A Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2001

James S. Gilmore, III
Governor

John W. Forbes
Secretary of Finance

David A. Von Moll
Acting Comptroller

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December 14, 2001

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

David A. Von Moll, CPA, CGFM
Acting Comptroller
Post Office Box 1971
Richmond, Virginia 23218

Dear Governor Gilmore:

It is my pleasure to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001, in accordance with Section 2.2-813 of the *Code of Virginia*.

This report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with accounting principles generally accepted in the United States of America 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 2001 Comprehensive Annual Financial Report is presented in three sections. The Introductory Section includes a financial overview, discussion of the Virginia economy, and organization charts for State government. The Financial Section includes the State auditor's report, audited general purpose financial statements and notes thereto, and the underlying combining and individual fund financial statements and supporting schedules. The Statistical Section sets forth selected unaudited economic, financial trend, and demographic information for the State on a multi-year basis.

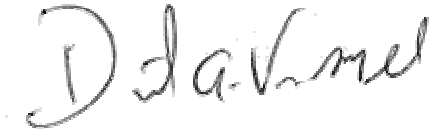
In accordance with Section 30-133 of the *Code of Virginia*, the Auditor of Public Accounts has audited the Commonwealth's financial statements for the year ended June 30, 2001. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government 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.

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, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such reports must satisfy both 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 fifteen consecutive years (fiscal years 1986-2000). 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,



Acting Comptroller of the Commonwealth of Virginia

Financial Overview

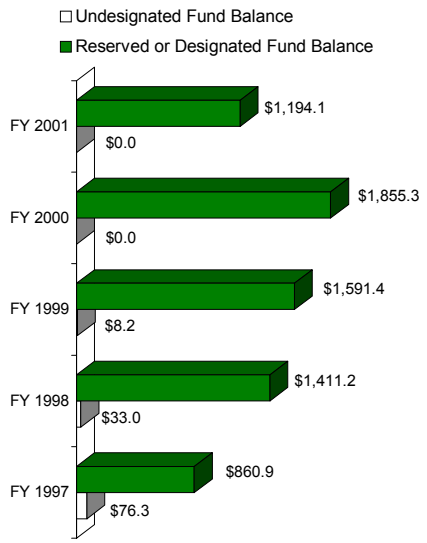
General Fund Condition – Overall

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

Figure 1 shows the General Fund ending fund balances on a budgetary basis since fiscal year 1997. All of the $1,194.1 million ending fund balance at June 30, 2001, was reserved or designated, including $902.7 million for the Revenue Stabilization Reserve Fund, and $200.9 million designated for reappropriation in fiscal year 2002.

Figure 2 shows the General Fund ending fund balances since fiscal year 1997, using the GAAP basis of accounting.

General Fund Balance – Budgetary Basis Highlighting the Undesignated Fund Balance
(Dollars in Millions) *Figure 1*

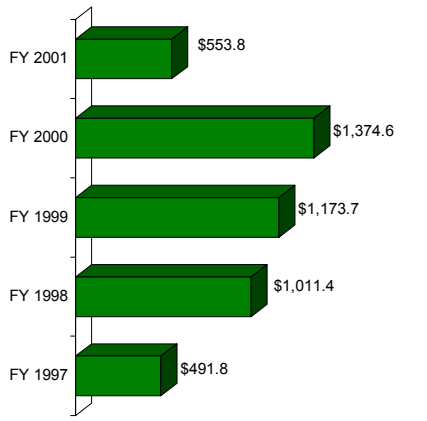


General Fund Revenues, Expenditures, and Other Financing Sources (Uses)

Figure 3 presents a detailed analysis of General Fund revenue on a budgetary basis for the year ended June 30, 2001. Prior year data is shown for comparison purposes. The overall revenue increase of 3.0 percent is attributable to favorable Individual and Fiduciary Income and State Sales and Use tax revenue collections, which reported 5.8 and 3.2 percent increases, respectively.

Figure 4 shows General Fund expenditures by function on a budgetary basis for the year ended June 30, 2001, as compared to the prior year. Total expenditures and transfers increased by 12.0 percent over the prior year. Most areas experienced increased expenditures. For example, Individual and Family Services increased by 6.1 percent over the prior year, due to increasing health and human resources expenditures. Education increased 6.8 percent over the prior year as the result of increased support for higher education and public schools. Administration of Justice increased by 9.0 percent as a result of an increase in law enforcement and correctional facility expenditures. General Government increased 32.1 percent over the prior year due to increasing payments to localities for car tax reimbursements.

General Fund Balance – GAAP Basis
(Dollars in Millions) *Figure 2*



General Fund Condition - Modified Accrual Basis

Although the Commonwealth budgets and manages its financial affairs using the budgetary basis of accounting, accounting principles generally accepted in the United States of America require that states use the modified accrual basis of accounting to prepare financial statements. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance operations throughout the fiscal year or to liquidate liabilities at the end of the fiscal year. Expenditures are recognized when a liability occurs. The accruals recorded on the financial statements for the fiscal year ended June 30, 2001, reflect cash that will not be received or disbursed until fiscal year 2002.

Accruals of revenues and expenditures required by the modified accrual basis of accounting resulted in a decrease of $640.3 million from the $1,194.1 million budgetary basis General Fund balance (**Figure 5**), as reported in the August 15, 2001, Preliminary Annual Report of the Comptroller.

Analysis of General Fund Revenues and Other Financing Sources

(Budgetary Basis)

(Dollars in Thousands) *Figure 3*

	FY 2001	FY 2000	Increase (Decrease) Over FY 2000 Amount	Percent
Taxes:				
Individual and Fiduciary Income	$ 7,226,309	$ 6,828,906	$ 397,403	5.8
State Sales and Use	2,272,954	2,201,533	71,421	3.2
Corporation Income	363,757	565,909	(202,152)	(35.7)
Public Service Corporations	93,427	104,197	(10,770)	(10.3)
Premiums of Insurance Companies	268,060	251,074	16,986	6.8
Other	434,332	438,616	(4,284)	(1.0)
Subtotal - Taxes	10,658,839	10,390,235	268,604	2.6
Securities Lending Proceeds	10,650	6,656	3,994	60.0
Other Revenue	491,241	434,636	56,605	13.0
Total Revenues	11,160,730	10,831,527	329,203	3.0
Other Financing Sources:				
Transfers and Other Sources	527,761	454,575	73,186	16.1
Total Revenues and Other Financing Sources	$ 11,688,491	$ 11,286,102	$ 402,389	3.6

Analysis of General Fund Expenditures By Function and Other Financing Uses

(Budgetary Basis)

(Dollars in Thousands) *Figure 4*

	FY 2001	FY 2000	% Increase (Decrease)	FY 2001 % of Total
General Government	$ 1,069,409	$ 809,481	32.1	8.7
Education	4,188,331	3,921,500	6.8	33.9
Transportation	4,703	232	1,927.2	0.0
Resources and Economic Development	228,087	205,031	11.2	1.8
Individual and Family Services	2,488,745	2,344,946	6.1	20.2
Administration of Justice	1,939,881	1,780,235	9.0	15.7
Capital Outlay	36,714	40,076	(8.4)	0.3
Securities Lending Payments	10,247	6,346	61.5	0.1
Total Expenditures	9,966,117	9,107,847	9.4	80.7
Other Financing Uses:				
Transfers and Other Uses	2,383,598	1,922,554	24.0	19.3
Total Expenditures and Transfers	$ 12,349,715	$ 11,030,401	12.0	100.0

Proprietary Fund Operations of the Primary Government

Section 58.1-4022(D) of the Code of Virginia requires that the State Lottery Department Transfer to the General Fund the audited balances of the State Lottery Fund, net of established reserves. The Auditor of Public Accounts has certified $329.1 million for transfer to the General Fund for fiscal year 2001. Section 3-1.01.G of Chapter 1073, 2000 Acts of Assembly, requires that the Comptroller transfer estimated lottery balances to the General Fund prior to the end of the fiscal year. In accordance with Article X, Section 7-A of the Constitution of Virginia, lottery proceeds must be distributed to the Commonwealth's localities and the school divisions to be expended for the purposes of public education.

Analysis of General Fund Balance

Budgetary Basis versus Modified Accrual Basis

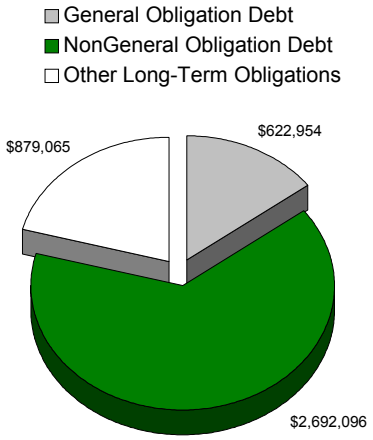
(Dollars in Millions) *Figure 5*

	FY 2001	FY 2000	Variance
Fund Balance, Budgetary Basis	$ 1,194.1	$ 1,855.3	$ (661.2)
Receivables, Inventory and Accrued Revenues:			
Sales Tax Receivable	206.8	218.8	(12.0)
Other Tax Receivable	295.6	294.3	1.3
Other Receivables (1)	112.9	83.7	29.2
Inventory	36.9	33.9	3.0
Other Accrued Items (2)	13.2	(26.8)	40.0
Total Accrued Receivables, Inventory and Other	665.4	603.9	61.5
Payables and Accrued Expenditures:			
Tax Refunds Payable	330.5	193.7	136.8
Deferred Credit (Estimated Tax Refunds) (3)	415.7	356.1	59.6
Medicaid Claims Payable	155.6	145.6	10.0
Sales Tax Due to Localities	137.5	138.4	(0.9)
Other Accrued Items (4)	266.4	250.8	15.6
Total Payables and Accrued Expenditures	1,305.7	1,084.6	221.1
Receivables and Accrued Revenues Under Payables and Accrued Expenditures	(640.3)	(480.7)	(159.6)
Fund Balance, Modified Accrual Basis	$ 553.8	$ 1,374.6	$ (820.8)

(1) This includes Accounts Receivable, Interest Receivable, and Other Taxes Receivable.
(2) This includes Lottery and ABC Profit Transfers, Increase of Investments to Fair Value which must be recorded in accordance with GASB Statement No. 31, and Due From Other Funds.
(3) In FY 2001, the General Fund reported deferred revenue of $120.7 million for receivables that will be paid after August 31, 2001.
(4) This includes Accounts Payable, ABC Profits Due to Localities, Other Payments Due to Localities, Car Tax Refund Payable, and Due To Other Funds.

Debt Administration

Total Outstanding Debt
Primary Government
June 30, 2001
(Dollars in Thousands) *Figure 6*



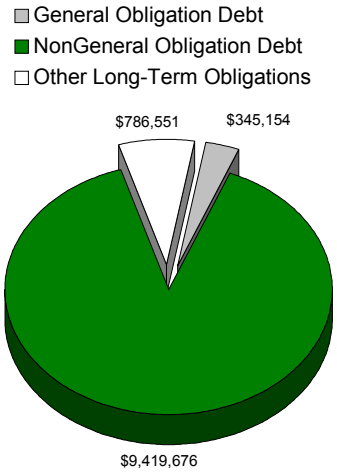
Virginia is one of only nine states in the nation with a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service, Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc. and Fitch, Inc. These ratings reflect the Commonwealth's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

The total debt of the Commonwealth, as of June 30, 2001, was $14.7 billion. Of that amount, $4.5 billion (30 percent) was tax-supported debt. Debt is considered tax supported if State tax revenues are used or pledged for debt service payments. This includes all debt issued pursuant to Article X, Sections 9(a), 9(b) and 9(c) of the Constitution of Virginia, as well as selected Section 9(d) debt issues and other long-term obligations.

Outstanding general obligation debt backed by the full faith and credit of the Commonwealth totaled $968.1 million at June 30, 2001. Included is Section 9(b) debt totaling $429.7 million for Public Facilities, and $56.6 million for Transportation Facilities. In 1992, Virginia voters approved general obligation bond referenda authorizing the issuance of $613 million in new Section 9(b) bonds to fund for state education and facilities, State managed mental health institutions, and parks and recreational facilities. Of the amount authorized, $590.1 million was issued, providing sufficient funds to complete all the public facility projects. Principal and interest payments on Public Facilities Section 9(b) debt were less than one-tenth of one percent of total General Fund expenditures in fiscal year 2001.

The balance of general obligation debt of $481.8 million, also backed by the full faith and credit of the Commonwealth, consisted of Section 9(c) bonds. Revenue-producing capital projects, primarily auxiliary enterprises of colleges and universities and transportation toll facilities, service these bond payments. Holders of Section 9(c) bonds have a legal claim to general tax revenues of the Commonwealth should revenues prove to be insufficient to meet principal and interest payments. Such claims on general tax revenue have not been made.

Total Outstanding Debt
Component Units
June 30, 2001
(Dollars in Thousands) *Figure 7*



The remaining $3.5 billion in tax-supported debt is made up of selected Section 9(d) bonded debt and other long-term obligations. Tax-supported Section 9(d) debt totaling $2.3 billion includes transportation debt, as well as the Virginia Port Authority, Virginia Public Building Authority, Innovative Technology Authority, Virginia Biotechnology Research Park Authority, Virginia Public Broadcasting Board Notes, and certain Virginia College Building Authority bonds payable. Other tax-supported long-term obligations include capital leases, certain appropriation supported bonds, installment purchases, notes payable, pension liability, and compensated absences.

None of the remaining debt of the Commonwealth, which totals $10.2 billion, is supported by tax revenues. The Commonwealth has no direct or indirect pledge of tax revenues to fund reserve deficiencies. However, in some cases, the Commonwealth has made a moral obligation pledge to consider funding deficiencies in debt service reserves that may occur. At June 30, 2001, $2.3 billion, or 23 percent, of debt not supported by taxes was considered moral obligation debt.

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

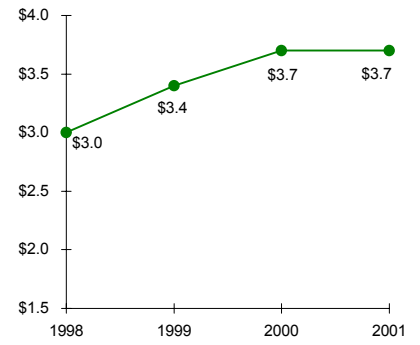
Investment Policy

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

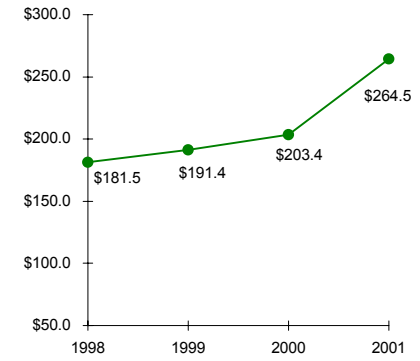
The general account of the Commonwealth is a pool of investments representing assets of a number of funds, including the general fund, various higher education operating funds, and the Commonwealth Transportation Trust Fund. These monies are invested in a variety of high quality securities including U. S. Treasury and agency securities, corporate debt securities of domestic corporations, asset-backed securities, mortgage-backed securities, AAA-rated dollar obligations of foreign governments, bankers acceptances, negotiable certificates of deposit and bank notes, repurchase agreements, and money market funds. The general account portfolio is divided into two pools, the primary liquidity pool and the total return pool. The primary liquidity pool is internally managed by Treasury staff and is the major source for disbursement requirements and operational needs of the Commonwealth. The objective of the total return pool, which is externally managed, is to generate higher total returns over a market cycle than would be generated by the primary liquidity pool. Treasury's allocation target for the overall general account asset mix is currently 75 percent for the primary liquidity pool and 25 percent for the total return pool. The average daily invested balance (**Figure 8**) for the fiscal year ended June 30, 2001, was $3.7 billion, equal to the fiscal year 2000 average balance of $3.7 billion. The net earnings (**Figure 9**) for fiscal year 2001 were $264.5 million versus fiscal year 2000 earnings of $203.4 million, increasing the average yield (**Figure 10**) to 7.2 percent for fiscal year 2001 versus the average yield of 5.5 percent for fiscal year 2000. The increased earnings were primarily the result of capital gains on various fixed-income securities. Fiscal year 2001 was a very favorable time for high quality fixed-income securities as the Federal Reserve was most accommodating, lowering rates a total of 275 basis points.

In addition to the general account of the Commonwealth, the Department of the Treasury manages or sponsors a number of special purpose investment pools and individual customized investment programs. The Local Government Investment Pool (LGIP) is a special purpose money market fund managed by Treasury for the benefit of public entities of the Commonwealth in the investment of their short-term funds. The LGIP enables participants to maximize their return on investments by providing a fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The State Non-Arbitrage Program (SNAP) is a program providing comprehensive investment management, accounting, and arbitrage rebate calculations for proceeds of tax-exempt financings of Virginia bond issuers. The Treasury Board contracts with an outside manager for administration of the SNAP program. The Treasury Board has adopted investment guidelines for both the LGIP and SNAP, authorizing them to invest in certain high-quality, short-term securities appropriate for money market funds. As of June 30, 2001, the LGIP balance was $2.3 billion and the SNAP program balance was $1.6 billion.

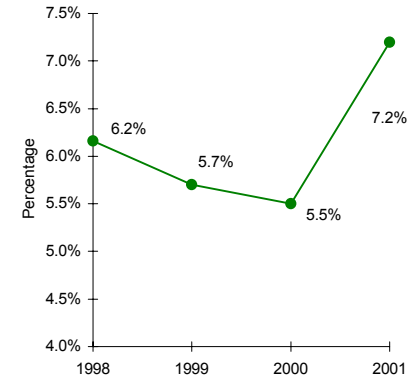
Average Daily Invested Balance
By Fiscal Year
(Dollars in Billions) *Figure 8*



Net Earnings on Investments
By Fiscal Year
(Dollars in Millions) *Figure 9*



Average Yield on Investments
By Fiscal Year
Figure 10



Risk Management

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

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

Retirement Systems

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

Reporting Entity

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

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, as well as the Commonwealth's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth.

New Governmental Reporting Model

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

An important aspect of the new standard is the requirement to provide information about infrastructure assets. Infrastructure assets are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Since it is expected that the primary focus related to infrastructure will involve the Virginia Department of Transportation (VDOT), the Department of Accounts' (DOA) Financial Reporting Section initiated discussions with VDOT to ensure there was an appropriate procedure in place to capture the infrastructure information. VDOT diligently worked with this project to develop a methodology to report infrastructure that has been accepted by the Auditor of Public Accounts. GASB Statement No. 34 requires reporting of infrastructure prospectively beginning with fiscal year 2002 and retroactive reporting of all infrastructure by fiscal year 2006.

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

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

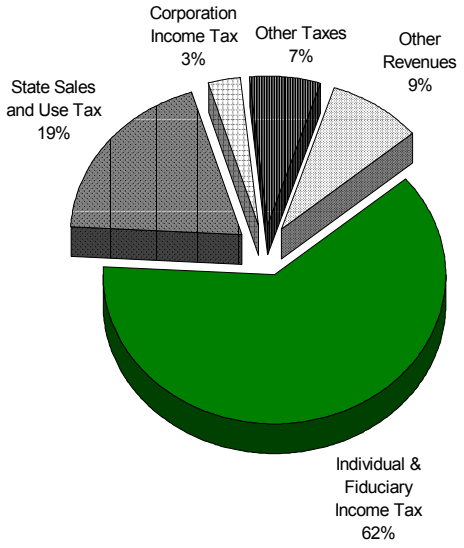
Internal Controls

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

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

General Fund

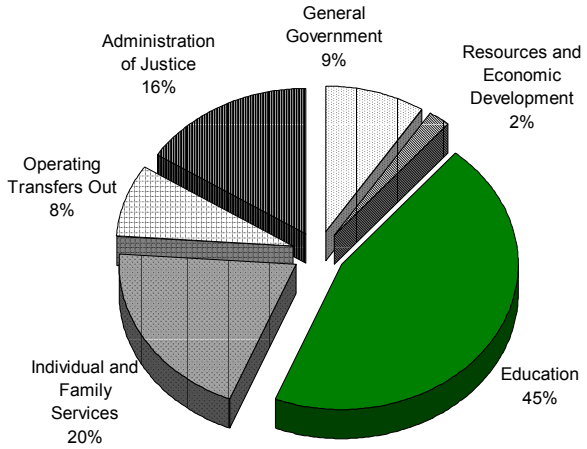
Figure 11
Revenue Dollar
Fiscal Year 2001
(Budgetary Basis)



Revenues and Other Financing Sources	FY 2001	FY 2000
Individual & Fiduciary Income Tax	62%	61%
State Sales and Use Tax	19%	19%
Corporation Income Tax	3%	5%
Other Taxes	7%	7%
Other Revenues (1)	9%	8%
Total	100%	100%

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

Figure 12
Expenditure Dollar
Fiscal Year 2001
(Budgetary Basis)



Expenditures and Other Financing Uses	FY 2001	FY 2000
Education (2)	45%	47%
Individual and Family Services	20%	21%
Operating Transfers Out (3)	8%	6%
Administration of Justice	16%	16%
General Government (4)	9%	8%
Resources and Economic Development	2%	2%
Total	100%	100%

(2) Includes FY 2001 and FY 2000 Transfers Out to Education, 11% and 12%, respectively, of the total Education expenditures.
(3) Includes Transportation, Capital Outlay, and Payments for Securities Lending Transactions expenditures.
(4) Includes FY 2001 and FY 2000 payments to localities pursuant to the Personal Property Tax Relief Act of 1998, 56% and 40%, respectively, of the total General Government expenditures.

All Funds

Figure 13
Revenue Dollar
Fiscal Year 2001
(Budgetary Basis)

Revenues and Other Financing Sources (1)	FY 2001	FY 2000
Individual & Fiduciary Income Tax	30%	30%
State Sales and Use Tax	11%	11%
Other Taxes	12%	13%
Federal Revenues	18%	17%
Institutional Revenues	11%	11%
Other Revenues	18%	18%
Total	100%	100%

(1) Excludes operating transfers

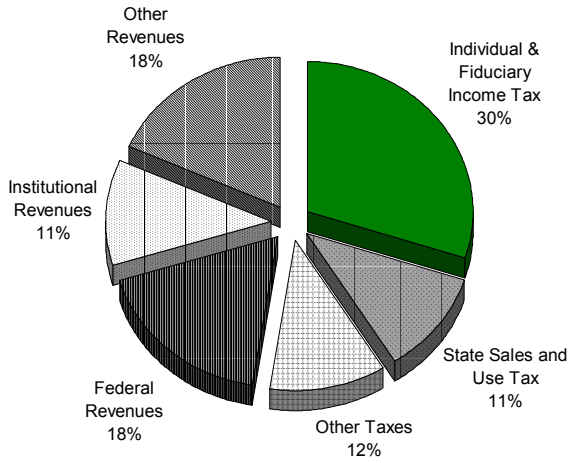
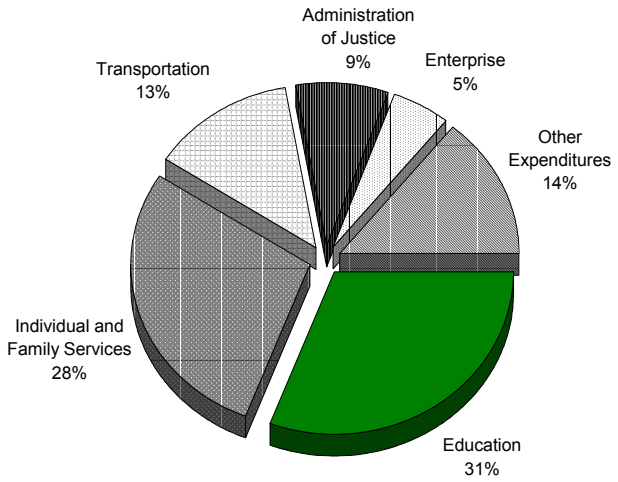


Figure 14
Expenditure Dollar
Fiscal Year 2001
(Budgetary Basis)

Expenditures and Other Financing Uses (2)	FY 2001	FY 2000
Education	31%	32%
Individual and Family Services	28%	29%
Transportation	13%	12%
Administration of Justice	9%	9%
Enterprise	5%	5%
Other Expenditures	14%	13%
Total	100%	100%

(2) Excludes operating transfers



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, 2000

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

President

Executive Director

Virginia Economic Highlights

An economist at the University of Virginia's Weldon Cooper Center for Public Service prepared this review of the Virginia economy. The brief write-up covers the Virginia economy through fiscal year (FY) 2001. Most of the analysis is based on measures of the past five fiscal years with emphasis on last year. When the text was prepared in late September, there was great uncertainty about the economic outlook. The dislocations stemming from attacks on the World Trade Center and the Pentagon were overlaid on an already slowing national economy. However, because this is a historical review, there will be no further mention of these developments.

FY 2001 saw a slowing of the national economy as the record-breaking expansion that began in 1991 lost steam. Virginia's economy performed remarkably well for the year as a whole, although there were signs of slowing in the latter part of the fiscal year.

Employment and income are the two broad economic measures that give the best picture of major developments. In FY 2001 Virginia's nonfarm payroll employment rose by 82,800 (**Figure 15**). This was a good showing but 8,800 below the gain in the preceding year. Over half of the net increase was in private services with much of that gain in the business services. Other service sector contributors were engineering and management services, health services, private social services, and private education services. Additional significant sources of employment growth were construction, trade, state and local government, and finance, insurance, and real estate. Manufacturing declined by 9,400. Although the reductions were concentrated in textiles and apparel, nearly all manufacturing industries ended the fiscal year with fewer workers. Another important sector with declining employment was the federal government. Its Virginia payroll dropped by 2,500. For a number of years the federal government has been using private contractors to carry out functions previously performed by federal employees. Thus, at least part of the decline probably was offset by gains in private service employment attributable to federal contracts.

Virginia's total employment growth of 2.4 percent was well above the national average of 1.3 percent. In fact, Virginia's employment growth rate exceeded the national average in four of the last five fiscal years (**Figure 16)**.

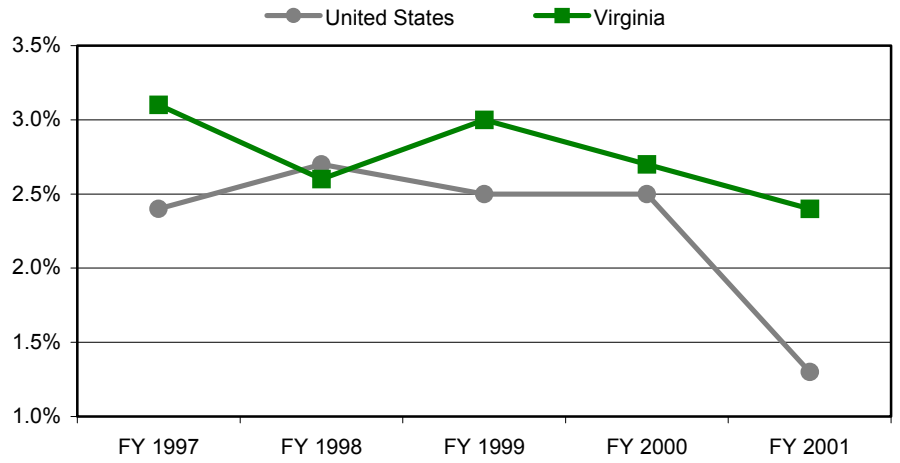
Growth in employment was concentrated in Northern Virginia. That area accounted for three-fourths of the state's net increase (**Figure 17**). Most of the remaining gain in total employment occurred in the state's other two principal metropolitan areas--Norfolk-Virginia Beach-Newport News and Richmond-Petersburg. In terms of relative growth, Northern Virginia had by far the highest percentage gain. Other metropolitan areas with strong relative growth were Charlottesville and Richmond-Petersburg. The non-metropolitan areas experienced a job decline of 1.4 percent. Virginia's non-metropolitan areas constitute a diverse collection. Within the grouping, the Shenandoah Valley region performed well. Weakness was experienced in Southwest Virginia and southern areas with textile and apparel factories.

Figure 15
Virginia Nonfarm Payroll Employment

			Change	
	FY 2000	FY 2001	Number	Percent
Total	3,461,300	3,544,100	82,800	2.4
Mining	10,000	10,000	-	0.0
Construction	203,800	219,100	15,300	7.5
Manufacturing	393,700	384,300	(9,400)	(2.4)
Transportation and public utilities	183,200	190,900	7,700	4.2
Wholesale trade	149,000	151,200	2,200	1.5
Retail trade	611,100	620,300	9,200	1.5
Finance, insurance, and real estate	186,700	191,600	4,900	2.6
Private services	1,106,100	1,152,400	46,300	4.2
Federal government	152,300	149,800	(2,500)	(1.6)
State government	143,500	147,000	3,500	2.4
Local government	322,200	327,500	5,300	1.6

Source: Bureau of Labor Statistics

Figure 16
Growth of Nonfarm Payroll Employment



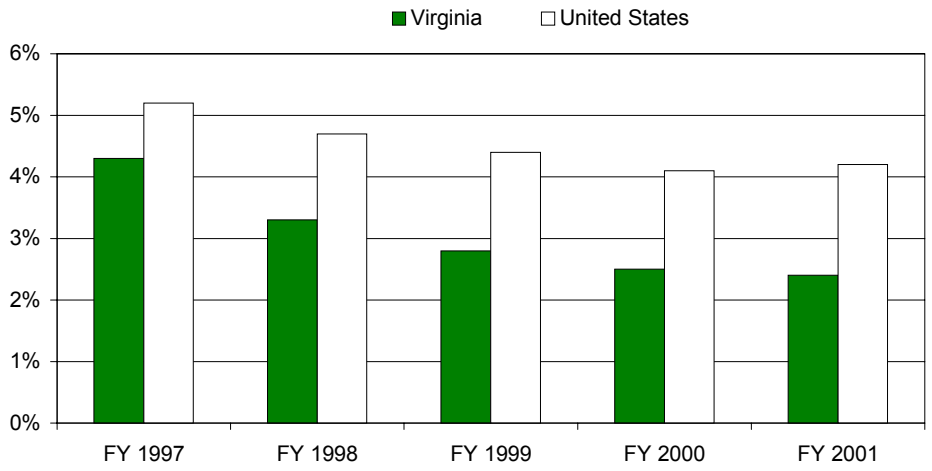
Source: Bureau of Labor Statistics

Figure 17
Nonfarm Payroll Employment by Metropolitan Statistical Area

			Change	
	FY 2000	FY 2001	Number	Percent
Virginia	3,461,300	3,544,100	82,800	2.4
Metropolitan statistical areas	2,788,200	2,880,500	92,300	3.3
Bristol	39,200	39,500	300	0.8
Charlottesville	86,700	89,800	3,100	3.6
Danville	46,000	46,500	500	1.1
Lynchburg	103,300	103,900	600	0.6
Norfolk-Virginia Beach-Newport News	697,200	705,300	8,100	1.2
Northern Virginia	1,118,600	1,181,200	62,600	5.6
Richmond-Petersburg	552,800	567,400	14,600	2.6
Roanoke	144,400	146,900	2,500	1.7
Non-metropolitan	673,100	663,600	(9,500)	(1.4)

Source: Bureau of Labor Statistics

Figure 18
Unemployment Rate



Source: Bureau of Labor Statistics

Unemployment constituted only 86,786 for the fiscal year. The persons without work were 2.4 percent of the labor force, even lower than the previous year's 2.5 percent (**Figure 18**). Such low rates are characteristic of an economy with only frictional unemployment, the unavoidable unemployment associated with people leaving and entering the labor force and normal job turnover. Virginia's unemployment was well below the national average, which itself was low by standards of the last twenty years. As the year progressed, unemployment rates in Virginia and the U.S. did rise, indicating that rough economic weather might be ahead.

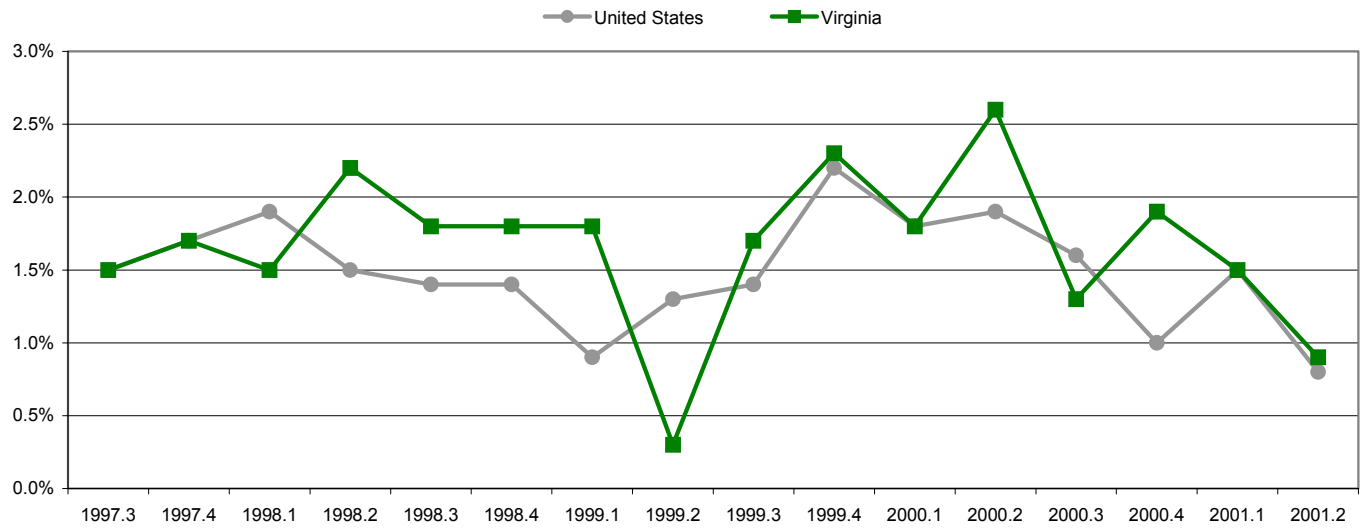
Within Virginia, Northern Virginia had the lowest unemployment rate. Most regions of the state were below the national average.

Another view of unemployment is provided by new claims for unemployment insurance. Although the level remained very low, the trend was upward. In FY 2001 the average number of claims was only 5,910, but this was well above the 4,474 reported in the previous year and higher than any year since FY 1996.

Quarterly Virginia personal income data plotted in **Figure 19** illustrates the volatility of this measure and the fact that growth slackened in the four quarters of FY 2001. By the last quarter, growth had slowed to 0.9 percent, slightly above the U. S. average, but the lowest growth rate since the second quarter of calendar year (CY) 1992. In relation to growth of U. S. personal income, Virginia's income gain has usually outperformed the nation. In the 16 quarters shown in **Figure 19**, Virginia's income growth exceeded the national rate ten times, equaled it three times, and was less three times.

The CY 2000 personal income data for the U.S. and Virginia illustrate the relative importance of various components of personal income (**Figure 20**). Items that differ by 1.6 percentage points or more are highlighted. The Virginia economy shares many similarities with the nation so most items are not highlighted. Net earnings by place of residence reflect the importance of Northern Virginia as a bedroom community for the District of Columbia. Transfer payments represent a smaller share in Virginia. The state has a young population so Social Security benefits are a smaller share of income. Also, Virginia's low unemployment translates into minimal unemployment insurance payments. Manufacturing is relatively less important than nationwide. The finance, insurance, and real estate industry also has a smaller share. Part of this has been due to the transition to multi-state banking with headquarters in other states. Private services are relatively more important in the Old Dominion. A major reason is the importance of business services, a category that includes many high tech firms. As would be expected with the many federal agencies in Virginia including the Pentagon and the importance of military bases in Virginia, the state has an above-average share of earnings from federal civilian and military employment.

Figure 19
Personal Income Growth



Source: Bureau of Economic Analysis

Figure 20
Personal Income by Major Source and Earnings by Industry, Calendar Year 2000

Item	Percent of Total	
	United States	Virginia
Personal income	100.0	100.0
Earnings by place of work	73.1	73.2
Net earnings by place of residence	68.8	72.6
Dividends, interest, and rent	18.3	18.0
Transfer payments	12.9	9.4
Earnings by industry		
Farm earnings	0.6	0.2
Agricultural services, forestry, fishing & other	0.5	0.4
Mining	0.6	0.4
Construction	4.4	4.4
Manufacturing	11.5	7.5
Tansportation and public utilities	5.0	5.1
Wholesale trade	4.5	4.0
Retail trade	6.4	5.9
Finance, insurance, and real estate	6.9	5.3
Services	21.4	23.0
Federal, civilian	2.3	5.3
Military	0.9	3.9
State and local	8.2	7.8

Source: Bureau of Economic Analysis

According to preliminary estimates for CY 2000, Virginians had a per capita income of $31,065, an amount 106 percent of the national average and providing the state a rank of fourteenth from the top. A decade earlier, the relationship to the national average was 105 percent, and the ranking was the same. Among its neighbors, Virginia's per capita income exceeded incomes in North Carolina, Tennessee, Kentucky, and West Virginia, but was lower than incomes in the District of Columbia and Maryland.

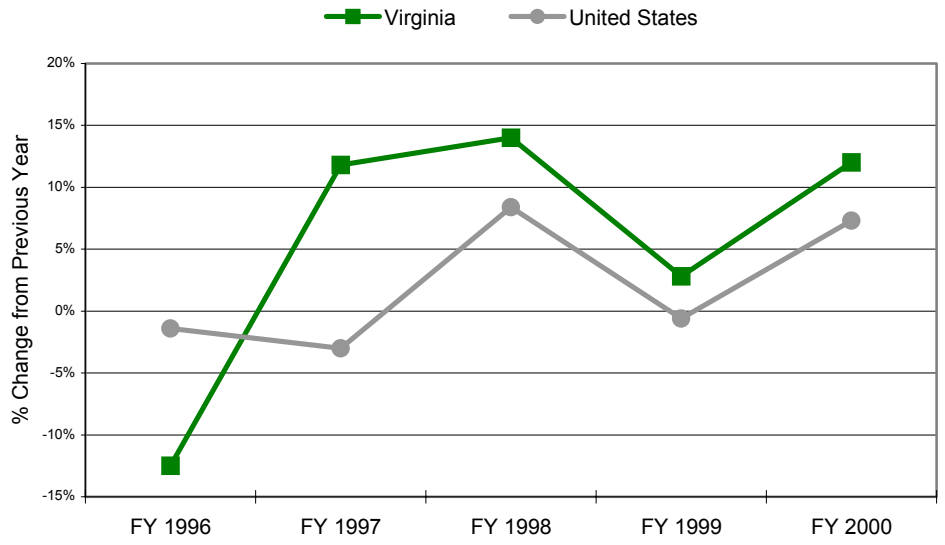
Federal contracts are a major driver for the Virginia economy. In federal fiscal year 2000, which ended in September 2000, the state accounted for 9.6 percent of federal contract awards. On a per capita basis, it ranked second in the nation. Only the District of Columbia had a higher amount. Virginia's federal contracts are concentrated in Northern Virginia and the Norfolk-Virginia Beach-Newport News areas. The value of contracts fluctuates from year to year primarily because of the long lead-time for military hardware. In FY 2000 federal prime contracts in Virginia rose by 12 percent (**Figure 21**). Since FY 1995, contracts in Virginia have risen faster than the national average in every year except FY 1996.

Building permits issued for private housing units remained at a high level. In FY 2001 the number issued was 50,462, the second highest year in the last five years (**Figure 22**). The gain was 1.5 percent over FY 2000. In contrast, the national total declined by 1.4 percent.

The Virginia sales and use tax is a broad-based tax that covers most retail sales. However, to compare collection results with national data on retail sales it is necessary to adjust the series. To make the national sales data comparable, the following items not included in the Virginia tax base were excluded: gasoline sales and new and used vehicle sales. To make the Virginia data comparable with the adjusted national data, motel and hotel taxable sales were excluded since lodging is not included in national retail sales. Virginia adjusted taxable sales rose 5.6 percent in FY 2001, a growth rate lower than in FY 2000 but higher than the 4.5 percent achieved nationally (**Figure 23)**.

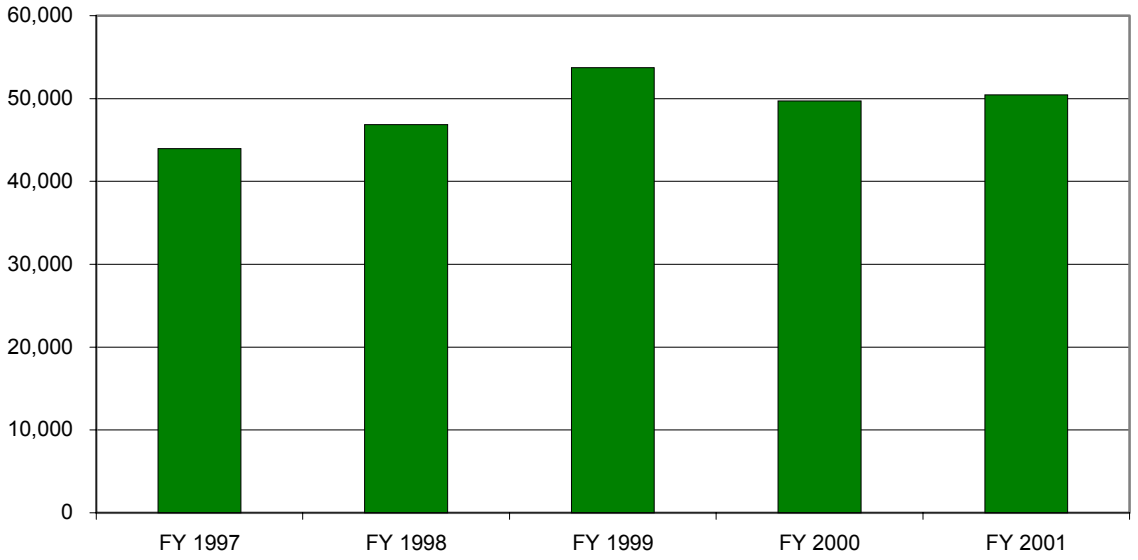
The 2000 census confirmed the state's strong growth during the last decade. Virginia's population of 7.2 million ranked it fourteenth among the states. Its population growth of 14.4 percent was nearly 10 percent faster than the U.S. average. Among the adjoining states, Virginia had a higher growth rate than Maryland, Kentucky, and West Virginia. North Carolina (+21.4 percent) and Tennessee (+16.7 percent) grew faster. The District of Columbia lost population. Within the state, the fastest growth was in the Northern Virginia MSA (the Virginia portion of the Washington, DC-MD-VA-WV MSA). That area, which now accounts for nearly one-third of the population, grew by 25.1 percent.

