Research and Development Cluster			2,173,783	89,959
Total National Foundation on the Arts and the Humanities			8,433,685	208,974

NATIONAL SCIENCE FOUNDATION

Non-Stimulus:				
Engineering Grants	47.041		130,436	
Mathematical and Physical Sciences	47.049		727,685	
Geosciences	47.050		644,189	
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	47.050			25,336
<i>Pass-Through From University of California, The Regents of</i>	47.050			7,519
Computer and Information Science and Engineering	47.070		92,351	
Biological Sciences	47.074		455,506	
<i>Pass-Through From University of Washington</i>	47.074			8,756
Social, Behavioral, and Economic Sciences	47.075		146,574	
Education and Human Resources	47.076		6,734,787	
<i>Pass-Through From American Association of Community Colleges</i>	47.076			9,932
<i>Pass-Through From City College New York Institute</i>	47.076			25,522
<i>Pass-Through From George Washington University</i>	47.076			14,378
<i>Pass-Through From Howard University</i>	47.076			5,042
<i>Pass-Through From Old Dominion Research Foundation</i>	47.076			154,315
<i>Pass-Through From Prince George County</i>	47.076			58,396
<i>Pass-Through From Space Tech Education and Human Resources</i>	47.076			4,601

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<i>Pass-Through From Tennessee Tech University</i>	47.076			(1,941)
<i>Pass-Through From University of Maryland Eastern Shore</i>	47.076			8,781
<i>Pass-Through From Virginia Military Institute Research Labs</i>	47.076			134,405
<i>Pass-Through From Virginia Space Grant Consortium</i>	47.076			73,579
Polar Programs	47.078		39,849	
International Science and Engineering (OISE)	47.079		121,284	
Office of Cyberinfrastructure	47.080		9,812	
Other Assistance:				
<i>Pass-Through From The Physics Teacher Education Coalition</i>	47.000	MOU Executed 8/15/11		84,045
Total Non-Stimulus			9,102,473	612,666
Stimulus (ARRA):				
Trans-NSF Recovery Act Research Support	47.082		281,685	
Total Stimulus (ARRA)			281,685	-
Total Excluding Clusters Identified Below			9,384,158	612,666
Research and Development Cluster:				
Non-Stimulus:				
Engineering Grants	47.041		14,590,638	
<i>Pass-Through From ADA Technologies Incorporated</i>	47.041			29,424
<i>Pass-Through From BC Genesis</i>	47.041			11,975
<i>Pass-Through From Indiana University</i>	47.041			5,030
<i>Pass-Through From Iowa State University</i>	47.041			308,551
<i>Pass-Through From Lehigh University</i>	47.041			156
<i>Pass-Through From Louisiana State University</i>	47.041			10,052
<i>Pass-Through From New College Foundation</i>	47.041			212,398
<i>Pass-Through From Ohio State University Research Foundation</i>	47.041			1,393
<i>Pass-Through From Pennsylvania State University</i>	47.041			9,741
<i>Pass-Through From Purdue University</i>	47.041			461,760
<i>Pass-Through From QuantTera</i>	47.041			39,336
<i>Pass-Through From Signal Processing Technologies</i>	47.041			943
<i>Pass-Through From Texas MicroPower Incorporated</i>	47.041			16,642
<i>Pass-Through From University of Arizona</i>	47.041			341,166
<i>Pass-Through From University of Connecticut</i>	47.041			96,892
<i>Pass-Through From University of Massachusetts</i>	47.041			(1)
<i>Pass-Through From University of Michigan - Ann Arbor</i>	47.041			51,588
<i>Pass-Through From University of Minnesota</i>	47.041			133,000
<i>Pass-Through From University of Pennsylvania</i>	47.041			48,333
Mathematical and Physical Sciences	47.049		13,200,941	
<i>Pass-Through From Massachusetts Institute of Technology</i>	47.049			2,654
<i>Pass-Through From Pennsylvania State University</i>	47.049			558
<i>Pass-Through From Stanford University</i>	47.049			13,171
<i>Pass-Through From The Mathematical Association of America</i>	47.049			10,990
<i>Pass-Through From The University of Texas at Austin</i>	47.049			5,936
<i>Pass-Through From University of Minnesota Twin Cities</i>	47.049			19,525
<i>Pass-Through From University of Pittsburgh</i>	47.049			3,983
<i>Pass-Through From University of Richmond</i>	47.049			4,509
<i>Pass-Through From University of Texas at San Antonio</i>	47.049			62,924
<i>Pass-Through From University of Washington</i>	47.049			442,490
<i>Pass-Through From University of Wisconsin-Madison</i>	47.049			12,704
Geosciences	47.050		6,403,328	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From Bermuda Institute of Ocean Sciences</i>	47.050			15,056
<i>Pass-Through From Boston University</i>	47.050			20,163
<i>Pass-Through From Colorado State University</i>	47.050			14,716
<i>Pass-Through From Lehigh University</i>	47.050			355
<i>Pass-Through From Mississippi State University</i>	47.050			24,549
<i>Pass-Through From University of Chicago</i>	47.050			11,147
<i>Pass-Through From University of Georgia</i>	47.050			10,363
<i>Pass-Through From University of Nebraska</i>	47.050			65,133
<i>Pass-Through From West Virginia University</i>	47.050			3,140
Computer and Information Science and Engineering	47.070		12,149,868	
<i>Pass-Through From Computing Research Association</i>	47.070			41,489
<i>Pass-Through From Georgetown University Medical Center</i>	47.070			69,043
<i>Pass-Through From Syracuse University</i>	47.070			30,031
<i>Pass-Through From The College Board</i>	47.070			2,402
<i>Pass-Through From University of Colorado</i>	47.070			71,728
<i>Pass-Through From University of Massachusetts</i>	47.070			75,013
<i>Pass-Through From University of North Carolina at Chapel Hill</i>	47.070			1,807
<i>Pass-Through From University of Wisconsin</i>	47.070			8,304
Biological Sciences	47.074		9,157,332	
<i>Pass-Through From Auburn University</i>	47.074			11,167
<i>Pass-Through From Cornell University</i>	47.074			58,162
<i>Pass-Through From Duke University</i>	47.074			360,989
<i>Pass-Through From Florida International University</i>	47.074			34,809
<i>Pass-Through From Institute of Ecosystem Studies</i>	47.074			339
<i>Pass-Through From Ohio State University Research Foundation</i>	47.074			11,218
<i>Pass-Through From Santa Fe Institute</i>	47.074			73,417
<i>Pass-Through From University of Arizona</i>	47.074			64,058
<i>Pass-Through From University of Georgia</i>	47.074			101,445
<i>Pass-Through From University of South Florida</i>	47.074			22,302
<i>Pass-Through From Villanova University</i>	47.074			28,985
<i>Pass-Through From Wake Forest University</i>	47.074			5,500
Social, Behavioral, and Economic Sciences	47.075		2,288,704	
<i>Pass-Through From Carnegie Mellon University</i>	47.075			19,930
<i>Pass-Through From Georgia Institute of Technology</i>	47.075			53,968
<i>Pass-Through From National Academy of Engineering</i>	47.075			2,510
<i>Pass-Through From North Carolina State University</i>	47.075			6,203
<i>Pass-Through From Northwestern University</i>	47.075			24,405
<i>Pass-Through From University of Colorado at Boulder</i>	47.075			43,576
<i>Pass-Through From University of Maryland</i>	47.075			7,995
<i>Pass-Through From Woods Hole Research Center</i>	47.075			25,033
Education and Human Resources	47.076		9,866,032	
<i>Pass-Through From American Educational Research Association</i>	47.076			8,969
<i>Pass-Through From American Psychological Association</i>	47.076			84,208
<i>Pass-Through From George Washington University</i>	47.076			7,230
<i>Pass-Through From Indiana University</i>	47.076			39,715
<i>Pass-Through From National Center for Science & Civic Engagement</i>	47.076			411
<i>Pass-Through From Northeastern University</i>	47.076			7,354
<i>Pass-Through From Research Triangle Institute</i>	47.076			28,694
<i>Pass-Through From Trinity University</i>	47.076			34,131
<i>Pass-Through From University of Arkansas Fayetteville</i>	47.076			113
<i>Pass-Through From University of Florida</i>	47.076			4,727
Polar Programs	47.078		509,749	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From Marine Biological Laboratory</i>	47.078			110,389
<i>Pass-Through From University of Colorado at Boulder</i>	47.078			38,282
International Science and Engineering (OISE)	47.079		130,454	
<i>Pass-Through From Drexel University</i>	47.079			6,730
<i>Pass-Through From Massachusetts Institute of Technology</i>	47.079			19,243
<i>Pass-Through From University of New Mexico</i>	47.079			102,409
Office of Cyberinfrastructure	47.080		1,100,774	
<i>Pass-Through From Indiana University</i>	47.080			150,930
<i>Pass-Through From University of Colorado at Boulder</i>	47.080			2,608
<i>Pass-Through From University of Illinois</i>	47.080			605,625
Other Assistance:				
Interpersonnel Act Assignment Agreement Kant	47.000		270,276	
IPA Dr. Achenie	47.000		85,576	
Other Assistance	47.000	CCF-0924118	157,900	
Other Assistance	47.000	CMMI 1041460	195,749	
Other Assistance	47.000	CMMI-0852207	38,026	
Other Assistance	47.000	DRL-0812868-003	27,576	
Other Assistance	47.000	DUE-1061116	30,400	
Other Assistance	47.000	DUE-1148755-002	136,442	
Other Assistance	47.000	IOS-0647188	50,469	
Other Assistance	47.000	OMS 1214582	10,928	
<i>Pass-Through From American Association for the Advancement of Science</i>	47.000	Letter Dated 8/19/10		6,632
<i>Pass-Through From Brigham Young University</i>	47.000	11-0315		9,695
<i>Pass-Through From United States Media Services</i>	47.000	GSO7F0335W/D10PD18495		4,141
<i>Pass-Through From University of Arkansas Fayetteville</i>	47.000	SA1211009		315,418
<i>Pass-Through From University of Vermont</i>	47.000	EPS-0701410		3,937
Probabilistic Methods in Computational Topology	47.000	DMS-1114923	36,008	
Research, Education, and Training in Computational Math and Nonlinear Dynamics	47.000	DMS-1062633	56,237	
Workshops: Building Engineered Complex Systems	47.000	EFRI-1055489	11,553	
Total Non-Stimulus			70,504,960	5,369,864
Stimulus (ARRA):				
Trans-NSF Recovery Act Research Support	47.082		11,839,755	
<i>Pass-Through From DePaul University</i>	47.082			104,988
<i>Pass-Through From Drexel University</i>	47.082			52,851
<i>Pass-Through From NBE Technologies Limited Liability Company</i>	47.082			6,120
<i>Pass-Through From Regents of the University of Minnesota</i>	47.082			89,037
<i>Pass-Through From University of California, Davis</i>	47.082			105,162
<i>Pass-Through From University of Maryland</i>	47.082			3,887
<i>Pass-Through From University of New Mexico</i>	47.082			128,076
<i>Pass-Through From Vanderbilt University</i>	47.082			113,922
<i>Pass-Through From West Virginia University</i>	47.082			8,852
Total Stimulus (ARRA)			11,839,755	612,895
Total Research and Development Cluster			82,344,715	5,982,759
Total National Science Foundation			91,728,873	6,595,425

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
SMALL BUSINESS ADMINISTRATION				
Small Business Development Centers	59.037		2,960,354	
<i>Pass-Through From Community Business Partnership</i>	59.037			119,676
Federal and State Technology Partnership Program	59.058		80,059	
State Trade and Export Promotion Pilot Grant Program	59.061		267,447	
Other Assistance:				
Congressional Earmark Program	59.000		139,660	
			<hr/>	
Total Excluding Clusters Identified Below			3,447,520	119,676
			<hr/>	
Research and Development Cluster:				
Other Assistance:				
Energy Independence	59.000	SBAHQ-08_I-0035	2,250	
Mine Safety	59.000	SBAHQ-10-I-0280	139,674	
			<hr/>	
Total Research and Development Cluster			141,924	-
			<hr/>	
Total Small Business Administration			3,589,444	119,676
			<hr/> <hr/>	
DEPARTMENT OF VETERANS AFFAIRS				
Non-Stimulus:				
Veterans State Domiciliary Care	64.014		171,612	
Veterans State Nursing Home Care	64.015		9,939,563	
Burial Expenses Allowance for Veterans	64.101		129,727	
Veterans Information and Assistance	64.115		537	
All-Volunteer Force Educational Assistance	64.124		672,298	
State Cemetery Grants	64.203		465,483	
			<hr/>	
Total Non-Stimulus			11,379,220	-
			<hr/>	
Stimulus (ARRA):				
Grants to States for Construction of State Home Facilities	64.005		16,651	
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Total Stimulus (ARRA)			16,651	-
			<hr/>	
Total Excluding Clusters Identified Below			11,395,871	-
			<hr/>	
Research and Development Cluster:				
Other Assistance:				
Asymptomatic Carotid Stenosis: Cognitive Function and Plaque Correlates	64.000	VA-512-D15086	64,895	
Evaluation of Medical Foster Homes	64.000	G00371152	17,173	
<i>Pass-Through From Southern Arizona Veterans Affairs Healthcare System</i>	64.000	SDR-08-377		11,753
<i>Pass-Through From The Informatics Applications Group</i>	64.000	SUB GS-35F-0738N-VTU		182,660
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Total Research and Development Cluster			82,068	194,413
			<hr/>	
Total Department of Veterans Affairs			11,477,939	194,413
			<hr/> <hr/>	

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Schedule of Expenditures of Federal Awards
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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
ENVIRONMENTAL PROTECTION AGENCY				
Non-Stimulus:				
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		715,081	
State Clean Diesel Grant Program - ARRA	66.040		323,657	
Congressionally Mandated Projects	66.202		42,221	
<i>Pass-Through From Patrick Henry School of Science and Arts</i>	66.202			29,818
State Public Water System Supervision	66.432		2,178,990	
Targeted Watershed Grants	66.439		210,460	
Water Quality Management Planning - ARRA	66.454		322,482	
Capitalization Grants for Clean Water State Revolving Funds - ARRA	66.458		36,017,386	
Nonpoint Source Implementation Grants	66.460		2,595,598	
Chesapeake Bay Program	66.466		4,194,923	
<i>Pass-Through From Pennsylvania State University</i>	66.466			82,418
<i>Pass-Through From Rivanna River Basin Commission</i>	66.466			3,225
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	66.468		10,384,150	
Beach Monitoring and Notification Program Implementation Grants	66.472		481	
Water Protection Grants to the States	66.474		61,928	
Performance Partnership Grants	66.605		9,138,611	
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		20,000	
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707		315,896	
Pollution Prevention Grants Program	66.708		14,548	
Multi-Media Capacity Building Grants for States and Tribes	66.709		240,495	
Source Reduction Assistance	66.717		3,704	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		386,402	
Underground Storage Tank Prevention, Detection, and Compliance Program	66.804		783,799	
Leaking Underground Storage Tank Trust Fund Corrective Action Program - ARRA	66.805		1,274,955	
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809		185,388	
			<hr/>	
Total Non-Stimulus			69,411,155	115,461
Stimulus (ARRA):				
State Clean Diesel Grant Program - ARRA	66.040		339,937	
Water Quality Management Planning - ARRA	66.454		38,791	
Capitalization Grants for Clean Water State Revolving Funds - ARRA	66.458		1,711,455	
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	66.468		1,564,630	
Leaking Underground Storage Tank Trust Fund Corrective Action Program - ARRA	66.805		597,893	
			<hr/>	
Total Stimulus (ARRA)			4,252,706	-
			<hr/>	
Total Excluding Clusters Identified Below			73,663,861	115,461
			<hr/>	