Figure 21
Federal Procurement Contract Awards



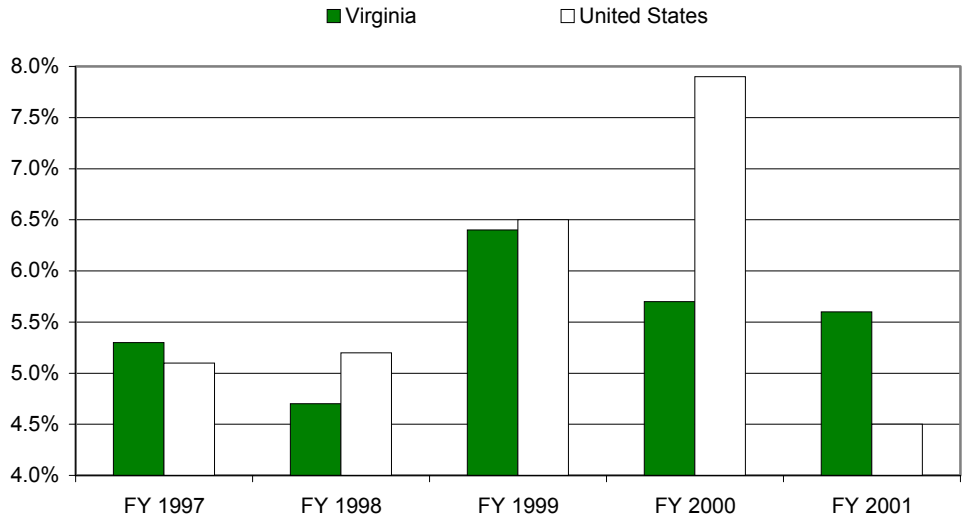
Source: Bureau of the Census

Figure 22
Building Permits Issued for Private Housing Units



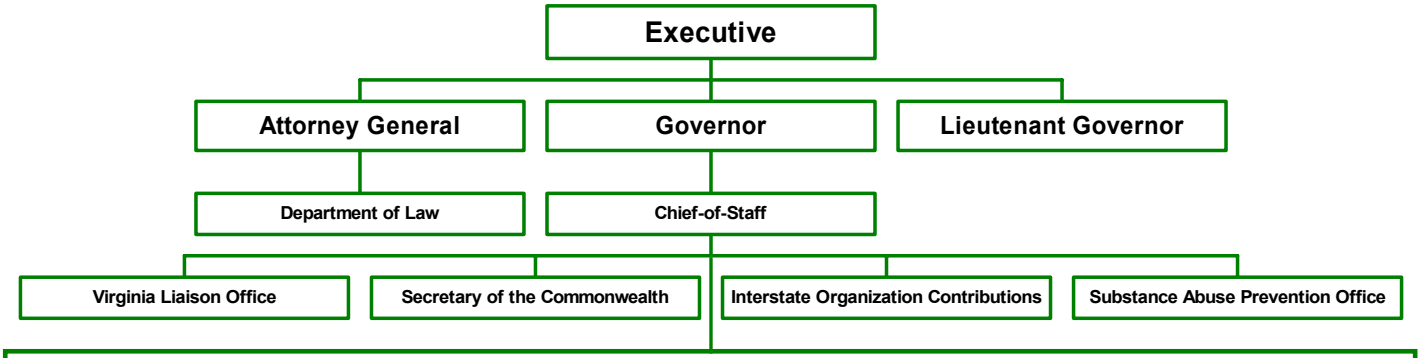
Source: Bureau of the Census

Figure 23
Adjusted Taxable Sales



Source: Bureau of the Census

Organization of Executive Branch of Government



Secretary of Administration
Charitable Gaming Commission
Commission on Local Government
Commonwealth Competition Council
Compensation Board
Council on Human Rights
Department for the Rights of Virginians with Disabilities
Department of Employment Dispute Resolution
Department of General Services
Department of Human Resource Management
Department of Veterans' Affairs
State Board of Elections
Virginia Public Broadcasting Board
Virginia Veteran's Care Center Board of Trustees

Secretary of Technology
Department of Information Technology
Department of Technology Planning
Innovative Technology Authority
Virginia Information Providers Network Authority

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

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

Secretary of Health and Human Resources
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 Health
Department of Health Professions
Department of Medical Assistance Services
Department of Mental Health, Mental Retardation and Substance Abuse Services
Department of Rehabilitative Services
Department of Social Services
Virginia Board for People with Disabilities

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

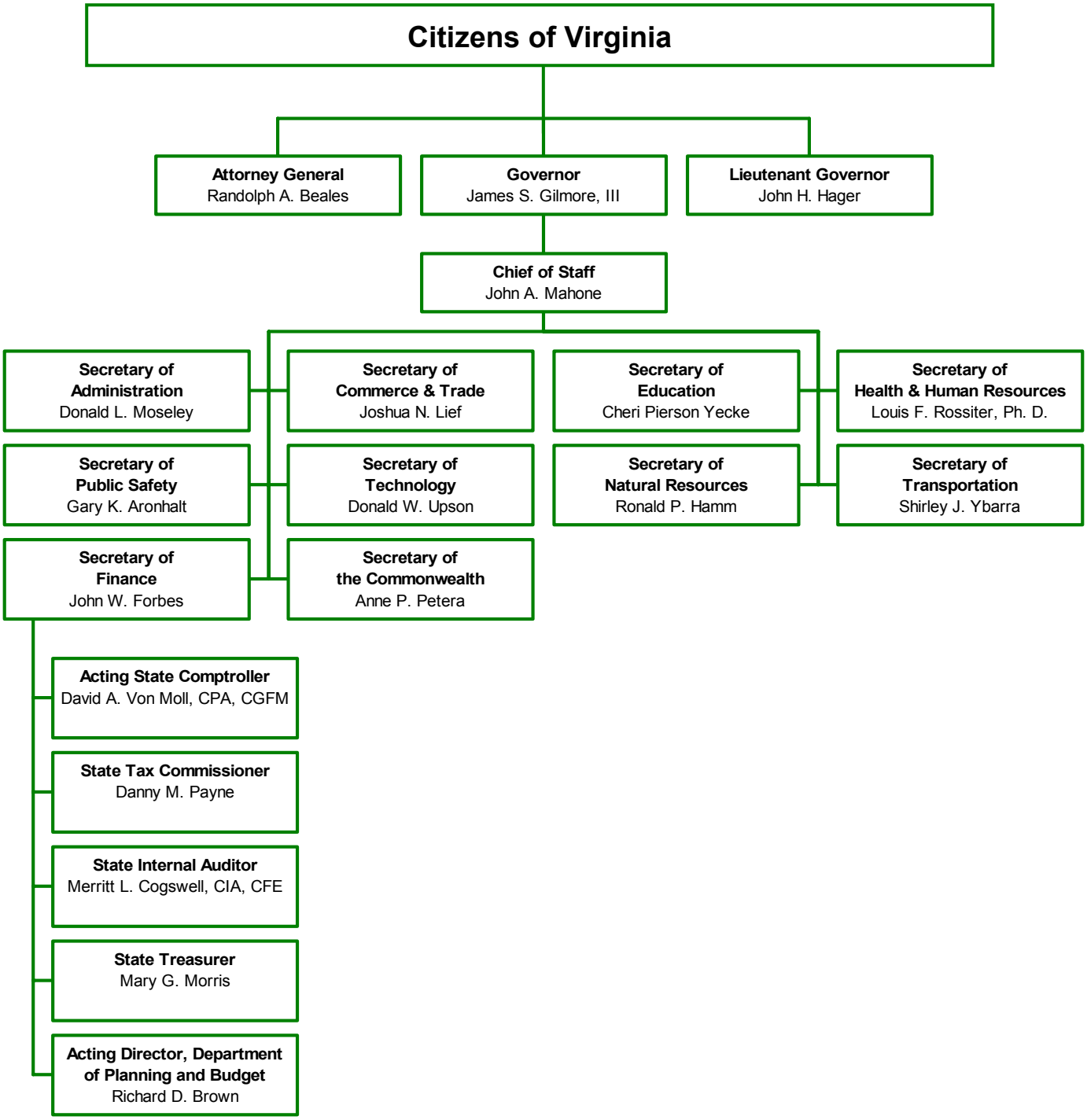
Secretary of Transportation
Department of Aviation
Department of Motor Vehicles
Department of Rail & Public Transportation
Department of Transportation
Motor Vehicle Dealer Board
Virginia Port Authority

Secretary of Education
Christopher Newport University
Department of Education
Frontier Culture Museum of Virginia
George Mason University
Gunston Hall Plantation
James Madison University
Jamestown-Yorktown Foundation
The Library of Virginia
Longwood College
Mary Washington College
Norfolk State University
Old Dominion University
Radford University
Roanoke Higher Education Authority
The Science Museum of Virginia
Southwest Virginia Higher Education Center
State Council of Higher Education for Virginia
The College of William and Mary
University of Virginia
Virginia College Building Authority
Virginia Commission for the Arts
Virginia Commonwealth University
Virginia Community College System
Virginia Military Institute
Virginia Museum of Fine Arts
Virginia Polytechnic Institute and State University
Virginia School for the Deaf and Blind at Staunton
Virginia School for the Deaf, Blind and Multi-Disabled at Hampton
Virginia State University

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

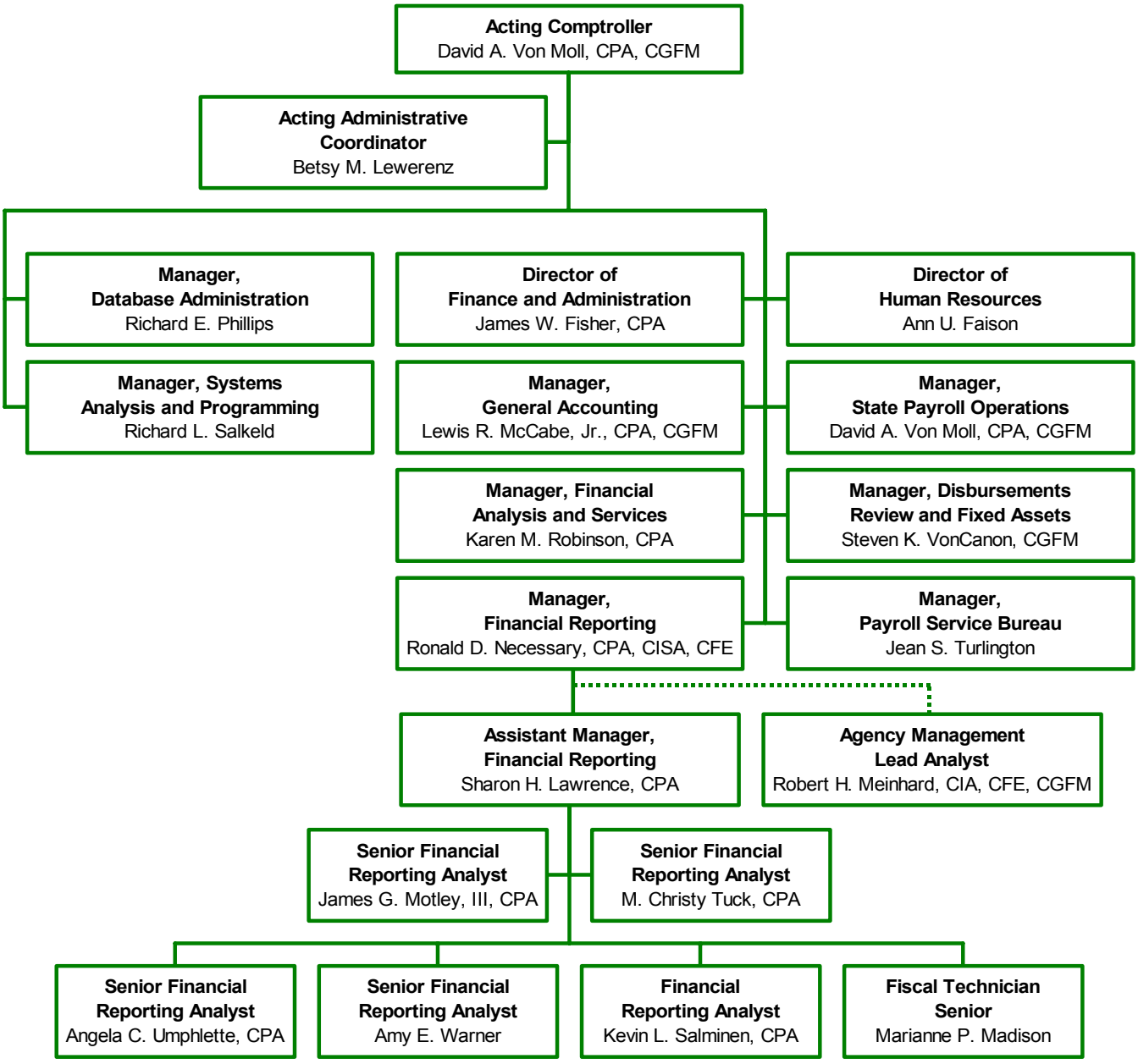
Organization of Government
Selected Government Officials - Executive Branch

As of December 14, 2001



Organization of the Department of Accounts

As of December 14, 2001



FINANCIAL SECTION

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

Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

December 12, 2001

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

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

We have audited the general purpose financial statements of the Commonwealth of Virginia as of and for the year ended June 30, 2001, as listed in the Table of Contents. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain Component Units - Proprietary Funds of the Commonwealth discussed in Note 1(B) which statements reflect total assets and revenues of $10,339,474,925 and $1,580,148,302, respectively, as of and for the year ended June 30, 2001. In addition, we did not audit the financial statements of the State Non-Arbitrage Pool, an investment trust fund, which statements reflect total assets and net investment income of $1,570,390,055 and $83,011,027, respectively, as of and for the year ended June 30, 2001. The financial statements of these component units and investment trust fund were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to these amounts included for Component Units - Proprietary Funds and Investment Trust Funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with 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 Virginia Commonwealth University Health System Authority, Pocahontas Parkway Association, and the State Non-Arbitrage Pool were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Virginia as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, reports on the Commonwealth's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, and grants will be issued under separate cover in the Commonwealth of Virginia Single Audit Report.

AUDITOR OF PUBLIC ACCOUNTS

General Purpose Financial Statements

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

June 30, 2001
(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Cash, Cash Equivalents, and Investments (Notes 1 and 6)	$ 1,481,749	$ 1,833,759	$ 18,618	$ 32,784
Taxes, Loans, Accounts, and Other Receivables (Net) (Notes 1 and 7)	735,983	819,325	-	156
Due from Other Funds and Primary Government (Note 8)	4,410	13,417	-	-
Due from Component Units (Note 8)	-	-	-	-
Interfund Receivables (Note 8)	-	43,692	-	-
Interfund Loans Receivable (Notes 1 and 8)	-	375,197	-	7,000
Inventory (Note 1)	36,908	118,212	-	-
Restricted Assets (Note 9)	-	-	-	-
Prepaid Items (Note 1)	-	4	-	-
Other Assets (Notes 1 and 10)	2,401	3,077	-	-
Property, Plant, and Equipment (Notes 1 and 11)	-	-	-	-
Other Debits:				
Amount Available for Retirement of Long-Term Debt	-	-	-	-
Amount to be Provided for:				
Retirement of Long-Term Debt	-	-	-	-
Pension Liability	-	-	-	-
Total Assets and Other Debits	$ 2,261,451	$ 3,206,683	$ 18,618	$ 39,940
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts Payable (Note 1)	$ 191,570	$ 387,862	$ -	$ 782
Amounts Due to Other Governments	173,720	135,483	-	-
Claims Payable (Notes 1 and 18)	-	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	278,044	124,987	-	680
Long-Term Liabilities (Notes 1 and 19)	-	-	-	-
Other Liabilities (Notes 1 and 20)	522,344	171,859	30	-
Due to Other Funds and Primary Government (Note 8)	592	16,109	-	-
Due to Component Units (Note 8)	-	40	-	3,757
Interfund Payables (Note 8)	-	11,084	-	-
Interfund Loans Payable (Notes 1 and 8)	5,000	141,460	-	-
Deferred Revenue and Deferred Credit (Note 1)	536,422	187,228	-	-
Total Liabilities	1,707,692	1,176,112	30	5,219
Equity and Other Credits:				
Net Investment in Plant	-	-	-	-
Investment in General Fixed Assets	-	-	-	-
Contributed Capital (Note 28)	-	-	-	-
Retained Earnings:				
Reserved (Notes 1 and 30)	-	-	-	-
Unreserved (Note 1)	-	-	-	-
Fund Balances:				
Reserved (Notes 1 and 30)	958,957	575,863	18,588	-
Unreserved (Note 1)	(405,198)	1,454,708	-	34,721
Total Equity and Other Credits	553,759	2,030,571	18,588	34,721
Total Liabilities, Equity, and Other Credits	$ 2,261,451	$ 3,206,683	$ 18,618	$ 39,940

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total Primary Government (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	June 30, 2001
$ 1,395,188	$ 249,086	$ 44,777,881	$ -	$ -	**$ 49,789,065**
255,026	51,337	3,054,558	-	-	**4,916,385**
439	1,000	290,035	-	-	**309,301**
-	-	-	-	-	**-**
-	-	-	-	-	**43,692**
-	-	-	-	-	**382,197**
30,168	14,831	1,549	-	-	**201,668**
-	-	-	-	-	**-**
4,203	4,128	-	-	-	**8,335**
19,406	37	399	-	-	**25,320**
289,223	65,289	6,464	3,562,823	-	**3,923,799**
-	-	-	-	18,588	**18,588**
-	-	-	-	3,551,574	**3,551,574**
-	-	-	-	179,308	**179,308**
$ 1,993,653	$ 385,708	$ 48,130,886	$ 3,562,823	$ 3,749,470	**$ 63,349,232**
$ 36,090	$ 31,603	$ 836,035	$ -	$ -	**$ 1,483,942**
-	837	167,141	-	-	**477,181**
23,594	254,473	46,241	-	-	**324,308**
247,915	22,721	2,139,929	-	-	**2,814,276**
428,499	14,476	1,670	-	3,749,470	**4,194,115**
1,127,711	3,333	2,721,801	-	-	**4,547,078**
14,985	736	276,879	-	-	**309,301**
-	-	-	-	-	**3,797**
22,726	9,882	-	-	-	**43,692**
-	-	-	-	-	**146,460**
7,349	19,138	15	-	-	**750,152**
1,908,869	357,199	6,189,711	-	3,749,470	**15,094,302**
-	-	-	-	-	**-**
-	-	-	3,562,823	-	**3,562,823**
3,705	6,085	-	-	-	**9,790**
-	10,979	-	-	-	**10,979**
81,079	11,445	-	-	-	**92,524**
-	-	40,751,106	-	-	**42,304,514**
-	-	1,190,069	-	-	**2,274,300**
84,784	28,509	41,941,175	3,562,823	-	**48,254,930**
$ 1,993,653	$ 385,708	$ 48,130,886	$ 3,562,823	$ 3,749,470	**$ 63,349,232**

(Continued on next page)

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

June 30, 2001
(Dollars in Thousands)

	Component Units			Total Reporting Entity (Memorandum Only)
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 2001
Assets and Other Debits				
Assets:				
Cash, Cash Equivalents, and Investments (Notes 1 and 6)	$ 136,719	$ 4,356,172	$ 3,455,416	**$ 57,737,372**
Taxes, Loans, Accounts, and Other Receivables (Net) (Notes 1 and 7)	3,952	7,207,863	436,110	**12,564,310**
Due from Other Funds and Primary Government (Note 8)	40	-	3,757	**313,098**
Due from Component Units (Note 8)	2,121	-	23,595	**25,716**
Interfund Receivables (Note 8)	-	-	-	**43,692**
Interfund Loans Receivable (Notes 1 and 8)	-	141,460	-	**523,657**
Inventory (Note 1)	-	20,468	28,353	**250,489**
Restricted Assets (Note 9)	-	144,898	-	**144,898**
Prepaid Items (Note 1)	94	9,516	26,385	**44,330**
Other Assets (Notes 1 and 10)	747	33,775	5,969	**65,811**
Property, Plant, and Equipment (Notes 1 and 11)	579,049	690,991	6,420,878	**11,614,717**
Other Debits:				
Amount Available for Retirement of Long-Term Debt	9,014	-	-	**27,602**
Amount to be Provided for:				
Retirement of Long-Term Debt	187,494	-	-	**3,739,068**
Pension Liability	1,121	-	-	**180,429**
Total Assets and Other Debits	$ 920,351	$ 12,605,143	$ 10,400,463	**$ 87,275,189**
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts Payable (Note 1)	$ 8,279	$ 116,542	$ 366,095	**$ 1,974,858**
Amounts Due to Other Governments	-	46,699	-	**523,880**
Claims Payable (Notes 1 and 18)	-	7,733	-	**332,041**
Obligations Under Securities Lending Program (Notes 1 and 6)	9,866	3,245	267,587	**3,094,974**
Long-Term Liabilities (Notes 1 and 19)	197,629	8,799,828	1,553,924	**14,745,496**
Other Liabilities (Notes 1 and 20)	23,442	462,623	85,649	**5,118,792**
Due to Other Funds and Primary Government (Note 8)	-	-	-	**309,301**
Due to Component Units (Note 8)	-	5,801	19,915	**29,513**
Interfund Payables (Note 8)	-	-	-	**43,692**
Interfund Loans Payable (Notes 1 and 8)	-	363,654	13,543	**523,657**
Deferred Revenue and Deferred Credit (Note 1)	138	1,018	141,588	**892,896**
Total Liabilities	239,354	9,807,143	2,448,301	**27,589,100**
Equity and Other Credits:				
Net Investment in Plant	-	-	5,088,671	**5,088,671**
Investment in General Fixed Assets	578,986	-	-	**4,141,809**
Contributed Capital (Note 28)	-	1,025,777	-	**1,035,567**
Retained Earnings:				
Reserved (Notes 1 and 30)	-	1,269,963	-	**1,280,942**
Unreserved (Note 1)	-	502,260	-	**594,784**
Fund Balances:				
Reserved (Notes 1 and 30)	39,108	-	2,199,197	**44,542,819**
Unreserved (Note 1)	62,903	-	664,294	**3,001,497**
Total Equity and Other Credits	680,997	2,798,000	7,952,162	**59,686,089**
Total Liabilities, Equity, and Other Credits	$ 920,351	$ 12,605,143	$ 10,400,463	**$ 87,275,189**

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

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	$ 10,522,320	$ 1,774,477	$ -	$ -
Rights and Privileges	38,648	553,049	-	-
Institutional Revenue	7,829	370,340	-	-
Interest, Dividends, Rents, and Other Investment Income (Note 1)	223,897	106,569	949	2,649
Proceeds from Unclaimed Property	-	-	-	-
Federal Grants and Contracts	-	4,213,659	-	-
Proceeds from Securities Lending Transactions	10,650	3,914	-	17
Other (Note 21)	274,094	480,351	-	4,835
Total Revenues	11,077,438	7,502,359	949	7,501
Expenditures:				
Current:				
General Government	1,063,466	120,173	-	-
Education	4,188,551	515,638	-	-
Transportation	4,875	3,005,201	4	-
Resources and Economic Development	226,130	342,390	-	-
Individual and Family Services	2,493,583	3,541,494	-	-
Administration of Justice	1,947,582	148,192	-	-
Capital Outlay	36,509	29,487	-	43,062
Debt Service:				
Principal Retirement	-	-	136,328	-
Interest and Charges	-	-	152,318	-
Payments for Securities Lending Transactions	10,247	3,757	-	16
Total Expenditures	9,970,943	7,706,332	288,650	43,078
Revenues Over (Under) Expenditures	1,106,495	(203,973)	(287,701)	(35,577)
Other Financing Sources (Uses):				
Transfers:				
Operating Transfers In	525,134	531,832	294,754	33,665
Operating Transfers In from Primary Government	-	-	-	-
Operating Transfers In from Component Units	2,660	9,694	-	-
Operating Transfers Out	(624,058)	(355,172)	(4)	-
Operating Transfers Out to Primary Government	-	-	-	-
Operating Transfers Out to Component Units	(1,759,921)	(46,773)	-	(153)
Proceeds from Capital Leases	2,662	9,939	-	-
Proceeds from Sale of Bonds	-	386,060	-	-
Total Other Financing Sources (Uses)	(1,853,523)	535,580	294,750	33,512
Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	(747,028)	331,607	7,049	(2,065)
Fund Balance, July 1, as restated (Note 29)	1,300,787	1,698,964	11,539	36,786
Fund Balance, June 30	$ 553,759	$ 2,030,571	$ 18,588	$ 34,721

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

Fiduciary Fund Type	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
Expendable Trust	June 30, 2001	Governmental Fund	June 30, 2001
$ 195,906	$ 12,492,703	$ -	$ 12,492,703
4,418	596,115	-	596,115
25,358	403,527	-	403,527
71,363	405,427	9,620	415,047
44,964	44,964	-	44,964
-	4,213,659	6	4,213,665
121	14,702	264	14,966
20,784	780,064	80,156	860,220
362,914	18,951,161	90,046	19,041,207
7,676	1,191,315	64,051	1,255,366
4,328	4,708,517	106	4,708,623
8	3,010,088	8,073	3,018,161
39,420	607,940	54,856	662,796
250,379	6,285,456	60	6,285,516
27,490	2,123,264	-	2,123,264
4,874	113,932	32,153	146,085
-	136,328	11,126	147,454
-	152,318	10,845	163,163
116	14,136	253	14,389
334,291	18,343,294	181,523	18,524,817
28,623	607,867	(91,477)	516,390
17,902	1,403,287	-	1,403,287
-	-	74,940	74,940
-	12,354	26,380	38,734
(47,005)	(1,026,239)	-	(1,026,239)
-	-	(91)	(91)
-	(1,806,847)	(1,587)	(1,808,434)
-	12,601	-	12,601
-	386,060	4,963	391,023
(29,103)	(1,018,784)	104,605	(914,179)
(480)	(410,917)	13,128	(397,789)
1,192,399	4,240,475	88,883	4,329,358
$ 1,191,919	$ 3,829,558	$ 102,011	$ 3,931,569

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Individual and Fiduciary Income	$ 7,415,900	$ 7,226,309	$ (189,591)
State Sales and Use	2,313,200	2,272,954	(40,246)
Corporation Income	461,700	363,757	(97,943)
Public Service Corporations	85,300	93,427	8,127
Motor Fuel	-	-	-
Motor Vehicle Sales and Use	-	-	-
Premiums of Insurance Companies	261,100	268,060	6,960
Other Taxes	416,400	434,332	17,932
Rights and Privileges	34,600	36,928	2,328
Institutional Revenue	8,400	7,888	(512)
Interest, Dividends, Rents, and Other Investment Income	143,797	170,774	26,977
Federal Grants and Contracts	-	-	-
Proceeds from Securities Lending Transactions	10,650	10,650	-
Tobacco Master Settlement	51,600	51,276	(324)
Other	167,100	224,375	57,275
Total Revenues	11,369,747	11,160,730	(209,017)
Expenditures:			
Current:			
General Government	1,161,607	1,069,409	92,198
Education	4,220,457	4,188,331	32,126
Transportation	90,662	4,703	85,959
Resources and Economic Development	239,580	228,087	11,493
Individual and Family Services	2,518,888	2,488,745	30,143
Administration of Justice	1,992,584	1,939,881	52,703
Capital Outlay	36,714	36,714	-
Payments for Securities Lending Transactions	10,247	10,247	-
Total Expenditures	10,270,739	9,966,117	304,622
Revenues Over (Under) Expenditures	1,099,008	1,194,613	95,605
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	497,127	525,101	27,974
Operating Transfers In from Component Units	2,420	2,660	240
Operating Transfers Out	(620,396)	(623,677)	(3,281)
Operating Transfers Out to Component Units	(1,761,014)	(1,759,921)	1,093
Proceeds from Sale of Bonds	-	-	-
Total Other Financing Sources (Uses)	(1,881,863)	(1,855,837)	26,026
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(782,855)	(661,224)	121,631
Fund Balance, July 1, as restated (Note 29)	1,855,331	1,855,331	-
Fund Balance, June 30	$ 1,072,476	$ 1,194,107	$ 121,631

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

Special Revenue Funds			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ -	$ -	$ -	$ 7,415,900	$ 7,226,309	$ (189,591)
390,200	387,637	(2,563)	2,703,400	2,660,591	(42,809)
-	-	-	461,700	363,757	(97,943)
-	-	-	85,300	93,427	8,127
803,897	821,291	17,394	803,897	821,291	17,394
486,146	522,717	36,571	486,146	522,717	36,571
-	-	-	261,100	268,060	6,960
24,076	42,976	18,900	440,476	477,308	36,832
383,415	555,283	171,868	418,015	592,211	174,196
410,226	368,638	(41,588)	418,626	376,526	(42,100)
20,776	72,760	51,984	164,573	243,534	78,961
4,678,930	4,187,047	(491,883)	4,678,930	4,187,047	(491,883)
3,170	3,170	-	13,820	13,820	-
-	-	-	51,600	51,276	(324)
438,291	396,966	(41,325)	605,391	621,341	15,950
7,639,127	7,358,485	(280,642)	19,008,874	18,519,215	(489,659)
143,284	115,677	27,607	1,304,891	1,185,086	119,805
433,559	382,094	51,465	4,654,016	4,570,425	83,591
3,208,960	2,973,193	235,767	3,299,622	2,977,896	321,726
429,712	359,081	70,631	669,292	587,168	82,124
3,762,935	3,517,183	245,752	6,281,823	6,005,928	275,895
170,644	145,041	25,603	2,163,228	2,084,922	78,306
25,881	25,881	-	62,595	62,595	-
3,043	3,043	-	13,290	13,290	-
8,178,018	7,521,193	656,825	18,448,757	17,487,310	961,447
(538,891)	(162,708)	376,183	560,117	1,031,905	471,788
557,340	484,070	(73,270)	1,054,467	1,009,171	(45,296)
452	452	-	2,872	3,112	240
(302,966)	(314,044)	(11,078)	(923,362)	(937,721)	(14,359)
(41,073)	(41,529)	(456)	(1,802,087)	(1,801,450)	637
386,060	386,060	-	386,060	386,060	-
599,813	515,009	(84,804)	(1,282,050)	(1,340,828)	(58,778)
60,922	352,301	291,379	(721,933)	(308,923)	413,010
1,112,828	1,112,828	-	2,968,159	2,968,159	-
$ 1,173,750	$ 1,465,129	$ 291,379	$ 2,246,226	$ 2,659,236	$ 413,010

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Proprietary Fund Types		
	Enterprise	Internal Service	Nonexpendable Trust Funds
Operating Revenues:			
Interest, Dividends, Rents, and Other Investment Income (Note 1)	$ 11,692	$ -	$ (1,354)
Charges for Sales and Services	1,568,421	791,100	-
Other (Note 21)	821	208	77
Total Operating Revenues	1,580,934	791,308	(1,277)
Operating Expenses:			
Interest Expense	24,054	-	-
Cost of Sales and Services	284,980	58,657	496
Prizes and Claims (Note 22)	640,626	539,281	-
Personal Services	87,373	44,523	-
Contractual Services	61,115	96,242	-
Supplies and Materials	4,355	7,156	-
Depreciation and Amortization (Note 23)	10,629	18,758	-
Rent, Insurance, and Other Related Charges	22,282	31,280	-
Other (Note 24)	147,810	8,435	11
Total Operating Expenses	1,283,224	804,332	507
Operating Income (Loss)	297,710	(13,024)	(1,784)
Nonoperating Revenues (Expenses):			
Contributions from Other Governments	-	-	-
Interest, Dividends, Rents, and Other Investment Income	16,868	6,792	-
Income From Securities Lending Transactions	1,252	867	-
Expenses For Securities Lending Transactions	(1,202)	(823)	-
Other (Note 25)	1,132	(386)	-
Total Nonoperating Revenues (Expenses)	18,050	6,450	-
Income (Loss) Before Transfers	315,760	(6,574)	(1,784)
Transfers:			
Operating Transfers In	1,308	3,681	-
Operating Transfers In from Primary Government	-	-	-
Operating Transfers In from Component Units	27,122	-	-
Operating Transfers Out	(378,431)	(3,606)	-
Operating Transfers Out to Primary Government	-	-	-
Operating Transfers Out to Component Units	-	-	-
Total Transfers	(350,001)	75	-
Net Income (Loss)	(34,241)	(6,499)	(1,784)
Retained Earnings/Fund Balance, July 1, as restated (Note 29)	115,320	28,923	29,785
Retained Earnings/Fund Balance, June 30	$ 81,079	$ 22,424	$ 28,001

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

Total Primary Government (Memorandum Only) June 30, 2001	Component Units Proprietary Fund	Total Reporting Entity (Memorandum Only) June 30, 2001
$ 10,338	$ 675,497	$ 685,835
2,359,521	862,821	3,222,342
1,106	161,302	162,408
2,370,965	1,699,620	4,070,585
24,054	479,238	503,292
344,133	97,646	441,779
1,179,907	47,883	1,227,790
131,896	414,498	546,394
157,357	54,996	212,353
11,511	119,917	131,428
29,387	59,439	88,826
53,562	14,455	68,017
156,256	258,807	415,063
2,088,063	1,546,879	3,634,942
282,902	152,741	435,643
-	63,747	63,747
23,660	(4,043)	19,617
2,119	102	2,221
(2,025)	(98)	(2,123)
746	6,552	7,298
24,500	66,260	90,760
307,402	219,001	526,403
4,989	-	4,989
-	45,935	45,935
27,122	1,587	28,709
(382,037)	-	(382,037)
-	(36,501)	(36,501)
-	(26,380)	(26,380)
(349,926)	(15,359)	(365,285)
(42,524)	203,642	161,118
174,028	1,568,581	1,742,609
$ 131,504	$ 1,772,223	$ 1,903,727

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Proprietary Fund Types	
	Enterprise	Internal Service
Cash Flows from Operating Activities:		
Receipts for Sales and Services	$ 1,565,301	$ 10,192
Receipts from Quasi-external Operating Transactions with Other Funds	3,316	844,388
Payments to Suppliers for Goods and Services	(306,150)	(83,314)
Payments for Quasi-external Operating Transactions with Other Funds	(4,139)	(7,789)
Payments for Prizes, Claims, and Loss Control (Note 32)	(695,433)	(519,740)
Payments to Employees	(86,920)	(48,625)
Other Operating Expense (Note 32)	(78,961)	(92,614)
Other Operating Revenue (Note 32)	14,906	1
Net Cash Provided by (Used for) Operating Activities	411,920	102,499
Cash Flows from Noncapital Financing Activities:		
Payment of Principal and Interest on Bonds and Notes	-	-
Proceeds from Issuance of Bonds and Notes	-	-
Operating Transfers In from Other Funds	869	3,681
Operating Transfers In from Primary Government	-	-
Operating Transfers In from Component Units	25,413	-
Operating Transfers Out to Other Funds	(474,861)	(3,606)
Operating Transfers Out to Primary Government	-	-
Operating Transfers Out to Component Units	-	-
Other Noncapital Financing Receipt Activities (Note 32)	98,517	8,792
Other Noncapital Financing Disbursement Activities (Note 32)	(1,500)	(95)
Payments of Debt Issuance Costs	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(351,562)	8,772
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Fixed Assets	(83,174)	(18,489)
Payment of Principal and Interest on Bonds and Notes	-	(7,088)
Proceeds from Sale of Bonds and Notes	-	-
Proceeds from Sale of Fixed Assets	-	557
Other Capital and Related Financing Receipt Activities (Note 32)	-	-
Other Capital and Related Financing Disbursement Activities (Note 32)	-	(460)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(83,174)	(25,480)
Cash Flows from Investing Activities:		
Purchase of Investments	(1,180,583)	(26,600)
Proceeds from Sales or Maturities of Investments	1,224,641	7,600
Investment Income on Cash, Cash Equivalents, and Investments	42,979	11,100
Net Cash Provided by (Used for) Investing Activities	87,037	(7,900)
Net Increase (Decrease) in Cash and Cash Equivalents	64,221	77,891
Cash and Cash Equivalents, July 1, as restated (Note 29)	169,746	102,587
Cash and Cash Equivalents, June 30	$ 233,967	$ 180,478

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

Nonexpendable Trust Funds	Total Primary Government (Memorandum Only) June 30, 2001	Component Units Proprietary Fund	Total Reporting Entity (Memorandum Only) June 30, 2001
$ -	**$ 1,575,493**	$ 851,831	**$ 2,427,324**
-	**847,704**	-	**847,704**
(24)	**(389,488)**	(211,265)	**(600,753)**
-	**(11,928)**	-	**(11,928)**
-	**(1,215,173)**	(44,700)	**(1,259,873)**
-	**(135,545)**	(429,982)	**(565,527)**
(487)	**(172,062)**	(1,804,270)	**(1,976,332)**
96	**15,003**	1,539,052	**1,554,055**
(415)	**514,004**	(99,334)	**414,670**
-	**-**	(1,279,583)	**(1,279,583)**
-	**-**	1,468,629	**1,468,629**
-	**4,550**	-	**4,550**
-	**-**	45,935	**45,935**
-	**25,413**	1,587	**27,000**
-	**(478,467)**	-	**(478,467)**
-	**-**	(66,494)	**(66,494)**
-	**-**	(22,981)	**(22,981)**
-	**107,309**	64,425	**171,734**
-	**(1,595)**	(50,240)	**(51,835)**
-	**-**	(13,641)	**(13,641)**
-	**(342,790)**	147,637	**(195,153)**
-	**(101,663)**	(77,697)	**(179,360)**
-	**(7,088)**	(34,852)	**(41,940)**
-	**-**	8,175	**8,175**
-	**557**	12	**569**
-	**-**	15,495	**15,495**
-	**(460)**	(1,992)	**(2,452)**
-	**(108,654)**	(90,859)	**(199,513)**
(150)	**(1,207,333)**	(1,775,132)	**(2,982,465)**
338	**1,232,579**	1,719,204	**2,951,783**
260	**54,339**	152,812	**207,151**
448	**79,585**	96,884	**176,469**
33	**142,145**	54,328	**196,473**
345	**272,678**	796,756	**1,069,434**
$ 378	**$ 414,823**	$ 851,084	**$ 1,265,907**

(Continued on next page)

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Proprietary Fund Types	
	Enterprise	Internal Service
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	$ 297,710	$ (13,024)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Amortization	10,629	18,758
Interest on Bonds and Notes	12,221	-
Purchase of Bonds	-	-
Interest, Dividends, Rents, and Other Investment Income	(36,358)	43
Payment of Bond Issuance Expenses	-	-
(Gain)/Loss on Sale of Fixed Assets	-	-
Miscellaneous Nonoperating Income	55	1
Other Expenses	281	(641)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(40,795)	54,673
(Increase) Decrease in Due from Other Funds	-	402
(Increase) Decrease in Inventory	(853)	969
(Increase) Decrease in Restricted Assets	-	-
(Increase) Decrease in Prepaid Items	(1,237)	6,588
(Increase) Decrease in Other Assets	-	-
Increase (Decrease) in Accounts Payable	(2,614)	11,809
Increase (Decrease) in Amounts Due to Other Governments	-	(885)
Increase (Decrease) in Claims Payable	6,102	23,669
Increase (Decrease) in Due to Other Funds	80	58
Increase (Decrease) in Deferred Revenue	724	(1,102)
Increase (Decrease) in Long-Term Liabilities	12,059	951
Increase (Decrease) in Other Liabilities	153,916	230
Net Cash Provided by (Used for) Operating Activities	$ 411,920	$ 102,499
Reconciliation of Cash, Cash Equivalents, and Investments:		
Per the Balance Sheet:		
Cash, Cash Equivalents, and Investments	$ 1,395,188	$ 249,086
Cash and Travel Advances	201	37
Less:		
Pension Trust Funds, Investment Trust Funds, Expendable Trust Funds, and Agency Funds	-	-
Investments with Original Maturities Greater than Three Months	1,161,422	68,645
Cash and Cash Equivalents per the Statement of Cash Flows	$ 233,967	$ 180,478
Noncash Investing, Capital, and Financing Activities:		
The following transactions occurred prior to the balance sheet date:		
Increase in Other Real Estate Owned as a Result of Loan Foreclosures	$ -	$ -
Trade-ins of Used Equipment on New Equipment	-	-
Capital Contribution of Inventory	-	-
Fixed Assets Transferred to Component Unit	-	-
Change in Fair Value of Investments	(21,492)	(3,689)
Fixed Asset Addition Included in Accounts Payable	-	65
Total Noncash Investing, Capital, and Financing Activities	$ (21,492)	$ (3,624)

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

Nonexpendable Trust Funds	Total Primary Government (Memorandum Only) June 30, 2001	Component Units Proprietary Fund	Total Reporting Entity (Memorandum Only) June 30, 2001
$ (1,784)	**$ 282,902**	$ 152,741	**$ 435,643**
-	**29,387**	59,439	**88,826**
-	**12,221**	475,767	**487,988**
-	**-**	(260,137)	**(260,137)**
1,372	**(34,943)**	(122,489)	**(157,432)**
-	**-**	1,145	**1,145**
-	**-**	(55)	**(55)**
-	**56**	181,526	**181,582**
-	**(360)**	41,645	**41,285**
-	**13,878**	(669,404)	**(655,526)**
-	**402**	-	**402**
-	**116**	(1,591)	**(1,475)**
-	**-**	377	**377**
-	**5,351**	(1,257)	**4,094**
-	**-**	1,404	**1,404**
(3)	**9,192**	11,640	**20,832**
-	**(885)**	-	**(885)**
-	**29,771**	3,183	**32,954**
-	**138**	-	**138**
-	**(378)**	173	**(205)**
-	**13,010**	2,653	**15,663**
-	**154,146**	23,906	**178,052**
$ (415)	**$ 514,004**	$ (99,334)	**$ 414,670**
$ 44,777,881	**$ 46,422,155**	$ 4,356,172	**$ 50,778,327**
-	**238**	-	**238**
44,749,864	**44,749,864**	-	**44,749,864**
27,639	**1,257,706**	3,505,088	**4,762,794**
$ 378	**$ 414,823**	$ 851,084	**$ 1,265,907**
$ -	**$ -**	$ 31,924	**$ 31,924**
-	**-**	7	**7**
-	**-**	1,025	**1,025**
-	**-**	251	**251**
(1,970)	**(27,151)**	12,113	**(15,038)**
-	**65**	-	**65**
$ (1,970)	**$ (27,086)**	$ 45,320	**$ 18,234**

Combining Statement of Changes in Plan Net Assets
Pension Trust Funds

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Additions:			
Contributions:			
Member	$ 518,943	$ 4,212	$ 2,319
Employer	635,985	20,420	20,830
Total Contributions	1,154,928	24,632	23,149
Investment Income:			
Interest, Dividends, and Other Investment Income	(2,810,756)	(35,952)	(19,949)
Securities Lending Income	142,188	1,819	1,009
Total Investment Income	(2,668,568)	(34,133)	(18,940)
Less Investment Expenses	239,201	3,059	1,697
Net Investment Income	(2,907,769)	(37,192)	(20,637)
Other Revenue	381	-	-
Total Additions	(1,752,460)	(12,560)	2,512
Deductions:			
Retirement Benefits	1,261,348	17,980	17,788
Refunds to Former Members	79,439	289	32
Retiree Health Insurance Credits	-	-	-
Insurance Premiums and Claims	-	-	-
Administrative Expenses	14,141	171	94
Other Expenses	-	-	-
Total Deductions	1,354,928	18,440	17,914
Increase (decrease) Before Operating Transfers	(3,107,388)	(31,000)	(15,402)
Transfers:			
Operating Transfers In	-	-	-
Operating Transfers Out	(264,138)	-	-
Total Transfers	(264,138)	-	-
Net Increase	(3,371,526)	(31,000)	(15,402)
Net Assets Held in Trust for Pension/Postemployment Benefits			
July 1	38,990,593	495,208	274,748
June 30	$ 35,619,067	$ 464,208	$ 259,346

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

Virginia Law Officers' Retirement System	Political Appointees	Postemployment Retiree Health Insurance Credit	Postemployment Group Life	Postemployment Volunteer Firefighters and Rescue Squad Workers	Total June 30, 2001
$ 15,935	$ 400	$ -	$ 53,173	$ 25	**$ 595,007**
51,105	432	73,901	35,451	-	**838,124**
67,040	832	73,901	88,624	25	**1,433,131**
(3,921)	(245)	(2,986)	(74,783)	-	**(2,948,592)**
198	-	151	3,783	-	**149,148**
(3,723)	(245)	(2,835)	(71,000)	-	**(2,799,444)**
334	-	254	6,363	-	**250,908**
(4,057)	(245)	(3,089)	(77,363)	-	**(3,050,352)**
-	-	-	-	-	**381**
62,983	587	70,812	11,261	25	**(1,616,840)**
1,511	-	-	-	-	**1,298,627**
862	114	-	-	-	**80,736**
-	-	54,628	-	-	**54,628**
-	-	-	88,179	-	**88,179**
17	6	348	476	-	**15,253**
-	-	-	170	-	**170**
2,390	120	54,976	88,825	-	**1,537,593**
60,593	467	15,836	(77,564)	25	**(3,154,433)**
264,138	-	-	-	-	**264,138**
-	-	-	-	-	**(264,138)**
264,138	-	-	-	-	**-**
324,731	467	15,836	(77,564)	25	**(3,154,433)**
25,401	1,628	38,138	1,015,657	-	**40,841,373**
$ 350,132	$ 2,095	$ 53,974	$ 938,093	$ 25	**$ 37,686,940**

Combining Statement of Changes in Plan Net Assets
Investment Trust Funds

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Local Government Investment Pool	State Non-Arbitrage Pool (SNAP)	SNAP Individual Investment Accounts	Total June 30, 2001
Operations:				
Net Investment Income	$ 88,450	$ 52,036	$ 1,088	**$ 141,574**
Distributions to Shareholders from Net Investment Income	(86,237)	(52,036)	(207)	**(138,480)**
Total Operations	2,213	-	881	**3,094**
Capital Share and Individual Account Transactions:				
Purchase of Investments	-	-	19,748	**19,748**
Shares Sold	3,175,926	991,650	-	**4,167,576**
Reinvested Distributions	86,239	52,334	-	**138,573**
Shares Redeemed	(2,693,844)	(975,689)	-	**(3,669,533)**
Net Capital Share and Individual Account Transactions	568,321	68,295	19,748	**656,364**
Transfers:				
Maturities	-	11,608	(11,608)	**-**
Investment Income	-	245	(245)	**-**
Total Transfers	-	11,853	(11,853)	**-**
Increase (Decrease) in Net Assets	570,534	80,148	8,776	**659,458**
Net Assets Held in Trust for Pool/Program Participants				
July 1, as restated (Note 29)	1,453,102	893,567	28,188	**2,374,857**
June 30	$ 2,023,636	$ 973,715	$ 36,964	**$ 3,034,315**

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

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

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Total June 30, 2001
Revenues and Other Additions:	
Unrestricted Current Funds Revenues	$ 2,342,795
Federal Grants and Contracts--Restricted	854,891
State Grants and Contracts--Restricted	45,689
Local Grants and Contracts--Restricted	30,684
Investment Income	(2,853)
Endowment Income	37,636
Interest on Loans Receivable	15,469
U.S. Government Advances	485
Expended for Plant Facilities (including $141,702 charged to current funds)	387,513
Retirement of Indebtedness (including $7,324 charged to current funds)	117,236
Proceeds from Securities Lending Transactions	24
Other Sources (Note 21)	436,949
Total Revenues and Other Additions	4,266,518
Expenditures and Other Deductions:	
Educational and General Expenditures	3,709,163
Auxiliary Enterprise Expenditures	547,301
Hospital and Independent Operations	552,144
Indirect Costs Recovered	90,737
Refunded to Grantors	2,298
Loan Cancellations	1,594
Administrative and Collection Costs	742
Expended for Plant Facilities (including non-capitalized expenditures of $43,367)	289,178
Retirement of Plant Facilities	125,734
Retirement of Indebtedness	109,912
Interest on Indebtedness	58,397
Payments for Securities Lending Transactions	845
Other	22,894
Total Expenditures and Other Deductions	5,510,939
Transfers Among Funds:	
Operating Transfers In from Primary Government	1,685,971
Operating Transfers Out to Primary Government	(2,883)
Operating Transfers In from Component Units	19,462
Operating Transfers Out to Component Units	(19,462)
Total Transfers	1,683,088
Net Increase for the Year	438,667
Fund Balance, July 1, as restated (Note 29)	7,513,495
Fund Balance, June 30	$ 7,952,162

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

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Current Funds		Total Year Ended
	Unrestricted	Restricted	June 30, 2001
Revenues:			
Student Tuition and Fees	$ 872,256	$ 10,385	**$ 882,641**
Federal Grants and Contracts	75,481	776,721	**852,202**
State Grants and Contracts	2,045	42,516	**44,561**
Local Grants and Contracts	1,880	15,114	**16,994**
Endowment Income	16,329	40,306	**56,635**
Sales and Services of Educational Departments	21,948	9	**21,957**
Sales and Services of Auxiliary Enterprises	657,466	-	**657,466**
Sales and Services of Hospitals	567,593	-	**567,593**
Sales and Services of Independent Operations	339	115	**454**
Sales and Services of Vending Commissions	4,041	-	**4,041**
Investment Income	11,026	(49)	**10,977**
Proceeds from Securities Lending Transactions	838	-	**838**
Other Sources	111,553	236,948	**348,501**
Total Current Revenues	2,342,795	1,122,065	**3,464,860**
Expenditures and Mandatory Transfers:			
Educational and General:			
Instruction	1,228,808	134,806	**1,363,614**
Research	105,494	367,825	**473,319**
Public Service	60,173	64,088	**124,261**
Academic Support	336,556	32,439	**368,995**
Student Services	126,868	9,172	**136,040**
Institutional Support	331,531	15,286	**346,817**
Operation and Maintenance of Plant	239,392	1,957	**241,349**
Scholarships and Fellowships	58,292	593,613	**651,905**
Other	2,801	62	**2,863**
Total Educational and General	2,489,915	1,219,248	**3,709,163**
Mandatory Transfers for Debt Service and Other	24,806	(8,286)	**16,520**
Total Educational and General Expenditures and Mandatory Transfers	2,514,721	1,210,962	**3,725,683**
Auxiliary Enterprises:			
Operating Expenditures	541,780	5,521	**547,301**
Payments for Securities Lending Transactions	822	-	**822**
Mandatory Transfers for Debt Service and Other	71,018	5,696	**76,714**
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	613,620	11,217	**624,837**
Hospital and Independent Operations:			
Operating Expenditures	551,375	769	**552,144**
Mandatory Transfers for Debt Service and Other	20,277	-	**20,277**
Total Hospital and Independent Operations Expenditures and Mandatory Transfers	571,652	769	**572,421**
Operating Transfers In from Primary Government	(1,424,964)	(100,883)	**(1,525,847)**
Operating Transfers Out to Primary Government	2,610	-	**2,610**
Total Expenditures, Mandatory and Other Transfers	2,277,639	1,122,065	**3,399,704**
Other Additions (Deductions):			
Excess Restricted Receipts Over Transfers to Revenues	-	60,743	**60,743**
Refunded to Grantors	(66)	(1,577)	**(1,643)**
Nonmandatory Transfers	(60,866)	7,170	**(53,696)**
Net Increase in Fund Balance	$ 4,224	$ 66,336	**$ 70,560**

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

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

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth of Virginia (the "Commonwealth") for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commonwealth to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth.

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

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

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

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

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

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

Virginia Land Conservation Foundation (VLCF) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (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 Auditor of Public Accounts audited the Foundation, and a separate report is available.

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

Higher Education Institutions (Higher Education Fund) – The Commonwealth's higher education institutions are granted broad corporate powers by State statutes. The Governor appoints the members of each institution's Board of Trustees. In addition to the annual appropriations to support the institutions' operations, the State provides funding for, and construction of, major academic plant facilities for the institutions. Therefore, there is a financial benefit/burden to the primary government. The bonds issued to finance the construction of these facilities are obligations of the State. The Higher Education Institutions are: Christopher Newport University, the College of William & Mary, George Mason University, James Madison University, Longwood College, Mary Washington College, Norfolk State University, Old Dominion University, Radford University, Richard Bland College, University of Virginia, the University of Virginia's College at Wise (formerly reported as Clinch Valley College), Virginia Community College System, Virginia Commonwealth University, Virginia Military Institute, Virginia Polytechnic Institute and State University, Virginia State University, and the Virginia Institute of Marine Science. Also included are the Southwest Virginia Higher Education Center, Roanoke Higher Education Authority, and the University of Virginia Hospital. The colleges and universities are funded through State appropriations, tuition, Federal grants, and private donations and grants. The Auditor of Public Accounts audited the colleges and universities, and individual reports are issued under separate cover.

Complete financial statements for each institution may be obtained from their respective administrative offices. The addresses for these institutions may be obtained from the Virginia Department of Accounts, 101 North 14th Street, Richmond, Virginia 23219.

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

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

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by State-supported colleges and universities is included in the financial statements. The Authority assists private

institutions of higher education in the financing and refinancing of a broad range of facilities. The Authority is authorized to issue obligations and lend the proceeds to private institutions; however, such financings or refinancings are not obligations of the Commonwealth nor the Authority, but are payable solely from the revenues pledged by the respective private institution. This indebtedness, totaling $268.5 million, is not included in the financial statements.

Other Discrete Component Units

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

Virginia Tourism Authority (Governmental Funds) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority encourages, stimulates, and promotes tourism and film production industries of the Commonwealth. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Byrd Street, Nineteenth Floor, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Authority, and a separate report is available.

Virginia Tobacco Settlement Foundation (Governmental Funds) – 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 moneys in the Virginia Tobacco Settlement Fund and to distribute moneys in this fund for such efforts as restricting the use of tobacco products by minors and the enforcement of laws restricting the distribution of tobacco products to minors. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Fifth Floor, Richmond, Virginia, 23219. The Auditor of Public Accounts audited the Authority, and a separate report is available.

Tobacco Indemnification and Community Revitalization Commission (Governmental Funds) – The 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 moneys in the Tobacco Indemnification and Community Revitalization Fund. This fund is to provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and barns, lost tobacco production opportunities, and to revitalize tobacco dependent communities. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 501, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Commission, and a separate report is available.

Virginia Outdoors Foundation (Governmental Funds) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (Primary Government) by promoting preservation and raising funds for the purchase of preservation land. The Governor appoints the seven-member Board, and the primary government can impose its will on the Foundation. The Foundation is reported as a Discrete Governmental Component Unit because it uses a GAAP reporting model other than the governmental model. The administrative offices of the Foundation are located at 302 Royal Lane, Blacksburg, Virginia 24060. The Auditor of Public Accounts audited the Foundation, and a separate report is available.

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

Certified Nursing Facility Education Initiative (Governmental Funds) – The Initiative was created as a nonprofit corporation by the *Code of Virginia* to assist the Department of Medical Assistance Services. The Initiative provides early on-site training and assistance to certified nursing facilities to

improve quality of care and life to certified nursing facility residents. The Initiative is reported as a Discrete Governmental Component Unit because it uses an accrual basis reporting model other than the governmental reporting model. The administrative offices of the Initiative are located at Post Office Box 465, Orange, Virginia 22960. Walker & Associates, P.C. audited the Initiative, and a separate report is available.

Virginia Port Authority (VPA) (Governmental and Proprietary Funds) – The Authority was established as a corporate body and operates to serve the citizens and promote commerce. The Governor appoints 11 of the 12 Board members, and the primary government is able to impose its will on the Authority. There is also a financial benefit/burden to the primary government. The administrative offices of the Authority are located at 600 World Trade Center, Norfolk, Virginia 23510. The Auditor of Public Accounts audited the Authority, and a separate report is available.

A. L. Philpott Manufacturing Extension Partnership (Proprietary Funds) – The Partnership has the mission to foster regional economic prosperity by helping small to mid-sized manufacturers recognize and achieve their full market potential. The Partnership provides regional manufacturing firms with technology consulting services, access to business modernization resources, and support for interfirm collaboration. Further, the Partnership provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. The Partnership has a 17-member Board of Trustees. The Board consists of the presidents of two public four-year institutions of higher education and one private four-year institution of higher education; three community college presidents; the director of Virginia's Center for Innovative Technology; Virginia's Secretary of Commerce and Trade; and nine citizen members appointed by the Governor. There is also a financial benefit/burden to the primary government. The administrative office is located at Patrick Henry Community College, 645 Patriot Avenue, P. O. Box 5311, Martinsville, Virginia 24115. The Auditor of Public Accounts audited the Partnership, and a separate report is available.

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

Small Business Financing Authority (SBFA) (Proprietary Funds) – The Virginia Small Business Financing Act of 1984 (Chapter 28, Title 9, *Code of Virginia*) established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 10 Board members, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority can provide financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby encouraging the investment of private capital in small businesses in the Commonwealth. Also, the Authority guarantees loans made to small businesses by banks. As of June 30, 2001, the Authority had outstanding loan guarantees totaling $1,262,263 and had set aside $900,000 of its total net assets of $1,936,787 in a guaranty reserve fund to support these guarantees. The administrative offices of the Authority are located at 707 East Main Street, Suite 300, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Authority, and a separate report is available.

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

Virginia Housing Development Authority (VHDA) (Proprietary Funds) – The Authority was created as a political subdivision and instrumentality of the Commonwealth and is granted both political and corporate powers by the *Code of Virginia*. The Governor appoints a majority of the Authority's Board members. The Commonwealth may make grants to the Authority including, but not limited to, reserve funds, which is a potential financial benefit/burden to the primary government. The State is not obligated by the debt of the

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

Virginia Public School Authority (VPSA) (Proprietary Funds) – The Authority was created as a public body corporate, and an agency and instrumentality of the Commonwealth to finance capital projects of city and county school boards. The Governor appoints the Board members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. Additionally, the Authority receives Literary Fund notes transferred from the State to secure bonds issued by the Authority. The Auditor of Public Accounts audited the Authority, and a separate report is available from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218.

Hampton Roads Sanitation District Commission (Proprietary Funds) – The 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 13 localities in the Chesapeake Bay area. The address for the administrative offices of the Commission is Post Office Box 5911, Virginia Beach, Virginia 23471. Pricewaterhouse-Coopers, LLP, audited the Commission, and a separate report is available.

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

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

Wireless E-911 Service Board (Proprietary Funds) – The Board was created as a body politic and corporate and a political subdivision to establish wireless E-911 service in Virginia. The Governor appoints the seven-member Board, and the primary government is able to impose its will on the Board. The administrative offices of the Board are located at 110 South 7th Street Suite 135, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Board and a separate report is available.

Effective October 1, 2000, the E-911 Service Board underwent legislative changes, causing it to be reported as both a Component Unit and an Enterprise Fund for fiscal year 2001. The E-911 Service Board will be reported as an Enterprise Fund in future years.

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

Virginia Recreational Facilities Authority – The Authority was created as a political subdivision and instrumentality of the Commonwealth and given separate corporate powers by the *Code of Virginia*. The Governor appoints the 13 Board members. The Authority operates educational programs, tourism, and commerce in the Roanoke Valley. During the fiscal year ended June 30, 2001, the Authority received a $300,000 payment from the Commonwealth. The address for the administrative offices of the Authority is 3900 Rutrough Road, Post Office Box 8508, Roanoke, Virginia 24014. Foti, Flynn, Lowen and Company audited the Authority, and a separate report is available.

Allegheny–Highlands Economic Development Authority – The Authority was created as a body corporate and politic, and as a political subdivision of the Commonwealth by the General Assembly. The Governor appoints

a majority of the seven-member Board. The Authority was created for the benefit of the citizens of the Commonwealth, particularly those in Allegheny County, Clifton Forge, and Covington, by improving commerce, health and welfare. The address for the administrative offices of the Authority is 450 Main Street Suite 201, Post Office Box 29, Covington, Virginia 24426.

In April 2001, the Authority defaulted on its debt, and in August 2001, the Authority filed for bankruptcy under Chapter 9.

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

Jamestown-Yorktown Educational Trust – The Trust was created as a nonprofit corporation by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The Foundation's Board of Trustees controls the Trust. Several Commonwealth officials serve as ex-officio members of the Board, and the Governor appoints twelve members. The Trust operates the Jamestown Settlement and Yorktown Victory Centers' gift shops and café, oversees investing and fund raising activities, purchases artifacts, and sponsors events. The address for the administrative offices of the Trust is Post Office Box 1607, Williamsburg, Virginia 23187-1607. Goodman and Company, LLP audited the Trust, and a separate report is available.

Virginia Birth-Related Neurological Injury Compensation Program – The Program was created to provide a no-fault alternative for birth-related neurological injuries. The Governor appoints the seven-member Board. The administrative offices of the Program are located at 9100 Arboretum Parkway Suite 365, Richmond, Virginia 23236. Goodman and Company, LLP audited the Program, and a separate report is available.

Chesapeake Bay Bridge and Tunnel Commission – The Commission was created to establish policy and administer operations of the Chesapeake Bay Bridge Tunnel District. Any of the eleven members of the Commission appointed or reappointed on or after July 1, 1998, shall be appointed by the Governor, subject to confirmation by each house of the General Assembly. The administrative offices of the Commission are located at Post Office Box 111, 32386 Lankford Highway, Cape Charles, Virginia 23310. Pricewaterhouse-Coopers, LLP, audited the Commission and a separate report is available.

Virginia Information Providers Network Authority – The Authority was created as a political subdivision of the Commonwealth to provide for the centralized marketing, provision, leasing or executing of license agreements for access on-line or in volume. The Governor appoints the 11-member board of directors. The administrative offices of the Authority are located at 110 South 7th Street Suite 135, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Authority and a separate report is available.

C. Fund Structure

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

(1) Governmental Funds

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

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

b. **Special Revenue Funds** – Account for transactions related to resources received and used for restricted or specific purposes. The Special Revenue Funds include transactions related to resources used in support of public health services, social service programs, agriculture, State park services, highway maintenance and construction, and other transportation purposes.

c. **Debt Service Funds** – Account for transactions related to resources retained and used for the payment of interest and

principal on those long–term obligations recorded in the General Long–Term Debt Account Group.

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

(2) Proprietary Funds

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

The activities comprising the proprietary funds include the following:

a. **Enterprise Funds** – Account for transactions related to resources received and used for financing self-supporting activities of the Commonwealth that offer products and services on a user–charge basis to the general public.

b. **Internal Service Funds** – Account for transactions related to the financing and sale of goods or services provided by agencies of the Commonwealth to other agencies and institutions of the Commonwealth. The goods and services furnished are charged to the recipient agency or institution to recover costs through user charges.

(3) Fiduciary Funds

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

a. **Pension Trust Funds** – Account for the transactions of Commonwealth administered retirement systems and postemployment benefits (see Notes 12 and 13, respectively).

b. **Investment Trust Funds –** Account for the external portions of the State Non-Arbitrage Program and Local Government Investment Pools that are sponsored by the Commonwealth.

c. **Nonexpendable Trust Funds –** Account for the transactions of the Commonwealth Health Research Fund, Virginia Arts Foundation Fund, and Mental Health Endowment Funds whose principal must be maintained intact and whose income is used to benefit the Commonwealth's citizens and mental health patients.

d. **Expendable Trust Fund –** Accounts for the transactions of trusts whose principal and income may be used for the purposes of the trust. These trusts include those for educational programs at museums, funds for unemployment benefits, and unclaimed property receipts.

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

(4) Account Groups

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

a. **General Fixed Assets Account Group** – Accounts for fixed assets of the governmental fund types. Fixed assets of the proprietary funds, trust funds, and discrete component units are accounted for in their respective funds.

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

(5) Higher Education Fund (Component Unit)

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

a. **Current Funds** – Account for resources that will be expended for operating purposes. Funds over which the governing Boards retain full control are accounted for as current unrestricted. Current restricted funds may be utilized only in accordance with externally restricted purposes.

b. **Loan, Endowment, and Agency Funds** – Account for assets held in a fiduciary capacity.

c. **Plant Funds** – Account for assets that have been or will be invested in property, plant, and equipment, and assets that are reserved to retire debt issued to finance plant facilities.

D. Basis of Accounting for Funds

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

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

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

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

(1) Depreciation expense is not recorded on plant fund assets, and

(2) Revenues and expenditures of an academic term that is conducted over a fiscal year end are reported totally in the fiscal year in which the program is predominantly conducted.

E. Budgetary Process

Budgetary amounts shown in the financial statements represent the total of the original budgeted amounts and all supplemental appropriations. The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. Unexpended appropriations at the end of the fiscal year generally lapse. However, they may be reappropriated for expenditure in the following fiscal year. The Governor, as required by the *Code of Virginia,* submits a budget composed of all proposed expenditures for the State, and of estimated revenues and borrowing for a biennium, to the General Assembly. Budgets are adopted for the General and Special Revenue Funds, except for the Literary and Virginia Public Building Authority Funds – Special Revenue Fund. Formal budgetary integration is not employed for the Capital Projects, Debt Service Funds, and the

Literary and Virginia Public Building Authority Funds – Special Revenue Funds because effective budgetary control is alternatively achieved through the General Fund and the remaining Special Revenue Funds.

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

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

F. Cash Equivalents and Investments

Cash Equivalents

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

Investment Bases

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

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

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

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

Derivatives

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

G. Receivables

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

H. Interfund Loans Receivable/Payable

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

I. Inventories

Materials and Supplies

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

- Department of Human Resource Management (DHRM)
- Virginia School for the Deaf and the Blind at Staunton (VSDBS)
- Virginia Workers' Compensation Commission (VWC)
- Virginia Employment Commission (VEC)
- Woodrow Wilson Rehabilitation Center (WWRC)
- Department of Conservation and Recreation (DCR)
- Department of State Police (VSP)
- Virginia Department of Transportation (VDOT)
- Department of Health (VDH)

DHRM inventories are recorded in the General Fund using the FIFO methodology. VWC inventories are recorded in the Dedicated Special Revenue Fund using the FIFO methodology. VSDBS inventories are recorded in the General Fund using the last-in, first-out (LIFO) methodology. All of these inventories are maintained based on the lower of cost or market methodology.

VEC inventories are recorded in the Federal Trust Fund and are maintained based on the weighted average methodology.

WWRC and DCR inventories are recorded in the Other Special Revenue Fund. VSP inventories are recorded in the General and Other Special Revenue Funds. VDOT inventories are recorded in the Commonwealth Transportation Fund. VDH inventories are recorded in the General, Other Special Revenue, and Federal Trust Funds. All of these inventories are maintained based on the average cost methodology.

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

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

Food Stamps

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the Commonwealth recognizes food stamp distributions as revenue and expenditures in the Federal Trust Fund – Special Revenue Funds. Revenue and expenditures are recognized when benefits are distributed. Food stamps held at June 30 totaling $67.0 million are reported as inventory and are offset by deferred revenue.

J. Prepaid Items

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

K. Other Assets

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

L. Property, Plant, and Equipment

Fixed assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the General Fixed Assets Account Group. For financial reporting purposes, depreciation is not recorded on general fixed assets. Fixed assets of the proprietary funds are capitalized in the fund in which they are utilized and depreciated on the straight-line basis over their useful lives. Fixed assets of colleges and universities are capitalized in the Higher Education Fund (Component Unit). Depreciation is not provided on these assets (see Note 11).

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

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

(1) they extend the asset life, improve productivity, or improve the quality of service; and

(2) they fall into the planning, acquisition, construction, improvement, renovation, repair, replacement, relocation or demolition phase of the asset life.

The estimated lives of fixed assets are as follows:

	Years
Buildings	10–50
Equipment	2–20
Improvements Other than Buildings	5–20

M. Accounts Payable

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

N. Claims Payable

Claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable at June 30, 2001. This includes both actual claims submitted, as well as actuarially determined claims incurred but not reported. Claims relating to the Commonwealth's liability insurance programs are reported in the Risk Management – Internal Service Fund, and the Risk Management – Enterprise Fund. Also, health insurance claims incurred but not reported are actuarially determined and reported in the Health Care – Internal Service Fund and the Local Choice Health Care – Enterprise Fund (see Note 18.A. and 18.B.).

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

The Virginia Commonwealth University Health System Authority (Component Unit) reports claims payable which represent health insurance claims payable at June 30, 2001. Claims expenses and liabilities arising from services rendered to Virginia Premier Health Plan, Inc.'s (VA Premier) (a Component Unit of the Virginia Commonwealth University Health System Authority) HMO members are reported when it is probable that services have been provided and the amount of the claim can be reasonably estimated. The claims payable at June 30, 2001, includes an estimate of claims that have been incurred but not reported. This liability is VA Premier's best estimate based on available information.

O. 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 security lending transactions.

P. Long-Term Liabilities

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

Q. Other Liabilities

Other liabilities represent amounts owed for various governmental and proprietary activities. Some of these amounts will be paid shortly after fiscal year end. Other amounts, such as lottery prizes and tuition benefits, will be paid over several years (see Note 20).

R. Deferred Revenue and Deferred Credit

Deferred Revenue

Deferred revenue represents monies received or revenues accrued but not earned as of June 30, 2001. The majority of this amount is reported in the Higher Education Fund (Component Unit), where it is primarily composed of revenue for student tuition accrued in advance of the semester. In the Special Revenue Funds, deferred revenue is composed primarily of Federal grant money received but not spent. In the Enterprise Funds, a majority represents unearned premiums of Risk Management and on-line ticket monies received by the State Lottery Department for which corresponding drawings have not been held. In the Internal Service Funds, it represents primarily unearned premiums for the Risk Management Fund. Deferred revenues in the proprietary component units consist primarily of the deferral of fees related to various lending activities.

Deferred Credit

The deferred credit represents the deferral of income taxes withheld for the period January through June 2001, that have not met the revenue recognition criteria and may ultimately be refunded upon the filing of income tax returns in subsequent years. This amount is estimated annually using statistical data derived from income taxes filed in previous years. Deferred credit totaling $415.7 million is reported in the General Fund.

The Department of Taxation (Primary Government) was unable to estimate deferred credits relating to payments received from corporations prior to June 30, 2001, for which the revenue criteria has not been met.

S. Reserved Retained Earnings

Reserved retained earnings indicate that portion of retained earnings that is segregated due to specific legal requirements or other externally imposed requirements (see Note 30).

T. Unreserved Retained Earnings

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

U. Reserved Fund Balances

Reserved fund balances indicate that portion of fund balance that is not available to fund operations or is legally segregated for specific future use (see Note 30).

V. Unreserved, Designated Fund Balances

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

W. Unreserved, Undesignated Fund Balances

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

X. Cash Management Improvement Act

Included in "Due to Other Governments" is the Commonwealth's Cash Management Improvement Act (CMIA) interest liability to the Federal government, which is calculated in accordance with the interest calculation and exchange provisions of the Federal Cash Management Improvement Act of 1990. The Commonwealth's interest liability is subject to review and final confirmation by the Financial Management Service (FMS) of the U. S. Treasury. The payment is to be made on or before March 1, 2002. Payment will be made from a sum sufficient appropriation authorized for this purpose by the Appropriation Act. The CMIA interest rate of exchange is based by law on the annualized average earnings rate of 13-week Treasury bills.

Y. Interest, Dividends, Rents, and Other Investment Income

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investment income is reported in this line item. Since this amount includes changes in the fair value of investments, the amount reported may be negative. In addition, the amount reported also includes rent payments received on properties owned by the Commonwealth.

Z. Eliminations

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

AA. Total Columns on Combined Statements

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

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

2. APPROPRIATIONS

The amounts presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – General and Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the General Fund and all Special Revenue Funds:

(Dollars in Thousands)		**General Fund (7)**		**Special Revenue Fund (7) (8) (9)**
Appropriations (1)	$	12,498,180	$	6,009,220
Supplemental Appropriations:				
Reappropriations (2)		113,707		-
Subsequent Executive (3)		128,090		1,532,115
Subsequent Legislative (4)		141		127,600
Prior Year Reversions (5)		(33,915)		-
Transfers (6)		(2,445,711)		257,022
Appropriations, as adjusted	$	10,260,492	$	7,925,957

1. Represents the budget appropriated through Chapter 1073, 2000 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to carry forward any prior year unexpended balances (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
4. Actions taken by the General Assembly to adjust the budget.
5. Prior year reversions are included in the accounting system for monitoring, but do not represent current year appropriations.
6. Represents transfers required by the Appropriation Act.
7. The General and Special Revenue appropriations as reported in the Budget/Actual statement include payments for securities lending transactions of $10.2 million and $3.0 million, respectively, as required by GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions.* These amounts are not included above.
8. The Special Revenue appropriations as reported in the Budget/Actual statement include the amount for food stamps ($367.2 million) as required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance.* This amount is not included above.
9. The Special Revenue appropriations as reported in the Budget/Actual statement include transfers out to the Debt Service Fund for current year disbursements. The amount above does not include these reductions of $118.2 million.

3. GENERAL FUND ANALYSIS – BUDGETARY BASIS

The following schedule represents reservations and designations of General Fund balance on a budgetary basis as presented in the General Fund Preliminary (Unaudited) Annual Report dated August 15, 2001.

Reservations and Designations of Fund Balance
General Fund, Budgetary Basis
June 30, 2001

(Dollars in Thousands)

Fund Balance, June 30, 2001		$ 1,194,107
Reserved Fund Balance:		
Revenue Stabilization Reserve Fund	$ 715,623	
Revenue Stabilization Reserve 2000	187,091	
Payroll Reserve for July 2, 2001 Payroll	71,105	
Unexpended Lottery Proceeds	19,335	
Total Reserved Fund Balance		993,154
Unreserved Fund Balance:		
Designated:		
Amount Required for Reappropriation of 2001 Unexpended Balances:		
Capital Outlay	200,953	
Total Designated Fund Balance		200,953
Undesignated Fund Balance, June 30, 2001		$ -

4. BUDGETARY BASIS VS. GAAP BASIS FUND BALANCE

Since the presentation of financial data on a budgetary basis 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, 2001, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison
Budgetary Basis to GAAP Basis
June 30, 2001

(Dollars in Thousands)

	General Fund	All Special Revenue Funds
Fund Balance, Budgetary Basis	$ 1,194,107	$ 1,465,129
Adjustments from Budget to GAAP, Undesignated:		
Accrued Revenues:		
Taxes	507,424	3,004
Tax Refunds	(330,480)	-
Other Revenue	60,012	363,002
Deferred Credit	(415,747)	-
Medicaid Payable	(155,606)	(166,580)
Accrued Expenditures	(305,951)	(212,815)
Fund Reclassification - Budget to GAAP	-	(21,081)
Literary Fund - Fund Balance (1)	-	510,127
Virginia Public Building Authority (1)	-	89,785
Fund Balance, GAAP Basis	$ 553,759	$ 2,030,571

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

5. REVENUE STABILIZATION FUND

The Revenue Stabilization Fund has principal and interest on deposit of $715.6 million reserved as a part of General Fund equity. The amount on deposit cannot exceed ten percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. The maximum amount allowed is $864.9 million and $934.5 million for FY 2001 and FY 2002, respectively. The next deposit is calculated to be $187.1 million, which is due to the Revenue Stabilization Fund on or before June 30, 2002. Of this, $163.1 million is appropriated in Chapter 1073, 2000 Acts of Assembly. The General Assembly is required to appropriate the remaining $24 million due to the Fund during the 2002 legislative session. A deposit is not required based on FY 2001 revenue collections.

6. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2001, the carrying amount of cash for the primary government was $(107,381,323) and the bank balance was $275,387,808. The carrying amount of cash for the component units was $118,780,074 and the bank balance was $168,386,993. Cash equivalents are investments with an original maturity of three months or less.

The deposits of the primary government and the component units are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.1–359 et seq. of the *Code of Virginia.* The Act requires any public depository that receives or holds public deposits to pledge collateral to the Treasury Board to cover public deposits in excess of Federal deposit insurance. The required collateral percentage is determined by the Treasury Board and ranges from 50 percent to 100 percent of public deposits in the case of a bank and 100 percent to 110 percent for a savings institution.

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

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

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

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

Permitted investments include agency mortgage-backed securities, reported as U. S. Treasury and agency securities, and asset-backed securities, reported as corporate notes, which by definition usually expose the investor to prepayment risk.

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

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

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

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

Participation in these pools is voluntary, except for participants who borrow through the Virginia Public School Authority's pooled bond program and must participate in SNAP.

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

Custodial Risk

Investments held by the Commonwealth at June 30, 2001, have been categorized according to the level of credit risk associated with its custodial arrangements at fiscal year end.

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

- Category 1, which includes investments that are insured or registered or for which securities are held by the Commonwealth or its agent in the Commonwealth's name;
- Category 2, which includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Commonwealth's name; and,
- Category 3, which includes uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent, but not in the Commonwealth's name.

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

The investments of the Pension Trust Funds are approximately 70.6 percent of the primary government investments that are in Category 1 and 99.7 percent of those in Category 3. Additionally, the entire amounts of Equity Index and Pooled Funds, Real Estate, Venture Capital, foreign currencies, and TBC Pooled Employee Trust Fund included in the primary government schedule are attributable to the Pension Trust Funds, and cannot be categorized because the investments are not evidenced by physical securities.

Investments - Primary Government
June 30, 2001

(Dollars in Thousands)

Type of Securities	Category 1	Category 2	Category 3	Fair Value
Investments - Categorized				
U. S. Treasury and Agency Securities	$ 7,653,237	$ -	$ 171,542	$ 7,824,779
Common and Preferred Stocks	8,783,239	-	3,539	8,786,778
Corporate Notes	557,181	-	-	557,181
Corporate and Other Bonds	2,863,704	-	10,786	2,874,490
Commercial Paper	1,867,624	-	-	1,867,624
Negotiable Certificates of Deposit	257,353	-	-	257,353
Municipal Securities	49,494	-	-	49,494
Repurchase Agreements	370,320	-	2,680	373,000
Banker's Acceptance	17,011	-	-	17,011
Investments held by broker-dealers under securities loans				
VRS Separate Account	-	-	2,139,143	2,139,143
U. S. Government and Agency Securities	84,233	-	110,076	194,309
Common and Preferred Stocks	-	-	3,640	3,640
	$ 22,503,396	$ -	$ 2,441,406	
Investments - Not categorized				
Deposits with the U. S. Treasury for Unemployment Compensation				1,046,105
Mutual, Money Market Funds				2,057,425
Foreign Currencies				32,033
Equity Index and Pooled Funds				14,405,747
Index Funds				96,063
Real Estate				1,338,104
Venture Capital				2,548,515
TBC Pooled Employee Trust Fund				727,920
Guaranteed Investment Contracts				139,966
Fixed Income and Commingled Funds				542,822
Other				225,354
Component Units' Investment in Primary Government's Investment Pool				(574,995)
Component Units' Investment in Local Government's Investment Pool				(134,703)
Investments held by broker-dealers under securities loans:				
U. S. Government and Agency Securities				1,882,806
Common and Preferred Stocks				349,015
Corporate Notes				68,484
Corporate Bonds				237,364
Component Units' Securities held in a Collateral Investment Pool				(36,381)
				$ 49,896,446

Investments - Component Units
June 30, 2001

(Dollars in Thousands)

Type of Securities	Category 1	Category 2	Category 3	Fair Value
Investments - Categorized				
U. S. Treasury and Agency Securities	$ 795,162	$ 6,764	$ 80,621	$ 882,547
Common and Preferred Stocks	483,061	-	8,850	491,911
Corporate Notes	29,809	-	-	29,809
Corporate Bonds	133,384	1,800	5,094	140,278
Commercial Paper	4,380	-	1,991	6,371
Municipal Securities	1,914,891	823	4,337	1,920,051
Repurchase Agreements	532,508	273,101	18,332	823,941
Asset Backed Securities	302,699	-	-	302,699
Agency Mortagage Backed	145,349	-	-	145,349
Money Market Instruments	-	-	8,986	8,986
Certificates of Deposit	175	-	3,000	3,175
Mutual Funds	5,224	-	-	5,224
Equity Securities	4,978	-	-	4,978
	$ 4,351,620	$ 282,488	$ 131,211	
Investments - Not categorized				
Mutual, Money Market Funds				1,221,080
Real Estate				19,170
U. S. Government Securities				7,408
Index Funds				11,468
Other				1,059,003
Component Units' Investment in Primary Government's Investment Pool				574,995
Component Units' Investment in Local Government's Investment Pool				134,703
Investments held by broker-dealers under securities loans:				
Securities held in a Collateral Investment Pool				36,381
				$ 7,829,527

Primary Government

Securities Lending

The State Treasury's securities lending program is managed by its Master Custodian, The Chase Manhattan Bank, under a contract dated December 1, 2000. The enabling legislation for the securities lending program is Section 2.1-328.6 of Chapter 18 Investment of Public Funds of the *Code of Virginia*, as amended. No violations of legal or contractual provisions were noted during the year. The general account participated in the securities lending program for the entire year.

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

The State Treasury's contract with Chase Global Securities Lending provides for loss indemnification against borrower default as defined in the applicable Master Securities Lending Agreement. Additionally, Chase 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 Securities Lending Agreement. There were no losses resulting from default during the reporting period, nor recoveries of prior period losses during this reporting period.

When securities are loaned, the collateral received is usually at least 102 percent of fair value of the securities loaned and must be maintained at 100 percent or greater. There are no stated restrictions on the amount of securities that may be loaned, but the basic composition of the general account portfolio has only about 50 percent in loanable securities, thus effectively capping the maximum percentage of the portfolio that may be loaned. During the past fiscal year, approximately 18 percent of the general account securities were on loan.

During the past year, a combination of U. S. Government (Treasury and Agency), securities and corporate securities have been loaned, with the majority of the loaned securities being U. S. Government

securities. Collateral received included a combination of cash and non-cash securities, with the non-cash collateral being U. S. Government securities.

Securities loaned for the general account as of June 30, 2001, had a reported amount of $672,719,737 and a fair value of $676,526,759. The fair value of the collateral received was $697,828,447 providing for coverage of 103.1 percent. As a result, the State Treasury assumes no credit risk.