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Research and Development Cluster:				
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		116,590	
National Clean Diesel Emissions Reduction Program - ARRA	66.039		236,945	
Targeted Watershed Grants	66.439		193,908	
<i>Pass-Through From National Fish & Wildlife Foundation</i>	66.439			46,834
Nonpoint Source Implementation Grants	66.460		71,413	
<i>Pass-Through From Rivanna River Basin Commission</i>	66.460			9,954
Regional Wetland Program Development Grants	66.461		203,107	
<i>Pass-Through From Maryland Department of Natural Resources</i>	66.461			144,200
Chesapeake Bay Program	66.466		2,297,325	
<i>Pass-Through From Chesapeake Bay Foundation Incorporated</i>	66.466			53,128
<i>Pass-Through From Environmental Defense</i>	66.466			2,348
<i>Pass-Through From Maryland Department of Natural Resources</i>	66.466			10,209
<i>Pass-Through From National Fish & Wildlife Foundation</i>	66.466			319,827
<i>Pass-Through From University of Maryland</i>	66.466			4,836
Beach Monitoring and Notification Program Implementation Grants	66.472		247,997	
Science To Achieve Results (STAR) Research Program	66.509		211,428	
Regional Environmental Monitoring and Assessment Program (REMAP) Research Projects	66.512			
<i>Pass-Through From Penn State Institute of Energy and the Environment</i>	66.512			83,231
Science To Achieve Results (STAR) Fellowship Program	66.514		75,364	
P3 Award: National Student Design Competition for Sustainability	66.516		40,460	
Environmental Protection Consolidated Grants for the Insular Areas-Program Support	66.600			
<i>Pass-Through From Chesapeake Research Consortium Incorporated</i>	66.600			6,048
Performance Partnership Grants	66.605		1,016,766	
Environmental Policy and Innovation Grants	66.611		62,081	
<i>Pass-Through From Water Environment Research Foundation</i>	66.611			167,371
Other Assistance:				
Other Assistance	66.000	EP-11-C-00135	119,562	
Other Assistance	66.000	EP-11-D-000142	45,648	
Other Assistance	66.000	XA-83396301-0	61,910	
<i>Pass-Through From CDM Chicago</i>	66.000	Agreement dated 2/1/11		80,511
Total Research and Development Cluster			5,000,504	928,497
Total Environmental Protection Agency			78,664,365	1,043,958
NUCLEAR REGULATORY COMMISSION				
U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		90,612	
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008		370,649	
Total Excluding Clusters Identified Below			461,261	-
Research and Development Cluster:				
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP)	77.007		102,235	
Total Research and Development Cluster			102,235	-
Total Nuclear Regulatory Commission			563,496	-

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
U.S. DEPARTMENT OF ENERGY				
Non-Stimulus:				
State Energy Program	81.041		1,820,471	
Weatherization Assistance for Low-Income Persons	81.042		578,801	
<i>Pass-Through From Total Action Against Poverty in Roanoke</i>	81.042			26,864
Office of Science Financial Assistance Program	81.049		263,377	
<i>Pass-Through From Ohio State University Research Foundation</i>	81.049			14,567
Conservation Research and Development	81.086		160,719	
Renewable Energy Research and Development	81.087		21,425	
Fossil Energy Research and Development	81.089		2,842	
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106			
<i>Pass-Through From Southern States Energy Board</i>	81.106			52,047
State Energy Program Special Projects	81.119		27,605	
Geologic Sequestration Training and Research Grant Program- ARRA	81.133			
<i>Pass-Through From Southern States Energy Board</i>	81.133			81,792
Other Assistance:				
Other Assistance	81.000	IPA Executed 10/6/11	166,897	
Total Non-Stimulus			3,042,137	175,270
Stimulus (ARRA):				
State Energy Program	81.041		30,974,364	
Weatherization Assistance for Low-Income Persons	81.042		33,227,841	
<i>Pass-Through From Green Jobs Alliance</i>	81.042			259,775
Renewable Energy Research and Development	81.087		164,327	
<i>Pass-Through From Arizona Geological Survey</i>	81.087			215,516
State Energy Program Special Projects	81.119			
<i>Pass-Through From Georgia Environmental Finance Authority</i>	81.119			123,465
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		181,412	
Energy Efficient Appliance Rebate Program (EEARP) - ARRA	81.127		3,107,005	
Energy Efficiency & Conservation Block Grant Program (EECBG) - ARRA	81.128		8,027,506	
<i>Pass-Through From Blacksburg Town</i>	81.128			3,073
<i>Pass-Through From City of Chesapeake</i>	81.128			17,100
<i>Pass-Through From County of Fairfax</i>	81.128			24,989
<i>Pass-Through From National Electrical Manufacturers Association</i>	81.128			24,577
Total Stimulus (ARRA)			75,682,455	668,495
Total Excluding Clusters Identified Below			78,724,592	843,765
Research and Development Cluster:				
Non-Stimulus:				
State Energy Program	81.041		175,271	
Office of Science Financial Assistance Program	81.049		13,469,035	
<i>Pass-Through From Colorado State University</i>	81.049			4,370
<i>Pass-Through From Extreme Diagnostics Incorporated</i>	81.049			717
<i>Pass-Through From Georgia Institute of Technology</i>	81.049			106,052
<i>Pass-Through From Institute for Advanced Learning & Research</i>	81.049			76,761
<i>Pass-Through From MesoScribe Phase II Proposal</i>	81.049			159,221
<i>Pass-Through From Michigan Technological University</i>	81.049			4,668
<i>Pass-Through From MicroXact Incorporated</i>	81.049			21,709

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<i>Pass-Through From NBE Technologies Limited Liability Company</i>	81.049			145,887
<i>Pass-Through From Tulane University</i>	81.049			28,617
<i>Pass-Through From University of Michigan - Ann Arbor</i>	81.049			38,274
<i>Pass-Through From University of Wisconsin at Madison</i>	81.049			46,117
<i>Pass-Through From Vanderbilt University</i>	81.049			27,749
University Coal Research	81.057		52,921	
Office of Scientific and Technical Information	81.064		118,695	
<i>Pass-Through From Clemson University Research Foundation</i>	81.064			1,760
<i>Pass-Through From Jefferson Science Associates, LLC</i>	81.064			5,512
Regional Biomass Energy Programs	81.079		239,148	
<i>Pass-Through From Mississippi State University</i>	81.079			29,659
<i>Pass-Through From South Dakota State University</i>	81.079			15,305
Conservation Research and Development	81.086		620,256	
<i>Pass-Through From Pennsylvania State University</i>	81.086			509,370
Renewable Energy Research and Development	81.087		1,332,004	
<i>Pass-Through From Electric Power Research Institute</i>	81.087			11,927
<i>Pass-Through From Giner Electrochemical Systems Limited Liability Company</i>	81.087			158,658
<i>Pass-Through From North Carolina State University</i>	81.087			39,406
<i>Pass-Through From South Dakota State University</i>	81.087			27,684
<i>Pass-Through From Turner Hunt Ocean Renewable Limited Liability Company</i>	81.087			25,313
<i>Pass-Through From University of Connecticut</i>	81.087			56,559
<i>Pass-Through From Wichita State University</i>	81.087			9,148
Fossil Energy Research and Development	81.089		1,333,870	
<i>Pass-Through From Prime Photonics Limited Company</i>	81.089			50,735
<i>Pass-Through From University of Kentucky</i>	81.089			825,130
Stewardship Science Grant Program	81.112			
<i>Pass-Through From Regents of the University of California</i>	81.112			73,135
Defense Nuclear Nonproliferation Research	81.113		110,079	
<i>Pass-Through From Civilian Research and Development Foundation Global</i>	81.113			663,026
Nuclear Energy Research, Development and Demonstration	81.121			
<i>Pass-Through From Fermi Research Alliance, LLC</i>	81.121			23,476
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		668,140	
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123		294,671	
Advanced Research and Projects Agency - Energy Financial Assistance Program - ARRA	81.135			
<i>Pass-Through From Ideal Power Converters</i>	81.135			49,095
<i>Pass-Through From Transphorm Incorporated</i>	81.135			397
Other Assistance:				
Grain Boundary Diffusion in Electronic and Structural Materials	81.000	DE-FG02-01ER45871	158,634	
Other Assistance	81.000		132,651	
Other Assistance	81.000	120828	37,264	
Other Assistance	81.000	400003429	255,408	
Other Assistance	81.000	4000095449	184,973	
Other Assistance	81.000	4000098853	37,312	
Other Assistance	81.000	4000099824	21,604	
Other Assistance	81.000	4000102146	295,128	
Other Assistance	81.000	ACI-0-40492-01	13,892	
Other Assistance	81.000	Contract# ADC-1-40023-19	100,000	
Other Assistance	81.000	DE-FC26-05NT42457	430,262	
Other Assistance	81.000	DE-FG02-05ER15658	91,675	
Other Assistance	81.000	DE-FG02-05ER15751	139,981	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Other Assistance	81.000	Letter Dated 7/5/07	1,933	
<i>Pass-Through From Altuda Energy Corporation</i>	81.000	Agreement Dated 2/14/07		11,111
<i>Pass-Through From American Society of Mechanical Engineers-Innovative Technologies Institute</i>	81.000	VT-11-02		50,859
<i>Pass-Through From American Society of Mechanical Engineers-Innovative Technologies Institute</i>	81.000	VT-11-03		2,141
<i>Pass-Through From Battelle Limited Liability Company</i>	81.000	40000207822A		5,979
<i>Pass-Through From Brookhaven National Laboratory</i>	81.000	NO. 200916		42,454
<i>Pass-Through From Brookhaven National Laboratory</i>	81.000	134216		22,613
<i>Pass-Through From Brookhaven National Laboratory</i>	81.000	40878		26,853
<i>Pass-Through From Georgia Institute of Technology</i>	81.000	RA338-G2		55,979
<i>Pass-Through From Georgia Institute of Technology</i>	81.000	RA968-S2		61,051
<i>Pass-Through From Idaho National Laboratory</i>	81.000	00122418		3,067
<i>Pass-Through From Lawrence Livermore National Laboratory</i>	81.000	Subcontract B593667		37,124
<i>Pass-Through From Lawrence Livermore National Laboratory</i>	81.000	Subcontract B596713		45,577
<i>Pass-Through From Los Alamos National Laboratory</i>	81.000	87690-001-11		16,037
<i>Pass-Through From Los Alamos National Laboratory</i>	81.000	Subcontract 169880-1, Agreement 130309		168,487
<i>Pass-Through From Los Alamos National Security Limited Liability Company</i>	81.000	Subcontract Number 196913(165782-1)		104,433
<i>Pass-Through From Los Alamos National Security Limited Liability Company</i>	81.000	102733		14,122
<i>Pass-Through From National Renewable Energy Laboratory Alliance for Sustainable Energy</i>	81.000	Contract# ADC-1-40023-19		100,000
<i>Pass-Through From Pacific Northwest National Laboratory</i>	81.000	148006		25,804
<i>Pass-Through From Savannah River Nuclear Solutions</i>	81.000	AC543340		556,449
<i>Pass-Through From Siemens Energy Incorporated</i>	81.000	DE-FC26-05NT42644-SUB026		150,202
<i>Pass-Through From Terrafore Incorporated</i>	81.000	TRFR-VT-BSL-11-1		25,909
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO15Activity#4.600.251.002		48,518
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO21U;4.600.251.002		56,533
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 28: 2.683.232.001.631		44,732
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 29: 4000.2.683.232.001.651		9,254
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 36:4000.6.670.998.001.000		33,119
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 37: 4000.4.641.251.002.534		43,854
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 38: 4000.4.641.251.002.531		11,641
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 39: 4000.4.641.251.002.212		3,116
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO#032:4000.3.622.243.002.231.		54,020
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO12 Activity#3 3.622.243.001PJ#705		84,082
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO14:Activity #3.672.238.001 PJ#379		20,188
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 27: 2.683.232.001.611		50,007
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO18;4.600.251.002 Element 005		4,200
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO19 4.600.251.002 Element 005		38,097
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO13, Activity#3.622.243.001 PJ#28		67,887
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO40: 4000.4.641.251.002.441		31,815
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO8 Activity#2.672.232.001 PJ#634		82,129
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO9Activity#5.691.241.001#563		55,172
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO17Activity#4.600.251.002		9,085
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO34:4000.3.671.238.003.413		28,557
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 24:4.600.220.001.505		4,961
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 10: Activity#5.681.884.001		76,338
<i>Pass-Through From United Research Services Corporation</i>	81.000	25:4.600.220.001.506		46,579
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 23: 1.600.999.002.000		44,171
<i>Pass-Through From United Research Services Corporation</i>	81.000	31:4000.2.600.232.002.000.008		25,199
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 20: 4.600.251.002 PR# 709		10,115
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 30: 2.683.232.001.545		36,906
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 035:4000.2.672.220.001		20,084
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 16: Activity# 4.600.251.002		63,948

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From United Research Services Corporation</i>	81.000	TO 11: 3.671.884.001 PR# 531		36,833
<i>Pass-Through From Utah Battelle Limited Liability Company</i>	81.000	4000103081		10,178
<i>Pass-Through From Vortex Hydro Energy</i>	81.000	Executed 04-01-2011		15,744
Rapid Detection of Biological and Chemical Threat Agents Using Physical Chemistry, Active Detection, and Computational Analysis	81.000	DE-FC52-04 NA25455A AM A005	281,049	
Theory of Optical Physics of Nanocrystals for Solar Energy Utilization	81.000	XCO-0-40599-01	110,182	
Total Non-Stimulus			<u>20,706,038</u>	<u>5,928,750</u>
Stimulus (ARRA):				
State Energy Program	81.041		1,273,496	
<i>Pass-Through From University of Rhode Island</i>	81.041			15,069
Office of Science Financial Assistance Program	81.049		589,821	
<i>Pass-Through From Jefferson Science Associates, LLC</i>	81.049			121,107
<i>Pass-Through From Pennsylvania State University</i>	81.049			151,836
<i>Pass-Through From University of Southern California</i>	81.049			133,095
Conservation Research and Development	81.086		2,684,119	
Renewable Energy Research and Development	81.087		1,983	
<i>Pass-Through From Fugro William Lettis & Assoc Incorporated</i>	81.087			53,468
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		350,594	
<i>Pass-Through From PJM Interconnection, Limited Liability Corporation</i>	81.122			65,365
<i>Pass-Through From Virginia Beach City</i>	81.122			20,546
Geologic Sequestration Training and Research Grant Program- ARRA	81.133		102,060	
Advanced Research and Projects Agency - Energy Financial Assistance Program - ARRA	81.135		860,637	
<i>Pass-Through From Hughes Research Laboratories Limited Liability Company</i>	81.135			133,071
<i>Pass-Through From University of Delaware</i>	81.135			76,900
Other Assistance:				
Other Assistance	81.000	4000104217	10,126	
Other Assistance	81.000	TO 22: 6.600.007.002 410	79,949	
Total Stimulus (ARRA)			<u>5,952,785</u>	<u>770,457</u>
Total Research and Development Cluster			<u>26,658,823</u>	<u>6,699,207</u>
Total U.S. Department of Energy			<u>105,383,415</u>	<u>7,542,972</u>

U.S. DEPARTMENT OF EDUCATION

Non-Stimulus:

Adult Education-Basic Grants to States	84.002		14,216,432	
Migrant Education-State Grant Program	84.011		713,032	
Title I Program for Neglected and Delinquent Children and Youth	84.013		1,438,781	
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015		391,805	
Undergraduate International Studies and Foreign Language Programs	84.016		53,570	
Higher Education-Institutional Aid	84.031		11,867,512	
Career and Technical Education-Basic Grants to States	84.048		24,832,797	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Leveraging Educational Assistance Partnership	84.069		396,435	
Fund for the Improvement of Postsecondary Education	84.116		809,736	
<i>Pass-Through From Florida State College at Jacksonville</i>	84.116			63,402
<i>Pass-Through From LaGuardia Community College</i>	84.116			7,515
Minority Science and Engineering Improvement	84.120		24,366	
Rehabilitation Long-Term Training	84.129		565,781	
College Housing and Academic Facilities Loans	84.142		1,996,980	
Migrant Education-Coordination Program	84.144		169,314	
Business and International Education Projects	84.153		131,017	
Rehabilitation Services-Client Assistance Program	84.161		195,134	
Javits Fellowships	84.170		184,521	
Douglas Teacher Scholarships	84.176		14,618	
Safe and Drug-Free Schools and Communities-National Programs	84.184		184,303	
<i>Pass-Through From Albemarle County Public Schools</i>	84.184			(2,919)
Byrd Honors Scholarships	84.185		89,670	
Safe and Drug-Free Schools and Communities-State Grants	84.186		1,854,752	
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		584,134	
Graduate Assistance in Areas of National Need	84.200		562,900	
Javits Gifted and Talented Students Education	84.206		222,138	
Even Start-State Educational Agencies	84.213		901,326	
<i>Pass-Through From Accomack County Public Schools</i>	84.213			12,303
Fund for the Improvement of Education	84.215			
<i>Pass-Through From Charlottesville City Schools</i>	84.215			55,751
<i>Pass-Through From McComb School District</i>	84.215			30,657
<i>Pass-Through From Montgomery County Public Schools</i>	84.215			36,639
<i>Pass-Through From Norton City Public Schools</i>	84.215			82,546
<i>Pass-Through From Virginia Beach City Public Schools</i>	84.215			35,713
<i>Pass-Through From Waynesboro Public Schools</i>	84.215			9,116
<i>Pass-Through From Wythe County Public Schools</i>	84.215			139,896
Assistive Technology	84.224		1,386,165	
Projects with Industry	84.234		121,403	
Rehabilitation Services Demonstration and Training Programs	84.235		114,032	
Program of Protection and Advocacy of Individual Rights	84.240		293,813	
Tech-Prep Education	84.243		674,908	
Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	84.265		191,868	
Ready to Teach	84.286		33,000	
Twenty-First Century Community Learning Centers	84.287		21,277,642	
<i>Pass-Through From Norfolk Public Schools</i>	84.287			47,915
Foreign Language Assistance	84.293		159,443	
State Grants for Innovative Programs	84.298			
<i>Pass-Through From National Writing Project</i>	84.298			46,542
Civic Education - Cooperative Education Exchange Program	84.304			
<i>Pass-Through From Center for Civic Education</i>	84.304			41,075
Education Research, Development and Dissemination	84.305			
<i>Pass-Through From University of Connecticut</i>	84.305			6,700
Special Education-State Personnel Development	84.323		1,199,274	
Special Education-Personnel Development to Improve Services and Results for Children with Disabilities	84.325		1,383,126	
<i>Pass-Through From Salus University</i>	84.325			29,220
Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		227,800	
Special Education-Technology and Media Services for Individuals with Disabilities	84.327			
<i>Pass-Through From The Teaching Research Institute</i>	84.327			1,873

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Advanced Placement Program (Advanced Placement Test Fee: Advanced Placement Incentive Program Grants	84.330		220,044	
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.331		428,295	
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		2,871,917	
Assistive Technology-State Grants for Protection and Advocacy	84.343		82,305	
Transition to Teaching	84.350		100,710	
Reading First State Grants	84.357		54,365	
Rural Education	84.358		1,858,908	
Early Reading First	84.359		860,534	
School Leadership	84.363		964,971	
English Language Acquisition Grants	84.365		10,879,644	
Mathematics and Science Partnerships	84.366		2,285,341	
Improving Teacher Quality State Grants	84.367		47,104,646	
Grants for Enhanced Assessment Instruments	84.368		979,505	
Grants for State Assessments and Related Activities	84.369		8,777,043	
<i>Pass-Through From King and Queen County Public Schools</i>	84.369			117,966
Striving Readers	84.371		700,177	
College Access Challenge Grant Program	84.378		1,301,485	
<i>Pass-Through From Virginia Foundation for Community College Education</i>	84.378			3,323
Baccalaureate Degrees in Science, Technology, Engineering, Mathematics, and Critical Foreign Languages and Masters Degrees	84.381		135,291	
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407		376,216	
National Writing Project	84.928		53,377	
<i>Pass-Through From National Writing Project</i>	84.928			102,163
Other Assistance:				
<i>Pass-Through From American University</i>	84.000	11-281038-31036-01		21,468
<i>Pass-Through From Anchorage School District</i>	84.000	230522-3030		5,887
<i>Pass-Through From Fountain Fort Carson School District Eight</i>	84.000	U215X100029		34,109
<i>Pass-Through From Laramie County School District Number 1</i>	84.000	U215X100136		33,114
<i>Pass-Through From Loudoun County Public Schools</i>	84.000	U215X100327		25,810
Virginia Department of Education Accessible Instructional Materials-Fiscal Year 12	84.000	872-61178-H027A110107	885,714	
Virginia Department of Rehabilitative Services Virginia Assistive Technology System	84.000	Memorandum of Understanding 11-184	41,604	
Virginia Department of Rehabilitative Services Virginia Assistive Technology System Fiscal Year 12	84.000	Memorandum of Understanding 12-028	93,445	
Total Non-Stimulus			170,519,065	987,784
Stimulus (ARRA):				
State Fiscal Stabilization Fund (SFSF) - What Works and Innovation Fund, Recovery Act	84.396		500,000	
Education Jobs Fund	84.410		151,400,774	
Total Stimulus (ARRA)			151,900,774	-
Total Excluding Clusters Identified Below			322,419,839	987,784
Early Intervention Services (IDEA) Cluster:				
Non-Stimulus:				
Special Education-Grants for Infants and Families	84.181		10,972,095	
Special Education - Grants for Infants and Families, Recovery Act	84.393		192,148	
Total Non-Stimulus			11,164,243	-

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Stimulus (ARRA):				
Special Education - Grants for Infants and Families, Recovery Act	84.393		2,174,943	
Total Stimulus (ARRA)			2,174,943	-
Total Early Intervention Services (IDEA) Cluster			13,339,186	-
Education of Homeless Children and Youth Cluster:				
Non-Stimulus:				
Education for Homeless Children and Youth	84.196		1,094,301	
Total Non-Stimulus			1,094,301	-
Stimulus (ARRA):				
Education of Homeless Children and Youth, Recovery Act	84.387		288,496	
Total Stimulus (ARRA)			288,496	-
Total Education of Homeless Children and Youth Cluster			1,382,797	-
Educational Technology State Grants Cluster:				
Non-Stimulus:				
Education Technology State Grants	84.318		2,108,914	
Education Technology State Grants, Recovery Act	84.386			
Pass-Through From Pulaski County	84.386			43,523
Total Non-Stimulus			2,108,914	43,523
Stimulus (ARRA):				
Education Technology State Grants, Recovery Act	84.386		4,106,631	
Pass-Through From Pulaski County Public Schools	84.386			79,577
Total Stimulus (ARRA)			4,106,631	79,577
Total Educational Technology State Grants Cluster			6,215,545	123,100
Independent Living Services for Older Individuals Who Are Blind Cluster:				
Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	84.177		888,472	
Independent Living-State Grants	84.169		455,487	
Total Independent Living Services for Older Individuals Who Are Blind Cluster			1,343,959	-
School Improvement Grants Cluster:				
Non-Stimulus:				
School Improvement Grants	84.377		6,949,422	
Total Non-Stimulus			6,949,422	-

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Stimulus (ARRA):				
School Improvement Grants, Recovery Act	84.388		16,389,747	
Total Stimulus (ARRA)			16,389,747	-
Total School Improvement Grants Cluster			23,339,169	-
Special Education Cluster (IDEA):				
Non-Stimulus:				
Special Education-Grants to States	84.027		272,026,713	
Special Education-Preschool Grants	84.173		9,001,121	
Total Non-Stimulus			281,027,834	-
Stimulus (ARRA):				
Special Education Grants to States, Recovery Act	84.391		94,430,031	
Special Education - Preschool Grants, Recovery Act	84.392		3,217,639	
<i>Pass-Through From Norfolk Public Schools</i>	84.392			10,712
Total Stimulus (ARRA)			97,647,670	10,712
Total Special Education Cluster (IDEA)			378,675,504	10,712
State Fiscal Stabilization Fund Cluster:				
Stimulus (ARRA):				
State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394		156,821,807	
<i>Pass-Through From Virginia Beach City Public Schools</i>	84.394			8,440
Total Stimulus (ARRA)			156,821,807	8,440
Total State Fiscal Stabilization Fund Cluster			156,821,807	8,440
Statewide Data Systems Cluster:				
Non-Stimulus:				
Statewide Data Systems	84.372		79,653	
Total Non-Stimulus			79,653	-
Stimulus (ARRA):				
Statewide Data Systems, Recovery Act	84.384		6,103,475	
Total Stimulus (ARRA)			6,103,475	-
Total Statewide Data Systems Cluster			6,183,128	-
Student Financial Assistance Programs Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		9,095,637	
Federal Work-Study Program - ARRA	84.033		9,559,446	
Federal Perkins Loan Program-Federal Capital Contributions	84.038		73,808,095	
Federal Pell Grant Program - ARRA	84.063		441,339,824	
Federal Direct Student Loans	84.268		1,320,199,446	
Academic Competitiveness Grants	84.375		381,578	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
National Science and Mathematics Access to Retain Talent (SMART) Grants (SMART Grants)	84.376		53,456	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		338,448	
Postsecondary Education Scholarships for Veterans Dependents (Iraq and Afghanistan Service Grants (IASG))	84.408		11,100	
Total Student Financial Assistance Programs			1,854,787,030	-
Teacher Incentive Fund Cluster:				
Teacher Incentive Fund	84.374			
<i>Pass-Through From The Community Training and Assistance Center</i>	84.374			133,211
Total Teacher Incentive Fund Cluster			-	133,211
Teacher Quality Partnership Grants Cluster:				
Stimulus (ARRA):				
Teacher Quality Partnerships, Recovery Act	84.405		854,272	
Total Stimulus (ARRA)			854,272	-
Total Teacher Quality Partnership Grants Cluster			854,272	-
Title I, Part A Cluster:				
Non-Stimulus:				
Title I Grants to Local Educational Agencies	84.010		254,727,587	
Total Non-Stimulus			254,727,587	-
Stimulus (ARRA):				
Title I - Grants to Local Educational Agencies, Recovery Act	84.389		49,387,128	
Total Stimulus (ARRA)			49,387,128	-
Total Title I, Part A Cluster			304,114,715	-
Trio Cluster:				
TRIO-Student Support Services	84.042		5,001,894	
TRIO-Talent Search	84.044		1,461,752	
TRIO-Upward Bound	84.047		6,227,844	
TRIO-Educational Opportunity Centers	84.066		243,282	
TRIO-McNair Post-Baccalaureate Achievement	84.217		192,502	
Total Trio Cluster			13,127,274	-
Vocational Rehab Cluster:				
Non-Stimulus:				
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126		66,913,025	
Total Non-Stimulus			66,913,025	-

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Stimulus (ARRA):				
Rehabilitation Services - Vocational Rehabilitation Grants to States, Recovery Act	84.390		286,407	
Total Stimulus (ARRA)			286,407	-
Total Vocational Rehab Cluster			67,199,432	-
Research and Development Cluster:				
Non-Stimulus:				
International Research and Studies	84.017		180,582	
Overseas Programs-Doctoral Dissertation Research Abroad	84.022		5,335	
Fund for the Improvement of Postsecondary Education	84.116		553,667	
<i>Pass-Through From North Carolina State University</i>	84.116			7,853
<i>Pass-Through From University of Central Missouri</i>	84.116			1,468
National Institute on Disability and Rehabilitation Research	84.133		2,088,694	
<i>Pass-Through From Southwestern Educational Development Laboratory</i>	84.133			359,929
<i>Pass-Through From Transcen Incorporated</i>	84.133			303,655
<i>Pass-Through From University of Alabama</i>	84.133			7,688
Safe and Drug-Free Schools and Communities-National Programs	84.184		27,756	
Safe and Drug-Free Schools and Communities-State Grants	84.186		47,718	
Graduate Assistance in Areas of National Need	84.200		125,673	
Javits Gifted and Talented Students Education	84.206		496,521	
<i>Pass-Through From University of Connecticut</i>	84.206			699,873
Fund for the Improvement of Education	84.215			
<i>Pass-Through From Children, Youth and Family Services, Incorporated</i>	84.215			11,599
Assistive Technology	84.224			
<i>Pass-Through From RESNA (Rehabilitative Engineering and Assistive Technology Society of North America)</i>	84.224			29,266
Education Research, Development and Dissemination	84.305		6,441,037	
<i>Pass-Through From American Institutes for Research</i>	84.305			113,298
<i>Pass-Through From Columbia University</i>	84.305			140,561
<i>Pass-Through From DePaul University</i>	84.305			31,786
<i>Pass-Through From National Bureau of Economic Research</i>	84.305			100,884
<i>Pass-Through From Ohio State University</i>	84.305			218,509
<i>Pass-Through From Oregon State University</i>	84.305			8,530
<i>Pass-Through From Stanford University</i>	84.305			160,645
<i>Pass-Through From The University of Chicago</i>	84.305			94,443
Research in Special Education	84.324		1,838,239	
<i>Pass-Through From Pennsylvania State University</i>	84.324			86,354
<i>Pass-Through From University of Florida</i>	84.324			405,630
Special Education-Personnel Development to Improve Services and Results for Children with Disabilities	84.325		346,874	
International Education-Technological Innovation and Cooperation for Foreign Information Access	84.337		34,742	
Transition to Teaching	84.350			
<i>Pass-Through From American Board for Certification of Teacher Excellence</i>	84.350			(3)
Mathematics and Science Partnerships	84.366		93,724	
State Fiscal Stabilization Fund (SFSF) - What Works and Innovation Fund, Recovery Act	84.396			

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From AppleTree Institute For Education</i>	84.396			606,806
Other Assistance:				
Interpersonnel Act Assignment Agreement Kelly	84.000		95,566	
National History Education Clearinghouse	84.000	ED-07-CO-0088	1,574,425	
<i>Pass-Through From American Institutes for Research</i>	84.000	00851-03127		18,799
Total Non-Stimulus			13,950,553	3,407,573
Stimulus (ARRA):				
State Fiscal Stabilization Fund (SFSF) - What Works and Innovation Fund, Recovery Act	84.396		3,018,795	
Total Stimulus (ARRA)			3,018,795	-
Total Research and Development Cluster			16,969,348	3,407,573
Total U.S. Department of Education			3,166,773,005	4,670,820
SCHOLARSHIP AND FELLOWSHIP FOUNDATIONS				
Smithsonian Institution Fellowship Program	85.601		6,350	
Other Assistance:				
Fiscal Year 12 Facility Financial Management	85.000	Memorandum of Understanding 8/31/11	4,298	
Fiscal Year 12 Facility Planning and Design Management Training	85.000	Memorandum of Understanding 8/23/11	5,012	
Fiscal Year 12 Future Issues in Facilities Management Training	85.000	Memorandum of Understanding 8/12/11	2,085	
Fiscal Year 12 Project Management	85.000	Memorandum of Understanding 8/26/11	2,422	
Total Excluding Clusters Identified Below			20,167	-
Research and Development Cluster:				
Smithsonian Institution Fellowship Program	85.601			
<i>Pass-Through From Smithsonian Astrophysical Observatory</i>	85.601			20,496
Total Research and Development Cluster			-	20,496
Total Scholarship and Fellowship Foundations			20,167	20,496
U.S. NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				
National Historical Publications and Records Grants	89.003		724,424	
Total Excluding Clusters Identified Below			724,424	-
Research and Development Cluster:				
National Historical Publications and Records Grants	89.003		959,662	
Total Research and Development Cluster			959,662	-
Total U.S. National Archives and Records Administration			1,684,086	-
ELECTIONS ASSISTANCE COMMISSION				
Help America Vote Act Requirements Payments	90.401		1,746,253	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Total Elections Assistance Commission			1,746,253	-
U.S. INSTITUTE OF PEACE				
Annual Grant Competition	91.001		660	-
Total Excluding Clusters Identified Below			660	-
Research and Development Cluster:				
Annual Grant Competition	91.001		48,537	-
Total Research and Development Cluster			48,537	-
Total U.S. Institute of Peace			49,197	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Non-Stimulus:				
Medical Reserve Corps Small Grant Program	93.008			
<i>Pass-Through From National Association of County & City Health Officials</i>				104,450
Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		129,101	
Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042		410,587	
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043		449,038	
Special Programs for the Aging-Title IV-and Title II-Discretionary Projects - ARRA	93.048		240,129	
Alzheimer's Disease Demonstration Grants to States	93.051		207,924	
National Family Caregiver Support, Title III, Part E	93.052		3,645,932	
Global AIDS	93.067		16,661	
<i>Pass-Through From South African Medical Research Council</i>				14,417
Public Health Emergency Preparedness	93.069		18,937,329	
Medicare Enrollment Assistance Program	93.071		16,059	
Lifespan Respite Care Program	93.072		53,322	
Advancing System Improvements to Support Targets for Healthy People 2010 Grant	93.088			
<i>Pass-Through From Futures Without Violence</i>				21,430
Food and Drug Administration-Research	93.103		467,354	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		133,900	
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107		953,726	
Maternal and Child Health Federal Consolidated Programs	93.110		626,374	
<i>Pass-Through From Children's Hospital of Philadelphia</i>				18,435
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		1,608,825	
Nurse Anesthetist Traineeships	93.124		29,231	
Emergency Medical Services for Children	93.127		35,641	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		156,903	
Grants to Increase Organ Donations	93.134		192,787	
Injury Prevention and Control Research and State and Community Based Programs	93.136		1,111,539	
Protection and Advocacy for Individuals with Mental Illness	93.138		578,056	
AIDS Education and Training Centers	93.145			
<i>Pass-Through From University of Pittsburgh</i>				310,621
Projects for Assistance in Transition from Homelessness (PATH)	93.150		1,469,642	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		296,081	
Grants to States for Loan Repayment Program	93.165		7,978	
Nursing Workforce Diversity	93.178		54,134	
Disabilities Prevention	93.184		198,730	
Graduate Psychology Education Program and Patient Navigator and Chronic Disease Prevention Program	93.191		130,444	
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		39,514	
Telehealth Programs	93.211		255,815	
Family Planning-Services	93.217		4,648,190	
Traumatic Brain Injury-State Demonstration Grant Program	93.234		365,249	
Affordable Care Act Abstinence Education Program	93.235		291,293	
Grants to States to Support Oral Healthcare Workforce Activities	93.236		1,288,975	
State Capacity Building	93.240		195,337	
State Rural Hospital Flexibility Program	93.241		659,079	
Mental Health Research Grants	93.242			6,280
<i>Pass-Through From Florida State University</i>	93.242			
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243		2,186,441	
<i>Pass-Through From American Nurses Association</i>	93.243			5,000
<i>Pass-Through From City of Richmond</i>	93.243			35,000
<i>Pass-Through From National Association of State Mental Health Program Directors</i>	93.243			165,116
<i>Pass-Through From The Daily Planet</i>	93.243			30,930
<i>Pass-Through From University of California at San Francisco</i>	93.243			53,504
<i>Pass-Through From Virginia Supportive Housing</i>	93.243			23,581
Advanced Education Nursing Grant Program	93.247		518,537	
Public Health Training Centers Grant Program	93.249			73,215
<i>Pass-Through From Eastern Virginia Medical School</i>	93.249			
Universal Newborn Hearing Screening	93.251		135,405	
Poison Control Stabilization and Enhancement Grant Program	93.253		243,500	
State Health Care Access Program	93.256		515,661	
Comprehensive Geriatric Education Program (CGEP)	93.265		150,736	
The ACA: Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283		8,007,065	
<i>Pass-Through From Children's Hospital of Philadelphia</i>	93.283			28,403
<i>Pass-Through From Council of States and Territories Epidemiologists</i>	93.283			141,516
<i>Pass-Through From University of Pennsylvania</i>	93.283			1,080
National Community Centers of Excellence in Women's Health	93.290		23,758	
State Partnership Grant Program to Improve Minority Health	93.296		89,744	
Small Rural Hospital Improvement Grant Program	93.301		258,100	
Minority Health and Health Disparities Research	93.307		30,508	
Advanced Education Nursing Traineeships	93.358		254,358	
Nurse Education, Practice Quality and Retention Grants	93.359		423,179	
National Center for Research Resources	93.389		12,498	
Cancer Cause and Prevention Research	93.393		2,000	
<i>Pass-Through From University of Kentucky</i>	93.393			12,870
Cancer Treatment Research	93.395			976
<i>Pass-Through From Health Research, Incorporated</i>	93.395			
Cancer Centers Support Grants	93.397			112,430
<i>Pass-Through From University of Kentucky Research Foundation</i>	93.397			
<i>Cancer Control</i>	93.399			45,988
<i>Pass-Through From National Surgical Adjuvant Breast and Bowel Project</i>	93.399			
ARRA - Equipment to Enhance Training for Health Professionals	93.411		311	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Pregnancy Assistance Fund Program - ARRA	93.500		481,390	
Affordable Care Act (ACA) Family to Family Health Information Centers	93.504		108,724	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505		727,856	
PPHF 2012 National Public Health Improvement Initiative	93.507		261,885	
Affordable Care Act (ACA) State Health Care Workforce Development Grants	93.509		255,132	
<i>Pass-Through From Virginia Healthforce Development Authority</i>	93.509			11,490
Affordable Care Act (ACA) Primary Care Residency Expansion Program	93.510		119,352	
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511		740,223	
Affordable Care Act (ACA) Nurse-Managed Health Clinics	93.515			
<i>Pass-Through From St. Mary's Health Wagon, Incorporated</i>	93.515			131,762
Affordable Care Act (ACA) Public Health Training Centers Program, Resources Development and Academic Support to the Public Health Training Centers Program and Public Health Infrastructure and Systems Support	93.516		74,903	
Affordable Care Act – Aging and Disability Resource Center	93.517		183,987	
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518		397,028	
Affordable Care Act (ACA) – Consumer Assistance Program Grants	93.519		261,706	
Centers for Disease Control and Prevention –Affordable Care Act (ACA) – Communities Putting Prevention to Work	93.520		115,522	
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	93.521		619,391	
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525		628,074	
Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539		54,592	
The Patient Protection and Affordable Care Act of 2010 (ACA)	93.541		218,942	
The Patient Protection and Affordable Care Act of 2010 Authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	93.544		165,929	
Promoting Safe and Stable Families	93.556		6,041,240	
<i>Pass-Through From Child Development Resources</i>	93.556			12,322
Child Support Enforcement	93.563		56,919,754	
Refugee and Entrant Assistance-State Administered Programs	93.566		7,194,850	
Low-Income Home Energy Assistance	93.568		92,284,091	
<i>Pass-Through From City of Richmond</i>	93.568			80,833
Refugee and Entrant Assistance-Discretionary Grants	93.576		506,126	
Refugee and Entrant Assistance-Targeted Assistance Grants	93.584		479,007	
State Court Improvement Program	93.586		1,188,548	
Community-Based Child Abuse Prevention Grants	93.590		1,154,433	
Grants to States for Access and Visitation Programs	93.597		253,384	
Chafee Education and Training Vouchers Program (ETV)	93.599		670,620	
Assets for Independence Demonstration Program	93.602		5,775	
<i>Pass-Through From Abt Associates Incorporated</i>	93.602			358,737
Voting Access for Individuals with Disabilities-Grants to States	93.617		390,829	
Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems	93.618		80,638	
Developmental Disabilities Basic Support and Advocacy Grants	93.630		2,068,690	
Developmental Disabilities Projects of National Significance	93.631		8,757	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		462,811	
Children's Justice Grants to States	93.643		424,666	
Stephanie Tubbs Jones Child Welfare Services Program	93.645		5,121,947	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Social Services Research and Demonstration	93.647		166,730	
Foster Care-Title IV-E	93.658		54,113,586	
Adoption Assistance - ARRA	93.659		32,997,709	
Social Services Block Grant	93.667		51,126,395	
Child Abuse and Neglect State Grants	93.669		955,111	
Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	93.671		2,155,158	
Chafee Foster Care Independence Program	93.674		1,943,775	
Children's Health Insurance Program	93.767		169,239,712	
<i>Pass-Through From Virginia Health Care Foundation</i>	93.767			76,724
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768		242,358	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		1,397,145	
Alternatives to Psychiatric Residential Treatment Facilities for Children	93.789		309,452	
Money Follows the Person Rebalancing Demonstration	93.791		4,441,214	
Biomedical Research and Research Training	93.859		699	
Child Health and Human Development Extramural Research	93.865		16,465	
Medical Library Assistance	93.879		8,232	
Grants for Training in Primary Care Medicine and Dentistry	93.884		36,342	
Health Care and Other Facilities	93.887		653,828	
Specially Selected Health Projects	93.888		93,971	
National Bioterrorism Hospital Preparedness Program	93.889		8,684,950	
Rural Health Care Services Outreach and Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912			
<i>Pass-Through From Stone Mountain Health Alliance</i>	93.912			23,571
Grants to States for Operation of Offices of Rural Health	93.913		197,058	
HIV Emergency Relief Project Grants	93.914			
<i>Pass-Through From City of Norfolk</i>	93.914			180,000
<i>Pass-Through From Northern Virginia Regional Commission</i>	93.914			729,832
HIV Care Formula Grants	93.917		28,559,484	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		735,794	
<i>Pass-Through From INOVA Ryan White</i>	93.918			33,730
Healthy Start Initiative	93.926		940,085	
Special Projects of National Significance	93.928		223,644	
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		277,060	
HIV Prevention Activities-Non-Governmental Organization Based	93.939			
<i>Pass-Through From Kaiser Permanente</i>	93.939			30,774
HIV Prevention Activities-Health Department Based	93.940		4,787,394	
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943		911,626	
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		1,998,733	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		77,261	
Block Grants for Community Mental Health Services	93.958		9,961,991	
Block Grants for Prevention and Treatment of Substance Abuse	93.959		42,940,866	
Geriatric Education Centers	93.969		496,247	
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977		1,701,768	
<i>Pass-Through From TB-Maryland TBESC</i>	93.977			25
Preventive Health Services-Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978		44,327	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Preventive Health and Health Services Block Grant	93.991		577,200	
Maternal and Child Health Services Block Grant to the States	93.994		14,070,731	
Other Assistance:				
Feed Inspection	93.000	HHSF223201010985P	25,298	
Feed Inspection	93.000	HHSF223201110047C	100	
Fiscal Year 11 Channel Identification and Selection Training	93.000	TASK 190514	1,746	
Fiscal Year 11 Media Literacy: Contemporary Media in Production Text Context Training	93.000	TASK 190515	2,999	
Fiscal Year 11 Social Marketing Training	93.000	TASK 190241	1,513	
Fiscal Year 12 Behavior Change Health Communication Theory Training	93.000	Training Order 129365	1,159	
Fiscal Year 12 Social Marketing Introduction Training	93.000	Training Order 1290165	1,884	
Fiscal Year 12 Tailored Listening Training	93.000	Training Order 1290352	2,766	
Food Inspection	93.000	HHSF223201000032C	151,559	
Food Inspection	93.000	HHSF223201110061C	125,025	
Mammography Contract	93.000	# HHSF223201000063C	167,616	
NIMH Neuropathology	93.000	#HHSN271201100325P	5,879	
Tissue Residue Inspection	93.000	HHSF223201110029I	1,753	
Total Non-Stimulus			670,996,880	2,875,042
Stimulus (ARRA):				
ARRA - Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement	93.403		172,131	
ARRA - Equipment to Enhance Training for Health Professionals	93.411		15,125	
ARRA - State Primary Care Offices	93.414		22,735	
Trans-NIH Recovery Act Research Support	93.701		1,579,065	
<i>Pass-Through From Joint Center for Political and Economical Studies</i>	93.701			2,741
ARRA - Child Care and Development Block Grant	93.713		7,882,878	
ARRA Preventing Healthcare-Associated Infections	93.717		381,840	
Health Information Technology Regional Extension Centers Program - ARRA	93.718			143,492
<i>Pass-Through From VHQC</i>	93.718			
ARRA - State Grants to Promote Health Information Technology	93.719		3,297,871	
ARRA - Health Information Technology Professionals in Health Care	93.721		9,285,971	
ARRA - Prevention and Wellness - State, Territories and Pacific Islands	93.723		848,848	
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725		537,533	
ARRA - Health Information Technology and Public Health	93.729		203,376	
Total Stimulus (ARRA)			24,227,373	146,233
Total Excluding Clusters Identified Below			695,224,253	3,021,275
Aging Cluster:				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044		11,934,176	
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045		12,514,924	
Nutrition Services Incentive Program	93.053		2,404,600	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Total Aging Cluster			26,853,700	-
CCDF Cluster:				
Child Care and Development Block Grant	93.575		70,121,980	
<i>Pass-Through From Child Development Resources Incorporated</i>	93.575			278,883
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		59,887,310	
Total CCDF Cluster			130,009,290	278,883
CSBG Cluster:				
Community Services Block Grant	93.569		9,714,505	
Total CSBG Cluster			9,714,505	-
Head Start Cluster:				
Non-Stimulus:				
Head Start	93.600		554,554	
<i>Pass-Through From University of Washington</i>	93.600			932,628
Total Non-Stimulus			554,554	932,628
Stimulus (ARRA):				
ARRA - Head Start	93.708		192,003	
Total Stimulus (ARRA)			192,003	-
Total Head Start Cluster			746,557	932,628
Immunization Cluster:				
Non-Stimulus:				
Immunization Cooperative Agreements	93.268		63,734,309	
Total Non-Stimulus			63,734,309	-
Stimulus (ARRA):				
ARRA Immunization	93.712		543,417	
Total Stimulus (ARRA)			543,417	-
Total Immunization Cluster			64,277,726	-
Medicaid Cluster:				
Non-Stimulus:				
State Medicaid Fraud Control Units	93.775		6,613,293	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		7,006,999	
Medical Assistance Program	93.778		3,598,939,873	

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Total Non-Stimulus			3,612,560,165	-
Stimulus (ARRA):				
ARRA - State Survey and Certification Ambulatory Surgical Center Healthcare - Associated Infection (ASC-HAI) Prevention Initiative	93.720		91,309	
Medical Assistance Program	93.778		2,307,168	
Total Stimulus (ARRA)			2,398,477	-
Total Medicaid Cluster			3,614,958,642	-
Student Financial Assistance Programs:				
Nurse Faculty Loan Program (NFLP)	93.264		419,048	
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342		10,428,713	
Nursing Student Loans	93.364		2,262,498	
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		303,535	
Total Student Financial Assistance Programs Cluster			13,413,794	-
TANF Cluster:				
Temporary Assistance for Needy Families	93.558		129,216,685	
Total TANF Cluster			129,216,685	-
Research and Development Cluster:				
Non-Stimulus:				
HIV Prevention Programs for Women	93.015		111,816	
Alzheimer's Disease Demonstration Grants to States	93.051			
<i>Pass-Through From Alzheimer's Association of Central and Western Virginia</i>	93.051			22,839
Food and Drug Administration-Research	93.103		182,058	
<i>Pass-Through From University of Kansas Medical Center</i>	93.103			2,230
Maternal and Child Health Federal Consolidated Programs	93.110		546,678	
<i>Pass-Through From The Children's Hospital of Philadelphia</i>	93.110			29,199
Environmental Health	93.113		824,960	
<i>Pass-Through From University of North Carolina Chapel Hill</i>	93.113			103,904
Oral Diseases and Disorders Research	93.121		2,001,451	
<i>Pass-Through From Hospital for Special Surgery</i>	93.121			10,728
<i>Pass-Through From University of Medicine and Dentistry</i>	93.121			5,417
Emergency Medical Services for Children	93.127			
<i>Pass-Through From Children's Research Institute</i>	93.127			67,715
Injury Prevention and Control Research and State and Community Based Programs	93.136		1,339,315	
NIEHS Superfund Hazardous Substances-Basic Research and Education	93.143		131,444	
Human Genome Research	93.172		1,390,839	
<i>Pass-Through From UChicago Argonne, LLC</i>	93.172			4,086
Research Related to Deafness and Communication Disorders	93.173		2,231,405	
<i>Pass-Through From Ohio University</i>	93.173			60,337
<i>Pass-Through From University of Louisville Research Foundation, Incorporated</i>	93.173			123,036
<i>Pass-Through From University of Minnesota</i>	93.173			23,142