Current cash investment guidelines allow for a maximum weighted-average portfolio maturity of 45 days. At June 30, 2001, the cash reinvestment portfolio had a weighted average maturity of 17 days. Treasury's current cash reinvestment guidelines allow for investment in Government securities, AAA rated sovereign governments, commercial paper and corporate notes, negotiable certificates of deposit, certificates of deposit and time-deposits collateralized under the Virginia Security for Public Deposits Act, bankers acceptances, bank notes, repurchase agreements collateralized by U. S. Treasury and Agency issues, and registered money market funds. At June 30, 2001, cash reinvestments were as follows: $164 million in government repurchase agreements, $126 million in commercial paper, $117 million in floating rate corporate notes, $50 million in agency discount notes, and $23 million in A1P1 money market repurchase agreements. A1P1 is a rating established for money market funds. A1P1 is a top-tier rating. The Commonwealth cannot enter into any agreements with less than an A1P1 rating. Non-cash collateral at June 30, 2001, was approximately $200 million in government securities.

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

All security loans can be terminated on demand by either the VRS or the borrowers. The majority of loans are open loans in which the rebate is set daily, resulting in a maturity of one or two days on average for loans, although securities are often out on loan for a longer period of time. The maturity of loans generally does not match the maturity of collateral investments, which averages 122 days. At year-end, the VRS has no credit risk exposure to borrowers because the amounts the VRS owes the borrowers exceed the amounts the borrowers owe the VRS. The fair value of securities on loan at June 30, 2001, was $2,271,711,000 and the value of collateral (cash and non-cash) was $2,342,115,000.

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

As authorized by Section 2.1–328.6 of the *Code of Virginia*, the Virginia Lottery, through its master custodian, The Chase Manhattan Bank, New York, N. Y., N. A., lends securities to various security brokers and lenders on a temporary basis for a fee. Up to 100 percent of the securities may be available for loan. All security loan agreements are collateralized at loan inception at 102 percent of fair value by cash or U. S. Government obligations and adjusted to market daily to cover fair value fluctuations. As a result, management assumes no credit risk.

The Virginia Lottery does not have the ability to use cash collateral or to pledge or sell collateral securities absent borrower default. The Lottery's contract with The Chase Manhattan Bank provides for loss indemnification against borrower default as a result of bankruptcy, insolvency, reorganization, liquidation, receivership or similar event. There were no losses resulting from default during the reporting period, nor recoveries of prior period losses during this reporting period. At June 30, 2001, the fair value of investment account securities on loan was $230,576,478 secured by $236,700,552 in cash deposits, and $185,705,275 secured by $189,419,381 in fair value securities that cannot be pledged or loaned.

Derivative Financial Instruments

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, or swap contracts. In addition, some traditional securities can have derivative-like characteristics such as structured notes where the return may be linked to one or more indexes and asset-backed securities such as collateralized mortgage obligations, which are sensitive to changes in interest rates and prepayments. Futures, forwards, options and swaps are generally not recorded on the financial statements, whereas structured notes and asset-backed investments generally are recorded.

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

In addition to the derivative financial instruments directly held, the VRS may have indirect exposure to risk through its ownership interests in commingled investment funds that use, hold, or write derivative financial instruments. Indirect exposure may also arise from stock lending programs in which the commingled funds participate. Such programs usually reinvest a portion of their cash collateral holdings in derivative instruments. The VRS' pro rata share of the contractual or notional amounts of outstanding derivative transactions in commingled investment funds and security lending programs approximated $203,012,000 at June 30, 2001.

Forward, Futures, and Options Contracts

Forward contracts are contracts to purchase or sell, and futures contracts are contracts to deliver or receive financial instruments, foreign currencies or commodities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange traded) and require initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled in daily cash with the exchanges. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk due to nonperformance of counterparties to futures contracts is minimal. In contrast, forward contracts traded over-the-counter are generally negotiated between two counterparties and are subject to credit risks due to nonperformance of one of the counterparties and to market risks as a result of adverse fluctuations in market prices, interest rates and foreign exchange rates.

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

Forward, futures and options contracts provide the VRS with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure and gain market exposure to various indexes in a more efficient way and at lower transaction costs. Credit risks depend on whether the contracts are exchange traded or are exercised over-the-counter. Market risks arise from adverse changes in market prices, interest rates, and foreign exchange rates. At June 30, 2001, the VRS had purchased S & P and Russell Index futures and options on Eurodollar and Treasury bond note futures, including options on Eurodollar futures, with a fair value of $1,497,562,000 and sold S&P Index futures and options on Eurodollar and Treasury bond and note futures, including options on these futures with a net fair value of $355,993,000. At June 30, 2001, the VRS had pledged as collateral U. S. Treasury and U. S. Government Agency securities with a total fair value of $166,556,000 as the margin requirement for futures contracts.

In addition to unsettled purchases and sales, accounts receivable and accounts payable for security transactions at June 30, 2001, include receivables for deposits with brokers for securities sold short of $836,361,000 and payables for securities sold short and not covered with fair values of $703,435,000.

Asset-Backed Securities

In the area of on-financial statement instruments with derivative-like characteristics, the VRS invests in various asset-backed securities such as collateralized mortgage obligations (CMO), principal-only strips (PO), and interest-only strips (IO) primarily to enhance returns by taking advantage of opportunities available in this sector of the securities markets. CMO securities are bonds collateralized by mortgage-backed securities and issued in several tranches that represent a reallocation of the underlying mortgage-backed securities cash flows. Both PO and IO securities are created by splitting the asset-backed securities into principal-only and interest-only portions. At June 30, 2001, the VRS held CMO securities with a fair value of $271,260,000, and IO and PO securities with a fair value of $2,666,000.

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

Foreign Exchange Contracts

Foreign exchange contracts include forward, futures and options contracts and involve either the exchange of specific amounts of two currencies or the delivery of a fixed amount of a currency at a future date and specified exchange rate. Forward and futures contracts settle three or more business days from the contract date. Forward contracts are negotiated over-the-counter between two counterparties, while futures contracts are exchange traded. Foreign currency options, which are either negotiated between two counterparties or are exchanged traded, grant the buyer the right, but not the obligation, to purchase or sell at a specified price, a stated amount of an underlying currency at a future date. At June 30, 2001, the VRS had sold foreign currency contracts with a fair value of $98,436,000 and had purchased foreign currency contracts with a fair value of $97,424,000.

Foreign exchange contracts are used by the VRS to effect settlements and to protect the base currency ($US) value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of the foreign currencies. The credit risk of currency contracts that are exchange traded lies with the 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 is usually equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates.

Component Units

Derivative Financial Instruments

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

The Virginia Housing Development Authority manages its interest risk on single and multi-family loan commitments through short sales of investment securities. These transactions meet the requirements for hedge accounting as all hedged items are specifically identified, probable of occurring, and highly correlated to the hedging instrument. The gain or loss from hedging transactions is recorded as an unamortized premium or discount and recognized as an adjustment to yield over the remaining life of the loan. The Authority periodically assesses correlation in order to determine the ongoing appropriateness of hedge accounting. During the year ended June 30, 2001, the Authority experienced a net loss of $6,009,434 from hedging transactions settled during the year. At June 30, 2001, $120,000,000 of short sales were outstanding which had an unrealized gain of $1,350,000. The Authority's policy is to make adjustments to interest rates of loans related to such hedging transactions to reflect the losses or gains on such hedging transactions.

The University of Virginia has exposure, both directly and indirectly, to various derivative financial instruments that are used in the normal course of business to enhance returns on investments and manage risk exposure to changes in value due to fluctuations in market conditions. These investments may involve, to varying degrees, elements of credit and market risk in excess of amounts recognized on the financial statements. Credit risk is the possibility that losses may occur from the failure of a counterparty to perform according to the terms of the agreement. The University minimizes the credit (or repayment) risk in its direct derivative instrument by entering into transactions with high quality counterparties and a legally enforceable master netting agreement. The "net" mark to market exposure represents the netting of the positive and negative exposures with the same counterparty. Market risk arises due to adverse changes in market price, interest rate and foreign exchange rate fluctuations that may result in a decrease in the market value of a financial investment and/or increases, in its funding cost. The University manages market risk by establishing and monitoring limits as to the type and degree of risk that may be undertaken. At June 30, 2001, the University of Virginia was not participating in any direct fair value hedges.

7. RECEIVABLES

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

Schedule of Receivables
June 30, 2001

(Dollars in Thousands)

	Accounts and Loans Receivable	Taxes Receivable	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable
Primary Government:					
General Fund	$ 305,245	$ 610,857	$ -	$ (180,119)	$ 735,983
Special Revenue Funds	876,869	7,531	-	(65,075)	819,325
Capital Projects	156	-	-	-	156
Enterprise Funds	255,026	-	-	-	255,026
Internal Service Funds	51,337	-	-	-	51,337
Trust and Agency Funds	140,184	119,803	2,933,171	(138,600)	3,054,558
Total Primary Government	1,628,817	738,191	2,933,171	(383,794)	4,916,385
Component Units:					
Governmental Fund	591	2,936	425	-	3,952
Proprietary Fund	7,274,511	-	-	(66,648)	7,207,863
Higher Education Fund	528,086	-	-	(91,976)	436,110
Total Discrete Component Units	7,803,188	2,936	425	(158,624)	7,647,925
Total Receivables	$ 9,432,005	$ 741,127	$ 2,933,596	$ (542,418)	$ 12,564,310

8. INTERFUND ASSETS/LIABILITIES

Due from/to Other Funds

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

Included in the category of due from other funds are *"Due from Other Funds and Primary Government"* and *"Due from Component Units."* Included in the category of due to other funds are *"Due to Other Funds and Primary Government"* and *"Due to Component Units."* The following schedule shows the Due from/to Other Funds as of June 30, 2001.

Schedule of Due from/to Other Funds
June 30, 2001
(Dollars in Thousands)

Fund	Due From	Due To
Primary Government		
General		
General Fund	$ 4,410	$ 592
Special Revenue		
Commonwealth Transportation	11,811	15,361
Federal Trust	523	746
Dedicated	38	-
Other	1,045	42
Total Special Revenue	13,417	16,149
Capital Projects		
Primary Government	-	3,757
Total Capital Projects	-	3,757
Enterprise		
State Lottery Department	439	-
Department of ABC	-	1,768
Consolidated Laboratories	-	108
Department of Environmental Quality	-	1,298
Pocahontas Parkway Association	-	11,811
Total Enterprise	439	14,985
Internal Service		
Risk Management	1,000	-
Virginia Sickness and Disability	-	736
Total Internal Service	1,000	736
Pension Trust		
Virginia Retirement System	1,780	271,893
State Police Officers' Retirement System	1,556	142
Judicial Retirement System	1,673	11
Virginia Law Officers' Retirement System	264,320	6
Retiree Health Insurance Credit	4,464	354
Group Life	1	2,380
Total Pension Trust	273,794	274,786
Investment Trust		
Local Government Investment Pool (LGIP)	-	1,443
Total Investment Trust	-	1,443
Expendable Trust		
Expendable Trust	14,361	92
Agency		
Mined Land Deposits Fund	-	38
Child Support Collections Fund	152	520
Optional Life Insurance Fund	1,728	-
Total Agency	1,880	558
Total Trust and Agency	290,035	276,879
Total Primary Government	309,301	313,098

(Continued on Next Page)

Schedule of Due from/to Other Funds
June 30, 2001
(Continued)

(Dollars in Thousands)

Fund	Due From	Due To
Component Units		
Governmental		
Virginia Port Authority	2,121	-
Certified Nursing Facility Education Initiative	40	-
Total Governmental	2,161	-
Proprietary		
Virginia Port Authority	-	2,121
Virginia Commonwealth University Health System Authority	-	3,680
Total Proprietary	-	5,801
Higher Education		
College of William and Mary	2,376	-
Virginia Polytechnic Institute and State University	7,672	-
Virginia Military Institute	203	-
Virginia State University	7	-
Norfolk State University	560	-
Mary Washington College	82	-
James Madison University	1,908	-
Radford University	157	-
Old Dominion University	2,752	-
Virginia Commonwealth University	8,823	-
George Mason University	1,426	-
Virginia Community College System	1,323	-
Non-Major Component Units	63	19,915
Total Higher Education	27,352	19,915
Total Component Units	29,513	25,716
Total	$ 338,814	$ 338,814

Interfund Receivables/Payables

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

The following schedule shows the Interfund Receivables/Payables for the Primary Government as of June 30, 2001. There were no Interfund Receivables/Payables for the Component Units as of June 30, 2001.

Interfund Receivables/Payables
June 30, 2001

(Dollars in Thousands)

Fund	Interfund Receivables	Interfund Payables
Primary Government		
Special Revenue		
Federal Trust	$ -	$ 8,084
Dedicated	-	3,000
Other	43,692	-
Total Special Revenue	43,692	11,084
Enterprise		
Department of ABC	-	22,726
Total Enterprise	-	22,726
Internal Service		
Virginia Distribution Center	-	9,882
Total Internal Service	-	9,882
Total Primary Government	$ 43,692	$ 43,692

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

The $375.2 million in Interfund Loans Receivable represents loans from the Special Revenue Fund to the General Fund, Virginia Public School Authority (Component Unit) and Higher Education (Component Unit). The General Fund loan of $5.0 million was for the Department of Technology Planning to pay for the Y2K efforts.

The Literary Fund, a Special Revenue Fund, provides low interest loans to school divisions for construction, renovation, and expansion of school buildings of the cities, counties and towns of the Commonwealth. Twice a year, all permanent loans in the Literary Fund are transferred to the Virginia Public School Authority (Component Unit) for use as collateral on bonds. A loan receivable is recorded by the Literary Fund. At year-end, $356.7 million in loans were receivable in the Special Revenue Fund and payable from the Authority.

The remaining $13.5 million was loaned to Higher Education (Component Unit). George Mason University's loan of $3.5 million, the College of William and Mary's loan of $0.7 million, and the Virginia Community College System's loan of $0.6 million were used to advance fund federally funded grant programs. An additional $1.1 million was loaned to George Mason University to construct a residence hall. Virginia Polytechnic Institute and State University's loan of $3.0 million will be used to expand Lane Stadium. Christopher Newport University's loan of $2.5 million will be used to construct a residence hall and improve their Student Center. Longwood College's loan of $1.0 million will be used for the College's housing sprinkler project. The balance of $1.1 million is spread among various Higher Education Institutions.

The $141.5 million in Interfund Loans Receivable represents loans from the Virginia Public School Authority (Component Unit) to the Literary Fund. The Virginia Public School Authority makes grants to local school divisions to finance the purchase of educational technology equipment. The Authority makes these grants using the proceeds of notes issued for that purpose which will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund.

The $7.0 million Interfund Loan Receivable reported in the Capital Projects Fund represents loans from Virginia Biotechnology Research Park Authority (Component Unit) to the Department of General Services (Primary Government) and the Department of Treasury (Primary Government) for the financing, acquisition, equipping, maintenance, and operation of a new Consolidated Laboratories Building.

9. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The Virginia Commonwealth University Health System Authority (Component Unit) reported restricted assets totaling $142.4 million for debt service under a bond indenture agreement, amounts designated by the Board of Directors for capital acquisition and future funding for a malpractice insurance trust fund, resources restricted under malpractice trust agreement, resources restricted by insurance regulations of the Commonwealth of Virginia, and resources restricted under the pension plan agreement. The remaining $2.5 million is spread among the Virginia Port Authority (Component Unit) and the Small Business Financing Authority (Component Unit).

10. OTHER ASSETS

The following table (reported in thousands of dollars) summarizes Other Assets as of June 30, 2001:

	Primary Government					Total Primary Government
	General	Special Revenue	Enterprise	Internal Service	Trust and Agency	June 30, 2001
Cash and Travel Advances	$ 2,401	$ 3,077	$ 201	$ 37	$ 367	**$ 6,083**
Unamortized Bond Issuance Expenses	-	-	6,345	-	-	**6,345**
Other Assets	-	-	12,860	-	32	**12,892**
Total Other Assets	$ 2,401	$ 3,077	$ 19,406	$ 37	$ 399	**$ 25,320**

	Component Units			Total Reporting Entity
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 2001
Cash and Travel Advances	$ 282	$ -	$ 923	**$ 7,288**
Unamortized Bond Issuance Expenses	-	12,965	-	**19,310**
Other Assets	465	20,810	5,046	**39,213**
Total Other Assets	$ 747	$ 33,775	$ 5,969	**$ 65,811**

11. PROPERTY, PLANT, AND EQUIPMENT

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

Schedule of Changes in General Fixed Assets
Primary Government

(Dollars in Thousands)

	Balance July 1, 2000 (As Restated)	Acquisitions	Deductions	Balance June 30, 2001
Land	$ 236,338	$ 7,216	$ (8,302)	$ 235,252
Buildings	2,050,294	94,389	(28,354)	2,116,329
Equipment	850,235	96,641	(71,585)	875,291
Improvements Other Than Buildings	165,337	26,862	(217)	191,982
Construction in Progress	184,952	41,414	(82,397)	143,969
Total General Fixed Assets	$ 3,487,156	$ 266,522	$ (190,855)	$ 3,562,823

Note: The beginning fund balance in the General Fixed Asset Account Group was restated to reflect $9.1 million in understated Buildings. The understatement was in Individual and Family Services.

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

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

(Dollars in Thousands)

	Balance July 1, 2000 (As Restated)	Acquisitions	Deductions	Balance June 30, 2001
Land	$ 96,971	$ -	$ -	$ 96,971
Buildings	53,139	1,537	-	54,676
Equipment	118,003	30,140	(5,404)	142,739
Improvements Other Than Buildings	197,886	7,864	-	205,750
Construction in Progress	89,350	27,395	(37,832)	78,913
Total General Fixed Assets	$ 555,349	$ 66,936	$ (43,236)	$ 579,049

Note: The beginning fund balance was restated to reflect the following: $1.5 million in understated buildings and $212,000 in understated equipment.

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

Summary of Fixed Assets in Proprietary Funds,
Fiduciary Funds, and Component Units
June 30, 2001

(Dollars in Thousands)

	Enterprise Funds	Internal Service Funds	Trust and Agency Funds	Component Units	
				Proprietary Fund	Higher Education Fund
Land	$ 1,726	$ 310	$ -	$ 16,426	$ 179,571
Buildings	10,397	5,512	-	1,010,522	3,462,447
Equipment	81,370	136,303	6,464	254,284	1,865,225
Improvements Other Than Buildings	7	36	-	1,337	372,047
Construction in Progress	255,195	11,805	-	89,542	540,682
Livestock	-	-	-	-	906
Less:					
Accumulated Depreciation	(59,472)	(88,677)	-	(681,120)	-
Total Fixed Assets	$ 289,223	$ 65,289	$ 6,464	$ 690,991	$ 6,420,878

12. RETIREMENT AND PENSION SYSTEMS

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

A. Plan Description

The Virginia Retirement System (VRS), a mixed agent and cost-sharing multiple-employer retirement plan, provides defined benefit pension plan coverage for State employees, teachers, political subdivision employees and other qualifying employees. The assets accumulated by the plan may legally be used to pay all benefits provided by the plan to any of the plan members or beneficiaries. At June 30, 2001, the VRS had 785 contributing employers. The State Police Officers' Retirement System (SPORS), the Judicial Retirement System (JRS), and the Virginia Law Officers' Retirement System (VaLORS) are single-employer defined benefit retirement plans. The SPORS provides retirement benefits to Virginia state police officers, the JRS provides retirement benefits to the Commonwealth's judiciary, and the VaLORS provides benefits to law enforcement and correctional officers other than state police officers. All retirement systems are administered by the Virginia Retirement System (System), an independent agency of the Commonwealth.

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

Employees are eligible for an unreduced retirement benefit at age 65 with five years of service (age 60 for participating law enforcement officers) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating law enforcement officers). Employees may retire with a reduced benefit at age 50 with at least ten years of credited service or at age 55 (age 50 for participating law enforcement officers) with at least five years of credited service.

Annual retirement benefits are payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Members of the SPORS and VaLORS may receive a monthly benefit supplement if they retire prior to age 65. Members of the JRS receive weighted years of creditable service for each year of actual service under JRS. The VRS, SPORS, VaLORS, and JRS also provide death and disability benefits. These benefit provisions and all other requirements are established by State statute.

B. Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investment

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

The pricing sources utilized by the master custodian provide daily prices for equity securities, corporate, government and mortgage-backed fixed income securities, private placement securities, futures and options on futures, open-ended funds, and foreign exchange rates. Depending on the vendor, collateralized mortgage obligations, adjustable rate mortgages, and asset-backed securities are priced either 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.

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

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

C. Funding Policy

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

Employer contributions by the Commonwealth to the VRS and SPORS were 5.22% and 25.0% of covered payrolls. Employer contributions by the Commonwealth to VaLORS and JRS were 16.15% and 45.0% of covered payrolls. These rates were less than actuarially determined Annual Required Contributions (ARC), but they did meet statutory requirements. The ARC has parameters for funding automatic cost-of-living increases (COLAs) for retirees. The Commonwealth has elected the option that allows contributions to include an annual amount that would phase-in the parameters over a five-year period ending with fiscal year 2002.

D. Annual Pension Cost and Net Pension Obligation

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

	VRS			SPORS		
	2001	2000	1999	2001	2000	1999
Annual required contribution	$ 162,654	$ 208,082	$ 217,448	$ 21,320	$ 18,332	$ 16,767
Interest on net pension obligation	19,193	15,554	10,076	1,196	912	485
Adjustment to annual required contribution	(14,439)	(11,035)	(7,148)	(900)	(647)	(345)
Annual pension cost	167,408	212,601	220,376	21,616	18,597	16,907
Contributions made	(148,215)	(167,120)	(151,898)	(20,420)	(15,044)	(11,576)
Increase in net pension obligation	19,193	45,481	68,478	1,196	3,553	5,331
Net pension obligation, beginning of year	239,906	194,425	125,947	14,955	11,402	6,071
Net pension obligation, end of year	$ 259,099	$ 239,906	$ 194,425	$ 16,151	$ 14,955	$ 11,402
Percentage of annual pension cost contributed	88.5%	78.6%	68.9%	94.5%	80.9%	68.5%

	JRS			VaLORS		
	2001	2000	1999	2001	2000	1999 (1)
Annual required contribution	$ 21,126	$ 15,332	$ 14,295	$ 51,220	$ 16,216	$ -
Interest on net pension obligation	404	364	249	197	-	-
Adjustment to annual required contribution	(304)	(258)	(177)	(148)	-	-
Annual pension cost	21,226	15,438	14,367	51,269	16,216	-
Contributions made	(20,822)	(14,935)	(12,938)	(51,072)	(13,753)	-
Increase in net pension obligation	404	503	1,429	197	2,463	-
Net pension obligation, beginning of year	5,050	4,547	3,118	2,463	-	-
Net pension obligation, end of year	$ 5,454	$ 5,050	$ 4,547	$ 2,660	$ 2,463	$ -
Percentage of annual pension cost contributed	98.1%	96.7%	90.1%	99.6%	84.8%	0.0%

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

The VRS pension liability for the Virginia Economic Development Partnership (VEDP) (Component Unit) and the Virginia Tourism Authority (VTA) (Component Unit) are reported in the financial statements. However, since the Commonwealth is not considered the employer for VEDP or VTA, the Commonwealth's net pension obligation shown above at the end of the year does not include VEDP's pension liability of $670,864 or VTA's pension liability of $46,016.

The annual required contributions for the current year were determined by the June 30, 1999, actuarial valuation, and the most recent actuarial valuation of assets was determined at June 30, 2000. Both actuarial valuations were prepared using the entry age normal cost method. The actuarial assumptions for the June 30, 2000, valuation included (a) 8.00% investment rate of return, per year compounded annually; (b) projected salary increases ranging from 4.00% to 6.10%, including a 3.00% inflation component; and (c) 3.00% 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 amortization period at June 30, 2000, was 30 years or less.

E. Defined Contribution Plan for Political Appointees

Officers appointed by the Governor, officers elected by popular vote or the General Assembly, and executive branch chief deputies and confidential assistants may participate in 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 Great West Company. This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's (5.4 percent) and the employee's (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2001, the total contributions to this plan were $832,864.

The summary of significant accounting policies for the plan is in accordance with those discussed in Section B. The plan has no concentration of investments in any one organization that represents 5.0 percent or more of the plan net assets available for benefits.

F. Higher Education Fund (Component Unit)

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

In addition, full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in an optional retirement annuity program, rather than the VRS. Optional Retirement Plans are authorized by the *Code of Virginia* and provide retirement and death benefits. The optional retirement annuity programs are offered through Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) Insurance Companies, Variable Annuity Life Insurance Company (VALIC), Fidelity Investments, Inc., Great West Life, Inc., T. Rowe Price, Inc., and Metropolitan Life. These are defined contribution programs where the retirement benefits received are based upon the Commonwealth's (5.4 percent) and employees' (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2001, the total contributions to these plans were:

TIAA-CREF	$55,932,130
VALIC	3,280,019
Fidelity Investments	19,030,065
Great West Life	278,325
T. Rowe Price	1,327,927
Metropolitan Life	220,119
Total	$80,068,585

The Innovative Technology Authority (ITA) has a defined contribution retirement plan covering substantially all employees. Under the plan, contributions are fixed at a percentage of each employee's compensation to pay premiums for individual retirement annuity contracts written by TIAA-CREF. Pension contributions for the plan totaled $447,666 in fiscal year 2001.

G. Other Component Units

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

Full-time employees of the Virginia Housing Development Authority participate in a defined contribution employees' retirement savings plan administered by the Authority. This is a noncontributory plan where the Authority incurs employment retirement savings expense equal to 8.0 percent of full-time employees' compensation. Total retirement savings expense under this plan was $1,353,577 in fiscal year 2001. The retirement expense is fully funded as incurred; therefore, there is no unfunded future retirement liability.

The Virginia Port Authority contributes to the VRS. The Authority also sponsors two single-employer noncontributory defined benefit pension plans. The Virginia Port Authority Pension Plans are administered by the Authority and provide retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions and obligations are established and may be amended by the Board of Commissioners of the Authority. The Authority's policy is to fund annually the minimum funding requirements of the Employee Retirement Income Security Act of 1974. The plan's financial report is audited annually and can be obtained through the Human Resource Department at the Authority.

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

	2001	2000	1999
Service cost - benefits earned during the year	$ 935,000	$ 972,000	$ 986,000
Interest cost on projected benefit obligation	1,766,000	1,596,000	1,484,000
Expected return on assets	(2,898,000)	(2,614,000)	(2,358,000)
Net amortization and deferral	(496,000)	(363,000)	(136,000)
Annual pension cost	(693,000)	(409,000)	(24,000)
Contributions made	(249,000)	(193,500)	(192,000)
Increase in prepaid pension obligation	(942,000)	(602,500)	(216,000)
Prepaid pension obligation, beginning of year	(4,564,500)	(3,962,000)	(3,746,000)
Prepaid pension obligation, end of year	$ (5,506,500)	$ (4,564,500)	$ (3,962,000)

The annual pension cost for the current year was determined as part of the September 30, 2000, actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. The discount rate used in determining the actuarial present value of projected benefit obligation was 8.0 percent in 2001, 7.5 percent in 2000, and 7.0 percent in 1999. The expected long-term rate of return on assets used in determining net periodic pension cost was 8.0 percent.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2001, 2000, and 1999.

Three-Year Trend Information

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2001	$ (693,000)	0 %	$ (5,506,500)
2000	$ (409,000)	0 %	$ (4,564,500)
1999	$ (24,000)	0 %	$ (3,962,000)

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

	2001
Service cost - benefits earned during the year	$ 112,863
Interest cost on projected benefit obligation	33,107
Expected return on assets	3,256
Net amortization and deferral	17,030
Annual pension cost	166,256
Contributions made	(186,023)
Additional minimum liability	(47,666)
Increase in pension obligation	(67,433)
Pension obligation, beginning of year	260,672
Pension obligation, end of year	$ 193,239

The annual pension cost for the current year was determined as part of the September 2001 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. Actual value of assets was determined using market value. The discount rate used in determining the actuarial present value of the projected benefit obligation was 7.5 percent in 2001, 8.0 percent in 2000, and 7.0 percent in 1999. The expected long-term rate

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

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2001.

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2001	$ 166,256	112 %	$ 193,239
2000	$ 59,116	87 %	$ 260,672
1999	$ 35,544	0 %	$ 35,544

The Authority also sponsors two noncontributory supplemental plans covering certain key employees. The Authority's current policy is not to fund the costs of these plans. The plans had assets of $1,775,922 and an accrued liability of $2,003,963.

The Virginia Resources Authority sponsors a retirement savings plan whereby 12 percent of eligible employees' salary is contributed on an annual basis. Total retirement savings expense was $78,500 for the year ended June 30, 2001, a portion of which is reimbursed.

The Virginia Commonwealth University Health System Authority (VCUHSA) (formerly the Medical College of Virginia Hospitals Authority) contributes to the VRS. The VRS issues a separate stand-alone report that is publicly available as previously discussed. Effective July 1, 1997, the Authority established the Virginia Commonwealth University Health System Authority Defined Contribution Plan (the Plan). All employees working at least 35 hours of service per week are eligible to participate in the Plan. At June 30, 2001, there were 2,180 participants in the Plan. Per the Plan document as approved by the Authority's Board of Directors, the Authority contributes 8.0 percent of the participant's salary to the Plan, up to a maximum of $30,000. Total contributions for the year ended June 30, 2001, were approximately $4,601,000. The Authority has the right at anytime, and without the consent of any party, to terminate the Plan in its entirety. The Authority's Board of Directors must approve any changes to the provisions of the Plan, including the contribution requirements, in writing. In addition, the Authority has reported approximately $29.8 million as restricted assets for the Plan. 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 are eligible to participate in the HCP Plan. At June 30, 2001, there were 8 participants in the HCP Plan. All significant provisions of the HCP Plan, including the contribution requirements, are similar to the Plan. No contributions to the HCP Plan for the year ended June 30, 2001, were made.

The Medical College of Virginia Associated Physicians (MCVAP) (a Component Unit of the VCUHSA) sponsors the MCVAP 403(b) Retirement Fund (the 403(b) Plan), a defined contribution plan which covers substantially all non-medical employees of MCVAP. MCVAP's contribution to the 403(b) Plan (7.5 percent of participants' compensation) approximated $2,907,000 for the year ended June 30, 2001.

MCVAP also sponsors the MCVAP 401(a) Retirement Plan (the 401(a) Plan), a noncontributory, defined contribution plan which covers substantially all full time medical employees of MCVAP. Contributions to the 401(a) Plan, as determined annually at the discretion of the Board of Directors were approximately $3,769,000 for the year ended June 30, 2001.

VA Premier (a Component Unit of the VCUHSA) adopted a 401(k) plan sponsored by Prudential Mutual Fund Management, Inc. Employees may enter into the plan on the first day of the month coinciding with or following the date on which the employee begins employment. There is no minimum service or age requirement to be in the 401(k) plan. Employees may contribute 1 percent to 15 percent of their compensation. VA Premier will match 50 percent of the employees' contributions up to 4 percent of the employees' compensation. Matching will occur based on the bi-weekly pay periods. In addition, VA Premier contributes 3 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 2001 was $169,000.

The Virginia Equine Center Foundation has a defined contribution plan which covers all full-time employees of the Foundation who have one year of service and are age twenty-one or older. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974. Contributions to the plan are discretionary and the Foundation will determine the amount to contribute to the plan each year. Total contributions for the year ended June 30, 2001, were $35,808.

13. OTHER EMPLOYMENT BENEFITS

In addition to the pension plans, the Commonwealth participates in two other postemployment benefit plans, Group Life Insurance and Retiree Health Insurance Credit, which are administered by the Virginia Retirement System (VRS). The VRS administers a third postemployment 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 12 for pension plans. A separately issued financial report that includes financial statements for Group Life Insurance and Retiree Health Insurance Credit is publicly

available. Copies may be obtained by writing to Virginia Retirement System, P. O. Box 2500, Richmond, Virginia 23218-2500.

Group Life Insurance

The Group Life Insurance Plan provides life insurance benefits for State employees, teachers, employees of political subdivisions participating in the VRS, State police officers, judges, and other qualifying employees. In fiscal year 2001 there were approximately 97,027 state employees and 35,916 retirees in the program.

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

Postemployment life insurance benefits are advance funded on an actuarially determined basis using the aggregate cost actuarial method. Rates were determined in a June 30, 1998, actuarial valuation using the same actuarial assumptions used for determining pension plan contribution rates. The modified market value of plan assets was used for valuation purposes. Retirees are not required to contribute to the group life plan. The Commonwealth's actuarially required contribution rate for the current year was 0.80 percent of payroll. This contribution covers premiums for active employees and actual death claims for retirees.

The accrued liabilities for postemployment death benefits actuarially determined through an actuarial valuation performed as of June 30, 2000, were $1,352.4 million. The actuarial value of the program's assets available for benefits on that date was $892.4 million, leaving a present value of future contributions of $460.0 million. The System's contribution requirements for its employees for the fiscal year ended June 30, 2001, were $72,000.

Retiree Health Insurance Credit

The Retiree Health Insurance Credit Plan provides health insurance credits against the monthly health insurance premiums for retired State employees, State police officers, and judges with at least 15 years of creditable service on the current disbursement basis. Benefit provisions and eligibility requirements are established by Title 2.1 of the *Code of Virginia*. Approximately 25,813 state retirees were receiving health insurance credits at June 30, 2001.

The monthly credit amounts to $4.00 per year of service not to exceed a maximum allowance of $120.00. The contribution rate was determined as part of the June 30, 1996, actuarial valuation that determined the pension plan contribution rates. The Commonwealth's actuarially required contribution rate for the current year was 1.12 percent of payroll. The Commonwealth recognized Retiree Health Insurance Credit expenses of $48.0 million during the fiscal year ended June 30, 2001.

Volunteer Firefighters' and Rescue Squad Workers' Fund

Volunteer firefighters and rescue squad workers may participate in an optional postemployment benefit plan. This optional plan is authorized by the *Code of Virginia*. The Board of Trustees of the VRS 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 twenty years. There was no appropriation in fiscal year 2001. The only activity reported was $25,000 in employee contributions. At June 30, 2001, there were 262 workers participating in the Fund.

14. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Virginia Retirement System (VRS) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1, Chapter 6 et seq. of the *Code of Virginia*. The VRS contracts with private corporations or institutions subject to the standards set forth in the *Code* to provide investment products as well as any other goods and services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliations, and record keeping associated with State employees' enrollment, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the VRS for investment. The plan 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, or unforeseeable emergency. Since the VRS has no fiduciary relationship with plan participants, plan assets of $442.9 million are not included in the financial statements.

In addition, the Commonwealth provides a cash match under Internal Revenue Code Section 401(a) for employees participating in the deferred compensation plan who have been employed at least one year. The match amount for an employee was established at 50 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, 2001, was $9.5 million, which is also excluded from the financial statements.

The Virginia Housing Development Authority (Component Unit) and the Virginia Resources Authority (Component Unit) have a deferred compensation plan available to all employees created in accordance with Internal Revenue Section 457. The Plan permits participants to defer a portion of their salary or wage

until future years. The deferred compensation is not available to employees until termination, retirement, or death. The assets of the Plan are in an irrevocable trust with an external trustee and, accordingly, no assets or liabilities are reflected in the financial statements.

The Virginia Port Authority (VPA) (Proprietary - Component Unit) offers a deferred compensation plan and matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively, that cover substantially all nonunion employees with 90 days or more of service. The Plans require VPA to match employee contributions in an amount equal to 50 percent of the first 3 percent of the participant's base pay contributed to the Plan. The Authority's total contribution to these Plans was $236,456 for the year ended June 30, 2001.

VPA (Governmental - Component Unit) sponsors a deferred compensation plan and a matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively, that cover substantially all employees. The matching savings plan requires VPA to match contributions in an amount equal to 50 percent of the first 6 percent of the participant's base pay contributed to the plan. VPA's total contribution to the matching savings plan was $87,184 for the year ended June 30, 2001.

15. COMMITMENTS

A. Construction Projects

Highway Projects

At June 30, 2001, the Department of Transportation (Primary Government) had contractual commitments of approximately $2,124.9 million for construction of various highway projects. Funding for these expenditures is expected to be provided as follows: (1) Federal Funds – approximately 21.8 percent or $463.3 million, (2) State Funds – approximately 70.5 percent or $1,498.9 million, and (3) Proceeds from Bonds – approximately 7.7 percent or $162.7 million.

Mass Transit Projects

At June 30, 2001, the Department of Rail and Public Transportation (Primary Government) had contractual commitments of approximately $105.7 million for various public transportation and rail preservation projects. Funding of the future expenditures is expected to be as follows: (1) Federal Funds – approximately 15 percent or $15.8 million, and (2) State Funds – approximately 85 percent or $89.9 million.

Port Projects

At June 30, 2001, the Virginia Port Authority (Component Unit) was committed to construction contracts totaling $65.2 million.

Sanitation District Project

At June 30, 2001, the Hampton Roads Sanitation District Commission (Component Unit) was committed to construction programs totaling $46.4 million.

Virginia Commonwealth University Health System Project

At June 30, 2001, the Virginia Commonwealth University Health System Authority (Component Unit) was committed to construction projects totaling $31.0 million.

Higher Education Funds

Many of the colleges and universities are committed to construction contracts. As of June 30, 2001, these commitments totaled approximately $295.5 million.

B. Operating Leases

The Commonwealth has entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on a month–to–month basis. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense for the primary government under these operating leases for the year ended June 30, 2001, was $64.4 million. Rental expense for the discrete component units for the year ended June 30, 2001, was $38.1 million. The Commonwealth has, as of June 30, 2001, the following minimum rental payments due under the above leases:

	Primary Government	Component Units	Totals
2002	$ 50,740,806	$ 22,567,999	$ 73,308,805
2003	33,534,686	16,911,045	50,445,731
2004	27,133,926	15,015,630	42,149,556
2005	20,791,366	11,884,897	32,676,263
2006	13,584,714	10,573,638	24,158,352
After 2006	45,510,124	25,312,975	70,823,099
Total	$ 191,295,622	$ 102,266,184	$ 293,561,806

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

C. Investment Commitments – Virginia Retirement System

The Virginia Retirement System extends investment commitments in the normal course of business, which, at June 30, 2001, amounted to $1.6 billion.

16. 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 17). Under the VSDP, employees receive a specified number of sick and personal leave hours, depending on their length of service, and any balances at the end of the calendar year revert. Individuals employed at January 1, 1999, had the option of converting to the VSDP or remaining in the original sick leave plan. If converting, the employee's sick leave balance could be used to purchase retirement credits or be converted to disability credits. If an employee opted to remain in the original sick leave program, sick leave accrues at a rate of five hours semimonthly. Employees who leave State service after a minimum of five years employment receive the lesser of 25 percent of the value of their disability credits or accumulated sick leave at their current earnings rate or $5,000. All employees leaving State service are paid for accrued annual leave up to the maximum calendar year limit at their current earnings rate.

In conformance with Section C60 of GASB Codification, the monetary value of accumulated annual and sick leave and disability credits payable upon termination is included in the accompanying financial statements. In the governmental fund types, amounts to be paid from expendable available resources are recognized as fund liabilities in the applicable governmental fund types (see Note 20). Amounts not payable from expendable resources are reflected in the General Long-Term Debt Account Group (see Note 19). All amounts related to the proprietary funds, trust funds, and the discrete component units are recognized in those funds (see Notes 19 and 20). The liability at June 30, 2001, was computed using salary rates effective at that date, and represents vacation, compensatory and sick leave earned or disability credits held up to the allowable ceilings. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, an additional liability amount has been included for those employees remaining in the original sick leave program with less than 5 years of service based on the probability that they will eventually become vested. Also included in the liability is the Commonwealth's share of FICA taxes on leave balances for which employees will be compensated.

17. VIRGINIA SICKNESS AND DISABILITY PROGRAM

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

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

Faculty of Virginia institutions of higher education, hired or appointed on or after January 1, 1999, who elected the VRS as their retirement plan, must make an irrevocable election to participate in the VSDP or in the institution's disability program. If there is no institution program, the faculty is covered under this program.

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

18. INSURANCE

A. Self–Insurance

The Commonwealth maintains two types of self-insurance plans. The first type of self-insurance is a health care plan administered by the Department of Human Resource Management for State employees. The plan is accounted for in the Health Care – Internal Service Fund. Interfund premiums are accounted for as quasi-external transactions. At June 30, 2001, $74.0 million is reported as the

estimated claims payable for this fund. The estimated liability is based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported as described in Note 1.N. Changes in the balances of claims liabilities (reported in thousands of dollars) during the current and prior fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2000-2001	$ 57,084	$ 483,924	$ (466,964)	$ 74,044
1999-2000	$ 53,357	$ 395,332	$ (391,605)	$ 57,084

The second type of plan, risk management insurance, is administered by the Department of Treasury, Division of Risk Management and the Department of Human Resource Management, Worker's Compensation Program. In previous years, this plan was administered by the Department of General Services, Division of Risk Management. This plan is accounted for in the Risk Management – Internal Service Fund. Interfund premiums are accounted for as quasi-external transactions. Risk management insurance includes workers' compensation, property, general (tort) liability, medical malpractice, and automobile plans. At June 30, 2001, $180.4 million is reported as the estimated claims payable for these self-insurance plans. The estimated losses are based upon actual claims that have been submitted, as well as claims incurred but not reported. Changes in the balances of claims liabilities (reported in thousands of dollars) during the current and prior fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2000-2001	$ 173,721	$ 51,837	$ (45,129)	$ 180,429
1999-2000	$ 171,894	$ 51,951	$ (50,124)	$ 173,721

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

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

The Virginia Port Authority (Component Unit) is partially self-insured for certain workers' compensation claims. The Authority maintains insurance coverage of $5,000,000 per claim, but is obligated to pay the first $1,000,000 of any individual's claims per incident. The Authority is also partially self-insured for employee health coverage. The Authority is responsible for actual claim costs up to $75,000 per individual per year. Insurance coverage is maintained for claims in excess of the individual employee limit and for aggregate claims in excess of $2,114,149.