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Disabilities Prevention	93.184			
<i>Pass-Through From The Children's Hospital of Philadelphia</i>	93.184			8,204
Research and Training in Complementary and Alternative Medicine	93.213		1,264,926	
<i>Pass-Through From Federation of American Societies for Experimental Biology</i>	93.213			2,501
<i>Pass-Through From Massachusetts General Hospital</i>	93.213			323
Research on Healthcare Costs, Quality and Outcomes	93.226		1,138,308	
<i>Pass-Through From Pennsylvania State University</i>	93.226			3,088
<i>Pass-Through From University of Florida</i>	93.226			38,227
<i>Pass-Through From University of Illinois</i>	93.226			24,975
<i>Pass-Through From University of North Carolina at Chapel Hill</i>	93.226			5,660
Consolidated Knowledge Development and Application (KD&A) Program	93.230		117,838	
Epidemiology Cooperative Agreements	93.231		43,149	
National Center on Sleep Disorders Research	93.233		398,315	
Mental Health Research Grants	93.242		6,009,770	
<i>Pass-Through From Boston University</i>	93.242			64,346
<i>Pass-Through From Brown University</i>	93.242			34,658
<i>Pass-Through From Medical College of Wisconsin</i>	93.242			39,966
<i>Pass-Through From Michigan State University</i>	93.242			65,108
<i>Pass-Through From Purdue University</i>	93.242			3,719
<i>Pass-Through From Rhode Island Hospital</i>	93.242			21,598
<i>Pass-Through From University of Illinois at Chicago</i>	93.242			8,642
<i>Pass-Through From University of Kentucky Research Foundation</i>	93.242			7,933
<i>Pass-Through From University of North Carolina at Chapel Hill</i>	93.242			22,536
<i>Pass-Through From University of Pittsburgh</i>	93.242			38,301
<i>Pass-Through From University of Rochester</i>	93.242			110,024
Poison Control Stabilization and Enhancement Grant Program	93.253		180,091	
Occupational Safety and Health Program	93.262		2,419,404	
Comprehensive Geriatric Education Program (CGEP)	93.265		174,810	
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271		204,367	
Alcohol National Research Service Awards for Research Training	93.272		116,057	
Alcohol Research Programs	93.273		6,452,262	
<i>Pass-Through From State University of New York Research Foundation</i>	93.273			81,001
Drug Abuse and Addiction Research Programs	93.279		15,297,522	
<i>Pass-Through From Arizona State University</i>	93.279			13,432
<i>Pass-Through From Baylor College of Medicine</i>	93.279			19,170
<i>Pass-Through From Case Western Reserve University</i>	93.279			14,709
<i>Pass-Through From Duke University</i>	93.279			213,743
<i>Pass-Through From Florida International University</i>	93.279			16,611
<i>Pass-Through From Fordham University</i>	93.279			8,915
<i>Pass-Through From Johns Hopkins University</i>	93.279			251,501
<i>Pass-Through From Lund University</i>	93.279			55,153
<i>Pass-Through From Meharry Medical College</i>	93.279			51,188
<i>Pass-Through From Northwestern University</i>	93.279			65,147
<i>Pass-Through From Research Triangle Institute</i>	93.279			194,837
<i>Pass-Through From Scripps Research Institute</i>	93.279			215,533
<i>Pass-Through From Seton Hall University</i>	93.279			508,409
<i>Pass-Through From Silverchair Science and Communications, Incorporated</i>	93.279			98,250
<i>Pass-Through From University of Arkansas for Medical</i>	93.279			16,999
<i>Pass-Through From University of Colorado</i>	93.279			11,297
<i>Pass-Through From University of Kentucky Research Foundation</i>	93.279			42,309
<i>Pass-Through From University of Maryland</i>	93.279			10,325

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From University of Memphis</i>	93.279			32,372
<i>Pass-Through From University of North Carolina at Chapel Hill</i>	93.279			49,668
<i>Pass-Through From University of Pittsburgh</i>	93.279			214,632
<i>Pass-Through From University of Texas at San Antonio</i>	93.279			2,149
<i>Pass-Through From University of Texas Health Science Center at Houston</i>	93.279			165,516
<i>Pass-Through From University of Washington</i>	93.279			144,267
<i>Pass-Through From Yale University</i>	93.279			310,597
Mental Health Research Career/Scientist Development Awards	93.281		284,850	
Mental Health National Research Service Awards for Research Training	93.282		32,221	
The ACA: Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283		110,905	
<i>Pass-Through From Children's Hospital of Philadelphia</i>	93.283			14,864
<i>Pass-Through From National Association of County and City Health Officials</i>	93.283			31,865
<i>Pass-Through From National Center on Birth Defects and Development</i>	93.283			53,369
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		2,458,766	
<i>Pass-Through From Carnegie Mellon University</i>	93.286			26,645
<i>Pass-Through From Mikro Systems, Incorporated</i>	93.286			55,034
<i>Pass-Through From The University of Texas at Arlington</i>	93.286			22,523
<i>Pass-Through From University of California, Santa Barbara</i>	93.286			195,698
President's Council on Fitness, Sports, and Nutrition	93.289			
<i>Pass-Through From Slippery Rock University</i>	93.289			16,045
Minority Health and Health Disparities Research	93.307		2,093,130	
<i>Pass-Through From University of Southern Mississippi</i>	93.307			25,189
Trans-NIH Research Support	93.310		779,639	
Research Infrastructure Programs	93.351		11,250	
Advanced Education Nursing Traineeships	93.358		1,340	
Nurse Education, Practice Quality and Retention Grants	93.359		387,790	
<i>Pass-Through From Marquette University</i>	93.359			23,471
Nursing Research	93.361		2,362,670	
<i>Pass-Through From Children's Hospital Boston</i>	93.361			333
<i>Pass-Through From Fox Chase Cancer Center</i>	93.361			15,000
<i>Pass-Through From The University of Texas at Austin</i>	93.361			958
<i>Pass-Through From University of South Florida</i>	93.361			172,794
<i>Pass-Through From Wake Forest University</i>	93.361			4,472
National Center for Research Resources	93.389		7,806,313	
<i>Pass-Through From Barron Associates, Incorporated</i>	93.389			31,821
<i>Pass-Through From Marine Biological Laboratory</i>	93.389			95,738
<i>Pass-Through From The University of Kentucky Research Foundation</i>	93.389			59,315
<i>Pass-Through From University of Georgia</i>	93.389			80,064
Academic Research Enhancement Award	93.390		117,409	
Cancer Cause and Prevention Research	93.393		6,993,886	
<i>Pass-Through From Kaiser Permanente</i>	93.393			5,185
<i>Pass-Through From Memorial Sloan-Kettering Cancer Center</i>	93.393			145,625
<i>Pass-Through From University of Arizona</i>	93.393			88,296
<i>Pass-Through From University of Michigan</i>	93.393			30,102
<i>Pass-Through From University of Pittsburgh</i>	93.393			20,727
<i>Pass-Through From University of Texas Health Science Center at San Antonio</i>	93.393			26,908
Cancer Detection and Diagnosis Research	93.394		2,541,919	
<i>Pass-Through From Johns Hopkins University</i>	93.394			145,025
<i>Pass-Through From Mikro Systems, Incorporated</i>	93.394			12,910

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Cancer Treatment Research	93.395		8,931,942	
<i>Pass-Through From American College of Radiology</i>	93.395			4,881
<i>Pass-Through From Dana-Farber Cancer Institute, Incorporated</i>	93.395			6,149
<i>Pass-Through From Duke University</i>	93.395			12,909
<i>Pass-Through From Frontier Science and Technology Research Foundation, Incorporated</i>	93.395			63,546
<i>Pass-Through From Gynecologic Oncology Group</i>	93.395			36,686
<i>Pass-Through From Harvard University</i>	93.395			24,964
<i>Pass-Through From Health Research, Incorporated</i>	93.395			111,458
<i>Pass-Through From John Wayne Cancer Institute</i>	93.395			482
<i>Pass-Through From Mayo Clinic Rochester</i>	93.395			9,593
<i>Pass-Through From National Childhood Cancer Foundation</i>	93.395			141,935
<i>Pass-Through From Northwestern University</i>	93.395			1,114
<i>Pass-Through From University of Pittsburgh</i>	93.395			153,367
<i>Pass-Through From University of Texas</i>	93.395			21,215
<i>Pass-Through From Wake Forest University School of Medicine</i>	93.395			48,330
Cancer Biology Research	93.396		7,144,758	
<i>Pass-Through From Cedars-Sinai Medical Center</i>	93.396			25,427
Cancer Centers Support Grants	93.397		2,799,427	
<i>Pass-Through From Georgetown University Medical Center</i>	93.397			340,344
<i>Pass-Through From University of Rochester</i>	93.397			220,251
<i>Pass-Through From University of Texas</i>	93.397			360,261
<i>Pass-Through From Wake Forest University School of Medicine</i>	93.397			422
Cancer Research Manpower	93.398		1,724,587	
Cancer Control	93.399		713,155	
<i>Pass-Through From Advanced Sensor Development Group, Radiation Monitoring Devices, Incorporated</i>	93.399			2,709
<i>Pass-Through From Mount Sinai School of Medicine</i>	93.399			44,238
<i>Pass-Through From National Surgical Adjuvant Breast and Bowel Project</i>	93.399			33,967
<i>Pass-Through From University of North Carolina at Chapel Hill</i>	93.399			40,519
Affordable Care Act (ACA) Public Health Training Centers Program, Resources Development and Academic Support to the Public Health Training Centers Program and Public Health Infrastructure and Systems Support	93.516			
<i>Pass-Through From Eastern Virginia Medical School</i>	93.516			72,590
Developmental Disabilities Projects of National Significance	93.631		208,944	
<i>Pass-Through From Hampton University</i>	93.631			50,931
Social Services Research and Demonstration	93.647		9,941	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		957,041	
Cardiovascular Diseases Research	93.837		23,304,173	
<i>Pass-Through From Abbott Laboratories</i>	93.837			121,321
<i>Pass-Through From Advanced Circulatory Systems, Incorporated</i>	93.837			15,318
<i>Pass-Through From Arizona State University</i>	93.837			1,713
<i>Pass-Through From Barron Associates, Incorporated</i>	93.837			18,800
<i>Pass-Through From Brigham and Women's Hospital</i>	93.837			1,631
<i>Pass-Through From Children's Hospital Boston</i>	93.837			5,254
<i>Pass-Through From Johns Hopkins University</i>	93.837			657,762
<i>Pass-Through From Joslin Diabetes Center Incorporated</i>	93.837			39,600
<i>Pass-Through From La Jolla Institute for Allergy and Immunology</i>	93.837			16,131
<i>Pass-Through From Mayo Clinic Rochester</i>	93.837			10,020
<i>Pass-Through From McGuire Research Institute</i>	93.837			44,826
<i>Pass-Through From Mount Sinai School of Medicine</i>	93.837			58,975
<i>Pass-Through From University of California San Diego</i>	93.837			29,542
<i>Pass-Through From University of Louisville</i>	93.837			105,101

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From University of Maryland</i>	93.837			313,438
<i>Pass-Through From University of Minnesota</i>	93.837			21,128
<i>Pass-Through From University of Pittsburgh</i>	93.837			(543)
<i>Pass-Through From Wake Forest University</i>	93.837			205,135
<i>Pass-Through From Washington University in St. Louis</i>	93.837			6,702
<i>Pass-Through From Yale University</i>	93.837			2,613
Lung Diseases Research	93.838		5,979,783	
<i>Pass-Through From American Lung Association</i>	93.838			9,326
<i>Pass-Through From Columbia University</i>	93.838			57,749
<i>Pass-Through From Magnetic Imaging Technologies Incorporated</i>	93.838			1,019
<i>Pass-Through From The Cleveland Clinic Foundation</i>	93.838			185,305
<i>Pass-Through From Xemed LLC</i>	93.838			156,610
Blood Diseases and Resources Research	93.839		3,032,700	
<i>Pass-Through From Childhood Cancer Foundation</i>	93.839			8,460
<i>Pass-Through From CW Optics, Incorporated</i>	93.839			2,710
<i>Pass-Through From Luna Innovations, Incorporated</i>	93.839			29,093
<i>Pass-Through From Mount Sinai School of Medicine</i>	93.839			2,675
<i>Pass-Through From National Marrow Donor Program</i>	93.839			17,883
<i>Pass-Through From University of Nebraska</i>	93.839			2,838
<i>Pass-Through From University of North Carolina-Chapel Hill</i>	93.839			33,932
<i>Pass-Through From Washington University in St. Louis</i>	93.839			1,300
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		4,688,559	
<i>Pass-Through From Memorial Hospital of Rhode Island</i>	93.846			93,547
<i>Pass-Through From University of Iowa</i>	93.846			4,072
<i>Pass-Through From University of Pittsburgh</i>	93.846			157,047
<i>Pass-Through From University of Wisconsin</i>	93.846			119,429
<i>Pass-Through From Washington University in St. Louis</i>	93.846			18,588
Diabetes, Digestive and Kidney Disease Extramural Research	93.847		22,689,269	
<i>Pass-Through From Baylor College of Medicine</i>	93.847			133,883
<i>Pass-Through From Children's National Medical Center</i>	93.847			45,081
<i>Pass-Through From Children's Research Institute</i>	93.847			77,289
<i>Pass-Through From Duke University</i>	93.847			34,485
<i>Pass-Through From Fox Chase Cancer Center</i>	93.847			3,481
<i>Pass-Through From George Washington University</i>	93.847			3,744
<i>Pass-Through From Joslin Diabetes Center Incorporated</i>	93.847			124,904
<i>Pass-Through From Kaiser Foundation Research Institute</i>	93.847			1,799
<i>Pass-Through From Mayo Clinic Rochester</i>	93.847			13,847
<i>Pass-Through From Mayo Foundation</i>	93.847			76,069
<i>Pass-Through From Montefiore Medical Center</i>	93.847			(2,299)
<i>Pass-Through From Northwestern University</i>	93.847			15,127
<i>Pass-Through From Pennington Biomedical Research Center</i>	93.847			18,316
<i>Pass-Through From Silverchair Science and Communications, Incorporated</i>	93.847			2,471
<i>Pass-Through From The Children's Hospital of Philadelphia</i>	93.847			(1,157)
<i>Pass-Through From University of California, Santa Barbara</i>	93.847			187,883
<i>Pass-Through From University of Maryland, Baltimore</i>	93.847			8,407
<i>Pass-Through From University of Michigan</i>	93.847			35,676
<i>Pass-Through From University of Pennsylvania</i>	93.847			1,811
<i>Pass-Through From University of Pittsburgh</i>	93.847			31,607
<i>Pass-Through From University of Toledo</i>	93.847			1,018
<i>Pass-Through From Wake Forest University</i>	93.847			159,557
<i>Pass-Through From West Virginia University</i>	93.847			517
<i>Pass-Through From Yale University</i>	93.847			53,986

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Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Digestive Diseases and Nutrition Research	93.848		3,157,505	
<i>Pass-Through From Johns Hopkins University</i>	93.848			3,664
<i>Pass-Through From University of Texas Southwestern Medical Center at Dallas</i>	93.848			101,027
Kidney Diseases, Urology and Hematology Research	93.849		443,486	
<i>Pass-Through From Wake Forest University</i>	93.849			107,705
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		13,221,389	
<i>Pass-Through From Chicago Association for Research and Education in Science</i>	93.853			25,059
<i>Pass-Through From Children's National Medical Center</i>	93.853			90,713
<i>Pass-Through From Columbia University</i>	93.853			148,157
<i>Pass-Through From Electronic BioSciences Limited Liability Company</i>	93.853			4,602
<i>Pass-Through From Emory University</i>	93.853			79,191
<i>Pass-Through From Johns Hopkins University</i>	93.853			40,711
<i>Pass-Through From Massachusetts General Hospital</i>	93.853			38,835
<i>Pass-Through From Mayo Clinic</i>	93.853			150,016
<i>Pass-Through From Mayo Foundation</i>	93.853			1,947
<i>Pass-Through From Montefiore Medical Center</i>	93.853			445,213
<i>Pass-Through From Morehouse School of Medicine</i>	93.853			64,301
<i>Pass-Through From Mount Sinai School of Medicine</i>	93.853			34,618
<i>Pass-Through From Neurotargeting, Limited Liability Company</i>	93.853			10,360
<i>Pass-Through From Orlando Regional Medical Center</i>	93.853			15,430
<i>Pass-Through From Rush University Medical Center</i>	93.853			96,823
<i>Pass-Through From University of California at Los Angeles</i>	93.853			4,898
<i>Pass-Through From University of California at San Francisco</i>	93.853			287,286
<i>Pass-Through From University of Cincinnati</i>	93.853			40,323
<i>Pass-Through From University of Florida</i>	93.853			7,000
<i>Pass-Through From University of Maryland</i>	93.853			79,907
<i>Pass-Through From University of Medicine and Dentistry of New Jersey</i>	93.853			6,275
<i>Pass-Through From University of Michigan</i>	93.853			136,840
<i>Pass-Through From University of Nebraska Medical Center</i>	93.853			79,530
<i>Pass-Through From University of Oklahoma Health Science</i>	93.853			84,982
<i>Pass-Through From University of Rochester</i>	93.853			21,198
<i>Pass-Through From Wake Forest University School of Medicine</i>	93.853			62,336
<i>Pass-Through From Yale University</i>	93.853			29,537
Allergy, Immunology and Transplantation Research	93.855		30,017,134	
<i>Pass-Through From Alexander BioDiscoveries, LLC</i>	93.855			51,935
<i>Pass-Through From Biological Mimetics, Incorporated</i>	93.855			8,000
<i>Pass-Through From Brandeis University</i>	93.855			365,349
<i>Pass-Through From Carnegie-Mellon University</i>	93.855			(619)
<i>Pass-Through From Cincinnati Children's Hospital</i>	93.855			231,889
<i>Pass-Through From Duke University</i>	93.855			230,908
<i>Pass-Through From George Washington University</i>	93.855			385,101
<i>Pass-Through From Institute of Clinical Research</i>	93.855			30,734
<i>Pass-Through From Johns Hopkins University</i>	93.855			7,052
<i>Pass-Through From Mayo Clinic</i>	93.855			127,455
<i>Pass-Through From Medical College of Georgia Research Institute, Incorporated</i>	93.855			71,617
<i>Pass-Through From Montefiore Medical Center</i>	93.855			90,875
<i>Pass-Through From Purdue University</i>	93.855			41,736
<i>Pass-Through From Seattle Biomedical Research Institute</i>	93.855			131,015
<i>Pass-Through From Sequella, Incorporated</i>	93.855			268,334
<i>Pass-Through From Social and Scientific Systems</i>	93.855			3,318

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<i>Pass-Through From Techlab Research</i>	93.855			230,537
<i>Pass-Through From University of Alabama</i>	93.855			41,052
<i>Pass-Through From University of Bahia, Brazil</i>	93.855			57,488
<i>Pass-Through From University of California at Los Angeles</i>	93.855			23,253
<i>Pass-Through From University of Cincinnati</i>	93.855			3,854
<i>Pass-Through From University of Colorado</i>	93.855			176,413
<i>Pass-Through From University of Maryland</i>	93.855			1,813,542
<i>Pass-Through From University of North Carolina at Chapel Hill</i>	93.855			213,526
<i>Pass-Through From University of Pennsylvania</i>	93.855			115,048
<i>Pass-Through From University of Pittsburgh</i>	93.855			329,496
<i>Pass-Through From University of Wisconsin</i>	93.855			60,581
<i>Pass-Through From Vanderbilt University</i>	93.855			30,245
Microbiology and Infectious Diseases Research	93.856		293,762	
<i>Pass-Through From University of California, Los Angeles</i>				
Neuropsychiatric Institute	93.856			928
<i>Pass-Through From University of Maryland</i>	93.856			2,483
<i>Pass-Through From Vaccine Research Institute of San Diego</i>	93.856			67,214
Biomedical Research and Research Training	93.859		25,130,236	
<i>Pass-Through From Albert Einstein College of Medicine</i>	93.859			371,651
<i>Pass-Through From Georgetown University</i>	93.859			5,674
<i>Pass-Through From Hauptman-Woodward Medical Research Institute, Incorporated</i>	93.859			370,853
<i>Pass-Through From Luna Innovations</i>	93.859			85,672
<i>Pass-Through From Montclair State University</i>	93.859			46,747
<i>Pass-Through From Rutgers, The State University of New Jersey</i>	93.859			105,953
<i>Pass-Through From Sanford-Burnham Medical Research Institute</i>	93.859			139,641
<i>Pass-Through From University of Chicago</i>	93.859			365,890
<i>Pass-Through From University of Illinois</i>	93.859			249,145
<i>Pass-Through From University of Pittsburgh</i>	93.859			11,657
<i>Pass-Through From University of Texas Southwestern Medical Center at Dallas</i>	93.859			109,088
<i>Pass-Through From University of Utah</i>	93.859			256,069
<i>Pass-Through From Utah State University</i>	93.859			53,407
<i>Pass-Through From Vanderbilt University</i>	93.859			16,054
Child Health and Human Development Extramural Research	93.865		9,600,536	
<i>Pass-Through From Barron Associates, Incorporated</i>	93.865			(125)
<i>Pass-Through From Columbia University</i>	93.865			81,531
<i>Pass-Through From Georgetown University</i>	93.865			3,654
<i>Pass-Through From Johns Hopkins University</i>	93.865			7,450
<i>Pass-Through From Ohio State University Research Foundation</i>	93.865			122
<i>Pass-Through From RAND Corporation</i>	93.865			16,789
<i>Pass-Through From Seattle Children's Research Institute</i>	93.865			22,193
<i>Pass-Through From Simbex</i>	93.865			61,739
<i>Pass-Through From Texas Tech University</i>	93.865			64,871
<i>Pass-Through From The Salk Institute for Biological Studies</i>	93.865			47,975
<i>Pass-Through From University of Colorado</i>	93.865			64,231
<i>Pass-Through From University of Florida</i>	93.865			98,786
<i>Pass-Through From University of Minnesota</i>	93.865			81,990
<i>Pass-Through From University of Oklahoma</i>	93.865			16,400
<i>Pass-Through From Washington University</i>	93.865			3,875
<i>Pass-Through From Yale University</i>	93.865			70,749
Aging Research	93.866		3,170,296	
<i>Pass-Through From Barron Associates, Incorporated</i>	93.866			38,058
<i>Pass-Through From Boston College</i>	93.866			19,440
<i>Pass-Through From Boston University</i>	93.866			7,817

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<i>Pass-Through From Columbia University</i>	93.866			20,874
<i>Pass-Through From Georgetown University</i>	93.866			114,000
<i>Pass-Through From Mayo Clinic Rochester</i>	93.866			31,839
<i>Pass-Through From University of California San Diego</i>	93.866			111,748
<i>Pass-Through From University of Maryland</i>	93.866			35,147
<i>Pass-Through From University of Pittsburgh</i>	93.866			53,768
<i>Pass-Through From University of South Carolina</i>	93.866			39,594
<i>Pass-Through From University of Texas Health Science</i>	93.866			23,167
<i>Pass-Through From Wake Forest University</i>	93.866			19,421
Vision Research	93.867		2,162,883	
<i>Pass-Through From Barron Associates, Incorporated</i>	93.867			103,100
<i>Pass-Through From EyeRx Research, Incorporated</i>	93.867			1,297
<i>Pass-Through From Johns Hopkins University</i>	93.867			1,300
<i>Pass-Through From St. Luke's-Roosevelt Institute for Health Sciences</i>	93.867			8,789
<i>Pass-Through From University of Maryland</i>	93.867			22,089
<i>Pass-Through From University of Oklahoma Health Science</i>	93.867			5,595
Medical Library Assistance	93.879		575,028	
<i>Pass-Through From University of Maryland</i>	93.879			(825)
Specially Selected Health Projects	93.888		96,828	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		41,667	
Special Projects of National Significance	93.928		8,874	
International Research and Research Training	93.989		1,479,357	
<i>Pass-Through From Vanderbilt University</i>	93.989			20,596
Other Assistance:				
Computerized Social-Emotional Assessment Battery for School Readiness	93.000	1R21HD068744-01A1	2,706	
Interpersonnel Act Assignment Agreement Cuellar	93.000		68,775	
Interpersonnel Act Assignment Agreement Cuellar 2	93.000		48,726	
Interpersonnel Act Assignment Agreement Keyser	93.000		14,966	
Interpersonnel Act Assignment Agreement Keyser Year 3	93.000		26,657	
Interpersonnel Act Assignment Agreement Sikdar	93.000		9,479	
Optimal Detection of Decadal Predictability	93.000	DE-FG02-08ER64633	80,175	
Other Assistance	93.000	200-2010-36146	853,803	
Other Assistance	93.000	200-2011-40313	99,701	
Other Assistance	93.000	5K01MH079945-05	123,931	
Other Assistance	93.000	HHSN272200900040C	6,013,898	
Other Assistance	93.000	HHSN272201000056C	2,888,128	
Other Assistance	93.000	HHSN27520053405C	63,787	
Other Assistance	93.000	HHSN275201100015C	470,014	
Other Assistance	93.000	HHSN276201000004C	107,540	
Other Assistance	93.000	NIH-NIAID - HHSN272201000056C	373,409	
<i>Pass-Through From AMAR International, Incorporated</i>	93.000	G00663353A		20,347
<i>Pass-Through From American Institute for Research</i>	93.000	00582-02434.012		62,996
<i>Pass-Through From National Opinion Research Center</i>	93.000	620R.GMU.01		34,314
<i>Pass-Through From University of North Carolina, Chapel Hill</i>	93.000	Invoice 12-1564-01-1		3,567
Simulation Tool: An Evidence Based Decision Tool - Year 2	93.000	HHSP233201100566P	64,457	
Sustaining Teachers Effective Pedagogy	93.000	90YR0020-03	145,064	
Treatment Simulation Tool: Augmenting the Simulation Model to Use Practices to Manage Drug Offenders	93.000	HHSP233201000606P	42,373	

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Total Non-Stimulus			251,639,722	21,728,600
Stimulus (ARRA):				
Trans-NIH Recovery Act Research Support	93.701		15,964,164	
<i>Pass-Through From American College of Radiology</i>	93.701			41,840
<i>Pass-Through From Boston University</i>	93.701			573
<i>Pass-Through From Columbia University</i>	93.701			123,593
<i>Pass-Through From Dartmouth College</i>	93.701			76,792
<i>Pass-Through From Duke University</i>	93.701			23,060
<i>Pass-Through From East Carolina University</i>	93.701			76,709
<i>Pass-Through From George Washington University</i>	93.701			34,124
<i>Pass-Through From Georgetown University Medical Center</i>	93.701			74,403
<i>Pass-Through From John Wayne Cancer Institute</i>	93.701			5,549
<i>Pass-Through From Joint Center for Political and Economic Studies</i>	93.701			59,566
<i>Pass-Through From Luna Innovations</i>	93.701			754
<i>Pass-Through From Massachusetts Eye and Ear Infirmary</i>	93.701			91,528
<i>Pass-Through From Medical University of South Carolina</i>	93.701			15,049
<i>Pass-Through From Montefiore Medical Center</i>	93.701			12,601
<i>Pass-Through From Palo Alto Medical Foundation Research Institute</i>	93.701			95,314
<i>Pass-Through From Rush University Medical Center</i>	93.701			172,375
<i>Pass-Through From Sepulveda Research Corporation</i>	93.701			26,573
<i>Pass-Through From The Children's Hospital of Philadelphia</i>	93.701			227
<i>Pass-Through From The Emmes Corporation</i>	93.701			15,569
<i>Pass-Through From University of Alabama at Birmingham</i>	93.701			9,182
<i>Pass-Through From University of Alaska Fairbanks</i>	93.701			49,069
<i>Pass-Through From University of Cincinnati</i>	93.701			170,150
<i>Pass-Through From University of Georgia</i>	93.701			74,773
<i>Pass-Through From University of Maryland</i>	93.701			131,131
<i>Pass-Through From University of Michigan</i>	93.701			878
<i>Pass-Through From University of Minnesota</i>	93.701			31,036
<i>Pass-Through From University of New Mexico</i>	93.701			19,075
<i>Pass-Through From University of Pennsylvania</i>	93.701			14,287
<i>Pass-Through From University of Pittsburgh</i>	93.701			13,349
<i>Pass-Through From University of Utah</i>	93.701			5,612
<i>Pass-Through From University of Washington</i>	93.701			74,153
<i>Pass-Through From Wake Forest University School of Medicine</i>	93.701			47,072
<i>Pass-Through From Washington University in St. Louis</i>	93.701			(327)
National Center for Research Resources, Recovery Act Construction Support	93.702		2,857,445	
ARRA - Child Care and Development Block Grant	93.713			
<i>Pass-Through From Virginia Early Childhood Foundation</i>	93.713			24,677
Recovery Act - Comparative Effectiveness Research-AHRQ	93.715		337,003	
<i>Pass-Through From Kaiser Foundation Research Institute</i>	93.715			82,496
Total Stimulus (ARRA)			19,158,612	1,692,812
Total Research and Development Cluster			270,798,334	23,421,412

COMMONWEALTH OF VIRGINIA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Total U.S. Department of Health and Human Services			4,955,213,486	27,654,198
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
State Commissions	94.003		227,232	
Learn and Serve America-School and Community Based Programs	94.004		522,017	
Learn and Serve America-Higher Education	94.005		52,537	
<i>Pass-Through From The Phoenix Project</i>	94.005			1,000
AmeriCorps - ARRA	94.006		3,108,510	
Planning and Program Development Grants	94.007		49,531	
<i>Pass-Through From Elon University</i>	94.007			500
Training and Technical Assistance	94.009		37,403	
Total Corporation for National and Community Service			3,997,230	1,500
EXECUTIVE OFFICE OF THE PRESIDENT				
High Intensity Drug Trafficking Areas Program	95.001			
<i>Pass-Through From University of Maryland</i>	95.001			480,183
Total Executive Office of the President			-	480,183
SOCIAL SECURITY COMMISSION				
Social Security-Work Incentives Planning and Assistance Program	96.008		109,101	
Total Excluding Clusters Identified Below			109,101	-
Disability Insurance/SSI Cluster:				
Social Security-Disability Insurance	96.001		42,662,769	
Total Disability Insurance/SSI Cluster			42,662,769	-
Research and Development Cluster:				
Social Security-Research and Demonstration	96.007			
<i>Pass-Through From Boston College</i>	96.007			24,721
Total Research and Development Cluster			-	24,721
Total Social Security Commission			42,771,870	24,721
DEPARTMENT OF HOMELAND SECURITY				
Non-Profit Security Program	97.008		6,349,971	
<i>Pass-Through From Office of the Deputy Mayor for Public Safety and Justice</i>	97.008			1,704,731
Boating Safety Financial Assistance	97.012		1,872,132	
Pre-Disaster Mitigation (PDM) Competitive Grants	97.017		209,250	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		142,346	
Flood Mitigation Assistance	97.029		95,752	
Crisis Counseling	97.032		68,664	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		13,801,079	
Hazard Mitigation Grant	97.039		406,410	