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 213 local government units participating in the pool. This includes 23 school districts, 26 counties, 80 cities/towns, and 84 other subdivisions. This program is accounted for in the Local Choice Health Care – Enterprise Fund.

The Department of Human Resource Management, under Section 2.1–20.1 of the *Code of Virginia*, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. At June 30, 2001, $12.6 million is reported as the actuarially determined estimated claims payable for this fund based on claims incurred but not reported.

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

The Department of Treasury, Division of Risk Management administers risk management pools for errors and omissions liability insurance and law enforcement professional liability insurance in accordance with Section 2.1–526.8:1 of the *Code of Virginia*. They also administer a commuter rail liability pool for both the Northern Virginia and the Potomac & Rappahannock Transportation Commissions. In previous years, these pools were administered by the Department of General Services, Division of Risk Management. These pools were established to provide an economical low-cost, internally managed alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management – Enterprise Fund. The pool is established subject to the approval of the Governor. It may be insurance, self-insurance, or any combination thereof, and must provide protection and legal defense against liability. Local participation is voluntary and open to any political subdivision. As of June 30, 2001, there were 542 units of local government in the pool. This includes

8 cities, 61 towns, and 52 counties. The balance includes a large variety of boards, commissions, authorities, and special districts.

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

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

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

At June 30, 2001, $11.0 million is reported as estimated claims payable for these programs. This figure is actuarially determined for the fund in total and is reported at gross and does not reflect possible reimbursements for insurance recoveries.

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

	Local Choice Health Care		Risk Management	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	$ 8,480	$ 8,529	$ 9,011	$ 6,905
Incurred Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	87,222	70,998	4,417	3,934
Changes in Provision for Insured Events of Prior Fiscal Years	-	-	1,008	986
Total Incurred Claims and Adjustment Expenses	87,222	70,998	5,425	4,920
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	83,059	71,047	336	196
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	-	-	3,767	2,922
Total Payments	83,059	71,047	4,103	3,118
Change in Provision for Discounts	-	-	618	304
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted)	$ 12,643	$ 8,480	$ 10,951	$ 9,011
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	$ 12,643	$ 8,480	$ 11,673	$ 9,816

19. LONG–TERM LIABILITIES

Commonwealth bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(a) bonds have been issued to redeem previous debt obligations. Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of State appropriations. Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Section 9(a), 9(b), and 9(c) bonds are tax-supported general obligation bonds and are backed by the full faith, credit, and taxing power of the Commonwealth.

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

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

Other 9(d) revenue bonds are considered non-tax supported. For this debt, the Commonwealth has no direct or indirect pledge of tax revenues. However, in some cases, the Commonwealth has made a moral obligation pledge. 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 as reported on the Combined Balance Sheet.

Total Long-Term Liabilities
June 30, 2001

(Dollars in Thousands)		
Primary Government:		
General Obligation Bonds (6):		
General Long-Term Debt Account Group:		
9(b) Transportation Facilities	$	56,585
9(b) Public Facilities		429,725
9(c) Parking Facilities		10,325
9(c) Transportation Facilities (1)		126,319
Total General Obligation Bonds		622,954
Non-General Obligation Bonds - 9(d):		
Transportation Debt (2)		1,291,835
Pocahontas Parkway Association Bonds (1) (5)		405,460
Virginia Public Building Authority (1)		994,801
Total Non-General Obligation Bonds		2,692,096
Other Long-Term Obligations:		
Pension Liability		186,602
Compensated Absences		309,699
Capital Lease Obligations		211,192
Regional Jail Financing Payable		31,017
Notes Payable		36,165
Installment Purchase Obligations		41,796
Industrial Development Authority Obligations		42,490
Other Liabilities		20,104
Total Other Long-Term Obligations		879,065
Total Primary Government		4,194,115
Component Units:		
General Obligation Bonds (6):		
Higher Education Fund - 9(c) Bonds (1)		345,154
Total General Obligation Bonds		345,154
Non-General Obligation Bonds:		
Higher Education Institutions - 9(d) (5)		360,535
Virginia College Building Authority		289,830
Innovative Technology Authority		11,120
Virginia Port Authority (3)		187,385
Virginia Housing Development Authority (1) (4)		5,681,948
Virginia Resources Authority (1) (4)		662,343
Virginia Public School Authority (1) (4)		1,932,830
Hampton Roads Sanitation District Commission (5)		161,800
Virginia Equine Center Foundation (5)		5,645
Virginia Biotechnology Research Park Authority (7)		43,980
Virginia Commonwealth University Health System Authority 9(d)(5)		82,260
Total Non-General Obligation Bonds		9,419,676
Other Long-Term Obligations:		
Pension Liability		97,479
Compensated Absences		174,631
Capital Lease Obligations		31,628
Notes Payable (5)		430,020
Installment Purchase Obligations		25,703
Other Liabilities (5)		27,090
Total Other Long-Term Obligations		786,551
Total Component Units		10,551,381
Total Long-Term Liabilities	$	14,745,496

1. Net of unamortized discounts.
2. This debt includes $375.0 million that is not supported by taxes.
3. This debt includes $93.3 million that is not supported by taxes.
4. This debt is not supported by taxes; however, $1.358 billion from VHDA, $459.8 million from VPSA, and $442.5 million from VRA is considered moral obligation debt.
5. This debt is not supported by taxes.
6. Total general obligation debt of the Commonwealth is $968.1 million.
7. This debt includes $15.7 million that is not supported by taxes.

Primary Government

Transportation Facilities Debt

Transportation Facilities Bonds include $56,585,000 of 9(b) general obligation bonds, $126,318,645 of 9(c) general obligation bonds, and $1,291,835,000 of 9(d) revenue bonds. Principal and interest requirements for the current year totaled $109,457,891. The Section 9(b) transportation facilities bonds represent Powhite Refunding Bonds, Series 1993A, which were issued to refund Series 1986 9(c) Transportation Facilities Bonds. The Section 9(c) Transportation Facilities Bonds were issued to fund the construction, improvement and operation of the Omer L. Hirst - Adelard L. Brault Expressway and the George P. Coleman Bridge. The Section 9(d) Transportation Facilities Bonds were issued to fund the construction of State Route 28, U. S. Route 58, the Northern Virginia Transportation District Program, and the Oak Grove Connector (Chesapeake). The interest rates for these bonds range from 2.4 percent to 7.25 percent and the issuance dates range from June 28, 1989, to December 1, 1999.

The Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes, Series 2000, (9d), were issued on November 1, 2000, in the amount of $375,000,000. The proceeds will be used to finance various capital transportation projects throughout the Commonwealth pursuant to the Virginia Transportation Act of 2000. Repayment of the Series 2000 Notes will be from appropriations of future cost reimbursements and payments received from the Federal Highway Administration for Federal-aid projects. These notes mature in annual installments on October 1 in the years 2002 through 2010. Interest rates vary from 4.45 percent to 5.75 percent.

The following schedules detail the annual funding requirements necessary to amortize Transportation Facilities 9(b), 9(c) and 9(d) bonds:

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

Maturity	Principal	Interest	Total
2002	$ 3,890,000	$ 2,762,165	$ 6,652,165
2003	4,115,000	2,575,993	6,690,993
2004	4,310,000	2,375,850	6,685,850
2005	4,550,000	2,160,935	6,710,935
2006	4,815,000	1,929,085	6,744,085
2007-2012	34,905,000	5,752,513	40,657,513
Total	$ 56,585,000	$ 17,556,541	$ 74,141,541

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

Maturity	Principal	Interest	Total
2002	$ 9,589,000	$ 5,421,533	$ 15,010,533
2003	9,804,000	5,170,570	14,974,570
2004	10,234,000	4,837,845	15,071,845
2005	10,619,000	4,479,974	15,098,974
2006	10,919,000	4,101,586	15,020,586
2007-2021	81,237,000	25,774,871	107,011,871
Less: Unamortized Discount	(6,083,355)	-	(6,083,355)
Total	$ 126,318,645	$ 49,786,379	$ 176,105,024

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

Maturity	Principal	Interest	Total
2002	$ 28,125,000	$ 69,731,615	$ 97,856,615
2003	63,155,000	67,470,030	130,625,030
2004	66,405,000	64,099,138	130,504,138
2005	70,005,000	60,474,768	130,479,768
2006	73,780,000	56,625,012	130,405,012
2007-2036	990,365,000	393,538,585	1,383,903,585
Total	$ 1,291,835,000	$ 711,939,148	$ 2,003,774,148

Pocahontas Parkway Association Bonds

The Pocahontas Parkway Association Bonds include $168,866,198 of Series 1998A revenue bonds, $175,906,785 of Series 1998B capital appreciation bonds, $42,686,779 of Series 1998C capital appreciation bonds, and $18,000,000 of Series 1998D toll road revenue bonds. These bonds were issued to finance the Route 895 Connector Toll Road Project. The interest rates on the Series 1998A bonds range from 5.0 percent to 5.5 percent and the issuance date was July 9, 1998. Interest paid on all indebtedness approximated $9,152,000 in fiscal years 2001.

The Series 1998B capital appreciation bonds were issued on July 9, 1998, in the principal amount of $148,310,627 and the maturity value of $690,200,000. These bonds mature in annual installments on August 15, in the years 2012 through 2025 and 2029 through 2035. Series 1998B bonds were issued to yield approximately 5.50 percent to 5.95 percent. Principal accreted for the year ended June 30, 2001, was $9,800,726.

The Series 1998C capital appreciation bonds were issued on July 9, 1998, in the principal amount of $35,867,236 and the maturity value of $137,300,000. These bonds mature in annual installments on August 15, in the years 2005 through 2035. Series 1998C bonds were issued to yield approximately 5.40 percent to 6.25 percent. Principal accreted for the year ended June 30, 2001, was $2,424,832.

The Series 1998D toll road revenue bonds were issued on July 9, 1998, in the principal amount of $18,000,000 to the Commonwealth Transportation Board. The Series 1998D bond was issued in exchange for $18,000,000 loaned to the Association for paying certain non-construction costs of the Project, and matures on August 15, 2028. The Series 1998D bond bears interest

at a floating rate equal to the Department's Transportation Trust Fund Earnings Rate, compounded semiannually. The Series 1998D bond bears interest from the date that amounts are advanced from the Series 1998D Bond Proceeds Account for application to non-construction costs of the Project on the amount of such advances until paid. Also earnings on the Series 1998D Bond Proceeds Account are transferred monthly to the Department. The original proceeds disbursed for non-construction costs, as of June 30, 2001, were $17,600,600 and accrued interest was $2,634,959. The monthly interest rate at June 30, 2001, was 5.51 percent.

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

9(d) POCAHONTAS PARKWAY ASSOCIATION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2002	$ -	$ 9,121,250	$ 9,121,250
2003	-	9,121,250	9,121,250
2004	-	9,121,250	9,121,250
2005	-	9,121,250	9,121,250
2006	5,300,000	9,046,250	14,346,250
2007 - 2036	1,009,900,000	147,011,625	1,156,911,625
Less: Unamortized Discount	(833,802)	-	(833,802)
Unaccreted Capital Appreciation Bonds	(608,906,436)	-	(608,906,436)
Total	$ 405,459,762	$ 192,542,875	$ 598,002,637

Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 1993 A and B, Series 1994, Series 1996, Series 1996 refunding, Series 1997, Series 1998 refunding, and Series 1998 bonds. Series 1993, 1994, 1996, 1997, 1998, and 1999A bonds were issued to fund construction projects for higher educational institutions, mental health, and park facilities. Principal and interest requirements for the current year totaled $53,921,373. The interest rates for these bonds range from 3.2 percent to 6.4 percent and the issuance dates range from January 1, 1993, to October 20, 1999. The following schedule details the annual funding requirements necessary to repay these bonds:

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

Maturity	Principal	Interest	Total
2002	$ 30,720,000	$ 21,666,859	$ 52,386,859
2003	30,750,000	20,095,776	50,845,776
2004	30,785,000	18,513,354	49,298,354
2005	30,825,000	16,885,966	47,710,966
2006	30,865,000	15,246,716	46,111,716
2007 - 2019	275,780,000	69,114,714	344,894,714
Total	$ 429,725,000	$ 161,523,385	$ 591,248,385

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, Series 1991A, Series 1993B refunding bonds, Series 1996 and Series 1996 refunding bonds. Series 1991A bonds were issued to fund the State Corporation Commission and the Bank Street parking decks operated by the Department of General Services. Series 1993B bonds were issued to advance refund outstanding 1991A series bonds. Series 1996 bonds were issued to fund the renovation of the Seventh and Marshall Street parking deck. The interest rates for these bonds range from 5.7 percent to 6.0 percent and the issuance dates range from December 1, 1991, to June 6, 1996. Current year principal and interest requirements totaled $1,238,791.

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
2002	$ 720,000	$ 514,560	$ 1,234,560
2003	765,000	479,795	1,244,795
2004	800,000	442,733	1,242,733
2005	835,000	404,809	1,239,809
2006	880,000	365,028	1,245,028
2007-2016	6,325,000	1,336,561	7,661,561
Total	$ 10,325,000	$ 3,543,486	$ 13,868,486

Virginia Public Building Authority

The Virginia Public Building Authority (VPBA) has issued Section 9(d) revenue bonds for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combination of localities under the Regional Jail Financing Program. The interest rates for these bonds range from 4.0 percent to 6.6 percent and the issuance dates range from March 27, 1991, to May 31, 2000. Current year principal and interest requirements totaled $107,759,052. The following schedule details the annual funding requirements necessary to repay these bonds:

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

Maturity	Principal	Interest	Total
2002	$ 64,500,000	$ 46,650,708	$ 111,150,708
2003	66,655,000	43,217,769	109,872,769
2004	70,360,000	39,599,223	109,959,223
2005	60,140,000	36,585,229	96,725,229
2006	62,445,000	34,226,950	96,671,950
2007 - 2020	700,985,000	200,066,791	901,051,791
Less: Unamortized Discount	(30,284,354)	-	(30,284,354)
Total	$ 994,800,646	$ 400,346,670	$ 1,395,147,316

Regional Jail Financing Program

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

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

REGIONAL JAILS FINANCING
Financial Obligations to Maturity

Calendar Year Obligations	Capital Costs	Financing Costs	Total
2002	$ 2,041,184	$ 1,589,181	$ 3,630,365
2003	2,092,123	1,545,018	3,637,141
2004	2,138,126	1,496,360	3,634,486
2005	2,189,198	1,444,844	3,634,042
2006	2,240,357	1,394,559	3,634,916
2007-2015	20,315,587	7,317,570	27,633,157
Total	$ 31,016,575	$ 14,787,532	$ 45,804,107

Industrial Development Authority Obligations

The Newport News Industrial Development Authority (IDA) issued Section 9(d) revenue bonds to pay a portion of the cost of construction and equipping of the Virginia Advanced Shipbuilding and Carrier Integration Center for use by the Newport News Shipbuilding and Dry Dock Company. The Commonwealth's obligation is set out in a payment agreement between Newport News IDA and the Treasury Board, in which the Treasury Board agrees to make payments equal to the debt service from amounts appropriated by the General Assembly. The interest rates for these bonds range from 2.75 percent to 5.03 percent and the issue date is July 27, 2000. Current year principal and interest requirements totaled $1,479,568. The following schedule details the annual funding requirements necessary to repay these bonds:

INDUSTRIAL DEVELOPMENT AUTHORITY OBLIGATIONS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2002	$ 4,690,000	$ 2,102,103	$ 6,792,103
2003	3,390,000	1,900,684	5,290,684
2004	3,565,000	1,727,809	5,292,809
2005	3,745,000	1,545,296	5,290,296
2006	3,940,000	1,352,190	5,292,190
2007-2019	23,160,000	3,302,160	26,462,160
Total	$ 42,490,000	$ 11,930,242	$ 54,420,242

Component Units

Higher Education Institution Bonds

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

College and university bonds backed by pledge of general revenue or revenue from specific revenue-producing capital projects	$ 273,090
College and university debt backed exclusively by pledged revenues of an institution	87,445
Total Higher Educational Institutional 9(d) debt	$ 360,535

The interest rates for these bonds range from 2.6 percent to 9.25 percent and the issuance dates range from July 17, 1973, to November 29, 2000. The following schedules detail the annual funding requirements necessary to amortize Higher Educational Institution 9(c) and 9(d) bonds:

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

Maturity	Principal	Interest	Total
2002	$ 34,822,000	$ 16,693,714	$ 51,515,714
2003	32,732,000	15,150,750	47,882,750
2004	31,647,000	13,747,221	45,394,221
2005	27,066,000	12,394,831	39,460,831
2006	25,296,000	11,185,986	36,481,986
2007-2022	198,139,000	51,231,630	249,370,630
Less: Unamortized Discount	(4,548,057)	-	(4,548,057)
Total	$ 345,153,943	$ 120,404,132	$ 465,558,075

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

Maturity	Principal	Interest	Total
2002	$ 15,720,404	$ 19,048,612	$ 34,769,016
2003	16,458,288	17,937,966	34,396,254
2004	18,456,259	17,157,877	35,614,136
2005	17,189,319	16,254,412	33,443,731
2006	18,037,472	15,390,134	33,427,606
2007-2024	274,673,572	105,498,647	380,172,219
Total	$ 360,535,314	$ 191,287,648	$ 551,822,962

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

Maturity	Principal	Interest	Total
2002	$ 56,570,000	$ 13,553,346	$ 70,123,346
2003	44,100,000	11,682,016	55,782,016
2004	36,720,000	9,470,741	46,190,741
2005	29,235,000	7,601,146	36,836,146
2006	6,785,000	6,058,784	12,843,784
2007-2021	116,420,000	41,595,687	158,015,687
Total	$ 289,830,000	$ 89,961,720	$ 379,791,720

Innovative Technology Authority

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

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

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

Maturity	Principal	Interest	Total
2002	$ 530,000	$ 816,801	$ 1,346,801
2003	625,000	780,337	1,405,337
2004	620,000	736,587	1,356,587
2005	710,000	692,691	1,402,691
2006	700,000	641,855	1,341,855
2007-2014	7,935,000	2,870,605	10,805,605
Total	$ 11,120,000	$ 6,538,876	$ 17,658,876

Governmental Funds – Discrete Component Units

Virginia Port Authority

The Virginia Port Authority (VPA) has issued Section 9(d) revenue bonds and notes pursuant to powers provided to its Board of Commissioners by the *Code of Virginia.* The interest rates for these bonds range from 4.2 percent to 6.0 percent and the issuance dates range from October 23, 1996, to April 2, 1998. Series 1998 bonds were issued to advance refund $71.1 million of the outstanding 1988 bonds. The following schedule details the annual funding requirements necessary to amortize VPA bonds:

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

Maturity	Principal	Interest	Total
2002	$ 10,710,000	$ 10,119,979	$ 20,829,979
2003	11,225,000	9,612,254	20,837,254
2004	11,760,000	9,074,200	20,834,200
2005	12,335,000	8,499,250	20,834,250
2006	13,010,000	7,828,200	20,838,200
2007-2027	128,345,000	70,282,258	198,627,258
Total	$ 187,385,000	$ 115,416,141	$ 302,801,141

Proprietary Funds – Discrete Component Units

The Virginia Housing Development Authority (VHDA), the Virginia Resources Authority (VRA) and the Virginia Public School Authority (VPSA) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.10 percent to 10.60 percent and the origination dates range from December 1, 1973, to June 13, 2001. The following schedules detail the annual funding requirements necessary to amortize these bonds:

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

Maturity	Principal	Interest	Total
2002	$ 345,141,321	$ 322,178,956	$ 667,320,277
2003	259,031,529	311,250,798	570,282,327
2004	255,204,597	295,589,556	550,794,153
2005	240,089,996	280,799,200	520,889,196
2006	231,375,354	266,961,582	498,336,936
2007-2046	4,371,206,117	3,082,252,144	7,453,458,261
Less: Unamortized Discount	(20,101,161)	-	(20,101,161)
Total	$ 5,681,947,753	$ 4,559,032,236	$ 10,240,979,989

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

Maturity	Principal	Interest	Total
2002	$ 16,735,000	$ 32,001,970	$ 48,736,970
2003	20,540,000	33,817,565	54,357,565
2004	28,360,000	33,010,664	61,370,664
2005	27,205,000	31,961,610	59,166,610
2006	28,225,000	30,591,019	58,816,019
2007-2030	554,920,000	297,615,684	852,535,684
Less: Unamortized Discounts and Issuance Expenses	(11,745,573)	-	(11,745,573)
Unaccreted Capital Appreciation	(1,896,219)	-	(1,896,219)
Total	$ 662,343,208	$ 458,998,512	$ 1,121,341,720

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

Maturity	Principal	Interest	Total
2002	$ 126,585,000	$ 110,775,406	$ 237,360,406
2003	131,865,000	103,267,516	235,132,516
2004	133,940,000	96,385,311	230,325,311
2005	128,485,000	89,329,264	217,814,264
2006	127,410,000	81,839,996	209,249,996
2007-2027	1,312,725,000	532,451,260	1,845,176,260
Less: Deferral on Debt	(28,180,500)	-	(28,180,500)
Total	$ 1,932,829,500	$ 1,014,048,753	$ 2,946,878,253

The Hampton Roads Sanitation District Commission issued bonds under a Master Trust Indenture and a Trust Agreement dated December 1, 1993, and December 1, 1995. The original interest cost for these bonds ranged from 3.5 percent to 5.07 percent. The following schedule details the annual funding requirements necessary to amortize these bonds:

HAMPTON ROADS SANITATION DISTRICT COMMISSION
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2002	$ 14,281,000	$ 7,262,000	$ 21,543,000
2003	14,990,000	6,609,000	21,599,000
2004	10,992,000	6,022,000	17,014,000
2005	10,113,000	5,539,000	15,652,000
2006	10,462,000	5,064,000	15,526,000
2007-2024	100,962,000	33,521,000	134,483,000
Total	$ 161,800,000	$ 64,017,000	$ 225,817,000

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

VIRGINIA EQUINE CENTER FOUNDATION
Debt Service Requirements to Maturity

Maturity	Principal (1)
2002	$ 695,000
2003	725,000
2004	610,000
2005	645,000
2006	680,000
2007-2009	2,290,000
Total	$ 5,645,000

(1) Interest information is not available.

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

VIRGINIA BIOTECHNOLOGY RESEARCH PARK AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2002	$ 1,655,000	$ 2,350,553	$ 4,005,553
2003	1,745,000	2,266,897	4,011,897
2004	1,830,000	2,177,306	4,007,306
2005	1,935,000	2,072,623	4,007,623
2006	2,185,000	1,951,867	4,136,867
2007-2019	34,630,000	12,250,784	46,880,784
Total	$ 43,980,000	$ 23,070,030	$ 67,050,030

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

9(d) VIRGINIA COMMONWEALTH UNIVERSITY HEALTH SYSTEM AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2002	$ 5,470,000	$ 3,896,364	$ 9,366,364
2003	5,695,000	3,656,260	9,351,260
2004	8,010,000	3,398,560	11,408,560
2005	2,080,000	3,178,941	5,258,941
2006	2,175,000	3,087,421	5,262,421
2007-2023	58,830,000	30,608,671	89,438,671
Total	$ 82,260,000	$ 47,826,217	$ 130,086,217

Total principal outstanding at June 30, 2001, on all Component Unit bonds amounted to $9.8 billion.

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

Schedule of Changes in General Long-Term Debt Account Group

(Dollars in Thousands)

	Balance July 1, 2000	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2001
Primary Government				
Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth				
General Obligation Bonds - 9(b), and 9(c):				
Public Facilities Bonds	$ 460,405	$ -	$ (30,680)	$ 429,725
Parking Facilities Bonds, Series 1991A	11,010	-	(685)	10,325
Transportation Facilities Bonds (Net of Unamortized Discount of $6,083)	194,444	1,379	(12,919)	182,904
Total General Obligation Bonds	665,859	1,379	(44,284)	622,954
Other Long-Term Debt:				
Pension Liability	166,027	13,281	-	179,308
Capital Lease Obligations	211,980	12,600	(14,639)	209,941
Compensated Absences	284,838	10,712	-	295,550
Notes Payable - Virginia Public Broadcasting Board	-	23,840	-	23,840
Industrial Development Authority Obligations	-	42,490	-	42,490
Installment Purchases	15,253	15,258	(5,206)	25,305
Total Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth	1,343,957	119,560	(64,129)	1,399,388
Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth				
Non-General Obligation Bonds - 9(d)				
Transportation Facilities Bonds	943,625	375,000	(26,790)	1,291,835
Virginia Public Building Authority Bonds (Net of Unamortized Discount of $30,284)	1,049,984	4,212	(59,395)	994,801
Regional Jails Financing Payable	59,671	-	(28,654)	31,017
Notes Payable - Transportation	12,325	-	-	12,325
Other	5,318	14,786	-	20,104
Total Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	2,070,923	393,998	(114,839)	2,350,082
Total General Long-Term Debt Account Group [1]	$ 3,414,880	$ 513,558	$ (178,968)	$ 3,749,470

[1] These amounts will be provided as follows:

Amount to be Provided by the Commonwealth	$ 1,176,245
Amount to be Provided by Other Sources	2,375,329
Amount to be Provided for Pension Liability	179,308
Amount Available for Retirement of Long-Term Debt	18,588
Total	$ 3,749,470

Schedule of Changes in General Long-Term Debt Account Group
(continued)

(Dollars in Thousands)

	Balance July 1, 2000	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2001
Component Units				
Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth				
Virginia Port Authority:				
Bonds	$ 197,630	$ -	$ (10,245)	$ 187,385
Pension Liability	371	30	-	401
Installment Purchase Obligations	2,617	4,963	(901)	6,679
Compensated Absences	603	-	(49)	554
Other Liabilities	814	-	(13)	801
Virginia Economic Development Partnership:				
Pension Liability	621	50	-	671
Installment Purchase Obligations	32	-	(9)	23
Compensated Absences	598	47	-	645
Virginia Tourism Authority:				
Pension Liability	43	3	-	46
Installment Purchase Obligations	34	-	(1)	33
Compensated Absences	360	14	-	374
Tobacco Indemnification and Community Revitalization Commisson:				
Pension Liability	1	-	-	1
Compensated Absences	3	9	-	12
Virginia Tobacco Settlement Foundation:				
Compensated Absences	-	2	-	2
Virginia Outdoors Foundation:				
Pension Liability	2	-	-	2
Total General Long-Term Debt Account Group [2]	$ 203,729	$ 5,118	$ (11,218)	$ 197,629

[2] These amounts will be provided as follows:

Amount to be Provided by Other Sources	$ 187,494
Amount to be Provided for Pension Liability	1,121
Amount Available for Retirement of Long-Term Debt	9,014
Total	$ 197,629

Bond Defeasance

GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2001, there were $403.1 million in bonds from Primary Government that have been refunded and defeased in-substance from the General Long-Term Debt Account Group by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments. In addition, there were $285.2 million in bonds outstanding considered defeased from the Proprietary Component Unit Fund, $43.8 million from the Higher Education Fund, and $13.0 million from the Governmental Component Unit Fund.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, calculate and rebate arbitrage earnings to the Federal government. The U. S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulations in order for their bonds to maintain tax–exempt status. The regulations require the excess of the aggregate amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, to be rebated to the Federal government. Income earned on excess earnings is also subject to rebate. Rebate payments, if required, are due at least once every five years over the life of the bonds. Some bonds may be exempt from the rebate requirements if they qualify for certain regulatory exceptions. Governmental issuers may elect to pay a penalty in lieu of rebate. In either case if the issuer meets the applicable spending schedule, 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.

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 non-general fund appropriations to satisfy any rebate liability. During the year, the Commonwealth paid $657,211 to the Federal government for rebate liability on Commonwealth general obligation bonds. The Virginia Public Building Authority remitted $477,708 in rebate liability on its Series 1995 bonds. No

payments were due on bonds of the Virginia College Building Authority.

Rebate liability on bonds of the Virginia Public School Authority (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, $924,850 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, 2001, were:

	Primary Government	Component Units	Total Reporting Entity
2002	$ 28,685,451	$ 3,599,090	$ 32,284,541
2003	27,579,549	3,738,002	31,317,551
2004	23,894,065	3,458,258	27,352,323
2005	23,051,294	3,279,713	26,331,007
2006	22,437,949	3,158,888	25,596,837
After 2006	218,644,334	33,905,199	252,549,533
Total Gross Minimum Lease Payments	344,292,642	51,139,150	395,431,792
Less: Amount Representing Executory Costs	4,273,455	1,209	4,274,664
Net Minimum Lease Payments	340,019,187	51,137,941	391,157,128
Less: Amount Representing Interest	128,826,945	19,509,747	148,336,692
Present Value of Net Minimum Lease Payments	$ 211,192,242	$ 31,628,194	$ 242,820,436

At June 30, 2001, fixed assets purchased under capital leases were included in property, plant, and equipment as follows. The amounts are net of accumulated depreciation where applicable. For a portion of these assets, ownership will pass to the Commonwealth at the end of the lease term.

Fund/Account Group	Buildings	Equipment	Total
Primary Government:			
General Fixed Assets Account Group	$ 249,378,107	$ 831,343	$ 250,209,450
Internal Service Fund	757,541	-	757,541
Total Primary Government	250,135,648	831,343	250,966,991
Component Units:			
Proprietary	-	2,525,860	2,525,860
Higher Education Fund	30,363,524	6,262,601	36,626,125
Total Component Units	30,363,524	8,788,461	39,151,985
Total Capital Lease Assets	$ 280,499,172	$ 9,619,804	$ 290,118,976

Notes Payable

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

Primary Government	
Transportation Note (1)	$ 12,325
Virginia Public Broadcasting Board Note (1)	23,840
Installment Notes	41,796
Total Primary Government	77,961
Component Units	
Higher Education Notes	260,221
Virginia Housing Development Authority	28,339
Virginia Public School Authority	141,460
Installment Notes	25,703
Total Component Units	455,723
Total Notes Payable	$ 533,684

(1) Reflected in the General Long-Term Debt Account Group.

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

The Virginia Public Broadcasting Board (Primary Government) note listed above represents a loan agreement entered into with the Harrisonburg Industrial Development Authority for $23,840,000. The purpose of the loan was to upgrade Virginia's public television stations to the Federal Communication Commissions' new digital standard. The agreement was entered into February 27, 2001 and has a variable rate of interest.

The General Assembly decided to incur these through Chapter 1073 of the 2000 Appropriation Act.

The Higher Education (Component Unit) notes payable amount of $260,221,000 is comprised primarily of promissory notes with the Virginia College Building Authority (VCBA) to finance the construction of various higher education facilities. The principal amount of $250,170,000 with interest rates ranging from 3.15 percent to 6.0 percent shall be paid semi-annually. The final principal payment is due in 2020. The College of William & Mary entered into a $7,166,000 commercial note with SunTrust Bank to partially finance the multi-year implementation of a new administrative and financial system. This note matures in 2008 and has an interest rate of 5.82 percent. Virginia State University has a note payable of $2,725,300, which is the result of a loan agreement with the U. S. Department of Housing and Urban Development to repair seven dormitories. The loan is to be repaid over 30 years at 3.0 percent interest per annum, and is secured by a lien on the net revenues from the ownership, operation, and use of the seven dormitories under repair. Norfolk State University has a note payable of $159,856, which is the result of an agreement with the City of Norfolk to purchase the Brambleton Center. The loan is payable in six full scholarships each year varying from $4,953 to $16,998 with the final amount due in 2020.

The Virginia Housing Development Authority (Component Unit) notes of $28,339,000 are issued to refund certain outstanding bonds of the Authority. The notes bear a weighted average rate of 4.27 percent and have no fixed maturity date.

The Virginia Public School Authority (Component Unit) notes of $141,460,000 are for the School Equipment Financing Notes Educational Technology program. The note proceeds were used to make grants to school divisions for the purchase of educational technology equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund.

Installment notes have been entered into by agencies and institutions of the Commonwealth. These agreements, other than those in the component units and certain institutions of higher education, contain nonappropriation clauses indicating that continuation of the installment note is subject to funding by the General Assembly. The General Long-Term Debt Account Group represents $25,305,564 of the total. Presented in the following tables are repayment schedules for installment notes.

Installment Purchases - Primary Government

June 30, 2001

Maturity	Principal	Interest	Total
2002	$ 13,192,142	$ 1,879,437	$ 15,071,579
2003	7,129,857	1,323,866	8,453,723
2004	6,192,330	996,727	7,189,057
2005	4,975,960	724,447	5,700,407
2006	4,027,477	492,711	4,520,188
After 2006	6,278,217	883,679	7,161,896
Total	$ 41,795,983	$ 6,300,867	$ 48,096,850

Installment Purchases - Component Units

June 30, 2001

Maturity	Principal	Interest	Total
2002	$ 7,473,607	$ 1,207,581	$ 8,681,188
2003	6,280,440	846,949	7,127,389
2004	5,486,743	524,917	6,011,660
2005	3,070,794	257,707	3,328,501
2006	1,843,706	126,379	1,970,085
After 2006	1,547,574	61,310	1,608,884
Total	$ 25,702,864	$ 3,024,843	$ 28,727,707

20. OTHER LIABILITIES

The following table (reported in thousands of dollars) summarizes Other Liabilities as of June 30, 2001.

	Primary Government			
	General	Special Revenue	Debt Service	Enterprise
Payable for Security Transactions	$ -	$ -	$ -	$ -
Lottery Prizes Payable	-	-	-	519,655
Due to Program Participants, Escrows, and Providers	-	-	-	89
Medicaid Payable	155,606	166,580	-	-
Family Access to Medical Insurance Security Payable	1,143	2,243	-	-
Tuition Benefits Payable	-	-	-	601,844
Accrued Interest Payable	-	-	-	6,055
Tax Refunds Payable	330,479	-	-	-
Compensated Absences	1,711	1,583	-	5
Other Liabilities	-	500	-	63
Deposits Pending Distribution	2,642	953	-	-
Car Tax Refund Payable	30,763	-	-	-
Matured Debt Payable	-	-	30	-
Matured Principal and Interest Payable	-	-	-	-
Grants Payable	-	-	-	-
Total Other Liabilities	$ 522,344	$ 171,859	$ 30	$ 1,127,711

	Primary Government		Total Primary Government
	Internal Service	Trust and Agency	June 30, 2001
Payable for Security Transactions	$ 2,859	$ 2,356,475	**$ 2,359,334**
Lottery Prizes Payable	-	-	**519,655**
Due to Program Participants, Escrows, and Providers	-	338,639	**338,728**
Medicaid Payable	-	-	**322,186**
Family Access to Medical Insurance Security Payable	-	-	**3,386**
Tuition Benefits Payable	-	-	**601,844**
Accrued Interest Payable	-	-	**6,055**
Tax Refunds Payable	-	-	**330,479**
Compensated Absences	2	-	**3,301**
Other Liabilities	459	20,160	**21,182**
Deposits Pending Distribution	13	6,527	**10,135**
Car Tax Refund Payable	-	-	**30,763**
Matured Debt Payable	-	-	**30**
Matured Principal and Interest Payable	-	-	**-**
Grants Payable	-	-	**-**
Total Other Liabilities	$ 3,333	$ 2,721,801	**$ 4,547,078**

(Continued on next page)

Other Liabilities *(continued)*

	Component Units			Total Reporting Entity
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 2001
Payable for Security Transactions	$ -	$ -	$ -	**$ 2,359,334**
Lottery Prizes Payable	-	-	-	**519,655**
Due to Program Participants, Escrows, and Providers	-	251,552	-	**590,280**
Medicaid Payable	-	-	-	**322,186**
Family Access to Medical Insurance Security Payable	-	-	-	**3,386**
Tuition Benefits Payable	-	-	-	**601,844**
Accrued Interest Payable	-	155,862	-	**161,917**
Tax Refunds Payable	-	-	-	**330,479**
Compensated Absences	2	-	-	**3,303**
Other Liabilities	7,903	55,204	4,697	**88,986**
Deposits Pending Distribution	-	-	69,409	**79,544**
Car Tax Refund Payable	-	-	-	**30,763**
Matured Debt Payable	-	-	-	**30**
Matured Principal and Interest Payable	15,537	5	5,461	**21,003**
Grants Payable	-	-	6,082	**6,082**
Total Other Liabilities	$ 23,442	$ 462,623	$ 85,649	**$ 5,118,792**

Lottery Prizes Payable

Jackpot prizes of the Virginia Lottery are payable in 20, 25, or 26 annual installments. The first installment is paid on the day the prize is claimed. The present value of the outstanding jackpot prizes payable at June 30, 2001, is as follows:

	Balance June 30, 2001
Jackpot Prizes Payable:	
Due Within One Year	$ 56,368,389
Due in Subsequent Years	641,222,611
Total	697,591,000
Less: Interest to Maturity	235,948,088
Net Present Value of Jackpot Prizes Payable	461,642,912
Other Prizes Payable	58,011,632
Total Lottery Prizes Payable	$ 519,654,544

Medicaid Payable

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

The Department of Medical Assistance Services (DMAS) estimates, based on past experience, the total amount of claims that will be paid from the Medicaid program in the future which relate to services provided before year end. At June 30, 2001, the estimated liability related to operations totaled $322.2 million. Of this amount, $155.6 million is reflected in the General Fund and $166.6 million in the Federal Trust, Special Revenue Fund.

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, 2001, the estimated liability related to operations totaled $3.4 million. Of this amount, $1.2 million is reflected in the General Fund and $2.2 million in the Special Revenue Fund.

Tuition Benefits Payable

The Virginia College Savings Plan administers the Virginia Prepaid Education Program (VPEP) and the Virginia Education Savings Trust (VEST). VPEP offers contracts which, for actuarially determined amounts, provide for guaranteed full future tuition payments at State higher education institutions. The contract provisions also allow the benefits to be used for private or out-of-state institutions at a prorated amount based upon the amounts charged by the State's higher education institutions. VEST is a savings trust investment option that allows participants to make an initial selection from among seven different investment portfolios. VEST accounts involve investment risk, including the possible loss of principal. Unlike VPEP, VEST is not backed by the Commonwealth of Virginia and investments are not guaranteed. Benefits may be used to pay for qualified higher education expenses, including tuition and fees, or the designated beneficiary at institutions nationwide.

At June 30, 2001, tuition benefits payable of $538.9 million have been recorded for the VPEP program on the balance sheet for the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the VPEP program. In addition, a receivable in the amount of $205.5 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.

At June 30, 2001, tuition benefits payable of $62.9 million have been recorded for the VEST program on the balance sheet. This amount represents the market value of the pooled assets available to contributors in the program's seven portfolios. In the VEST program, contributions are recorded and distributions are valued to participant accounts based upon a daily net asset value calculated by the program's custodial bank.

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended December 31, 2000, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2001. The individual tax return filing deadline is May 1 of each year for the preceding calendar year. The corporate tax return filing deadline is the 15th day of the fourth month following the close of the corporate fiscal year.

Car Tax Refund Payable

During the year ended June 30, 1998, the General Assembly passed the Personal Property Tax Relief Act. Under the terms of this legislation, the Commonwealth will assume financial responsibility for the personal property taxes assessed by localities over a five-year period beginning in 1998. The amount reported on the balance sheet represents personal property taxes assessed by the localities before June 30, 2001, and paid by the Commonwealth after June 30, 2001. The majority of the amount pertains to the 2001 personal property taxes. However, some prior year reimbursements are also included due to delinquent taxpayer payments. The tax years and applicable rates are as follows:

2001	70.0%
2000	47.5%
1999	27.5%
1998	12.5%

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

21. OTHER REVENUE

The following table (reported in thousands of dollars) summarizes Other Revenue as of June 30, 2001.

	Primary Government			
	General	Special Revenue	Capital Projects	Enterprise
Assessments and Receipts for Support of Special Services	$ 366	$ 90,236	$ -	$ -
Fines, Forfeitures, Court Fees, Penalties, and Escheats	132,883	128,758	-	-
Receipts from Cities, Counties, and Towns	8,806	87,137	-	-
Private Gifts, Grants, and Contracts	-	41,020	-	-
Sales of Property	65	23,552	4,790	-
Contributions	-	-	-	88
Pass Through Grants Received	-	-	-	-
Tobacco Master Settlement	51,276	-	-	-
Other	80,698	109,648	45	733
Total Other Revenue	$ 274,094	$ 480,351	$ 4,835	$ 821

(Continued on next page)

Other Revenue *(continued)*

	Primary Government			Total Primary Government
	Internal Service	Nonexpendable Trust	Expendable Trust	June 30, 2001
Assessments and Receipts for Support of Special Services	$ -	$ -	$ 2,351	**$ 92,953**
Fines, Forfeitures, Court Fees, Penalties, and Escheats	-	-	5,023	**266,664**
Receipts from Cities, Counties, and Towns	-	-	-	**95,943**
Private Gifts, Grants, and Contracts	-	-	1,428	**42,448**
Sales of Property	-	-	136	**28,543**
Contributions	-	23	-	**111**
Pass Through Grants Received	-	-	-	**-**
Tobacco Master Settlement	-	-	-	**51,276**
Other	208	54	11,846	**203,232**
Total Other Revenue	$ 208	77	$ 20,784	**$ 781,170**

	Component Units			Total Reporting Entity
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 2001
Assessments and Receipts for Support of Special Services	$ -	$ -	$ -	**$ 92,953**
Fines, Forfeitures, Court Fees, Penalties, and Escheats	-	-	-	**266,664**
Receipts from Cities, Counties, and Towns	-	-	-	**95,943**
Private Gifts, Grants, and Contracts	-	-	371,929	**414,377**
Sales of Property	-	-	-	**28,543**
Contributions	45	440	-	**596**
Pass Through Grants Received	-	132,229	-	**132,229**
Tobacco Master Settlement	76,914	-	-	**128,190**
Other	3,197	28,633	65,020	**300,082**
Total Other Revenue	$ 80,156	$ 161,302	$ 436,949	**$ 1,459,577**

22. PRIZES AND CLAIMS

The following table (reported in thousands of dollars) summarizes Prizes and Claims Expense as of June 30, 2001.