COMMONWEALTH OF VIRGINIA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
National Dam Safety Program	97.041		112,626	
Emergency Management Performance Grants	97.042		5,228,268	
State Fire Training Systems Grants	97.043		22,422	
Assistance to Firefighters Grant	97.044		95,752	
Cooperating Technical Partners	97.045		60,782	
Pre-Disaster Mitigation	97.047		633,349	
Emergency Operations Centers	97.052		177,993	
Citizens - Community Resilience Innovation Challenge	97.053		545,710	
Interoperable Emergency Communications	97.055		669,387	
Port Security Grant Program	97.056		6,298,211	
Scientific Leadership Awards	97.062		94,287	
Homeland Security Grant Program	97.067			
<i>Pass-Through From Government of the District of Columbia</i>	97.067			1,614
<i>Pass-Through From Medical Reserve Corps</i>	97.067			312,457
Competitive Training Grants	97.068		822,536	
<i>Pass-Through From University of Tennessee</i>	97.068			32,229
Metropolitan Medical Response System	97.071		987,841	
<i>Pass-Through From Metropolitan Medical Response System</i>	97.071			207,324
State Homeland Security Program (SHSP)	97.073		17,932,167	
Law Enforcement Terrorism Prevention Program (LETPP)	97.074		967,245	
Rail and Transit Security Grant Program	97.075		57,819	
Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection	97.077		32,596	
Buffer Zone Protection Plan (BZPP)	97.078		566,464	
Driver's License Security Grant Program	97.089		209,452	
Repetitive Flood Claims	97.092		7,717	
Training Resource and Data Exchange	97.097		11,271	
Severe Loss Repetitive Program	97.110		289,297	
Regional Catastrophic Preparedness Grant Program	97.111		920,021	
<i>Pass-Through From Office of the Deputy Mayor for Public Safety and Justice</i>	97.111			1,005,420
<i>Pass-Through From Serve DC- The Mayor's On Volunteerism</i>	97.111			41,264
Other Assistance	97.000		99,890	
DOD-JFCOM Full-Scale Exercise	97.000		559,102	
Other Assistance	97.000	IPA Signed 12/13/10 & 6/4/12	236,293	
Total Excluding Clusters Identified Below			60,584,102	3,305,039
Research and Development Cluster:				
Pilot Demonstration or Earmarked Projects	97.001			
<i>Pass-Through From Dartmouth College</i>	97.001			41,948
Pre-Disaster Mitigation	97.047		12,218	
Centers for Homeland Security	97.061			
<i>Pass-Through From Ceres Nanosciences, Incorporated</i>	97.061			118,933
<i>Pass-Through From Purdue University</i>	97.061			33,152
Homeland Security Advanced Research Projects Agency	97.065		445,381	
Map Modernization Management Support	97.070			

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
<i>Pass-Through From Maryland Department of the Environment</i>	97.070			223
State Homeland Security Program (SHSP)	97.073		289,321	
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97.108		418,149	
Regional Catastrophic Preparedness Grant Program	97.111		147	
Other Assistance:				
Infrastructure Protection Higher Education Programs	97.000	HSHQDC-10-C-00038	363,395	
<i>Pass-Through From Centripetal Network Incorporated</i>	97.000	Agreement Dated 3/12/12		28,509
<i>Pass-Through From Dartmouth College</i>	97.000	2006-CS-001-000001-02		21,622
<i>Pass-Through From International Association of Fire Chiefs</i>	97.000	92300A		1,276
<i>Pass-Through From LGS Innovations (Alcatel-Lucent) Limited Liability Company</i>	97.000	GOV0012324		166,296
<i>Pass-Through From National Domestic Preparedness Coalition</i>	97.000	2007-GT-T7-K017		20,902
<i>Pass-Through From Temporal Defense System, Incorporated</i>	97.000	G00781420		30,254
<i>Pass-Through From Virginia Fire Chiefs Association</i>	97.000	G00738516A		62,239
Total Research and Development Cluster			1,528,611	525,354
Total Department of Homeland Security			62,112,713	3,830,393
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT				
Cooperative Development Program (CDP)	98.002			
<i>Pass-Through From National Academy of Science</i>	98.002			49,978
USAID Development Partnerships for University Cooperation and Development	98.012		10,321	
<i>Pass-Through From American Council of Education</i>	98.012			337,754
Total Excluding Clusters Identified Below			10,321	387,732
Research and Development Cluster:				
USAID Foreign Assistance for Programs Overseas	98.001		5,208,708	
<i>Pass-Through From Board of Regents of the University of Wisconsin</i>	98.001			263,786
<i>Pass-Through From Ohio State University</i>	98.001			77,581
<i>Pass-Through From Oregon State University</i>	98.001			158,192
<i>Pass-Through From Winrock International</i>	98.001			178,596
USAID Development Partnerships for University Cooperation and Development	98.012			
<i>Pass-Through From American Council on Education</i>	98.012			456,030
<i>Pass-Through From University of Georgia</i>	98.012			100,885
Other Assistance:				
Other Assistance	98.000	0331080 Agreement Dated 9/21/07	97,190	
Other Assistance	98.000	685-A-00-08-00065-00	323	
Other Assistance	98.000	685-A-00-10-00194-00	3,062,983	
Other Assistance	98.000	AID-663-LA-11-00002	93,295	
Other Assistance	98.000	AID-OAA-LA-10-00008	226,840	
Other Assistance	98.000	EDH-A-00-08-00015-00	292,292	
<i>Pass-Through From Chemonics International, Incorporated</i>	98.000	HICD PLUS 01-2012		45,963
<i>Pass-Through From International Food Policy Research</i>	98.000	Research Contract 2011X383.VPI		85,549
<i>Pass-Through From International Potato Center</i>	98.000	Agreement dated 10/5/10		27,185
<i>Pass-Through From Purdue University</i>	98.000	41060000-8000021024		28,201

COMMONWEALTH OF VIRGINIA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2012

Federal Department/Program/Federal Pass-Through Entity	CFDA#	Other Identifying Numbers	Direct Cost	Indirect Cost
Total Research and Development Cluster			8,981,631	1,421,968
Total U.S. Agency for International Development			8,991,952	1,809,700
OTHER FEDERAL ASSISTANCE				
Modification 14 United States Postal Service Strategic Planning: Work Life Environment	99.000	6HQOIG-06-B-0004	41,200	
United States Postal Service Postal Law and Policy Option Study	99.000	6HQOIG-11-B-0028	110,257	
Total Excluding Clusters Identified Below			151,457	-
Research and Development Cluster:				
Other Assistance:				
Federal Deposit Insurance Corporation Interpersonnel Act Assignment Agreement Ramirez	99.000		48,415	
Postal Regulatory Commission Optimizing the Closure of United States Post Offices	99.000	G00483944-01	8,000	
Postal Regulatory Commission Study Peak Load Costs in the Postal Service	99.000	G00483944	103,563	
Total Research and Development Cluster			159,978	-
Total Other Federal Assistance			311,435	-
Total Federal Grantor Agencies			\$ 13,403,248,885	\$ 101,365,563

The accompanying notes to the Schedule of Federal Expenditures of Federal Awards are an integral part of this schedule.

COMMONWEALTH OF VIRGINIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

1. PURPOSE OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires a schedule of expenditures of federal awards showing total federal expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA). The accompanying schedule includes all expenditures of federal awards of the Commonwealth of Virginia's departments, institutions, authorities, and component units except for the entities that were not audited by the Auditor of Public Accounts. Other auditors issued reports for the following organizations within the Commonwealth: Virginia Commonwealth University Health System Authority, Institute for Advanced Learning and Research, Virginia Housing Development Authority, Virginia Resources Authority, Virginia Outdoors Foundation, Fort Monroe Authority, Science Museum of Virginia Foundation, Library of Virginia Foundation, Virginia Port Authority, Virginia State Crime Commission, Division of Capitol Police and the Commission on Virginia Alcohol Safety Action Program.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The information in the accompanying "Schedule of Expenditures of Federal Awards" is presented in accordance with OMB Circular A-133. The schedule presents a summary of direct and indirect federal financial assistance by federal department and CFDA Number.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance. Nonmonetary federal assistance including food stamps, food commodities, and surplus property, is considered federal assistance and, therefore, is reported on the "Schedule of Expenditures of Federal Awards." Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts in a vendor relationship between the Commonwealth of Virginia and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Direct Federal Assistance – Assistance received directly from the federal government or received in a pass-through relationship from other State entities

is classified as direct expenditures on the “Schedule of Expenditures of Federal Awards.”

Indirect Federal Assistance – Assistance received in a pass-through relationship from entities other than the federal government or other State entities is classified as indirect expenditures on the “Schedule of Expenditures of Federal Awards.”

Major Programs – The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for the Commonwealth of Virginia were determined using a risk-based approach in accordance with OMB Circular A-133.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number) which is reflected in the accompanying schedule.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the Commonwealth:

Aging	Independent Living Services for Older
Child Care	Individuals Who Are Blind
Child Nutrition	Independent Living State Grants
Community Development Block	JAG
Community Services	Medicaid
Disability Insurance/SSI	Research and Development
Early Intervention Services (IDEA)	School Improvement Grants
Economic Development	SNAP
Education of Homeless Children and Youth	Special Education (IDEA)
Educational Technology State	State Fiscal Stabilization Fund
Emergency Food Assistance	Statewide Data Systems
Employment Service	Student Financial Assistance Programs
Federal Transit	TANF
Fish and Wildlife	Teacher Incentive Fund
Forest Service Schools and Roads	Teacher Quality Partnership Grants
Head Start	Title I, Part A
Highway Planning and Construction	Transit Services Programs
Highway Safety	TRIO
Immunization	Vocational Rehabilitation
	Workforce Investment Act

Research and Development, Student Financial Assistance Programs, and Highway Planning and Construction clusters expend funds from several federal departments. The amount expended for these three clusters are reported under the appropriate federal department.

The total amount expended for Student Financial Assistance was \$1,868,200,824 consisting of the following federal departments:

<u>Federal Department</u>	<u>Amount Expended</u>
Department of Education (Non-Stimulus)	\$1,854,787,030
Department of Health and Human Services (Non-Stimulus)	<u>13,413,794</u>
Total	<u>\$1,868,200,824</u>

The total for Highway Planning and Construction was \$1,151,197,164 from the Department of Transportation. The Stimulus (ARRA) portion expended was \$182,390,330 and the Non-Stimulus portion expended was \$968,806,834. The total amount expended for Research and Development was \$550,113,027 consisting of the following federal departments:

Federal Department	Detail	Amount Expended
Department of Health and Human Services - Stimulus ARRA Portion	\$ 19,158,612	
Department of Health and Human Services - Non-Stimulus ARRA Portion	<u>251,639,722</u>	
Department of Health and Human Services Total		\$ 270,798,334
National Science Foundation - Stimulus ARRA Portion	11,839,755	
National Science Foundation - Non-Stimulus ARRA Portion	<u>70,504,960</u>	
National Science Foundation Total		82,344,715
Department of Defense		66,639,027
Department of Energy - Stimulus ARRA Portion	5,952,785	
Department of Energy - Non-Stimulus ARRA Portion	<u>20,706,038</u>	
Department of Energy Total		26,658,823
Department of Agriculture		24,769,723
Department of Education - Stimulus ARRA Portion	3,018,795	
Department of Education - Non-Stimulus ARRA Portion	<u>13,950,553</u>	
Department of Education Total		16,969,348
Department of Transportation		13,248,899
National Aeronautics and Space Administration - Stimulus ARRA Portion	428,523	
National Aeronautics and Space Administration - Non-Stimulus ARRA Portion	<u>11,009,280</u>	
National Aeronautics and Space Administration Total		11,437,803
Agency for International Development		8,981,631
Department of Commerce - Stimulus ARRA Portion	308,459	
Department of Commerce - Non-Stimulus ARRA Portion	<u>7,603,056</u>	
Department of Commerce Total		7,911,515
Department of the Interior		6,895,986
Environmental Protection Agency		5,000,504
National Foundation on the Arts and the Humanities		2,173,783
Department of Justice		2,083,074
Department of Homeland Security		1,528,611
Department of State		1,002,621
National Archives and Records Administration		959,662
Other Federal Assistance		159,978
Small Business Administration		141,924
Department of Housing and Urban Development		127,209
Nuclear Regulatory Commission		102,235
Department of Veterans Affairs		82,068
U.S. Institute of Peace		48,537
Office of Personnel Management		23,998
General Services Administration		20,818
Federal Trade Commission		<u>2,201</u>
Total		<u>\$ 550,113,027</u>

Supplemental Nutrition Assistance Program – The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The mechanism used by USDA to make these funds available to States does not enable a State to validly disaggregate the regular and Recovery Act components of this figure. At the national aggregate level, however, Recovery Act funds account for approximately 10.95 percent of USDA’s total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2012.

B. Basis of Accounting

Federal program expenditures included in the accompanying schedule are presented using the cash basis of accounting. Under the cash basis of accounting, expenditures are recognized when paid rather than when the obligation is incurred. Federal non-cash assistance and loan/loan guarantee program activities are presented as described in Notes 2-C and 2-D below.

C. Non-Cash Assistance

The Commonwealth of Virginia participated in several federal programs in which non-cash benefits are provided through the state to eligible program participants. These include:

Food Distribution Programs (CFDA Numbers 10.555, 10.558, 10.559, 10.569)
The value of food commodities was calculated using the U.S. Department of Agriculture’s Food and Nutrition Service commodity price lists. The accompanying schedule includes commodity distributions of:

<u>CFDA #</u>	<u>Non-Stimulus</u>
10.555	\$ 23,295,774
10.558	\$ 4,160
10.559	\$ 98,583
10.569	\$ 5,541,602

The accompanying schedule does not include Commonwealth-stored undistributed food commodities of:

<u>CFDA #</u>	<u>Non-Stimulus</u>
10.550	\$ 5,407
10.555	\$ 29,560
10.569	\$ 21,010

Donation of Federal Surplus Personal Property (CFDA Number 39.003) – Donated federal surplus property is valued at 23.3 percent of the original acquisition cost as assigned by the federal government. The amount included

in the accompanying schedule reflects distribution to other governmental entities during the year ended June 30, 2012. Administrative expenditures of \$205,899 are not included in the accompanying schedule. The value of surplus property on hand at June 30, 2012 totaled \$890,495. These amounts represent Non-Stimulus dollars.

Childhood Immunization Grants (CFDA Number 93.268, 93.712) – The U.S. Department of Health and Human Services purchases and now distributes immunizations through McKesson, the federal national distribution vendor, directly to our local health departments. The amount presented in the accompanying schedule reflects the cost of immunizations to the federal government of \$58,631,161 (Non-Stimulus). The remaining amount of \$5,646,565 (\$5,103,148 represents the Non-Stimulus portion and \$543,417 represents the ARRA portion) is administrative expenditures. The value of inventory on hand at June 30, 2012 is \$3,568,986.

D. Loan/Loan Guarantee Programs

Federal Perkins Loans - Federal Capital Contributions (CFDA Number 84.038) – The amount in the accompanying schedule includes administrative costs during the fiscal year as well as the outstanding balance of loans receivable at June 30, 2012.

Federal Direct Loan Program (CFDA Number 84.268) – The amount in the accompanying schedule reflects the value of new Federal Direct Loans disbursed to students during the fiscal year.

Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (CFDA Number 93.342) – The amount in the accompanying schedule includes administrative costs during the fiscal year as well as the outstanding balance of loans receivable at June 30, 2012.

Nursing Student Loans (CFDA Number 93.364) – The amount in the accompanying schedule includes administrative costs during the fiscal year as well as the outstanding balance of loans receivable at June 30, 2012.

College Housing and Academic Facilities Loans (CFDA Number 84.142) – The amount in the accompanying schedule reflects the outstanding balance of loans payable at June 30, 2012.

Capitalization Grants for State Revolving Funds (CFDA Number 66.458) and Capitalization Grants for Drinking Water State Revolving Fund (CFDA Number 66.468) – The Commonwealth receives capitalization grants to create and maintain the Clean Water State Revolving Fund (CWSRF) program (CFDA # 66.458) and the Drinking Water State Revolving Fund (DWSRF) program, (CFDA # 66.468). Both programs offer long-term, low interest rate loans to enable the loan recipients to construct or maintain infrastructures

necessary to comply with the Clean Water Act and Safe Drinking Water Act requirements. Capitalization grants received for the CWSRF for the year ended June 30, 2012 were \$36,017,386 in Non-Stimulus dollars and \$1,711,455 in Stimulus dollars and are included on the schedule. Capitalization grants received for the DWSRF for the fiscal year ended June 30, 2012, were \$10,384,150 in Non-Stimulus dollars and \$1,564,630 in Stimulus dollars and are also included on the schedule. In addition, the Commonwealth distributed additional second generation CWSRF and DWSRF loan disbursements totaling \$109,696,232 during the fiscal year ended June 30, 2012, which are not included on the schedule. These amounts represent Non-Stimulus dollars.