			Total Primary Government	Component Units	Total Reporting Entity
	Enterprise	Internal Service	June 30, 2001	Proprietary Fund	June 30, 2001
Lottery Prize Expense	$ 549,792	$ -	**$ 549,792**	$ -	**$ 549,792**
Insurance Claims	90,834	539,281	**630,115**	47,883	**677,998**
Total Prizes and Claims	$ 640,626	$ 539,281	**$ 1,179,907**	$ 47,883	**$ 1,227,790**

23. DEPRECIATION AND AMORTIZATION

The following table (reported in thousands of dollars) summarizes Depreciation and Amortization Expense as of June 30, 2001.

	Enterprise	Internal Service	Total Primary Government June 30, 2001	Component Units Proprietary Fund	Total Reporting Entity June 30, 2001
Depreciation	$ 10,279	$ 18,758	**$ 29,037**	$ 57,389	**$ 86,426**
Amortization	350	-	**350**	2,050	**2,400**
Total Depreciation and Amortization	$ 10,629	$ 18,758	**$ 29,387**	$ 59,439	**$ 88,826**

24. OTHER EXPENSES

The following table (reported in thousands of dollars) summarizes Other Expenses as of June 30, 2001.

	Enterprise	Internal Service	Nonexpendable Trust	Total Primary Government June 30, 2001	Component Units Proprietary Fund	Total Reporting Entity June 30, 2001
Grants and Distributions to Localities	$ 5,782	$ 2,073	$ 11	**$ 7,866**	$ 147,174	**$ 155,040**
Tuition Benefits Expense	138,445	-	-	**138,445**	-	**138,445**
Expendable Equipment	2,636	6,122	-	**8,758**	405	**9,163**
Other	947	240	-	**1,187**	111,228	**112,415**
Total Other Expenses	$ 147,810	$ 8,435	$ 11	**$ 156,256**	$ 258,807	**$ 415,063**

25. OTHER NON-OPERATING REVENUE/EXPENSES

The following table (reported in thousands of dollars) summarizes Other Non-Operating Revenue/Expenses as of June 30, 2001.

	Enterprise	Internal Service	Total Primary Government June 30, 2001	Component Units Proprietary Fund	Total Reporting Entity June 30, 2001
Gain (Loss) on Sale of Fixed Assets	$ -	$ (38)	**$ (38)**	$ -	**$ (38)**
Other	1,132	(348)	**784**	6,552	**7,336**
Total Other Non-Operating Revenue/Expenses	$ 1,132	$ (386)	**$ 746**	$ 6,552	**$ 7,298**

26. APPROPRIATION ACT TRANSFERS

Chapter 1073, 2000 Acts of Assembly, requires certain amounts to be transferred to or from the General Fund during the year from or to the nongeneral funds. Some of these transfers are to reimburse the General Fund for expenses incurred on behalf of those nongeneral funds. Other transfers are mandated in order to shift amounts between nongeneral funds and the General Fund. These Appropriation Act transfers are included in Operating Transfer activity. Following is a schedule of the major items that make up Appropriation Act Transfers (dollars in millions):

	Amount Transferred To (From) General Fund
Lottery Profits	$ 329.4
ABC Profits	39.7
Public School Literary Fund	7.4
Contract Prisoners Special Revenue Fund	6.9
Central Services Agencies	6.8
Chesapeake Bay Improvement	6.5
Other Transfers	8.7
Transfer to the Game Protection Fund	(14.9)
Family Access to Medical Insurance Security	(11.7)
Total Appropriation Act Transfers	$ 378.8

27. SEGMENT/CONDENSED FINANCIAL INFORMATION

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

Selected Segment Information - Enterprise Funds

For the Fiscal Year Ended June 30, 2001

(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Virginia Industries for the Blind
Operating Revenues	$ 1,002,829	$ 339,565	$ 4,556	$ 87,529	$ 10,681
Depreciation and Amortization Expense	3,801	6,337	-	-	34
Operating Grants	-	-	-	-	138
Operating Income (Loss)	324,064	39,573	(3,530)	(6,896)	146
Net Nonoperating Revenues (Expenses)	12,464	52	2,663	784	3
Operating Transfers:					
In	439	83	761	-	25
Out	(337,043)	(39,929)	(1,403)	-	(27)
Net Income (Loss)	(76)	(221)	(1,509)	(6,112)	147
Current Assets	350,876	29,529	42,284	16,359	4,664
Property, Plant, and Equipment Additions	(15,411)	(2,960)	-	-	-
Total Assets	777,773	40,633	42,284	16,359	5,252
Current Liabilities	361,648	34,601	18,412	14,737	477
Bonds and Other Long-Term Liabilities	417,154	7,768	-	-	257
Total Equity	(1,029)	(1,736)	23,872	1,622	4,518
Net Working Capital	(10,772)	(5,072)	23,872	1,622	4,187

Selected Segment Information - Enterprise Funds
For the Fiscal Year Ended June 30, 2001
(Continued)

(Dollars in Thousands)

	Consolidated Laboratories	Virginia College Savings Plan	Department of Environmental Quality	Pocahontas Parkway	Wireless E-911 Service Board
Operating Revenues	$ 1,810	$ 93,054	$ 9,070	$ 9,399	$ 18,738
Depreciation and Amortization Expense	49	38	48	306	-
Operating Grants	-	-	-	-	5,644
Operating Income (Loss)	(730)	(50,971)	(1,467)	(15,219)	12,856
Net Nonoperating Revenues (Expenses)	-	4	875	-	1,136
Operating Transfers:					
In	-	-	-	-	27,122
Out	-	(29)	-	-	-
Net Income (Loss)	(730)	(50,996)	(592)	(15,219)	41,114
Current Assets	1,612	28,275	12,264	11,906	47,171
Property, Plant, and Equipment Additions	(115)	(19)	(279)	(64,370)	(6)
Total Assets	1,920	639,039	12,495	408,516	47,177
Current Liabilities	1,468	3,605	2,853	31,328	6,063
Bonds and Other Long-Term Liabilities	128	602,021	681	405,459	-
Total Equity	324	33,413	8,961	(28,271)	41,114
Net Working Capital	144	24,670	9,411	(19,422)	41,108

Selected Segment Information - Enterprise Funds
For the Fiscal Year Ended June 30, 2001
(Continued)

(Dollars in Thousands)

	Other	Nonmajor Blended Component Units	Total Enterprise Funds
Operating Revenues	$ 3,615	$ 88	$ 1,580,934
Depreciation and Amortization Expense	16	-	10,629
Operating Grants	-	-	5,782
Operating Income (Loss)	(120)	4	297,710
Net Nonoperating Revenues (Expenses)	57	12	18,050
Operating Transfers:			
In	-	-	28,430
Out	-	-	(378,431)
Net Income (Loss)	(63)	16	(34,241)
Current Assets	1,805	348	547,093
Property, Plant, and Equipment Additions	(14)	-	(83,174)
Total Assets	1,857	348	1,993,653
Current Liabilities	139	1	475,332
Bonds and Other Long-Term Liabilities	69	-	1,433,537
Total Equity	1,649	347	84,784
Net Working Capital	1,666	347	71,761

Condensed Financial Information - Component Units
Governmental Fund
For the Fiscal Year Ended June 30, 2001

(Dollars in Thousands)

	Virginia Port Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Virginia Tourism Authority	Virginia Tobacco Settlement Foundation
Total Current Assets	$ 73,044	$ 2,530	$ 2,207	$ 1,783	$ 33,992
Property, Plant, and Equipment	569,621	2,198	6,872	239	63
Amounts Available for Retirement of Long-Term Debt	9,014	-	-	-	-
Amount to be Provided for Retirement of Long-Term Debt	186,405	668	-	407	2
Amount to be Provided for Pension Liability	401	671	2	46	-
Total Assets	840,184	6,301	9,081	2,475	34,057
Total Current Liabilities	25,930	469	18	435	4,115
Total Long-Term Liabilities	195,820	1,339	2	453	2
Revenues	6,407	904	429	2,204	14,258
Current Expenditures	17,154	22,091	2,318	21,366	1,187
Capital Outlay Expenditures	32,153	-	-	-	-
Debt Service Expenditures	21,971	-	-	-	-
Total Transfers and Other Sources and Uses	61,065	21,326	2,242	19,872	-
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,879)	139	353	710	12,983

Condensed Financial Information - Component Units
Governmental Fund
For the Fiscal Year Ended June 30, 2001
(Continued)

(Dollars in Thousands)

	Tobacco Indemnification and Community Revitalization Commission	Virginia School for the Deaf and Blind Foundation	Certified Nursing Facility Education Initiative	Total
Total Current Assets	$ 25,278	$ 352	$ 44	$ 139,230
Property, Plant, and Equipment	54	-	2	579,049
Amounts Available for Retirement of Long-Term Debt	-	-	-	9,014
Amount to be Provided for Retirement of Long-Term Debt	12	-	-	187,494
Amount to be Provided for Pension Liability	1	-	-	1,121
Total Assets	25,345	2,862	46	920,351
Total Current Liabilities	10,754	-	4	41,725
Total Long-Term Liabilities	13	-	-	197,629
Revenues	65,786	58	-	90,046
Current Expenditures	62,864	106	60	127,146
Capital Outlay Expenditures	-	-	-	32,153
Debt Service Expenditures	-	-	-	21,971
Total Transfers and Other Sources and Uses	-	-	100	104,605
Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,830	(48)	40	13,128

Condensed Financial Information - Component Units

Proprietary Funds

For the Fiscal Year Ended June 30, 2001

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Operating Revenues	$ 643,381	$ 134,569	$ 56,521	$ 117,438
Depreciation Expense	3,570	4,234	41	-
Amortization Expense	716	-	-	-
Operating Grants Receipts	132,229	-	-	-
Operating Grants Disbursements	132,229	-	14,945	-
Operating Expenses	527,148	113,357	47,147	106,126
Operating Income (Loss)	116,233	21,212	9,374	11,312
Net Nonoperating Revenues (Expenses)	-	1,025	63,747	-
Total Transfers	-	(24,793)	41,579	(9,379)
Net Income (Loss)	116,233	(2,556)	114,700	1,933
Current Assets	574,785	47,077	122,976	137,187
Property, Plant and Equipment (Net)	17,174	13,432	66	-
Total Assets	7,387,931	62,285	1,407,871	2,553,022
Current Liabilities	448,334	11,947	9,035	280,277
Long-Term Liabilities	5,712,670	14,114	662,425	2,246,791
Total Liabilities	6,161,004	26,061	671,460	2,527,068
Total Equity	1,226,927	36,224	736,411	25,954
Net Working Capital	126,451	35,130	113,941	(143,090)

Condensed Financial Information - Component Units

Proprietary Funds

For the Fiscal Year Ended June 30, 2001

(Continued)

(Dollars in Thousands)

	Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Virginia Commonwealth University Health System Authority	Small Business Financing Authority
Operating Revenues	$ 92,426	$ 3,188	$ 641,465	$ 446
Depreciation Expense	26,312	1,127	21,686	-
Amortization Expense	-	161	1,144	-
Operating Grants Receipts	-	-	-	-
Operating Grants Disbursements	-	-	-	-
Operating Expenses	94,092	2,888	646,369	750
Operating Income (Loss)	(1,666)	300	(4,904)	(304)
Net Nonoperating Revenues (Expenses)	4,970	(1,032)	(3,191)	1,164
Total Transfers	-	-	-	3,335
Net Income (Loss)	3,304	(732)	(8,095)	4,195
Current Assets	44,620	3,371	185,187	31,639
Property, Plant and Equipment (Net)	404,322	30,620	215,589	-
Total Assets	514,875	80,113	547,492	40,207
Current Liabilities	21,791	9,832	75,429	3,996
Long-Term Liabilities	152,959	57,345	93,768	-
Total Liabilities	174,750	67,177	169,197	3,996
Total Equity	340,125	12,936	378,295	36,211
Net Working Capital	22,829	(6,461)	109,758	27,643

(Continued on next page)

Condensed Financial Information - Component Units

Proprietary Funds

For the Fiscal Year Ended June 30, 2001

(Continued)

(Dollars in Thousands)

	Wireless E-911 Service Board	Other	Total Component Units
Operating Revenues	$ 4,640	$ 5,546	$ 1,699,620
Depreciation Expense	-	419	57,389
Amortization Expense	-	29	2,050
Operating Grants Receipts	-	-	132,229
Operating Grants Disbursements	-	-	147,174
Operating Expenses	3,121	5,881	1,546,879
Operating Income (Loss)	1,519	(335)	152,741
Net Nonoperating Revenues (Expenses)	(86)	(337)	66,260
Total Transfers	(27,122)	1,021	(15,359)
Net Income (Loss)	(25,689)	349	203,642
Current Assets	-	1,003	1,147,845
Property, Plant and Equipment (Net)	-	9,788	690,991
Total Assets	-	11,347	12,605,143
Current Liabilities	-	1,383	862,024
Long-Term Liabilities	-	5,047	8,945,119
Total Liabilities	-	6,430	9,807,143
Total Equity	-	4,917	2,798,000
Net Working Capital	-	(380)	285,821

Selected Segment Information - Component Units

Higher Education

For the Fiscal Year Ended June 30, 2001

(Dollars in Thousands)

	College of William & Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute	Virginia State University
Total Assets	$ 470,246	$ 4,799,007	$ 1,133,447	$ 137,023	$ 169,091
Total Liabilities	86,057	871,808	284,632	10,378	27,097
Total Fund Balance	384,189	3,927,199	848,815	126,645	141,994
Revenues and Other Additions	183,831	1,574,451	629,343	41,092	71,967
Expenditures and Other Deductions	250,793	1,566,328	837,866	57,052	102,699
Transfers Among Funds	87,693	206,029	271,943	17,983	34,543
Net Increase (Decrease) for the Year	20,731	214,152	63,420	2,023	3,811
Fund Balance, July 1, as restated	363,458	3,713,047	785,395	124,622	138,183
Fund Balance, June 30	384,189	3,927,199	848,815	126,645	141,994

Selected Segment Information - Component Units
Higher Education
For the Fiscal Year Ended June 30, 2001
(Continued)

(Dollars in Thousands)

	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University
Total Assets	$ 155,407	$ 138,301	$ 452,619	$ 180,023	$ 410,266
Total Liabilities	36,409	29,300	125,124	23,919	92,103
Total Fund Balance	118,998	109,001	327,495	156,104	318,163
Revenues and Other Additions	88,503	43,953	177,370	70,023	179,949
Expenditures and Other Deductions	124,769	61,986	236,741	107,200	257,892
Transfers Among Funds	45,079	22,511	84,104	47,634	100,622
Net Increase (Decrease) for the Year	8,813	4,478	24,733	10,457	22,679
Fund Balance, July 1, as restated	110,185	104,523	302,762	145,647	295,484
Fund Balance, June 30	118,998	109,001	327,495	156,104	318,163

Selected Segment Information - Component Units
Higher Education
For the Fiscal Year Ended June 30, 2001
(Continued)

(Dollars in Thousands)

	Virginia Commonwealth University	George Mason University	Virginia Community College System	Non-Major Component Units	Total Higher Education
Total Assets	$ 779,435	$ 498,082	$ 701,809	$ 375,707	$ 10,400,463
Total Liabilities	208,477	158,612	120,925	373,460	2,448,301
Total Fund Balance	570,958	339,470	580,884	2,247	7,952,162
Revenues and Other Additions	487,665	269,637	310,272	138,462	4,266,518
Expenditures and Other Deductions	673,968	380,413	608,095	245,137	5,510,939
Transfers Among Funds	210,372	124,740	350,580	79,255	1,683,088
Net Increase (Decrease) for the Year	24,069	13,964	52,757	(27,420)	438,667
Fund Balance, July 1, as restated	546,889	325,506	528,127	29,667	7,513,495
Fund Balance, June 30	570,958	339,470	580,884	2,247	7,952,162

28. CONTRIBUTED CAPITAL

Primary Government

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

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

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

There were no changes in contributed capital during fiscal year 2001 for any fund.

Component Units

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

The Virginia Resource Authority's contributed capital consists of $66.6 million in transfers from the Commonwealth to fund the Virginia Water Facilities Revolving Fund and $393.2 million from the Environmental Protection Agency of the U. S. Government under the Capitalization Grants for State Revolving Funds Federal assistance program. The property and equipment in each fund is recorded at historical cost.

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

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

The Virginia Commonwealth University Health System Authority reported $311.8 million in contributed capital. The Authority reported $306.0 million in contributed capital from the Virginia Commonwealth University and $5.8 million in contributed property and buildings.

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

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

There were no changes in contributed capital during fiscal year 2001 for any component unit.

29. RESTATEMENT OF BEGINNING BALANCES

The beginning fund balance/retained earnings restatements required to correct prior year errors resulted from the following:

- The General Fund has been restated to correct prior year errors related to sales tax receivable calculations. In addition, beginning in fiscal year 2001, the Department of Taxation reported corporate tax payables that had not been reported in prior years.
- The Virginia Arts Foundation Fund has been reported in the Dedicated – Special Revenue Fund in prior years, but should have been reported as a Nonexpendable Trust Fund. (This also caused a reduction in the budgetary fund balance of $68,000.)
- The State Non-Arbitrage Pool/Participants reported five accounts in the incorrect investment pool and one account in error.
- The Higher Education Fund reported equipment in prior years that should have been expensed, did not report equipment that should have been capitalized, recorded revenue from the Commonwealth twice, and made errors recording receivables related to student tuition and fees.

The Commonwealth implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, during fiscal year 2001. Accordingly, the fund balance has been adjusted to reflect the effects of expenditure reclassification and revenue recognition resulting from eligibility requirement determinations.

The change in the reporting entity resulted from an organizational restructure affecting the Virginia Commonwealth University Health System Authority (Authority) (Proprietary Component Unit). Effective July 1, 2000, the Medical College of Virginia Associated Physicians (MCVAP) appointed the Authority as MCVAP's sole corporate member. This change in control has been accounted for as a pooling-of-interests and, accordingly, the beginning retained earnings has been restated to reflect the combined financial position of the Authority.

Restatement of Beginning Fund Balances/Retained Earnings

(Dollars in Thousands)

				Component Units	
	General	Special Revenue	Trust and Agency	Proprietary Funds	Higher Education
Balance as of June 30, 2000	$ 1,374,596	$ 1,688,373	$ 44,447,837	$ 1,530,157	$ 7,529,912
Correction of Prior Year Errors	(73,809)	(68)	(9,423)	-	(16,417)
Change in Eligiblity Requirements (GASB 33)	-	10,659	-	-	-
Change in Reporting Entity	-	-	-	38,424	-
Balance, June 30, 2000, as restated	$ 1,300,787	$ 1,698,964	$ 44,438,414	$ 1,568,581	$ 7,513,495

The July 1, 2000, Risk Management – Enterprise Fund Cash and Cash Equivalents balance was reduced by $10.2 million to correct a prior year error.

30. RETAINED EARNINGS/FUND BALANCE RESERVATIONS

Reserved fund balances at June 30, 2001, are as follows:

(Dollars in Thousands)

	Primary Government			
Reserved/Restricted for	**General Fund**	**Special Revenue Funds**	**Debt Service Fund**	**Internal Service**
Literary Fund (Constitutionally restricted for public schools)	$ -	$ 510,127	$ -	$ -
Lottery Proceeds (Constitutionally restricted for educational purposes)	19,335	-	-	-
Debt Service	-	-	18,588	-
Bond Holders (Restricted by bond resolutions)	-	-	-	-
Loans to Local Governments	-	-	-	-
Inventory	36,908	51,244	-	-
Employee's Pension/Postemployment Benefits	-	-	-	-
Pool Participants	-	-	-	-
Program Participants	-	-	-	-
Commonwealth Health Research Board	-	-	-	-
Virginia Arts Foundation	-	-	-	-
Prepaid Items	-	4	-	-
Revenue Stabilization	902,714	-	-	-
VELA Loan Servicing Reserve Fund	-	-	-	-
Capital Acquisition	-	477	-	-
Administrative Services	-	-	-	-
Construction and Improvements	-	-	-	-
Gifts, Grants, Contributions and Contracts	-	14,011	-	-
Loan Funds	-	-	-	-
Endowment	-	-	-	-
Health Insurance (Legislatively Restricted)	-	-	-	10,979
Total Reserved/Restricted Retained Earnings/Fund Balance	$ 958,957	$ 575,863	$ 18,588	$ 10,979

	Component Units		
Trust and Agency Funds	Governmental Fund	Proprietary Fund	Higher Education Fund
$ -	$ -	$ -	$ -
-	-	-	-
-	9,014	10,666	-
-	-	997,054	-
-	-	126,102	-
-	-	-	-
37,686,940	-	17,088	-
2,997,351	-	-	-
36,964	-	-	-
27,642	-	-	-
96	-	-	-
-	94	-	26,385
-	-	-	-
545	-	-	-
187	-	-	-
1,118	-	-	-
-	27,490	55,306	-
-	2,510	63,747	705,435
-	-	-	99,009
263	-	-	1,368,368
-	-	-	-
$ 40,751,106	$ 39,108	$ 1,269,963	$ 2,199,197

31. DEFICIT RETAINED EARNINGS – GAAP BASIS

The State Lottery Department ended the year with a deficit retained earnings of $1,028,935. This was solely attributable to the net pension obligation resulting from GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. Since the Commonwealth is the employer, the Lottery does not report this liability in their individually published financial statements.

The Department of Alcoholic Beverage Control ended the year with a deficit retained earnings of $3.3 million. This is attributable to a deficit in beginning retained earnings and the net pension obligation resulting from GASB Statement No. 27, as explained in the previous paragraph.

The Consolidated Laboratory ended the year with a deficit retained earnings of $15,683. This is attributable to operating expenses exceeding revenues and the net pension obligation resulting from GASB Statement No. 27, as explained in the previous paragraph.

The Pocahontas Parkway Association ended the year with a deficit retained earnings balance of $28.3 million. This is attributable to debt service and operating expenses exceeding revenues and a deficit in beginning retained earnings.

The Risk Management, Internal Service Fund ended the year with a deficit retained earnings of $116.3 million. The deficit was the result of estimated claims payable exceeding the available equity in the fund. Claims are paid on a pay-as-you-go basis. To the extent that claims exceed current resources, they will ultimately become a liability of the fund from which the claim originated.

The Virginia Equine Center Foundation (Component Unit – Other) ended the year with deficit retained earnings of $2.3 million. The operation of the Center, along with the fund raising activities of the Foundation are intended to provide sufficient cash flows to be self-sustaining. The Foundation is dependent upon charitable giving. To date, these cash flows have been insufficient to fully support the Center.

32. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (reported in thousands) summarizes specific cash flows as of June 30, 2001.

Cash Flows Resulting from:	Enterprise	Internal Service	Nonexpendable Trust	Proprietary Component Units	Total
Payments for Prizes, Claims, and Loss Control					
Lottery Prizes	$ (610,808)	$ -	$ -	$ -	$ (610,808)
Claims and Loss Control	(84,625)	(519,740)	-	(44,700)	(649,065)
Total	$ (695,433)	$ (519,740)	$ -	$ (44,700)	$ (1,259,873)
Other Operating Expenses:					
Payments for Loans	$ -	$ -	$ -	$ (1,401,805)	$ (1,401,805)
Program Grant Disbursements	-	-	(487)	(156,849)	(157,336)
Payments for Contractual Services	(58,940)	(90,722)	-	(53,107)	(202,769)
Payments for Mortgage Servicing Expenses	-	-	-	(5,584)	(5,584)
Escrow Payments Paid	-	-	-	(118,596)	(118,596)
Other Operating Expenses	(20,021)	(1,892)	-	(68,329)	(90,242)
Total	$ (78,961)	$ (92,614)	$ (487)	$ (1,804,270)	$ (1,976,332)
Other Operating Revenues:					
Collections of Principal and Interest on Loans	$ -	$ -	$ -	$ 1,181,351	$ 1,181,351
Program Grant Receipts	-	-	-	142,731	142,731
Escrow Payments Received	-	-	-	134,194	134,194
Receipts for Loan Origination and Guarantee Fees	-	-	-	10,815	10,815
Contributions Received	88	-	23	440	551
Other Operating Revenue	14,818	1	73	69,521	84,413
Total	$ 14,906	$ 1	$ 96	$ 1,539,052	$ 1,554,055
Other Noncapital Financing Receipt Activities:					
Advances/Contributions from the Commonwealth	$ 1,201	$ 8,177	$ -	$ -	$ 9,378
Receipts from Taxes	96,219	-	-	-	96,219
Capital Contributed by the Federal Government	-	-	-	63,649	63,649
Other Noncapital Financing Receipt Activities	1,097	615	-	776	2,488
Total	$ 98,517	$ 8,792	$ -	$ 64,425	$ 171,734
Other Noncapital Financing Disbursement Activities:					
Repayments of Advances from the Commonwealth	(1,500)	-	-	-	(1,500)
Other Noncapital Financing Disbursement Activities	-	(95)	-	(50,240)	(50,335)
Total	$ (1,500)	$ (95)	$ -	$ (50,240)	$ (51,835)
Other Capital and Related Financing Receipt Activities:					
Proceeds from Capital Lease Receivable and Interest	$ -	$ -	$ -	$ 2,490	$ 2,490
Proceeds from Loans and Notes	-	-	-	7,125	7,125
Other Capital and Related Financing Receipt Activities	-	-	-	5,880	5,880
Total	$ -	$ -	$ -	$ 15,495	$ 15,495
Other Capital and Related Financing Disbursement Activities:					
Other Capital and Related Financing Disbursement Activities	$ -	$ (460)	$ -	$ (1,992)	$ (2,452)
Total	$ -	$ (460)	$ -	$ (1,992)	$ (2,452)

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

Higher Education recognized various foundation and association on-behalf payments for fringe benefits and salaries during fiscal year 2001 totaling $1,477,146. This activity was recorded in Current Funds as Other Sources in the amount of $1,427,146 and Auxiliary Enterprises Revenue in the amount of $50,000, with a corresponding expenditure.

34. 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.

In November 2001, the U. S. Department of Health and Human Services (DHHS) notified the Commonwealth that $62.0 million in disproportionate share hospital (DSH) payments have been disallowed. The *Code of Federal Regulations* requires claims for Medical Assistance Payments be filed within two years of the calendar quarter in which the expenditures were made. The Commonwealth allegedly failed to request the DSH payments within the specified timeframe. The Commonwealth plans to appeal this decision. The ultimate resolution is unknown at this time.

The U. S. DHHS Office of the Inspector General conducted a review and indicated that the Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed over-recoveries in the Internal Service Funds. The U. S. DHHS has not yet audited the fiscal year 2001 cost allocation plan, which is based on state fiscal year 1999 data. The Commonwealth believes this liability has the potential to total $2.2 million as of June 30, 2001. The U. S. DHHS has not yet audited the fiscal year 2002 cost allocation plan, which is based on state fiscal year 2000 data. The Commonwealth believes this liability has the potential to total $1.3 million as of June 30, 2001.

Virginia's combined overpayment and underpayment food stamp error rate for federal fiscal year 2000 was 8.66 percent. The national average combined error rate was 8.95 percent. States whose error rate exceeds the national average are subject to a penalty. Since Virginia's combined error rate was below the national average; liabilities of $7.2 million were waived. The Commonwealth is subject to a cumulative potential liability of $4.1 million during the period beginning October 1, 2002 through September 30, 2005.

B. Litigation

The Commonwealth is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have a material, adverse effect on the financial condition of the Commonwealth.

C. Intergovernmental Transfers

In making payments under an approved Medicaid State Plan per Title XIX of the Social Security Act, Federal regulation allows states to pay different rates to the same class of providers. The Commonwealth can, without violating the upper payment limit regulation, make enhanced Medicaid payments to nursing homes owned and operated by local governments. These enhanced payments are capped by an upper payment limit. The Department of Medical Assistance Services has received approval to allow enhanced payments to county-owned nursing homes through a process called "intergovernmental transfers." The transfers will take place between the Commonwealth and one or more localities that own or operate Medicaid certified nursing homes. The localities will provide funds to the Commonwealth, which will be matched with Federal Medicaid dollars. The Commonwealth will then pay county nursing homes for services rendered from January 1, 2001, through January 1, 2002, through Medicaid related payments. If the intergovernmental transfers take place in fiscal year 2002, as planned, the transaction could result in a net gain to the participating localities and the Commonwealth in the amount of approximately $6,500,000 and $250,000,000, respectively. The transaction is contingent upon intergovernmental agreements being signed between the Commonwealth and the participating localities.

35. SUBSEQUENT EVENTS

Primary Government

Effective July 1, 2001, pursuant to the Acts of the General Assembly, management of the Commonwealth's central passenger vehicle fleet transferred from the Department of Transportation (VDOT) to the Department of General Services. VDOT shall continue to purchase, lease or rent motor vehicles used directly in carrying out its maintenance, operations, and construction programs.

In August 2001, the Virginia Public Building Authority issued $35,830,000 in Public Facilities Revenue Bonds, Series 2001A to fund capital projects for use by the Commonwealth.

In September 2001, the Virginia Department of Transportation issued approximately $58,600,000 and $102,200,000 in Commonwealth of Virginia Transportation Revenue Bonds, Series 2001A and 2001B, respectively. Series 2001A bond proceeds will be used to finance a portion of the costs of the Northern Virginia District Program and to pay costs of issuing Series 2001A Bonds. Series 2001B will be used to finance a portion of the costs of the U. S. Route 58 Corridor Development Program and pay costs of issuing Series 2001B Bonds.

In October 2001, the Commonwealth issued $65,635,000 in General Obligation Bonds, Series 2001 to fund capital projects for various institutions of higher education.

Component Units

Subsequent to year-end, the Virginia Resources Authority closed twelve loans totaling $9,676,163, with interest rates ranging from 0 percent to 4.10 percent.

Subsequent to year end, the Virginia Equine Center Foundation issued $16,148,227 in Industrial Development Authority of Rockbridge County, Virginia: Virginia Horse Center Bonds, Series 2001. These bonds will be used to fund additional working capital for the Center, retire existing debt for the Virginia Horse Center Foundation, fund the acquisition of land and the construction and equipping of additional improvements to the facility, fund the Debt Service Reserve Fund equal to twelve month's maximum annual debt service on the debt, and pay the issuance costs related to the debt.

In July 2001, the Virginia Biotechnology Research Park Authority issued $60,010,000 in Commonwealth of Virginia Lease Revenue Bonds (Consolidated Laboratories Project), Series 2001 to finance the acquisition, construction, equipping, and furnishing of a laboratory facility and related parking for two Commonwealth agencies.

In July 2001, the Virginia Housing Development Authority sold $50,230,000 in Rental Housing Bonds, 2001 Series H/I and $118,034,427 in Commonwealth Mortgage Bonds, 2001 Series F.

In September 2001, the Virginia Housing Development Authority made special, additional redemptions totaling $80,560,000 in Commonwealth Mortgage Bonds.

In October 2001, the Virginia College Building Authority issued $69,365,000 in Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2001A to finance capital projects at various higher education institutions.

In November 2001, the Virginia Public School Authority issued $183,900,000 in School Financing Bonds (1997 Resolution), Series 2001B and 2001C to purchase local school bonds to finance capital projects for public schools.

In November 2001, York County issued approximately $15.0 million in refunding bonds. A portion of the proceeds of the refunding bonds will be used to advance refund certain maturities of the County of York, Virginia, General Obligation Bonds and in turn also advance refund certain maturities of the Virginia Public School Authority's Special Obligation School Financing Bonds, York County Series 1994.

36. TOBACCO SETTLEMENT

On November 23, 1998, 46 states' Attorneys General and the major tobacco companies signed a proposed settlement that reimburses states for smoking-related medical expenses paid through Medicaid and other health care programs. Virginia could receive approximately $4.1 billion over the next 25 years. The settlement was approved in a Consent Decree in December 1998. On March 29, 1999 the General Assembly enacted a law approving the establishment of the Virginia Tobacco Indemnification and Community Revitalization Commission, in compliance with the Consent Decree, to help communities in Virginia hurt by the decline of tobacco.

The Commission is established for the purposes of determining the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund. The moneys are to be used to provide payments to tobacco farmers as compensation for the tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota. The moneys are also to be used to revitalize tobacco dependent communities.

The General Assembly also created The Virginia Tobacco Settlement Foundation (Foundation). The purpose of the Foundation is to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund. The Foundation will also be responsible for distributing monies for the purposes provided in the legislation. Disbursements can be made to assist in financing efforts to restrict the use of tobacco products by minors, through educational and awareness programs describing the health effects of tobacco use on minors, and laws restricting the distribution of tobacco products to minors. The Virginia Tobacco Indemnification and Community Revitalization Commission and the Virginia Tobacco Settlement

Foundation are included in the Comprehensive Annual Financial Report as governmental component units.

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

37. PUBLIC-PRIVATE PARTNERSHIP

The Department of Taxation (Department) has entered into a partnership agreement with the American Management Systems, Inc. (AMS). The purpose of this partnership is to finance the Department's technology needs. The agreement stipulates that AMS will be paid 90 percent of the new revenue generated from the system enhancements, even if this amount is insufficient to cover the total contract cost. Accordingly, AMS has created a dynamic environment that has made it easier for taxpayers to understand and comply with Virginia's tax requirements. As of June 30, 2001, the Department has paid AMS $45.0 million towards the $141.0 million contract cost.

38. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, issued June 1999, will be effective for the Commonwealth for the fiscal year ending June 30, 2002. This Statement imposes new standards for financial reporting. The titles and formats of the financial statements will change significantly as a result of this Statement. Management will be required to provide a management's discussion and analysis that gives readers an analysis of the Commonwealth's overall financial position and results of operations including a comparison of current year results with the prior year. Governmental units will continue to provide budgetary information in their reports; however, under this Statement, they will be required to provide the government's original budget as well as the final budget and actual results. The Department of Accounts has completed its assessment of the changes required by this Statement and is preparing for implementation for the Commonwealth.

Required Supplementary Information

Funding Progress for Defined Benefit Pension Plans

(Dollars in Millions)

Biennial Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) - Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
			*Virginia Retirement System (VRS) **			
* 2000	$ 34,374	$ 32,637	$ (1,737)	105.3%	$ 9,529	(18.2%)
1999	29,804	31,419	1,615	94.9%	9,138	17.7%
** 1998	25,481	29,027	3,546	87.8%	8,638	41.1%
* 1996	19,032	23,842	4,810	79.8%	7,769	61.9%
1994	14,891	20,405	5,514	73.0%	7,274	75.8%
			State Police Officers' Retirement System (SPORS)			
* 2000	$ 441	$ 513	$ 72	86.0%	$ 81	88.9%
1999	377	463	86	81.4%	77	111.7%
** 1998	322	425	103	75.8%	65	158.5%
* 1996	243	371	128	65.5%	60	213.3%
1994	201	277	76	72.6%	58	131.0%
			Virginia Law Officers' Retirement System (VaLORS)			
*** 2000	$ 307	$ 680	$ 373	45.2%	$ 315	118.4%
			Judicial Retirement System (JRS)			
* 2000	$ 245	$ 330	$ 85	74.2%	$ 45	188.9%
1999	210	302	92	69.5%	42	219.0%
** 1998	180	274	94	65.7%	39	241.0%
* 1996	138	243	105	56.8%	36	291.7%
1994	115	199	84	57.8%	33	254.5%

* Revised economic and demographic assumptions due to experience study.

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

*** The first actuarial valuation for the Virginia Law Officers' Retirement System, established on October 1, 1999, was performed as of June 30, 2000.

Notes:	
Valuation Date:	June 30, 2000
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	
State Employees	Level percent, open
Political Subdivision Employees	Level percent, open
Teachers	Level percent, open
State Police / VA Law Officers / Judges	Level percent, closed
Payroll Growth Rate:	3.00%
Remaining Amortization Period:	
State Employees	0 years
Political Subdivision Employees	0 to 30 years
Teachers	8 years
State Police / VA Law Officers / Judges	26 years
Asset Valuation Method:	Modified Market
Actuarial Assumptions:	
Investment Rate of Return (1)	8.00%
Projected Salary Increases (1)	
State / Political Subdivision Employees	4.25% to 6.10%
Teachers	4.00% to 6.10%
State Police / VA Law Officers	4.50% to 5.75%
Judges	5.00%
Cost of Living Adjustments	3.00%

(1) Includes inflation at 3%.

Notes for Claims Development Information Tables

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

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.

2. This line shows each fiscal year's other operating costs of the Funds, including overhead and claims expense not allocable to individual claims.

3. This line shows the Funds' gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.

5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.

6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)

7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

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

Notes:

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

Risk Management Claims Development Information

(Dollars in Thousands)

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

Fiscal and Policy Year Ended	1992	1993	1994	1995
1. Required contribution and investment revenue:				
Earned	$ 13,715	$ 6,873	$ 7,267	$ 8,763
Ceded (a)	-	-	-	-
Net earned	13,715	6,873	7,267	8,763
2. Unallocated expenses	319	308	2,621	2,300
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	3,710	4,325	3,753	3,931
Ceded (a)	-	-	-	-
Net incurred	3,710	4,325	3,753	3,931
4. Net paid (cumulative) as of:				
End of policy year	423	866	620	804
One year later	1,487	2,686	1,702	2,383
Two years later	2,652	3,610	2,207	3,540
Three years later	2,847	3,964	2,922	3,854
Four years later	2,898	4,085	3,384	4,043
Five years later	2,906	4,148	3,563	4,129
Six years later	2,919	4,202	3,603	4,174
Seven years later	2,924	4,203	3,605	
Eight years later	2,925	4,202		
Nine years later	2,925			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	3,710	4,325	3,753	3,931
One year later	3,865	5,376	3,920	4,705
Two years later	3,450	5,567	3,731	4,472
Three years later	3,086	4,614	3,590	4,458
Four years later	2,952	4,144	3,748	4,248
Five years later	2,940	4,191	3,679	4,335
Six years later	2,940	4,207	3,620	4,308
Seven years later	2,927	4,203	3,605	
Eight years later	2,925	4,202		
Nine years later	2,925			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	(785)	(123)	(148)	377

The Commonwealth provides errors and omissions liability insurance, law enforcement professional liability insurance, and commuter rail insurance for local governmental units, which went into effect in fiscal year 1987. For fiscal years 1992-2000, this insurance coverage was provided through the Department of General Services, Division of Risk Management. Effective July 1, 2000, this coverage was provided through the Department of Treasury, Division of Risk Management.

1996	1997	1998	1999	2000	2001
$ 8,133	$ 8,046	$ 8,709	$ 7,984	$ 7,551	$ 6,764
-	-	-	-	-	-
8,133	8,046	8,709	7,984	7,551	6,764
2,557	2,225	1,192	2,324	2,563	5,117
3,706	2,095	2,760	2,719	2,263	2,687
-	-	-	-	-	-
3,706	2,095	2,760	2,719	2,263	2,687
254	286	434	439	196	336
1,995	1,680	2,651	2,100	2,246	
3,312	2,602	3,261	2,938		
4,385	2,907	3,894			
4,605	3,028				
4,684					
-	-	-	-	-	-
3,706	2,095	2,760	2,719	2,263	2,687
3,977	3,352	4,080	5,509	4,309	
4,957	3,160	3,934	5,997		
5,016	3,300	4,565			
4,936	3,314				
4,966					
1,260	1,219	1,805	3,278	2,046	-

Health Care Claims Development Information

(Dollars in Thousands)

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

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

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

1996	1997	1998	1999	2000	2001
$ 38,321	$ 48,493	$ 54,089	$ 64,419	$ 75,569	$ 88,313
-	-	-	-	-	-
38,321	48,493	54,089	64,419	75,569	88,313
3,305	4,445	5,286	6,632	6,997	7,203
41,232	46,895	60,657	70,719	76,816	87,222
-	-	-	-	-	-
41,232	46,895	60,657	70,719	76,816	87,222
39,276	40,631	53,219	62,219	68,336	74,579
41,232	46,895	-	-	-	
N/A	N/A	N/A	N/A		
N/A	N/A				
N/A					
-	-	-	-	-	-
41,232	46,895	60,657	70,719	74,417	87,222
41,232	46,895	60,657	70,719	74,417	87,222
N/A	N/A	N/A			
N/A	N/A				
N/A					
-	-	-	-	-	-

Combining and Individual Fund and Account Group Statements and Schedules

Special Revenue Funds

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

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

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

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

The Dedicated Special Revenue Fund accounts for revenues obtained from specific fees, taxes, licenses, permits, or assessments which are the sole or primary source of support for the activities and services provided.

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

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

Virginia Land Conservation Foundation Fund accounts for revenues and expenditures related to the protection and preservation of ecological, cultural, or historical property. In previous years, this fund was reported as part of the Dedicated Special Revenue Fund.

Combining Balance Sheet
Special Revenue Funds

June 30, 2001
(Dollars in Thousands)

	Commonwealth Transportation	Federal Trust	Literary
Assets and Other Debits			
Cash, Cash Equivalents, and Investments	$ 1,061,504	$ 65,159	$ 204,537
Taxes, Loans, Accounts, and Other Receivables (Net)	251,412	383,120	117,265
Due from Other Funds and Primary Government	11,811	523	-
Interfund Receivables	-	-	-
Interfund Loans Receivable	-	-	356,654
Inventory	41,849	68,790	-
Prepaid Items	4	-	-
Other Assets	1,326	1,240	-
Total Assets	$ 1,367,906	$ 518,832	$ 678,456
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	$ 261,849	$ 75,007	$ 206
Amounts Due to Other Governments	48,652	86,523	-
Obligations Under Securities Lending Program	71,016	1,416	24,626
Other Liabilities	326	168,896	-
Due to Other Funds and Primary Government	15,361	746	-
Due to Component Units	-	-	-
Interfund Payables	-	8,084	-
Interfund Loans Payable	-	-	141,460
Deferred Revenue and Deferred Credit	6,190	162,327	2,037
Total Liabilities	403,394	502,999	168,329
Fund Balance:			
Reserved for Literary Fund	-	-	510,127
Reserved for Inventory	41,849	1,822	-
Reserved for Prepaid Items	4	-	-
Reserved for Capital Acquisition	-	-	-
Reserved for Federal Trust	-	14,011	-
Unreserved	922,659	-	-
Total Fund Balance	964,512	15,833	510,127
Total Liabilities and Fund Balance	$ 1,367,906	$ 518,832	$ 678,456

Dedicated	Other	Virginia Public Building Authority	Virginia Land Conservation Foundation	Total June 30, 2001
$ 237,174	$ 171,673	$ 89,472	$ 4,240	**$ 1,833,759**
9,948	57,267	313	-	**819,325**
38	1,045	-	-	**13,417**
-	43,692	-	-	**43,692**
-	18,543	-	-	**375,197**
161	7,412	-	-	**118,212**
-	-	-	-	**4**
167	344	-	-	**3,077**
$ 247,488	$ 299,976	$ 89,785	$ 4,240	**$ 3,206,683**
$ 9,887	$ 40,913	$ -	$ -	**$ 387,862**
-	308	-	-	**135,483**
23,593	4,336	-	-	**124,987**
1,054	1,583	-	-	**171,859**
-	2	-	-	**16,109**
-	40	-	-	**40**
3,000	-	-	-	**11,084**
-	-	-	-	**141,460**
1,091	15,583	-	-	**187,228**
38,625	62,765	-	-	**1,176,112**
-	-	-	-	**510,127**
161	7,412	-	-	**51,244**
-	-	-	-	**4**
-	477	-	-	**477**
-	-	-	-	**14,011**
208,702	229,322	89,785	4,240	**1,454,708**
208,863	237,211	89,785	4,240	**2,030,571**
$ 247,488	$ 299,976	$ 89,785	$ 4,240	**$ 3,206,683**

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Commonwealth Transportation	Federal Trust	Literary
Revenues:			
Taxes	$ 1,733,768	$ -	$ -
Rights and Privileges	393,513	-	1,120
Institutional Revenue	-	-	-
Interest, Dividends, Rents, and Other Investment Income	51,842	1,093	28,327
Federal Grants and Contracts	556,556	3,656,588	-
Proceeds from Securities Lending Transactions	2,086	50	744
Other	74,559	49,481	86,965
Total Revenues	2,812,324	3,707,212	117,156
Expenditures:			
Current:			
General Government	1,580	30,980	-
Education	2,167	368,946	120,640
Transportation	2,976,521	11,752	-
Resources and Economic Development	1,426	109,804	-
Individual and Family Services	-	3,127,226	-
Administration of Justice	5,172	37,592	-
Capital Outlay	14,221	7,954	-
Payments for Securities Lending Transactions	2,002	48	714
Total Expenditures	3,003,089	3,694,302	121,354
Revenues Over (Under) Expenditures	(190,765)	12,910	(4,198)
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	356,323	6,166	47,762
Operating Transfers In from Component Units	-	56	9,242
Operating Transfers Out	(270,471)	(14,198)	(7,462)
Operating Transfers Out to Component Units	(29,442)	(8,191)	-
Proceeds from Capital Leases	1,834	4,665	-
Proceeds from Sale of Bonds	386,060	-	-
Total Other Financing Sources (Uses)	444,304	(11,502)	49,542
Revenues and Other Sources Over (Under) Expenditures and Other Uses	253,539	1,408	45,344
Fund Balance, July 1, as restated	710,973	14,425	464,783
Fund Balance, June 30	$ 964,512	$ 15,833	$ 510,127

Dedicated	Other	Virginia Public Building Authority	Virginia Land Conservation Foundation	Total June 30, 2001
$ 9,990	$ 30,719	$ -	$ -	**$ 1,774,477**
61,109	97,307	-	-	**553,049**
11	370,329	-	-	**370,340**
12,857	5,733	6,327	390	**106,569**
-	515	-	-	**4,213,659**
914	120	-	-	**3,914**
42,257	227,089	-	-	**480,351**
127,138	731,812	6,327	390	**7,502,359**
15,827	71,786	-	-	**120,173**
3	23,882	-	-	**515,638**
5,164	11,764	-	-	**3,005,201**
119,490	106,436	-	5,234	**342,390**
33,957	380,311	-	-	**3,541,494**
11,265	94,163	-	-	**148,192**
3,545	3,607	160	-	**29,487**
878	115	-	-	**3,757**
190,129	692,064	160	5,234	**7,706,332**
(62,991)	39,748	6,167	(4,844)	**(203,973)**
91,848	20,133	-	9,600	**531,832**
-	396	-	-	**9,694**
(8,897)	(19,688)	(33,665)	(791)	**(355,172)**
(7,010)	(580)	-	(1,550)	**(46,773)**
1	3,439	-	-	**9,939**
-	-	-	-	**386,060**
75,942	3,700	(33,665)	7,259	**535,580**
12,951	43,448	(27,498)	2,415	**331,607**
195,912	193,763	117,283	1,825	**1,698,964**
$ 208,863	$ 237,211	$ 89,785	$ 4,240	**$ 2,030,571**

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Commonwealth Transportation		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes			
State Sales and Use	$ 390,200	$ 387,637	$ (2,563)
Motor Fuel	803,897	821,291	17,394
Motor Vehicle Sales and Use	486,146	522,717	36,571
Other Taxes	-	3,401	3,401
Rights and Privileges	199,378	393,997	194,619
Institutional Revenue	-	-	-
Interest, Dividends, Rents, and Other Investment Income	6,759	52,662	45,903
Federal Grants and Contracts	771,410	552,741	(218,669)
Proceeds from Securities Lending Transactions	2,086	2,086	-
Other Taxes	110,219	76,489	(33,730)
Total Revenues	2,770,095	2,813,021	42,926
Expenditures:			
Current:			
General Government	2,093	1,583	510
Education	2,173	2,173	-
Transportation	3,174,939	2,944,777	230,162
Resources and Economic Development	2,212	1,450	762
Individual and Family Services	-	-	-
Administration of Justice	6,796	5,198	1,598
Capital Outlay	13,059	13,059	-
Payments for Securities Lending Transactions	2,002	2,002	-
Total Expenditures	3,203,274	2,970,242	233,032
Revenues Over (Under) Expenditures	(433,179)	(157,221)	275,958
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	435,223	356,323	(78,900)
Operating Transfers In from Component Units	-	-	-
Operating Transfers Out	(265,372)	(270,471)	(5,099)
Operating Transfers Out to Component Units	(29,442)	(29,442)	-
Proceeds from Sale of Bonds	386,060	386,060	-
Total Other Financing Sources (Uses)	526,469	442,470	(83,999)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	93,290	285,249	191,959
Fund Balance, July 1, as restated	736,903	736,903	-
Fund Balance, June 30	$ 830,193	$ 1,022,152	$ 191,959

Federal Trust			Dedicated		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	10,891	9,201	(1,690)
119	78	(41)	63,560	60,701	(2,859)
-	-	-	-	11	11
134	1,084	950	8,848	12,867	4,019
3,907,405	3,633,831	(273,574)	-	-	-
50	50	-	914	914	-
38,452	51,065	12,613	65,296	42,394	(22,902)
3,946,160	3,686,108	(260,052)	149,509	126,088	(23,421)
29,475	29,003	472	31,634	15,822	15,812
369,655	356,470	13,185	33,506	-	33,506
12,912	11,582	1,330	6,437	5,101	1,336
145,998	124,244	21,754	145,243	121,489	23,754
3,320,579	3,107,519	213,060	40,516	32,680	7,836
46,415	35,784	10,631	15,810	10,726	5,084
5,291	5,291	-	3,335	3,335	-
48	48	-	878	878	-
3,930,373	3,669,941	260,432	277,359	190,031	87,328
15,787	16,167	380	(127,850)	(63,943)	63,907
6,166	6,166	-	87,584	91,848	4,264
56	56	-	-	-	-
(13,818)	(14,198)	(380)	(8,740)	(8,897)	(157)
(8,191)	(8,191)	-	(3,355)	(3,355)	-
-	-	-	-	-	-
(15,787)	(16,167)	(380)	75,489	79,596	4,107
-	-	-	(52,361)	15,653	68,014
-	-	-	194,194	194,194	-
$ -	$ -	$ -	$ 141,833	$ 209,847	$ 68,014

(Continued on next page)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary Basis
Special Revenue Funds *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Other		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes			
State Sales and Use	$ -	$ -	$ -
Motor Fuel	-	-	-
Motor Vehicle Sales and Use	-	-	-
Other Taxes	13,185	30,374	17,189
Rights and Privileges	120,358	100,507	(19,851)
Institutional Revenue	410,226	368,627	(41,599)
Interest, Dividends, Rents, and Other Investment Income	5,035	5,757	722
Federal Grants and Contracts	115	475	360
Proceeds from Securities Lending Transactions	120	120	-
Other Taxes	224,324	227,018	2,694
Total Revenues	773,363	732,878	(40,485)
Expenditures:			
Current:			
General Government	80,082	69,269	10,813
Education	28,225	23,451	4,774
Transportation	14,672	11,733	2,939
Resources and Economic Development	125,649	105,114	20,535
Individual and Family Services	401,840	376,984	24,856
Administration of Justice	101,623	93,333	8,290
Capital Outlay	4,196	4,196	-
Payments for Securities Lending Transactions	115	115	-
Total Expenditures	756,402	684,195	72,207
Revenues Over (Under) Expenditures	16,961	48,683	31,722
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	18,767	20,133	1,366
Operating Transfers In from Component Units	396	396	-
Operating Transfers Out	(14,245)	(19,687)	(5,442)
Operating Transfers Out to Component Units	(85)	(541)	(456)
Proceeds from Sale of Bonds	-	-	-
Total Other Financing Sources (Uses)	4,833	301	(4,532)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	21,794	48,984	27,190
Fund Balance, July 1, as restated	179,906	179,906	-
Fund Balance, June 30	$ 201,700	$ 228,890	$ 27,190

Virginia Land Conservation Foundation			Total Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ -	$ -	$ -	$ 390,200	$ 387,637	$ (2,563)
-	-	-	803,897	821,291	17,394
-	-	-	486,146	522,717	36,571
-	-	-	24,076	42,976	18,900
-	-	-	383,415	555,283	171,868
-	-	-	410,226	368,638	(41,588)
-	390	390	20,776	72,760	51,984
-	-	-	4,678,930	4,187,047	(491,883)
-	-	-	3,170	3,170	-
-	-	-	438,291	396,966	(41,325)
-	390	390	7,639,127	7,358,485	(280,642)
-	-	-	143,284	115,677	27,607
-	-	-	433,559	382,094	51,465
-	-	-	3,208,960	2,973,193	235,767
10,610	6,784	3,826	429,712	359,081	70,631
-	-	-	3,762,935	3,517,183	245,752
-	-	-	170,644	145,041	25,603
-	-	-	25,881	25,881	-
-	-	-	3,043	3,043	-
10,610	6,784	3,826	8,178,018	7,521,193	656,825
(10,610)	(6,394)	4,216	(538,891)	(162,708)	376,183
9,600	9,600	-	557,340	484,070	(73,270)
-	-	-	452	452	-
(791)	(791)	-	(302,966)	(314,044)	(11,078)
-	-	-	(41,073)	(41,529)	(456)
-	-	-	386,060	386,060	-
8,809	8,809	-	599,813	515,009	(84,804)
(1,801)	2,415	4,216	60,922	352,301	291,379
1,825	1,825	-	1,112,828	1,112,828	-
$ 24	$ 4,240	$ 4,216	$ 1,173,750	$ 1,465,129	$ 291,379

Debt Service Funds

The Debt Service Funds account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations recorded in the General Long-Term Debt Account Group.

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

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

Combining Balance Sheet
Debt Service Funds

June 30, 2001
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 2001
Assets:			
Cash, Cash Equivalents, and Investments	$ 18,560	$ 58	**$ 18,618**
Total Assets	$ 18,560	$ 58	**$ 18,618**
Liabilities and Fund Balance:			
Liabilities:			
Other Liabilities	$ 30	$ -	**$ 30**
Total Liabilities	30	-	**30**
Fund Balances:			
Reserved for Debt Service	18,530	58	**18,588**
Total Liabilities and Fund Balance	$ 18,560	$ 58	**$ 18,618**

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 2001
Revenues:			
Interest, Dividends, Rents, and Other Investment Income	$ 926	$ 23	**$ 949**
Total Revenues	926	23	**949**
Expenditures:			
Current:			
Transportation	4	-	**4**
Debt Service:			
Principal Retirement	76,933	59,395	**136,328**
Interest and Charges	104,328	47,990	**152,318**
Total Expenditures	181,265	107,385	**288,650**
Revenues Under Expenditures	(180,339)	(107,362)	**(287,701)**
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	187,532	107,222	**294,754**
Operating Transfers Out	(4)	-	**(4)**
Total Other Financing Sources (Uses)	187,528	107,222	**294,750**
Revenues and Other Sources			
Over (Under) Expenditures and Other Uses	7,189	(140)	**7,049**
Fund Balance, July 1	11,341	198	**11,539**
Fund Balance, June 30	$ 18,530	$ 58	**$ 18,588**

Capital Project Funds

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

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

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

Combining Balance Sheet
Capital Project Funds

June 30, 2001
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 2001
Assets:			
Cash, Cash Equivalents, and Investments	$ 8,522	$ 24,262	**$ 32,784**
Taxes, Loans, Accounts, and Other Receivables (Net)	-	156	**156**
Interfund Loans Receivable	7,000	-	**7,000**
Total Assets	$ 15,522	$ 24,418	**$ 39,940**
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	$ 15	$ 767	**$ 782**
Obligations Under Securities Lending	680	-	**680**
Due to Component Units	3,757	-	**3,757**
Total Liabilities	4,452	767	**5,219**
Fund Balance:			
Unreserved	11,070	23,651	**34,721**
Total Liabilities and Fund Balance	$ 15,522	$ 24,418	**$ 39,940**

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 2001
Revenues:			
Interest, Dividends, Rents, and Other Investment Income	$ 935	$ 1,714	**$ 2,649**
Proceeds from Securities Lending Transactions	17	-	**17**
Other	4,835	-	**4,835**
Total Revenues	5,787	1,714	**7,501**
Expenditures:			
Capital Outlay	2,944	40,118	**43,062**
Payment for Securities Lending Transactions	16	-	**16**
Total Expenditures	2,960	40,118	**43,078**
Revenues Over (Under) Expenditures	2,827	(38,404)	**(35,577)**
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	-	33,665	**33,665**
Operating Transfers Out to Component Units	-	(153)	**(153)**
Total Other Financing Sources (Uses)	-	33,512	**33,512**
Revenues and Other Sources			
Over (Under) Expenditures and Other Uses	2,827	(4,892)	**(2,065)**
Fund Balance, July 1	8,243	28,543	**36,786**
Fund Balance, June 30	$ 11,070	$ 23,651	**$ 34,721**

Enterprise Funds

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

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

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

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

The Local Choice Health Care Program, directed by the Department of Human Resource Management, administers a health care plan for the employees of participating local governments.

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

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

The Virginia College Savings Plan *(formerly the Higher Education Tuition Trust Fund)* administers the Virginia Prepaid Education Program and the Virginia Education Savings Trust.

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

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

Wireless E-911 Service Board assists in the establishment of wireless E-911 service in Virginia localities. Prior to October 1, 2000, this activity was reported as a Component Unit – Proprietary Fund.

Other includes:

- **Virginia Museum of Fine Arts**, which accounts for gift shop and food service activities;
- **Division of Legislative Services**, which accounts for sales of the Virginia Register, a publication which lists all proposed and final state agency regulations;
- **Science Museum of Virginia**, which accounts for gift shop activities;
- **Virginia School for the Deaf and Blind – Staunton**, which accounts for the Student Center activity; and,
- **eVA Procurement System**, which accounts for the statewide electronic procurement system.

Nonmajor Blended Component Units (*formerly included in Enterprise Fund – Other*) includes:

- **Virginia Historic Preservation Foundation**, which acquires and sells properties of historical significance; and,
- **Virginia State Parks Foundation**, which solicits gifts and grants for the benefit of state parks.

Combining Balance Sheet
Enterprise Funds

June 30, 2001
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control
Assets		
Cash, Cash Equivalents, and Investments	$ 718,534	$ 368
Taxes, Loans, Accounts, and Other Receivables (Net)	32,590	3,027
Due From Other Funds and Primary Government	439	-
Inventory	3,098	25,207
Prepaid Items	1,484	798
Other Assets	5	130
Property, Plant, and Equipment (Net)	21,623	11,103
Total Assets	$ 777,773	$ 40,633
Liabilities and Equity		
Liabilities:		
Accounts Payable	$ 9,310	$ 9,984
Claims Payable	-	-
Obligations Under Securities Lending Program	233,477	44
Long-Term Liabilities	13,959	7,767
Other Liabilities	519,655	5
Due to Other Funds and Primary Government	-	1,768
Interfund Payables	-	22,726
Deferred Revenue and Deferred Credit	2,401	75
Total Liabilities	778,802	42,369
Equity:		
Contributed Capital	-	1,600
Retained Earnings (Deficit)		
Unreserved	(1,029)	(3,336)
Total Equity	(1,029)	(1,736)
Total Liabilities and Equity	$ 777,773	$ 40,633

Risk Management	Local Choice Health Care	Virginia Industries for the Blind	Consolidated Laboratory	Virginia College Savings Plan	Department of Environmental Quality
$ 40,431	$ 8,959	$ 2,456	$ 1,569	$ 431,916	$ 12,264
18	7,290	870	2	207,005	-
-	-	-	-	-	-
-	-	1,337	42	-	-
1,785	110	-	-	-	-
50	-	1	-	-	-
-	-	588	307	118	231
$ 42,284	$ 16,359	$ 5,252	$ 1,920	$ 639,039	$ 12,495
$ 430	$ 1,029	$ 478	$ 82	$ 337	$ 97
10,951	12,643	-	-	-	-
3,437	1,065	-	-	3,179	1,458
-	-	256	127	177	681
-	-	-	-	601,933	-
-	-	-	108	-	1,298
-	-	-	-	-	-
3,594	-	-	1,279	-	-
18,412	14,737	734	1,596	605,626	3,534
-	-	1,740	340	-	-
23,872	1,622	2,778	(16)	33,413	8,961
23,872	1,622	4,518	324	33,413	8,961
$ 42,284	$ 16,359	$ 5,252	$ 1,920	$ 639,039	$ 12,495

(Continued on next page)

Combining Balance Sheet
Enterprise Funds *(Continued from Previous Page)*

June 30, 2001
(Dollars in Thousands)

	Pocahontas Parkway Association	Wireless E-911 Service Board
Assets		
Cash, Cash Equivalents, and Investments	$ 132,930	$ 44,189
Taxes, Loans, Accounts, and Other Receivables (Net)	1,160	2,981
Due From Other Funds and Primary Government	-	-
Inventory	-	-
Prepaid Items	26	-
Other Assets	19,205	1
Property, Plant, and Equipment (Net)	255,195	6
Total Assets	$ 408,516	$ 47,177
Liabilities and Equity		
Liabilities:		
Accounts Payable	$ 13,461	$ 806
Claims Payable	-	-
Obligations Under Securities Lending Program	-	5,254
Long-Term Liabilities	405,460	3
Other Liabilities	6,055	-
Due to Other Funds and Primary Government	11,811	-
Interfund Payables	-	-
Deferred Revenue and Deferred Credit	-	-
Total Liabilities	436,787	6,063
Equity:		
Contributed Capital	-	-
Retained Earnings (Deficit)		
Unreserved	(28,271)	41,114
Total Equity	(28,271)	41,114
Total Liabilities and Equity	$ 408,516	$ 47,177

Other	Nonmajor Blended Component Units	Total June 30, 2001
$ 1,224	$ 348	**$ 1,395,188**
83	-	**255,026**
-	-	**439**
484	-	**30,168**
-	-	**4,203**
14	-	**19,406**
52	-	**289,223**
$ 1,857	$ 348	**$ 1,993,653**
$ 76	$ -	**$ 36,090**
-	-	**23,594**
-	1	**247,915**
69	-	**428,499**
63	-	**1,127,711**
-	-	**14,985**
-	-	**22,726**
-	-	**7,349**
208	1	**1,908,869**
-	25	**3,705**
1,649	322	**81,079**
1,649	347	**84,784**
$ 1,857	$ 348	**$ 1,993,653**

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control
Operating Revenues:		
Interest, Dividends, Rents, and Other Investment Income	$ -	$ -
Charges for Sales and Services	1,002,829	339,565
Other	-	-
Total Operating Revenues	1,002,829	339,565
Operating Expenses:		
Interest Expense	-	-
Cost of Sales and Services	61,522	215,760
Prizes and Claims	549,792	-
Personal Services	18,654	52,575
Contractual Services	36,634	11,316
Supplies and Materials	1,859	1,645
Depreciation and Amortization	3,801	6,337
Rent, Insurance, and Other Related Charges	5,806	10,576
Other	697	1,783
Total Operating Expenses	678,765	299,992
Operating Income (Loss)	324,064	39,573
Nonoperating Revenues (Expenses):		
Interest, Dividends, Rents, and Other Investment Income	11,332	20
Income From Securities Lending Transactions	747	132
Expenses For Securities Lending Transactions	(712)	(132)
Other	1,097	32
Total Nonoperating Revenues (Expenses)	12,464	52
Income (Loss) Before Transfers	336,528	39,625
Transfers:		
Operating Transfers In	439	83
Operating Transfers In from Component Units	-	-
Operating Transfers Out	(337,043)	(39,929)
Total Transfers	(336,604)	(39,846)
Net Income (Loss)	(76)	(221)
Retained Earnings (Deficit), July 1	(953)	(3,115)
Retained Earnings (Deficit), June 30	$ (1,029)	$ (3,336)

Risk Management	Local Choice Health Care	Virginia Industries for the Blind	Consolidated Laboratory	Virginia College Savings Plan	Department of Environmental Quality
$ -	$ -	$ -	$ -	$ 2,293	$ -
4,556	87,501	10,341	1,810	90,396	9,070
-	28	340	-	365	-
4,556	87,529	10,681	1,810	93,054	9,070
-	-	-	-	-	-
-	-	5,443	-	-	-
3,612	87,222	-	-	-	-
-	-	3,526	934	1,568	8,802
-	7,203	566	320	3,542	1,368
-	-	-	587	37	23
-	-	34	49	38	48
4,474	-	684	583	150	-
-	-	282	67	138,690	296
8,086	94,425	10,535	2,540	144,025	10,537
(3,530)	(6,896)	146	(730)	(50,971)	(1,467)
2,658	783	-	-	-	873
109	42	-	-	92	61
(104)	(41)	-	-	(88)	(59)
-	-	3	-	-	-
2,663	784	3	-	4	875
(867)	(6,112)	149	(730)	(50,967)	(592)
761	-	25	-	-	-
-	-	-	-	-	-
(1,403)	-	(27)	-	(29)	-
(642)	-	(2)	-	(29)	-
(1,509)	(6,112)	147	(730)	(50,996)	(592)
25,381	7,734	2,631	714	84,409	9,553
$ 23,872	$ 1,622	$ 2,778	$ (16)	$ 33,413	$ 8,961

(Continued on next page)

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
Enterprise Funds *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Pocahontas Parkway Association	Wireless E-911 Service Board
Operating Revenues:		
Interest, Dividends, Rents, and Other Investment Income	$ 9,399	$ -
Charges for Sales and Services	-	18,738
Other	-	-
Total Operating Revenues	9,399	18,738
Operating Expenses:		
Interest Expense	24,054	-
Cost of Sales and Services	-	-
Prizes and Claims	-	-
Personal Services	-	155
Contractual Services	-	31
Supplies and Materials	-	8
Depreciation and Amortization	306	-
Rent, Insurance, and Other Related Charges	-	9
Other	258	5,679
Total Operating Expenses	24,618	5,882
Operating Income (Loss)	(15,219)	12,856
Nonoperating Revenues (Expenses):		
Interest, Dividends, Rents, and Other Investment Income	-	1,133
Income From Securities Lending Transactions	-	69
Expenses For Securities Lending Transactions	-	(66)
Other	-	-
Total Nonoperating Revenues (Expenses)	-	1,136
Income (Loss) Before Transfers	(15,219)	13,992
Transfers:		
Operating Transfers In	-	-
Operating Transfers In From Component Units	-	27,122
Operating Transfers Out	-	-
Total Transfers	-	27,122
Net Income (Loss)	(15,219)	41,114
Retained Earnings (Deficit), July 1	(13,052)	-
Retained Earnings (Deficit), June 30	$ (28,271)	$ 41,114

Other	Nonmajor Blended Component Units	Total June 30, 2001
$ -	$ -	**$ 11,692**
3,615	-	**1,568,421**
-	88	**821**
3,615	88	**1,580,934**
-	-	**24,054**
2,255	-	**284,980**
-	-	**640,626**
1,159	-	**87,373**
135	-	**61,115**
113	83	**4,355**
16	-	**10,629**
-	-	**22,282**
57	1	**147,810**
3,735	84	**1,283,224**
(120)	4	**297,710**
57	12	**16,868**
-	-	**1,252**
-	-	**(1,202)**
-	-	**1,132**
57	12	**18,050**
(63)	16	**315,760**
-	-	**1,308**
-	-	**27,122**
-	-	**(378,431)**
-	-	**(350,001)**
(63)	16	**(34,241)**
1,712	306	**115,320**
$ 1,649	$ 322	**$ 81,079**

Combining Statement of Cash Flows
Enterprise Funds

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control
Cash Flows from Operating Activities:		
Receipts for Sales and Services	$ 997,639	$ 333,575
Receipts from Quasi-external Operating Transactions with Other Funds	-	-
Payments to Suppliers for Goods and Services	(57,604)	(233,242)
Payments for Quasi-external Operating Transactions with Other Funds	(1,678)	(1,477)
Payments for Prizes, Claims, and Loss Control	(610,808)	-
Payments to Employees	(18,954)	(52,084)
Other Operating Expense	(36,634)	(9,839)
Other Operating Revenue	-	5,233
Net Cash Provided by (Used for) Operating Activities	271,961	42,166
Cash Flows from Noncapital Financing Activities:		
Operating Transfers In from Other Funds	-	83
Operating Transfers In from Component Units	-	-
Operating Transfers Out to Other Funds	(336,985)	(136,417)
Other Noncapital Financing Receipt Activities	1,097	97,420
Other Noncapital Financing Disbursement Activities	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(335,888)	(38,914)
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Fixed Assets	(15,411)	(2,960)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(15,411)	(2,960)
Cash Flows from Investing Activities:		
Purchase of Investments	(22,831)	-
Proceeds from Sales or Maturities of Investments	98,034	-
Investment Income on Cash, Cash Equivalents, and Investments	11,367	-
Net Cash Provided by (Used for) Investing Activities	86,570	-
Net Increase (Decrease) in Cash and Cash Equivalents	7,232	292
Cash and Cash Equivalents, July 1, as restated	16,187	162
Cash and Cash Equivalents, June 30	$ 23,419	$ 454

Risk Management	Local Choice Health Care	Virginia Industries for the Blind	Consolidated Laboratory	Virginia College Savings Plan	Department of Environmental Quality
$ 4,911	$ 96,085	$ 7,618	$ 2,077	$ 93,173	$ 9,078
-	-	3,316	-	-	-
(5,861)	-	(5,786)	(702)	(105)	(432)
-	-	-	(457)	(525)	-
(1,862)	(82,763)	-	-	-	-
-	-	(3,473)	(934)	(1,521)	(8,683)
-	(6,851)	(1,457)	(332)	(8,340)	(1,244)
-	-	-	-	3	-
(2,812)	6,471	218	(348)	82,685	(1,281)
761	-	25	-	-	-
-	-	-	-	-	-
(1,403)	-	(27)	-	(29)	-
-	-	-	-	-	-
-	(1,500)	-	-	-	-
(642)	(1,500)	(2)	-	(29)	-
-	-	-	(115)	(19)	(279)
-	-	-	(115)	(19)	(279)
(3,688)	-	-	-	(1,136,214)	-
2,873	-	-	-	1,040,233	-
2,376	784	-	-	26,371	875
1,561	784	-	-	(69,610)	875
(1,893)	5,755	216	(463)	13,027	(685)
27,640	2,139	2,241	2,032	97,353	11,491
$ 25,747	$ 7,894	$ 2,457	$ 1,569	$ 110,380	$ 10,806

(Continued on next page)

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Pocahontas Parkway Association	Wireless E-911 Service Board
Cash Flows from Operating Activities:		
Receipts for Sales and Services	$ -	$ 17,466
Receipts from Quasi-external Operating Transactions with Other Funds	-	-
Payments to Suppliers for Goods and Services	-	(51)
Payments for Quasi-external Operating Transactions with Other Funds	-	(2)
Payments for Prizes, Claims, and Loss Control	-	-
Payments to Employees	-	(139)
Other Operating Expense	(9,152)	(4,882)
Other Operating Revenue	9,582	-
Net Cash Provided by (Used for) Operating Activities	430	12,392
Cash Flows from Noncapital Financing Activities:		
Operating Transfers In from Other Funds	-	-
Operating Transfers In from Component Units	-	25,413
Operating Transfers Out to Other Funds	-	-
Other Noncapital Financing Receipt Activities	-	-
Other Noncapital Financing Disbursement Activities	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	25,413
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Fixed Assets	(64,370)	(6)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(64,370)	(6)
Cash Flows from Investing Activities:		
Purchase of Investments	(17,850)	-
Proceeds from Sales or Maturities of Investments	83,501	-
Investment Income on Cash, Cash Equivalents, and Investments	-	1,137
Net Cash Provided by (Used for) Investing Activities	65,651	1,137
Net Increase (Decrease) in Cash and Cash Equivalents	1,711	38,936
Cash and Cash Equivalents, July 1, as restated	9,009	-
Cash and Cash Equivalents, June 30	$ 10,720	$ 38,936

Other	Nonmajor Blended Component Units	Total June 30, 2001
$ 3,679	$ -	**$ 1,565,301**
-	-	**3,316**
(2,284)	(83)	**(306,150)**
-	-	**(4,139)**
-	-	**(695,433)**
(1,132)	-	**(86,920)**
(229)	(1)	**(78,961)**
-	88	**14,906**
34	4	**411,920**
-	-	**869**
-	-	**25,413**
-	-	**(474,861)**
-	-	**98,517**
-	-	**(1,500)**
-	-	**(351,562)**
(14)	-	**(83,174)**
(14)	-	**(83,174)**
-	-	**(1,180,583)**
-	-	**1,224,641**
57	12	**42,979**
57	12	**87,037**
77	16	**64,221**
1,161	331	**169,746**
$ 1,238	$ 347	**$ 233,967**

(Continued on next page)

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	$ 324,064	$ 39,573
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Amortization	3,801	6,337
Interest on Bonds and Notes	-	-
Interest, Dividends, Rents, and Other Investment Income	(34,260)	-
Miscellaneous Nonoperating Income	-	52
Other Expenses	-	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(5,418)	(739)
(Increase) Decrease in Inventory	(733)	(324)
(Increase) Decrease in Prepaid Items	426	122
Increase (Decrease) in Accounts Payable	(843)	(3,181)
Increase (Decrease) in Claims Payable	-	-
Increase (Decrease) in Due to Other Funds	-	-
Increase (Decrease) in Deferred Revenue	228	(119)
Increase (Decrease) in Long-Term Liabilities	11,452	492
Increase (Decrease) in Other Liabilities	(26,756)	(47)
Net Cash Provided by (Used for) Operating Activities	$ 271,961	$ 42,166
Reconciliation of Cash, Cash Equivalents, and Investments:		
Per the Balance Sheet:		
Cash, Cash Equivalents, and Investments	$ 718,534	$ 368
Cash and Travel Advances	5	130
Less: Investments with Original Maturities Greater than Three Months	695,120	44
Cash and Cash Equivalents per the Statement of Cash Flows	$ 23,419	$ 454
Noncash Investing, Capital, and Financing Activities:		
The following transactions occurred prior to the balance sheet date:		
Change in Fair Value of Investments	$ -	$ -
Total Noncash, Investing, Capital, and Financing Activities	$ -	$ -

Risk Management	Local Choice Health Care	Virginia Industries for the Blind	Consolidated Laboratory	Virginia College Savings Plan	Department of Environmental Quality
$ (3,530)	$ (6,896)	$ 146	$ (730)	$ (50,971)	$ (1,467)
-	-	34	49	38	48
-	-	-	-	-	-
-	-	-	-	(1,963)	-
-	-	3	-	-	-
-	-	-	23	-	-
22	8,752	264	126	(42,896)	9
-	-	115	17	-	-
(1,785)	-	-	-	-	-
189	452	37	(17)	(29)	(47)
1,939	4,163	-	-	-	-
-	-	-	(79)	-	159
353	-	-	262	-	-
-	-	34	1	56	17
-	-	(415)	-	178,450	-
$ (2,812)	$ 6,471	$ 218	$ (348)	$ 82,685	$ (1,281)
$ 40,431	$ 8,959	$ 2,456	$ 1,569	$ 431,916	$ 12,264
50	-	1	-	-	-
14,734	1,065	-	-	321,536	1,458
$ 25,747	$ 7,894	$ 2,457	$ 1,569	$ 110,380	$ 10,806
$ 453	$ -	$ -	$ -	$ (22,080)	$ -
$ 453	$ -	$ -	$ -	$ (22,080)	$ -

(Continued on next page)

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Pocahontas Parkway Association	Wireless E-911 Service Board
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	$ (15,219)	$ 12,856
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Amortization	306	-
Interest on Bonds and Notes	12,221	-
Interest, Dividends, Rents, and Other Investment Income	(135)	-
Miscellaneous Nonoperating Income	-	-
Other Expenses	258	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	318	(1,272)
(Increase) Decrease in Inventory	-	-
(Increase) Decrease in Prepaid Items	-	-
Increase (Decrease) in Accounts Payable	-	805
Increase (Decrease) in Claims Payable	-	-
Increase (Decrease) in Due to Other Funds	-	-
Increase (Decrease) in Deferred Revenue	-	-
Increase (Decrease) in Long-Term Liabilities	-	3
Increase (Decrease) in Other Liabilities	2,681	-
Net Cash Provided by (Used for) Operating Activities	$ 430	$ 12,392
Reconciliation of Cash, Cash Equivalents, and Investments:		
Per the Balance Sheet:		
Cash, Cash Equivalents, and Investments	$ 132,930	$ 44,189
Cash and Travel Advances	-	1
Less: Investments with Original Maturities Greater than Three Months	122,210	5,254
Cash and Cash Equivalents per the Statement of Cash Flows	$ 10,720	$ 38,936
Noncash Investing, Capital, and Financing Activities:		
The following transactions occurred prior to the balance sheet date:		
Change in Fair Value of Investments	$ 135	$ -
Total Noncash, Investing, Capital, and Financing Activities	$ 135	$ -

Other	Nonmajor Blended Component Units	Total June 30, 2001
$ (120)	$ 4	**$ 297,710**
16	-	**10,629**
-	-	**12,221**
-	-	**(36,358)**
-	-	**55**
-	-	**281**
39	-	**(40,795)**
72	-	**(853)**
-	-	**(1,237)**
20	-	**(2,614)**
-	-	**6,102**
-	-	**80**
-	-	**724**
4	-	**12,059**
3	-	**153,916**
$ 34	$ 4	**$ 411,920**
$ 1,224	348	**$ 1,395,188**
14	-	**201**
-	1	**1,161,422**
$ 1,238	$ 347	**$ 233,967**
$ -	$ -	**$ (21,492)**
$ -	$ -	**$ (21,492)**

Internal Service Funds

Internal Service Funds account for the operations of State agencies that render services to other State agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

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

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

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

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

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

Virginia Distribution Center *(formerly the Central Warehouse Fund)* accounts for supplies purchased for and used by State agencies.