Economic Adjustment Assistance (CFDA Number 11.307) – The amount in the accompanying schedule reflects the cash on hand and the outstanding balance of loans receivable from subrecipients at June 30, 2012.

E. Emergency Unemployment Benefits

The amount included in the accompanying schedule for Unemployment Insurance (CFDA Number 17.225) includes \$68,059,352 Non-Stimulus and \$79,272 Stimulus (ARRA) administrative costs, \$37,026,357 Non-Stimulus federal unemployment benefits paid to federal employees, \$492,433,073 Non-Stimulus and \$1,705,036 Stimulus (ARRA) Temporary Extended Unemployment Compensation paid to all benefit recipients, and \$624,340,438 Non-Stimulus state unemployment benefits paid to non-federal employees.

F. Program Expenditures

Certain transactions relating to federal financial assistance may appear in the records of more than one state recipient agency. To avoid duplication and the overstatement of the aggregate level of federal financial assistance expended by the Commonwealth of Virginia, the following policies have been adopted:

1. When federal financial assistance is received by one state recipient agency and redistributed to another state agency (i.e., a pass-through of funds by the primary recipient state agency to a subrecipient state agency), the federal financial assistance will be reflected as expenditures by the subrecipient state agency.
2. When federal financial assistance is received by one state agency to purchase goods or services from another state agency, the federal financial assistance will be reflected as expenditures by the recipient (purchaser) agency.

3. OTHER ASSISTANCE PROGRAMS

Federal financial assistance programs that have not been assigned a CFDA Number have been included in the accompanying "Schedule of Expenditures of Federal Awards." Programs for which the grantor agency is known are reported as other assistance and are identified as CFDA Number XX.000, where XX represents the federal grantor agency.

4. ASSISTANCE PROVIDED TO NON-STATE SUBRECIPIENTS

The Commonwealth of Virginia disbursed pass-through funds to non-state sub-recipients from the following programs:

CFDA #	Federal Program Name	Amount
10.217	Higher Education Challenge Grants	\$ 170,030
10.500	Cooperative Extension Service	114,481
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	4,862,891
10.558	Child and Adult Care Food Program	47,264,037
10.560	State Administrative Expenses for Child Nutrition	5,000
10.576	Senior Farmers Market Nutrition Program	438,715
10.579	Child Nutrition Discretionary Grants Limited Availability	183,427
10.582	Fresh Fruit and Vegetable Program	3,150,995
10.664	Cooperative Forestry Assistance	615,831
10.761	Technical Assistance and Training Grants	63
11.417	Sea Grant Support	51,773
11.419	Coastal Zone Management Administration Awards	319,582
11.452	Unallied Industry Projects	67,481
11.457	Chesapeake Bay Studies	23,083
11.472	Unallied Science Program	1,213,931
11.555	Public Safety Interoperable Communications Grant Program	2,008,710
12.000	Other Assistance	115,593
12.112	Payments to States in Lieu of Real Estate Taxes	22,022
12.607	Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	294,039
12.630	Basic, Applied, and Advanced Research in Science and Engineering - ARRA	7,534,989
14.231	Emergency Shelter Grants Program	1,686,861
14.235	Supportive Housing Program	90,396
14.239	Home Investment Partnerships Program	12,243,144
14.241	Housing Opportunities for Persons with AIDS	778,978
15.616	Clean Vessel Act	141,254
15.622	Sport fishing and Boating Safety Act	787,690
15.904	Historic Preservation Fund Grants-In-Aid	90,466
15.923	National Center for Preservation Technology and Training	381
15.926	American Battlefield Protection - ARRA	511,976
15.929	Save America's Treasures - ARRA	84,260
16.017	Sexual Assault Services Formula Program	249,579
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	239,970
16.523	Juvenile Accountability Block Grants	714,527

CFDA #	Federal Program Name	Amount
16.540	Juvenile Justice and Delinquency Prevention-Allocation to States	904,554
16.548	Title V-Delinquency Prevention Program	35,092
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	5,551
16.575	Crime Victim Assistance	10,086,718
16.588	Violence Against Women Formula Grants - ARRA	2,482,316
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	86,963
16.593	Residential Substance Abuse Treatment for State Prisoners	56,587
16.727	Enforcing Underage Drinking Laws Program	131,978
16.812	Second Chance Act Prisoner Reentry Initiative	251,996
17.235	Senior Community Service Employment Program	1,966,301
17.260	WIA Dislocated Workers - ARRA	968,774
17.269	Community Based Job Training Grants	157,056
19.000	Other Assistance	75,217
19.415	Professional and Cultural Exchange Programs - Citizen Exchanges	58,303
19.501	Public Diplomacy Programs for Afghanistan and Pakistan	533,712
20.000	Other Assistance	53,453
20.505	Metropolitan Transportation Planning	2,702,487
20.509	Formula Grants for Other Than Urbanized Areas	16,660,364
20.514	Public Transportation Research	52,101
20.522	Alternatives Analysis	219,365
20.607	Alcohol Open Container Requirements	3,426,654
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	115,104
23.002	Appalachian Area Development	50,709
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	150,738
45.000	Other Assistance	29,500
47.050	Geosciences	13,500
47.076	Education and Human Resources	1,222,787
47.078	Polar Programs	27,944
59.037	Small Business Development Centers	870,849
66.040	State Clean Diesel Grant Program - ARRA	321,046
66.454	Water Quality Management Planning - ARRA	270,264
66.458	Capitalization Grants for Clean Water State Revolving Funds - ARRA	35,412,826

<u>CFDA #</u>	<u>Federal Program Name</u>	<u>Amount</u>
66.468	Capitalization Grants for Drinking Water State Revolving Fund - ARRA	7,967,977
66.605	Performance Partnership Grants	377,547
81.042	Weatherization Assistance for Low-Income Persons	578,801
84.002	Adult Education-Basic Grants to States	10,349,121
84.011	Migrant Education-State Grant Program	515,773
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	1,062,695
84.048	Career and Technical Education-Basic Grants to States	18,632,552
84.116	Fund for the Improvement of Postsecondary Education	12,015
84.144	Migrant Education-Coordination Program	103,973
84.176	Douglas Teacher Scholarships	14,618
84.186	Safe and Drug-Free Schools and Communities-State Grants	1,488,361
84.213	Even Start-State Educational Agencies	901,326
84.287	Twenty-First Century Community Learning Centers	19,792,752
84.293	Foreign Language Assistance	159,443
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	7,680
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	2,718,787
84.357	Reading First State Grants	19,025
84.358	Rural Education	1,764,824
84.359	Early Reading First	144,959
84.365	English Language Acquisition Grants	10,206,641
84.366	Mathematics and Science Partnerships	324,689
84.367	Improving Teacher Quality State Grants	44,430,254
84.368	Grants for Enhanced Assessment Instruments	979,497
84.371	Striving Readers	500,372
84.378	College Access Challenge Grant Program	1,301,485
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	129,101
93.042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	410,587
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	449,038
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects - ARRA	175,617
93.051	Alzheimer's Disease Demonstration Grants to States	199,689

CFDA #	Federal Program Name	Amount
93.052	National Family Caregiver Support, Title III, Part E	3,407,008
93.069	Public Health Emergency Preparedness	1,204,133
93.071	Medicare Enrollment Assistance Program	11,757
93.072	Lifespan Respite Care Program	40,251
93.107	Area Health Education Centers Point of Service Maintenance and Enhancement Awards	543,410
93.110	Maternal and Child Health Federal Consolidated Programs	278,794
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	375,135
93.134	Grants to Increase Organ Donations	6,728
93.136	Injury Prevention and Control Research and State and Community Based Programs	576,094
93.150	Projects for Assistance in Transition from Homelessness (PATH)	1,379,480
93.184	Disabilities Prevention	3,000
93.217	Family Planning-Services	152,077
93.236	Grants to States to Support Oral Health Workforce Activities	368,652
93.241	State Rural Hospital Flexibility Program	237,516
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	188,179
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	2,391,292
93.301	Small Rural Hospital Improvement Grant Program	235,951
93.504	Affordable Care Act (ACA) Family to Family Health Information Centers	20,100
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	455,190
93.510	Affordable Care Act (ACA) Primary Care Residency Expansion Program	117,352
93.517	Affordable Care Act Aging and Disability Resource Center	167,183
93.518	Affordable Care Act - Medicare Improvements for Patients and Providers	312,393
93.520	Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	8,500
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	47,801
93.556	Promoting Safe and Stable Families	5,623,832
93.566	Refugee and Entrant Assistance-State Administered Programs	4,211,534

CFDA #	Federal Program Name	Amount
93.568	Low-Income Home Energy Assistance	13,992,111
93.576	Refugee and Entrant Assistance-Discretionary Grants	423,768
93.584	Refugee and Entrant Assistance-Targeted Assistance Grants	479,007
93.590	Community-Based Child Abuse Prevention Grants	1,042,100
93.597	Grants to States for Access and Visitation Programs	253,019
93.599	Chafee Education and Training Vouchers Program (ETV)	656,145
93.643	Children's Justice Grants to States	123,245
93.645	Stephanie Tubbs Jones Child Welfare Services Program	5,100,846
93.647	Social Services Research and Demonstration	156,607
93.658	Foster Care-Title IV-E - ARRA	51,330,918
93.659	Adoption Assistance - ARRA	32,018,511
93.667	Social Services Block Grant	44,810,740
93.669	Child Abuse and Neglect State Grants	550,217
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	2,117,631
93.674	Chafee Foster Care Independence Program	1,780,802
93.767	Children's Health Insurance Program	1,263,913
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,040,635
93.791	Money Follows the Person Rebalancing Demonstration	331,429
93.889	National Bioterrorism Hospital Preparedness Program	7,748,796
93.917	HIV Care Formula Grants	5,666,196
93.926	Healthy Start Initiative	248,783
93.928	Special Projects of National Significance	66,203
93.940	HIV Prevention Activities-Health Department Based	2,120,477
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	135,062
93.958	Block Grants for Community Mental Health Services	8,905,303
93.959	Block Grants for Prevention and Treatment of Substance Abuse	39,655,823
93.969	Geriatric Education Centers	49,997
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants	63,750
93.991	Preventive Health and Health Services Block Grant	124,881
93.994	Maternal and Child Health Services Block Grant to the States	3,078,520
94.004	Learn and Serve America-School and Community Based Programs	250,644
94.006	AmeriCorps - ARRA	2,084,302

CFDA #	Federal Program Name	Amount
94.007	Program Development and Innovation Grants	28,265
97.000	Other Assistance	98,870
97.008	Non-Profit Security Program	4,771,557
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	209,250
97.029	Flood Mitigation Assistance	79,038
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	7,303,442
97.039	Hazard Mitigation Grant	45,821
97.042	Emergency Management Performance Grants	846,077
97.047	Pre-Disaster Mitigation	324,967
97.052	Emergency Operations Centers	177,673
97.053	Citizen Corps	22,590
97.055	Interoperable Emergency Communications	579,412
97.056	Port Security Grant Program	1,608,370
97.068	Competitive Training Grants	20,000
97.071	Metropolitan Medical Response System	439,599
97.073	State Homeland Security Program (SHSP)	12,842,348
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	487,376
97.075	Rail and Transit Security Grant Program	15,308
97.078	Buffer Zone Protection Program (BZPP)	542,045
97.110	Severe Loss Repetitive Program	202,647
97.111	Regional Catastrophic Preparedness Grant Program	4,118
	Research and Development Cluster	62,760,757
	Stimulus (ARRA) Research and Development	5,782,232
	Stimulus (ARRA)	204,929,451
	Child Nutrition Cluster	306,571,402
	SNAP Cluster	77,436,074
	Emergency Food Assistance Cluster	5,484,351
	Forest Service Schools and Roads Cluster	1,731,853
	Economic Development Cluster	1,984,877
	Non-Stimulus (ARRA) CDBG State Administered CDBG Cluster	30,840,465
	Stimulus (ARRA) CDBG State Administered CDBG Cluster	489,431
	Non-Stimulus (ARRA) JAG Program Cluster	3,206,025
	Stimulus (ARRA) JAG Program Cluster	242,760
	Non-Stimulus (ARRA) WIA Cluster	32,829,394
	Stimulus (ARRA) WIA Cluster	220,990
	Non-Stimulus (ARRA) Highway Planning and Construction Cluster	116,337,426

<u>CFDA #</u>	<u>Federal Program Name</u>	<u>Amount</u>
	Stimulus (ARRA) Highway Planning and Construction Cluster	1,040,578
	Federal Transit Cluster	288,792
	Transit Services Programs Cluster	1,716,182
	Highway Safety Cluster	5,213,348
	Non-Stimulus (ARRA) Title I, Part A Cluster	251,356,475
	Stimulus (ARRA) Title I, Part A Cluster	49,280,062
	Non-Stimulus (ARRA) Special Education Cluster (IDEA)	253,903,978
	Stimulus (ARRA) Special Education Cluster (IDEA)	97,635,223
	TRIO Cluster	658,220
	Non-Stimulus (ARRA) Early Intervention Services (IDEA) Cluster	8,177,803
	Stimulus (ARRA) Early Intervention Services (IDEA) Cluster	1,800,999
	Non-Stimulus (ARRA) Education of Homeless Children and Youth Cluster	805,351
	Stimulus (ARRA) Education of Homeless Children and Youth Cluster	288,497
	Non-Stimulus (ARRA) Educational Technology State Grants Cluster	2,045,575
	Stimulus (ARRA) Educational Technology State Grants Cluster	3,906,172
	Non-Stimulus (ARRA) Statewide Data Systems Cluster	79,653
	Stimulus (ARRA) Statewide Data Systems Cluster	3,901,787
	Non-Stimulus (ARRA) School Improvement Grants Cluster	6,586,845
	Stimulus (ARRA) School Improvement Grants Cluster	15,453,144
	Stimulus (ARRA) State Fiscal Stabilization Fund Cluster	101,780,448
	Aging Cluster	26,030,262
	Non-Stimulus (ARRA) Immunization Cluster	225,090
	Stimulus (ARRA) Immunization Cluster	20,301
	TANF Cluster	65,296,566
	CSBG Cluster	9,372,080
	CCDF Cluster	76,987,299
	Non-Stimulus (ARRA) Head Start Cluster	27,577
	Stimulus (ARRA) Head Start Cluster	83,089
	Medicaid Cluster	45,633,643
	Grand Total	<u>\$2,452,321,186</u>

ACRONYMS FOR AGENCIES AND INSTITUTIONS

<u>Acronym</u>	<u>Agency/Institution</u>
ABC	Department of Alcoholic Beverage Control
CTF	Commonwealth Transportation Fund
CVCC	Central Virginia Community College
CWM	College of William and Mary
DARS	Department of Aging and Rehabilitative Services
DBHDS	Department of Behavioral Health and Developmental Services
DGS	Department of General Services
DHCD	Department of Housing and Community Development
DHRM	Department of Human Resource Management
DMA	Department of Military Affairs
DMAS	Department of Medical Assistance Services
DMME	Department of Mines, Minerals and Energy
DMV	Department of Motor Vehicles
DOA	Department of Accounts
DOC	Department of Corrections
DOE	Department of Education
DPB	Department of Planning and Budget
DRS	Department of Rehabilitative Services
DSLCC	Dabney S. Lancaster Community College
DSS	Department of Social Services
GCC	Germanna Community College
JTCC	John Tyler Community College
MECC	Mountain Empire Community College
NRCC	New River Community College
NVCC	Northern Virginia Community College
PDC	Paul D. Camp Community College
PHCC	Patrick Henry Community College
SBE	State Board of Elections
SCC	State Corporation Commission
SWVCC	Southwest Virginia Community College
TAX	Department of Taxation
TD	Department of the Treasury
UVA	University of Virginia
VCCS	Virginia Community College System
VCSP	Virginia College Savings Plan
VCU	Virginia Commonwealth University
VDH	Department of Health
VDOT	Department of Transportation
VEC	Virginia Employment Commission
VHCC	Virginia Highlands Community College
VITA	Virginia Information Technology Agency
VPA	Virginia Port Authority
VWCC	Virginia Western Community College
WCC	Wytheville Community College

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