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

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

Other includes:

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

Combining Balance Sheet
Internal Service Funds

June 30, 2001
(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Assets				
Cash, Cash Equivalents, and Investments	$ 10,205	$ 7,561	$ 81,790	$ 1,486
Taxes, Loans, Accounts, and Other Receivables (Net)	14,862	3,201	24,034	2,389
Due from Other Funds and Primary Government	-	-	-	-
Inventory	-	10,457	-	-
Prepaid Items	2,013	-	840	-
Other Assets	8	3	-	-
Property, Plant, and Equipment (Net)	18,152	4,898	-	28,020
Total Assets	$ 45,240	$ 26,120	$ 106,664	$ 31,895
Liabilities and Equity				
Liabilities:				
Accounts Payable	$ 16,026	$ 1,428	$ 6,176	$ 393
Amounts Due to Other Governments	-	-	-	-
Claims Payable	-	-	74,044	-
Obligations Under Securities Lending Program	-	-	9,725	-
Long-Term Liabilities	8,760	3,018	-	209
Other Liabilities	2	-	-	-
Due to Other Funds and Primary Government	-	-	-	-
Interfund Payables	-	-	-	-
Deferred Revenue and Deferred Credit	42	390	-	-
Total Liabilities	24,830	4,836	89,945	602
Equity:				
Contributed Capital	251	5,834	-	-
Retained Earnings (Deficit)				
Reserved for Health Insurance	-	-	10,979	-
Unreserved	20,159	15,450	5,740	31,293
Total Equity	20,410	21,284	16,719	31,293
Total Liabilities and Equity	$ 45,240	$ 26,120	$ 106,664	$ 31,895

Maintenance and Repair	Virginia Distribution Center	Risk Management	Virginia Sickness and Disability	Other	Total June 30, 2001
$ 2,534	$ 2,146	$ 93,656	$ 48,643	$ 1,065	**$ 249,086**
383	1,422	222	4,685	139	**51,337**
-	-	1,000	-	-	**1,000**
277	4,033	-	-	64	**14,831**
-	-	1,275	-	-	**4,128**
-	-	25	-	1	**37**
1,042	12,198	-	-	979	**65,289**
$ 4,236	$ 19,799	$ 96,178	$ 53,328	$ 2,248	**$ 385,708**
$ 1,146	$ 2,558	$ 2,707	$ 908	$ 261	**$ 31,603**
837	-	-	-	-	**837**
-	-	180,429	-	-	**254,473**
-	-	10,403	2,593	-	**22,721**
1,579	136	229	-	545	**14,476**
324	13	-	2,954	40	**3,333**
-	-	-	736	-	**736**
-	9,882	-	-	-	**9,882**
1	-	18,705	-	-	**19,138**
3,887	12,589	212,473	7,191	846	**357,199**
-	-	-	-	-	**6,085**
-	-	-	-	-	**10,979**
349	7,210	(116,295)	46,137	1,402	**11,445**
349	7,210	(116,295)	46,137	1,402	**28,509**
$ 4,236	$ 19,799	$ 96,178	$ 53,328	$ 2,248	**$ 385,708**

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Operating Revenues:				
Charges for Sales and Services	$ 101,010	$ 38,423	$ 496,500	$ 12,470
Other	-	-	-	208
Total Operating Revenues	101,010	38,423	496,500	12,678
Operating Expenses:				
Cost of Sales and Services	-	29,667	-	-
Prizes and Claims	-	-	485,816	-
Personal Services	26,454	3,301	-	781
Contractual Services	53,053	753	34,281	1,211
Supplies and Materials	402	390	-	2,923
Depreciation and Amortization	10,374	1,139	-	6,826
Rent, Insurance, and Other Related Charges	8,473	66	-	46
Other	5,500	292	-	36
Total Operating Expenses	104,256	35,608	520,097	11,823
Operating Income (Loss)	(3,246)	2,815	(23,597)	855
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income	(374)	(323)	5,075	-
Income From Securities Lending Transactions	-	-	358	-
Expenses For Securities Lending Transactions	-	-	(343)	-
Other	(8)	(266)	-	(37)
Total Nonoperating Revenues (Expenses)	(382)	(589)	5,090	(37)
Income (Loss) Before Transfers	(3,628)	2,226	(18,507)	818
Transfers:				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(31)	(847)	-	-
Total Transfers	(31)	(847)	-	-
Net Income (Loss)	(3,659)	1,379	(18,507)	818
Retained Earnings (Deficit), July 1	23,818	14,071	35,226	30,475
Retained Earnings (Deficit), June 30	$ 20,159	$ 15,450	$ 16,719	$ 31,293

Maintenance and Repair	Virginia Distribution Center	Risk Management	Virginia Sickness and Disability	Other	Total June 30, 2001
$ 23,632	$ 32,017	$ 54,733	$ 27,233	$ 5,082	**$ 791,100**
-	-	-	-	-	**208**
23,632	32,017	54,733	27,233	5,082	**791,308**
-	28,990	-	-	-	**58,657**
-	-	45,129	8,336	-	**539,281**
7,887	1,167	1,349	417	3,167	**44,523**
4,209	1,691	248	266	530	**96,242**
2,411	32	12	3	983	**7,156**
173	53	-	-	193	**18,758**
7,012	299	14,628	19	737	**31,280**
2,201	13	323	24	46	**8,435**
23,893	32,245	61,689	9,065	5,656	**804,332**
(261)	(228)	(6,956)	18,168	(574)	**(13,024)**
-	-	5,187	(2,821)	48	**6,792**
-	-	366	143	-	**867**
-	-	(352)	(128)	-	**(823)**
386	-	(383)	(112)	34	**(386)**
386	-	4,818	(2,918)	82	**6,450**
125	(228)	(2,138)	15,250	(492)	**(6,574)**
311	-	3,118	-	252	**3,681**
(181)	-	(2,543)	-	(4)	**(3,606)**
130	-	575	-	248	**75**
255	(228)	(1,563)	15,250	(244)	**(6,499)**
94	7,438	(114,732)	30,887	1,646	**28,923**
$ 349	$ 7,210	$ (116,295)	$ 46,137	$ 1,402	**$ 22,424**

Combining Statement of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Cash Flows from Operating Activities:				
Receipts for Sales and Services	$ 2,797	$ 739	$ -	$ -
Receipts from Quasi-external Operating Transactions with Other Funds	97,049	37,913	555,460	12,379
Payments to Suppliers for Goods and Services	(10,942)	(19,530)	-	(877)
Payments for Quasi-external Operating Transactions with Other Funds	(1,626)	(2,940)	-	(2,046)
Payments for Prizes, Claims, and Loss Control	-	-	(466,963)	-
Payments to Employees	(25,958)	(8,446)	-	(772)
Other Operating Expense	(46,824)	(3,036)	(32,457)	(1,456)
Other Operating Revenue	1	-	-	-
Net Cash Provided by (Used for) Operating Activities	14,497	4,700	56,040	7,228
Cash Flows for Noncapital Financing Activities:				
Operating Transfers In from Other Funds	-	-	-	-
Operating Transfers Out to Other Funds	(31)	(847)	-	-
Other Noncapital Financing Receipt Activities	-	186	-	-
Other Noncapital Financing Disbursement Activities	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(31)	(661)	-	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(2,533)	(902)	-	(7,108)
Payment of Principal and Interest on Bonds and Notes	(6,462)	(626)	-	-
Proceeds from Sale of Fixed Assets	-	-	-	547
Other Capital and Related Financing Disbursement Activities	-	(460)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(8,995)	(1,988)	-	(6,561)
Cash Flows from Investing Activities:				
Purchase of Investments	-	-	-	-
Proceeds from Sales or Maturities of Investments	-	-	-	-
Investment Income on Cash, Cash Equivalents, and Investments	-	-	5,046	-
Net Cash Provided by (Used for) Investing Activities	-	-	5,046	-
Net Increase (Decrease) in Cash and Cash Equivalents	5,471	2,051	61,086	667
Cash and Cash Equivalents, July 1	4,742	5,513	10,979	819
Cash and Cash Equivalents, June 30	$ 10,213	$ 7,564	$ 72,065	$ 1,486

Maintenance and Repair	Virginia Distribution Center	Risk Management	Virginia Sickness and Disability	Other	Total June 30, 2001
$ 23	$ 5,730	$ -	$ -	$ 903	**$ 10,192**
18,763	27,240	64,013	27,363	4,208	**844,388**
(10,375)	(27,739)	(12,079)	(21)	(1,751)	**(83,314)**
(331)	(686)	-	-	(160)	**(7,789)**
-	-	(44,273)	(8,504)	-	**(519,740)**
(7,722)	(1,173)	(1,322)	(388)	(2,844)	**(48,625)**
(4,357)	(1,964)	(1,880)	(262)	(378)	**(92,614)**
-	-	-	-	-	**1**
(3,999)	1,408	4,459	18,188	(22)	**102,499**
311	-	3,118	-	252	**3,681**
(181)	-	(2,543)	-	(4)	**(3,606)**
368	8,190	-	-	48	**8,792**
-	-	(95)	-	-	**(95)**
498	8,190	480	-	296	**8,772**
-	(7,873)	-	-	(73)	**(18,489)**
-	-	-	-	-	**(7,088)**
-	-	10	-	-	**557**
-	-	-	-	-	**(460)**
-	(7,873)	10	-	(73)	**(25,480)**
-	-	-	(26,600)	-	**(26,600)**
-	-	-	7,600	-	**7,600**
-	-	5,193	861	-	**11,100**
-	-	5,193	(18,139)	-	**(7,900)**
(3,501)	1,725	10,142	49	201	**77,891**
6,035	421	73,136	77	865	**102,587**
$ 2,534	$ 2,146	$ 83,278	$ 126	$ 1,066	**$ 180,478**

(Continued on next page)

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ (3,246)	$ 2,815	$ (23,597)	$ 855
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	10,374	1,139	-	6,826
Interest, Dividends, Rents and Other Investment Income	-	-	43	-
Miscellaneous Nonoperating Income	1	-	-	-
Other Expenses	-	-	-	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(1,040)	(160)	52,943	(299)
(Increase) Decrease in Due From Other Funds	-	-	-	-
(Increase) Decrease in Inventory	-	408	-	-
(Increase) Decrease in Prepaid Items	65	-	6,000	-
Increase (Decrease) in Accounts Payable	7,971	46	3,690	(168)
Increase (Decrease) in Amounts Due to Other Governments	-	-	-	-
Increase (Decrease) in Claims Payable	-	-	16,961	-
Increase (Decrease) in Due to Other Funds	-	-	-	-
Increase (Decrease) in Deferred Revenue	(124)	390	-	-
Increase (Decrease) in Long-Term Liabilities	504	62	-	14
Increase (Decrease) in Other Liabilities	(8)	-	-	-
Net Cash Provided by (Used for) Operating Activities	$ 14,497	$ 4,700	$ 56,040	$ 7,228
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	$ 10,205	$ 7,561	$ 81,790	$ 1,486
Cash and Travel Advances	8	3	-	-
Less:				
Investments with Original Maturities Greater than Three Months	-	-	9,725	-
Cash and Cash Equivalents per the Statement of Cash Flows	$ 10,213	$ 7,564	$ 72,065	$ 1,486
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the balance sheet date:				
Change in Fair Value of Investments	$ -	$ -	$ -	$ -
Fixed Asset Addition Included in Accounts Payable	-	65	-	-
Total Noncash Investing, Capital, and Financing Activities	$ -	$ 65	$ -	$ -

Maintenance and Repair	Virginia Distribution Center	Risk Management	Virginia Sickness and Disability	Other	Total June 30, 2001
$ (261)	$ (228)	$ (6,956)	$ 18,168	$ (574)	**$ (13,024)**
173	53	-	-	193	**18,758**
-	-	-	-	-	**43**
-	-	-	-	-	**1**
(388)	-	(278)	-	25	**(641)**
298	954	2,052	(160)	85	**54,673**
-	-	400	2	-	**402**
(24)	610	-	-	(25)	**969**
-	-	523	-	-	**6,588**
315	52	(303)	79	127	**11,809**
747	-	(1,632)	-	-	**(885)**
-	-	6,708	-	-	**23,669**
-	-	-	58	-	**58**
(5,288)	-	3,975	-	(55)	**(1,102)**
105	(33)	61	-	238	**951**
324	-	(91)	41	(36)	**230**
$ (3,999)	$ 1,408	$ 4,459	$ 18,188	$ (22)	**$ 102,499**
$ 2,534	$ 2,146	$ 93,656	$ 48,643	$ 1,065	**$ 249,086**
-	-	25	-	1	**37**
-	-	10,403	48,517	-	**68,645**
$ 2,534	$ 2,146	$ 83,278	$ 126	$ 1,066	**$ 180,478**
$ -	$ -	$ -	$ (3,689)	$ -	**$ (3,689)**
-	-	-	-	-	**65**
$ -	$ -	$ -	$ (3,689)	$ -	**$ (3,624)**

Trust and Agency Funds

Pension Trust Funds

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

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

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

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

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

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

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

Postemployment Group Life Fund provides life insurance coverage to members of the retirement systems.

Postemployment Volunteer Firefighters' and Rescue Squad Workers' Fund provides optional retirement benefits to volunteer firefighters and rescue squad workers.

Investment Trust Funds

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

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

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

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

Nonexpendable Trust Funds

Nonexpendable Trust Funds are funds whose principal must remain intact.

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

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

Virginia Arts Foundation Fund provides funds for the promotion of the arts in the Commonwealth.

Expendable Trust Fund

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

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

Agency Funds

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

Funds for the Collection of Taxes and Fees account for taxes and fees collected by the Commonwealth to be distributed to localities or other states. The beginning balance of this fund was restated by $2.0 million due to a prior year error.

Employee Benefits Fund accounts for undistributed withholdings for employee benefits.

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

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

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

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

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

Optional Life Insurance Fund accounts for optional life insurance payments collected from employees as a supplement to the state's basic life insurance plan.

Comptroller's Debt Setoff Fund accounts for monies withheld from vendors to offset debts owed the Commonwealth by those vendors.

Main Street Station Property Fund accounts for a portion of the proceeds from the sale of Main Street Station. These funds being held in escrow will be used to partially defease the bonds that were used to refinance the property.

Miscellaneous Funds include:

- **Federal Aviation Fund**, which accounts for federal monies received by the Commonwealth to reimburse localities for the expansion and improvement of airport systems;
- **Legal Settlement Fund**, which accounts for receipts from court judgments that are deposited and subsequently distributed to the appropriate injured parties;
- **Milk Commission Fund**, which accounts for deposits of farmers to offset delivery expenses and losses incurred;
- **Woodrow Wilson Rehabilitation Center**, which accounts for funds for students;
- **Virginia School for the Deaf and the Blind**, which accounts for funds used to establish new activities for students;
- **Virginia Department of Transportation**, which accounts for funds used for transportation conferences;
- **Department of Agriculture and Consumer Services**, which accounts for funds used for consumer protection; and,
- **Department of Emergency Management**, which accounts for donations from citizens for disaster relief efforts. The beginning fund balance of this fund was restated by $89,000 due to a prior year error.

Combining Balance Sheet
All Trust and Agency Funds

June 30, 2001
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Virginia Law Officers' Retirement System
Assets				
Cash, Cash Equivalents, and Investments	$ 38,152,694	$ 492,578	$ 274,582	$ 88,688
Taxes, Loans, Accounts, and Other Receivables (Net)	2,767,420	35,180	20,016	8,923
Due from Other Funds and Primary Government	1,780	1,556	1,673	264,320
Inventory	-	-	-	-
Other Assets	-	-	-	-
Property, Plant, and Equipment (Net)	6,449	-	-	-
Total Assets	$ 40,928,343	$ 529,314	$ 296,271	$ 361,931
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 759,226	$ 9,747	$ 6,134	$ 1,853
Amounts Due to Other Governments	-	-	-	-
Claims Payable	-	-	-	-
Obligations Under Securities Lending Program	2,033,443	26,253	14,635	4,727
Long-Term Liabilities	1,627	7	4	-
Other Liabilities	2,243,087	28,957	16,141	5,213
Due to Other Funds and Primary Government	271,893	142	11	6
Deferred Revenue and Deferred Credit	-	-	-	-
Total Liabilities	5,309,276	65,106	36,925	11,799
Fund Equity:				
Fund Balance:				
Reserved for Employee Benefits	35,619,067	464,208	259,346	350,132
Reserved for Pool/Program Participants	-	-	-	-
Reserved for Commonwealth Health Research Board	-	-	-	-
Reserved for Virginia Arts Foundation	-	-	-	-
Reserved for VELA Loan Servicing Reserve Fund	-	-	-	-
Reserved for Capital Acquisition	-	-	-	-
Reserved for Administrative Services	-	-	-	-
Reserved for Endowment	-	-	-	-
Unreserved	-	-	-	-
Total Fund Equity	35,619,067	464,208	259,346	350,132
Total Liabilities and Fund Equity	$ 40,928,343	$ 529,314	$ 296,271	$ 361,931

Pension Trust Funds				
Political Appointees	Postemployment Retiree Health Insurance Credit	Postemployment Group Life	Postemployment Volunteer Firefighters and Rescue Squad Workers	Total
$ 2,095	$ 55,939	$ 1,022,770	$ 25	$ 40,089,371
-	5,739	78,789	-	2,916,067
-	4,464	1	-	273,794
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,449
$ 2,095	$ 66,142	$ 1,101,560	$ 25	$ 43,285,681
$ -	$ 5,539	$ 17,172	$ -	$ 799,671
-	-	-	-	-
-	-	29,255	-	29,255
-	2,981	54,511	-	2,136,550
-	6	26	-	1,670
-	3,288	60,123	-	2,356,809
-	354	2,380	-	274,786
-	-	-	-	-
-	12,168	163,467	-	5,598,741
2,095	53,974	938,093	25	37,686,940
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,095	53,974	938,093	25	37,686,940
$ 2,095	$ 66,142	$ 1,101,560	$ 25	$ 43,285,681

(Continued on next page)

Combining Balance Sheet
All Trust and Agency Funds *(Continued from Previous Page)*

June 30, 2001
(Dollars in Thousands)

	Investment Trust Funds			
	Local Government Investment Pool	State Non-Arbitrage Pool (SNAP)	SNAP Individual Investment Accounts	Total
Assets				
Cash, Cash Equivalents, and Investments	$ 2,014,655	$ 968,068	$ 36,847	$ 3,019,570
Taxes, Loans, Accounts, and Other Receivables (Net)	10,424	5,987	117	16,528
Due from Other Funds and Primary Government	-	-	-	-
Inventory	-	-	-	-
Other Assets	-	31	-	31
Property, Plant, and Equipment (Net)	-	-	-	-
Total Assets	$ 2,025,079	$ 974,086	$ 36,964	$ 3,036,129
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ -	$ -	$ -	$ -
Amounts Due to Other Governments	-	-	-	-
Claims Payable	-	-	-	-
Obligations Under Securities Lending Program	-	-	-	-
Long-Term Liabilities	-	-	-	-
Other Liabilities	-	371	-	371
Due to Other Funds and Primary Government	1,443	-	-	1,443
Deferred Revenue and Deferred Credit	-	-	-	-
Total Liabilities	1,443	371	-	1,814
Fund Equity:				
Fund Balance:				
Reserved for Employee Benefits	-	-	-	-
Reserved for Pool/Program Participants	2,023,636	973,715	36,964	3,034,315
Reserved for Commonwealth Health Research Board	-	-	-	-
Reserved for Virginia Arts Foundation	-	-	-	-
Reserved for VELA Loan Servicing Reserve Fund	-	-	-	-
Reserved for Capital Acquisition	-	-	-	-
Reserved for Administrative Services	-	-	-	-
Reserved for Endowment	-	-	-	-
Unreserved	-	-	-	-
Total Fund Equity	2,023,636	973,715	36,964	3,034,315
Total Liabilities and Fund Equity	$ 2,025,079	$ 974,086	$ 36,964	$ 3,036,129

Non-Expendable Trust Funds	Expendable Trust Funds	Agency Funds	Total June 30, 2001
$ 28,017	$ 1,188,456	$ 452,467	**$ 44,777,881**
-	45,611	76,352	**3,054,558**
-	14,361	1,880	**290,035**
-	1,549	-	**1,549**
-	368	-	**399**
-	15	-	**6,464**
$ 28,017	$ 1,250,360	$ 530,699	**$ 48,130,886**
$ -	$ 33,663	$ 2,701	**$ 836,035**
-	6,215	160,926	**167,141**
-	14,037	2,949	**46,241**
16	3,363	-	**2,139,929**
-	-	-	**1,670**
-	1,056	363,565	**2,721,801**
-	92	558	**276,879**
-	15	-	**15**
16	58,441	530,699	**6,189,711**
-	-	-	**37,686,940**
-	-	-	**3,034,315**
27,642	-	-	**27,642**
96	-	-	**96**
-	545	-	**545**
-	187	-	**187**
-	1,118	-	**1,118**
263	-	-	**263**
-	1,190,069	-	**1,190,069**
28,001	1,191,919	-	**41,941,175**
$ 28,017	$ 1,250,360	$ 530,699	**$ 48,130,886**

Combining Statement of Plan Net Assets
Pension Trust Funds

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Virginia Law Officers' Retirement System	Political Appointees
Assets					
Cash	$ 99,011	$ 1,275	$ 711	$ 230	$ -
Receivables					
Contributions	121,673	1,035	982	2,775	-
Interest and Dividends	115,885	1,496	834	269	-
Receivable for Security Transactions	1,880,548	24,279	13,534	4,372	-
Other Receivables	649,314	8,370	4,666	1,507	-
Total Receivables	2,767,420	35,180	20,016	8,923	-
Due from Other Funds and Primary Government	1,780	1,556	1,673	264,320	-
Investments					
Bonds and Mortgage Securities	8,757,881	113,072	63,030	20,358	193
Stocks	8,561,960	110,541	61,620	19,903	1,679
Fixed Income Commingled Funds	516,000	6,662	3,714	1,199	-
Index and Pooled Funds	13,693,713	176,798	98,553	31,831	222
Real Estate	1,271,985	16,422	9,154	2,957	-
Venture Capital	2,422,587	31,277	17,435	5,632	-
Short-term Investments	796,114	10,278	5,730	1,851	-
Other	-	-	-	-	1
Total Investments	36,020,240	465,050	259,236	83,731	2,095
Collateral on Loaned Securities	2,033,443	26,253	14,635	4,727	-
Furniture and Equipment	6,449	-	-	-	-
Total Assets	40,928,343	529,314	296,271	361,931	2,095
Liabilities					
Retirement Benefits Payable	116,227	1,519	1,524	193	-
Refunds Payable	5,853	17	33	182	-
Accounts Payable and Accrued Expenses	637,146	8,211	4,577	1,478	-
Compensated Absences Payable	1,074	-	-	-	-
Insurance Premiums and Claims Payable	-	-	-	-	-
Payable for Security Transactions	2,242,753	28,957	16,141	5,213	-
Pension Liability	553	7	4	-	-
Other Payables	334	-	-	-	-
Obligations Under Securities Lending Program	2,033,443	26,253	14,635	4,727	-
Due to Other Funds	271,893	142	11	6	-
Total Liabilities	5,309,276	65,106	36,925	11,799	-
Net Assets Held in Trust for Pension/Postemployment Benefits	$ 35,619,067	$ 464,208	$ 259,346	$ 350,132	$ 2,095

Postemployment Retiree Health Insurance Credit	Postemployment Group Life	Postemployment Volunteer Firefighters and Rescue Squad Workers	Total June 30, 2001
$ 145	$ 2,647	$ -	**$ 104,019**
1,861	7,890	-	**136,216**
170	3,107	-	**121,761**
2,757	50,413	-	**1,975,903**
951	17,379	-	**682,187**
5,739	78,789	-	**2,916,067**
4,464	1	-	**273,794**
12,840	234,777	-	**9,202,151**
12,554	229,525	-	**8,997,782**
757	13,832	-	**542,164**
20,078	367,094	-	**14,388,289**
1,865	34,099	-	**1,336,482**
3,552	64,943	-	**2,545,426**
1,167	21,342	25	**836,507**
-	-	-	**1**
52,813	965,612	25	**37,848,802**
2,981	54,511	-	**2,136,550**
-	-	-	**6,449**
66,142	1,101,560	25	**43,285,681**
-	-	-	**119,463**
5	124	-	**6,214**
5,534	17,048	-	**673,994**
-	-	-	**1,074**
-	29,255	-	**29,255**
3,288	60,123	-	**2,356,475**
6	26	-	**596**
-	-	-	**334**
2,981	54,511	-	**2,136,550**
354	2,380	-	**274,786**
12,168	163,467	-	**5,598,741**
$ 53,974	$ 938,093	$ 25	**$ 37,686,940**

Combining Statement of Plan Net Assets
Investment Trust Funds

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Local Government Investment Pool	State Non-Arbitrage Pool (SNAP)	SNAP Individual Investment Accounts	Total June 30, 2001
Assets				
Cash, Cash Equivalents, and Investments	$ 2,014,655	$ 968,068	$ 36,847	**$ 3,019,570**
Interest and Dividends Receivable	10,424	5,987	117	**16,528**
Other Assets	-	31	-	**31**
Total Assets	2,025,079	974,086	36,964	**3,036,129**
Liabilities				
Other Liabilities	-	371	-	**371**
Due to Other Funds	1,443	-	-	**1,443**
Total Liabilities	1,443	371	-	**1,814**
Net Assets Held in Trust for Program Participants	$ 2,023,636	$ 973,715	$ 36,964	**$ 3,034,315**

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

Combining Balance Sheet
Nonexpendable Trust Funds

June 30, 2001
(Dollars in Thousands)

	Commonwealth Health Research Board	Mental Health Endowment Funds	Virginia Arts Foundation Fund	Total June 30, 2001
Assets and Other Debits				
Assets:				
Cash, Cash Equivalents, and Investments	$ 27,645	$ 263	$ 109	**$ 28,017**
Total Assets and Other Debits	$ 27,645	$ 263	$ 109	**$ 28,017**
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts Payable	$ -	$ -	$ -	**$ -**
Obligations Under Securities Lending Program	3	-	13	**16**
Total Liabilities	3	-	13	**16**
Equity and Other Credits:				
Fund Balances:				
Reserved for Commonwealth Health Research Board	27,642	-	-	**27,642**
Reserved for Endowments	-	263	-	**263**
Reserved for Virginia Arts Foundation	-	-	96	**96**
Total Equity and Other Credits	27,642	263	96	**28,001**
Total Liabilities, Equity, and Other Credits	$ 27,645	$ 263	$ 109	**$ 28,017**

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

June 30, 2001
(Dollars in Thousands)

	Commonwealth Health Research Board	Mental Health Endowment Funds	Virginia Arts Foundation Fund	Total June 30, 2001
Operating Revenues:				
Interest, Dividends, Rents, and Other				
Investment Income	$ (1,373)	$ 14	$ 5	**$ (1,354)**
Other	54	-	23	**77**
Total Operating Revenues	(1,319)	14	28	**(1,277)**
Operating Expenses:				
Cost of Sales and Services	496	-	-	**496**
Other	-	11	-	**11**
Total Operating Expenses	496	11	-	**507**
Operating Income (Loss)	(1,815)	3	28	**(1,784)**
Net Income (Loss)	(1,815)	3	28	**(1,784)**
Fund Balance, July 1, as restated	29,457	260	68	**29,785**
Fund Balance, June 30	$ 27,642	$ 263	$ 96	**$ 28,001**

Combining Statement of Cash Flows
Nonexpendable Trust Funds

June 30, 2001
(Dollars in Thousands)

	Commonwealth Health Research Board	Mental Health Endowment Funds	Virginia Arts Foundation Fund	Total June 30, 2001
Cash Flows from Operating Activities:				
Payments to Suppliers for Goods and Services	$ (24)	$ -	$ -	**$ (24)**
Other Operating Expense	(476)	(11)	-	**(487)**
Other Operating Revenue	54	14	28	**96**
Net Cash Provided by (Used for) Operating Activities	(446)	3	28	**(415)**
Cash Flows from Investing Activities:				
Purchase of Investments	(150)	-	-	**(150)**
Proceeds from Sales or Maturities of Investments	338	-	-	**338**
Investment Income on Cash, Cash Equivalents, and Investments	260	-	-	**260**
Net Cash Provided by Investing Activities	448	-	-	**448**
Net Increase in Cash and Cash Equivalents	2	3	28	**33**
Cash and Cash Equivalents, July 1, as restated	17	260	68	**345**
Cash and Cash Equivalents, June 30	$ 19	$ 263	$ 96	**$ 378**
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ (1,815)	$ 3	$ 28	**$ (1,784)**
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Interest, Dividends, Rents, and Other Investment Income	1,372	-	-	**1,372**
Decrease in Accounts Payable	(3)	-	-	**(3)**
Net Cash Provided by (Used for) Operating Activities	$ (446)	$ 3	$ 28	**$ (415)**
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	$ 27,645	$ 263	$ 109	**$ 28,017**
Less:				
Investments with Original Maturities Greater than Three Months	27,626	-	13	**27,639**
Cash and Cash Equivalents per the Statement of Cash Flows	$ 19	$ 263	$ 96	**$ 378**
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the balance sheet date:				
Change in Fair Value of Investments	(1,970)	-	-	**(1,970)**
Total Noncash Investing, Capital, and Financing Activities	$ (1,970)	$ -	-	**$ (1,970)**

Combining Statement of Changes in Assets and Liabilities
All Agency Funds

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Restated Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Funds for the Collection of Taxes and Fees				
Assets:				
Cash, Cash Equivalents, and Investments	$ 91,287	$ 904,211	$ 903,670	**$ 91,828**
Taxes, Loans, Accounts, and Other Receivables (Net)	78,279	75,808	78,278	**75,809**
Total Assets	$ 169,566	$ 980,019	$ 981,948	**$ 167,637**
Liabilities:				
Amounts Due to Other Governments	$ 165,803	$ 965,805	$ 970,714	**$ 160,894**
Other Liabilities	3,763	14,214	11,234	**6,743**
Total Liabilities	$ 169,566	$ 980,019	$ 981,948	**$ 167,637**
Employee Benefits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 1,991	$ 148,202	$ 147,582	**$ 2,611**
Total Assets	$ 1,991	$ 148,202	$ 147,582	**$ 2,611**
Liabilities:				
Accounts Payable	$ 1,991	$ 148,202	$ 147,582	**$ 2,611**
Total Liabilities	$ 1,991	$ 148,202	$ 147,582	**$ 2,611**
Mined Land Deposits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 4,027	$ 686	$ 981	**$ 3,732**
Total Assets	$ 4,027	$ 686	$ 981	**$ 3,732**
Liabilities:				
Other Liabilities	$ 4,027	$ 648	$ 981	**$ 3,694**
Due to Other Funds	-	38	-	**38**
Total Liabilities	$ 4,027	$ 686	$ 981	**$ 3,732**
Deposits of Insurance Carriers Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 302,213	$ 146,067	$ 117,323	**$ 330,957**
Total Assets	$ 302,213	$ 146,067	$ 117,323	**$ 330,957**
Liabilities:				
Other Liabilities	$ 302,213	$ 146,067	$ 117,323	**$ 330,957**
Total Liabilities	$ 302,213	$ 146,067	$ 117,323	**$ 330,957**
Inmate and Ward Trust Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 3,694	$ 397	$ 329	**$ 3,762**
Taxes, Loans, Accounts, and Other Receivables (Net)	493	18	1	**510**
Total Assets	$ 4,187	$ 415	$ 330	**$ 4,272**
Liabilities:				
Accounts Payable	$ 196	$ -	$ 106	**$ 90**
Other Liabilities	3,991	197	6	**4,182**
Total Liabilities	$ 4,187	$ 197	$ 112	**$ 4,272**

(Continued on next page)

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Restated Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Child Support Collections Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 20,973	$ 434,937	$ 444,112	**$ 11,798**
Due from Other Funds	13	152	13	**152**
Total Assets	$ 20,986	$ 435,089	$ 444,125	**$ 11,950**
Liabilities:				
Other Liablities	$ 14,030	$ 441,512	$ 444,112	**$ 11,430**
Due to Other Funds	6,956	520	6,956	**520**
Total Liabilities	$ 20,986	$ 442,032	$ 451,068	**$ 11,950**
Mental Health Patient Trust Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 2,195	$ 151	$ -	**$ 2,346**
Total Assets	$ 2,195	$ 151	$ -	**$ 2,346**
Liabilities:				
Other Liabilities	$ 2,195	$ 151	$ -	**$ 2,346**
Total Liabilities	$ 2,195	$ 151	$ -	**$ 2,346**
Optional Life Insurance Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 1,133	$ 15,899	$ 15,811	**$ 1,221**
Due from Other Funds	1,606	122	-	**1,728**
Total Assets	$ 2,739	$ 16,021	$ 15,811	**$ 2,949**
Liabilities:				
Claims Payable	$ 2,739	$ 210	$ -	**$ 2,949**
Total Liabilities	$ 2,739	$ 210	$ -	**$ 2,949**
Comptroller's Debt Setoff Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 1,352	$ 8,362	$ 8,412	**$ 1,302**
Total Assets	$ 1,352	$ 8,362	$ 8,412	**$ 1,302**
Liabilities:				
Other Liabilities	$ 1,352	$ 8,362	$ 8,412	**$ 1,302**
Total Liabilities	$ 1,352	$ 8,362	$ 8,412	**$ 1,302**

	Restated Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Main Street Station Property Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ -	$ 1,703	$ 63	**$ 1,640**
Total Assets	$ -	$ 1,703	$ 63	**$ 1,640**
Liabilities:				
Other Liabilities	$ -	$ 1,703	$ 63	**$ 1,640**
Total Liabilities	$ -	$ 1,703	$ 63	**$ 1,640**
Miscellaneous				
Assets:				
Cash, Cash Equivalents, and Investments	$ 1,527	$ 1,482	$ 1,739	**$ 1,270**
Taxes, Loans, Accounts, and Other Receivables (Net)	255	52	274	**33**
Total Assets	$ 1,782	$ 1,534	$ 2,013	**$ 1,303**
Liabilities:				
Accounts Payable	$ 77	$ -	$ 77	**$ -**
Amounts Due to Other Governments	178	278	424	**32**
Other Liabilities	1,527	1,233	1,489	**1,271**
Total Liabilities	$ 1,782	$ 1,511	$ 1,990	**$ 1,303**
Totals-All Agency Funds				
Assets:				
Cash, Cash Equivalents, and Investments	$ 430,392	$ 1,662,097	$ 1,640,022	**$ 452,467**
Taxes, Loans, Accounts, and Other Receivables (Net)	79,027	75,878	78,553	**76,352**
Due from Other Funds	1,619	274	13	**1,880**
Total Assets	$ 511,038	$ 1,738,249	$ 1,718,588	**$ 530,699**
Liabilities:				
Accounts Payable	$ 2,264	$ 148,202	$ 147,765	**$ 2,701**
Amounts Due to Other Governments	165,981	966,083	971,138	**160,926**
Claims Payable	2,739	210	-	**2,949**
Other Liabilities	333,098	614,087	583,620	**363,565**
Due to Other Funds	6,956	558	6,956	**558**
Total Liabilities	$ 511,038	$ 1,729,140	$ 1,709,479	**$ 530,699**

Component Units

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

Governmental Fund

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

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

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

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

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

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

Virginia School for the Deaf and Blind Foundation operates exclusively for the benefit of the Virginia School for the Deaf and Blind at Staunton and the Virginia School for the Deaf, Blind, and Multi-disabled at Hampton.

Certified Nursing Facility Education Initiative provides early on-site training and assistance to certified nursing facilities to help identify and correct deficiencies.

Proprietary Funds

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

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

The Virginia Resources Authority provides financing to local governments for financing projects such as water, sewer, storm drainage, solid waste disposal, recycling, public safety, aviation, and other projects.

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

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

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

The Virginia Commonwealth University Health System Authority (formerly the Medical College of Virginia Hospitals Authority) operates the Medical College of Virginia Hospitals and provides graduate medical education.

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

Wireless E-911 Service Board assists in the establishment of wireless E-911 service in Virginia localities. Effective October 1, 2000, the E-911 Service Board underwent organizational changes, causing it to be reported as both a Component Unit and an Enterprise Fund in fiscal year 2001.

Other includes:

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

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

Included in this Fund are:

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

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

Combining Balance Sheet
Component Units - Governmental Funds

June 30, 2001
(Dollars in Thousands)

	Virginia Port Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation
Assets			
Cash, Cash Equivalents, and Investments	$ 68,803	$ 2,248	$ 1,803
Taxes, Loans, Accounts, and Other Receivables (Net)	3,527	20	398
Due from Other Funds and Primary Government	-	-	-
Due from Component Units	2,121	-	-
Prepaid Items	-	49	6
Other Assets	292	447	-
Property, Plant, and Equipment	569,621	2,198	6,872
Other Debits:			
Amount Available for Retirement of Long-Term Debt	9,014	-	-
Amount to be Provided for:			
Retirement of Long-Term Debt	186,405	668	-
Pension Liability	401	671	2
Total Assets and Other Debits	$ 840,184	$ 6,301	$ 9,081
Liabilities and Equity			
Liabilities:			
Accounts Payable	$ 7,380	$ 467	$ 7
Obligations Under Securities Lending Program	2,820	-	-
Long-Term Liabilities	195,820	1,339	2
Other Liabilities	15,730	2	4
Deferred Revenue and Deferred Credit	-	-	7
Total Liabilities	221,750	1,808	20
Fund Equity:			
Investment in General Fixed Assets	569,621	2,198	6,872
Fund Balances:			
Reserved for Debt Service	9,014	-	-
Reserved for Construction	27,490	-	-
Reserved for Prepaid Items	-	49	6
Reserved Gifts	-	-	-
Unreserved	12,309	2,246	2,183
Total Fund Equity	618,434	4,493	9,061
Total Liabilities, Equity, and Other Credits	$ 840,184	$ 6,301	$ 9,081

Virginia Tourism Authority	Virginia Tobacco Settlement Foundation	Tobacco Indemnification and Community Revitalization Commission	Virginia School for the Deaf and Blind Foundation	Certified Nursing Facility Education Initiative	Total June 30, 2001
$ 1,734	$ 33,992	$ 25,275	$ 2,862	$ 2	**$ 136,719**
7	-	-	-	-	**3,952**
-	-	-	-	40	**40**
-	-	-	-	-	**2,121**
34	-	3	-	2	**94**
8	-	-	-	-	**747**
239	63	54	-	2	**579,049**
-	-	-	-	-	**9,014**
407	2	12	-	-	**187,494**
46	-	1	-	-	**1,121**
$ 2,475	$ 34,057	$ 25,345	$ 2,862	$ 46	**$ 920,351**
$ 302	$ 74	$ 45	$ -	$ 4	**$ 8,279**
-	4,041	3,005	-	-	**9,866**
453	2	13	-	-	**197,629**
2	-	7,704	-	-	**23,442**
131	-	-	-	-	**138**
888	4,117	10,767	-	4	**239,354**
239	-	54	-	2	**578,986**
-	-	-	-	-	**9,014**
-	-	-	-	-	**27,490**
34	-	3	-	2	**94**
-	-	-	2,510	-	**2,510**
1,314	29,940	14,521	352	38	**62,903**
1,587	29,940	14,578	2,862	42	**680,997**
$ 2,475	$ 34,057	$ 25,345	$ 2,862	$ 46	**$ 920,351**

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

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	Virginia Port Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation
Revenues:			
Interest, Dividends, Rents and Other Investment Income	$ 4,769	$ 848	$ 191
Federal Grants and Contracts	-	6	-
Proceeds from Securities Lending Transactions	76	-	-
Other	1,562	50	238
Total Revenues	6,407	904	429
Expenditures:			
Current:			
General Government	-	-	-
Education	-	-	-
Transportation	8,073	-	-
Resources and Economic Development	9,081	22,091	2,318
Individual and Family Services	-	-	-
Capital Outlay	32,153	-	-
Debt Service:			
Principal Retirement	11,126	-	-
Interest and Charges	10,845	-	-
Payments for Securities Lending Transactions	73	-	-
Total Expenditures	71,351	22,091	2,318
Revenues Over (Under) Expenditures	(64,944)	(21,187)	(1,889)
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In from Primary Government	31,400	21,326	2,242
Operating Transfers In from Component Units	26,380	-	-
Operating Transfers Out to Primary Government	(91)	-	-
Operating Transfers Out to Component Units	(1,587)	-	-
Proceeds from Sale of Bonds	4,963	-	-
Total Other Financing Sources (Uses)	61,065	21,326	2,242
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,879)	139	353
Fund Balance, July 1	52,692	2,156	1,836
Fund Balance, June 30	$ 48,813	$ 2,295	$ 2,189

Virginia Tourism Authority	Virginia Tobacco Settlement Foundation	Tobacco Indemnification and Community Revitalization Commission	Virginia School for the Deaf and Blind Foundation	Certified Nursing Facility Education Initiative	Total June 30, 2001
$ 812	$ 1,347	$ 1,595	$ 58	$ -	**$ 9,620**
-	-	-	-	-	**6**
-	92	96	-	-	**264**
1,392	12,819	64,095	-	-	**80,156**
2,204	14,258	65,786	58	-	**90,046**
-	1,187	62,864	-	-	**64,051**
-	-	-	106	-	**106**
-	-	-	-	-	**8,073**
21,366	-	-	-	-	**54,856**
-	-	-	-	60	**60**
-	-	-	-	-	**32,153**
-	-	-	-	-	**11,126**
-	-	-	-	-	**10,845**
-	88	92	-	-	**253**
21,366	1,275	62,956	106	60	**181,523**
(19,162)	12,983	2,830	(48)	(60)	**(91,477)**
19,872	-	-	-	100	**74,940**
-	-	-	-	-	**26,380**
-	-	-	-	-	**(91)**
-	-	-	-	-	**(1,587)**
-	-	-	-	-	**4,963**
19,872	-	-	-	100	**104,605**
710	12,983	2,830	(48)	40	**13,128**
638	16,957	11,694	2,910	-	**88,883**
$ 1,348	$ 29,940	$ 14,524	$ 2,862	$ 40	**$ 102,011**

Combining Balance Sheet
Component Units - Proprietary Funds

June 30, 2001
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Assets				
Cash, Cash Equivalents, and Investments	$ 1,732,830	$ 18,571	$ 381,756	$ 2,034,655
Taxes, Loans, Accounts, and Other Receivables (Net)	5,611,816	14,300	1,026,033	374,186
Interfund Loans Receivable	-	-	-	141,460
Inventory	6,270	7,250	-	-
Restricted Assets	-	1,776	-	-
Prepaid Items	-	6,800	-	-
Other Assets	19,841	156	16	2,721
Property, Plant, and Equipment (Net)	17,174	13,432	66	-
Total Assets	$ 7,387,931	$ 62,285	$ 1,407,871	$ 2,553,022
Liabilities and Equity				
Liabilities:				
Accounts Payable	$ 74,497	$ 2,966	$ 182	$ 13
Amounts Due to Other Governments	-	-	-	46,699
Claims Payable	-	-	-	-
Obligations Under Securities Lending Program	-	-	-	-
Long-Term Liabilities	5,712,670	14,114	662,425	2,074,290
Other Liabilities	373,837	6,860	8,179	49,412
Due to Component Units	-	2,121	-	-
Interfund Loans Payable	-	-	-	356,654
Deferred Revenue and Deferred Credit	-	-	674	-
Total Liabilities	6,161,004	26,061	671,460	2,527,068
Equity:				
Contributed Capital	-	8,947	459,837	-
Retained Earnings (Deficit)				
Reserved for Bond Holders (Restricted by bond resolutions)	997,054	-	-	-
Reserved for Loans to Local Governments	-	-	126,102	-
Reserved for Debt Service	-	-	-	-
Reserved for Construction and Improvements	-	-	-	-
Reserved for Employees' Pension Benefits	-	-	-	-
Reserved/Restricted Gifts, Contributions	-	-	63,747	-
Unreserved	229,873	27,277	86,725	25,954
Total Equity	1,226,927	36,224	736,411	25,954
Total Liabilities and Equity	$ 7,387,931	$ 62,285	$ 1,407,871	$ 2,553,022

Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Virginia Commonwealth University Health System Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 2001
$ 93,079	$ 2,614	$ 60,667	$ 30,888	$ -	$ 1,112	**$ 4,356,172**
15,485	44,011	113,160	8,568	-	304	**7,207,863**
-	-	-	-	-	-	**141,460**
-	-	6,893	-	-	55	**20,468**
-	-	142,371	751	-	-	**144,898**
-	-	2,711	-	-	5	**9,516**
1,989	2,868	6,101	-	-	83	**33,775**
404,322	30,620	215,589	-	-	9,788	**690,991**
$ 514,875	$ 80,113	$ 547,492	$ 40,207	$ -	$ 11,347	**$ 12,605,143**
$ 4,951	$ 841	$ 32,638	$ -	$ -	$ 454	**$ 116,542**
-	-	-	-	-	-	**46,699**
-	-	7,733	-	-	-	**7,733**
-	-	-	3,245	-	-	**3,245**
166,040	59,000	105,530	-	-	5,759	**8,799,828**
3,759	55	19,616	751	-	154	**462,623**
-	-	3,680	-	-	-	**5,801**
-	7,000	-	-	-	-	**363,654**
-	281	-	-	-	63	**1,018**
174,750	67,177	169,197	3,996	-	6,430	**9,807,143**
225,921	11,526	311,798	1,000	-	6,748	**1,025,777**
-	-	-	-	-	-	**997,054**
-	-	-	-	-	-	**126,102**
10,666	-	-	-	-	-	**10,666**
55,306	-	-	-	-	-	**55,306**
-	-	17,088	-	-	-	**17,088**
-	-	-	-	-	-	**63,747**
48,232	1,410	49,409	35,211	-	(1,831)	**502,260**
340,125	12,936	378,295	36,211	-	4,917	**2,798,000**
$ 514,875	$ 80,113	$ 547,492	$ 40,207	$ -	$ 11,347	**$ 12,605,143**

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

June 30, 2001
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Operating Revenues:				
Interest, Dividends, Rents, and Other Investment Income	$ 500,588	$ -	$ 55,829	$ 116,097
Charges for Sales and Services	2,701	134,569	-	-
Other	140,092	-	692	1,341
Total Operating Revenues	643,381	134,569	56,521	117,438
Operating Expenses:				
Interest Expense	344,208	-	30,825	103,173
Cost of Sales and Services	12,431	32,924	-	-
Prizes and Claims	-	-	-	-
Personal Services	22,297	57,433	836	-
Contractual Services	-	11,071	137	1,877
Supplies and Materials	-	6,158	-	-
Depreciation and Amortization	4,286	4,234	41	-
Rent, Insurance, and Other Related Charges	11,697	1,378	-	-
Other	132,229	159	15,308	1,076
Total Operating Expenses	527,148	113,357	47,147	106,126
Operating Income (Loss)	116,233	21,212	9,374	11,312
Nonoperating Revenues (Expenses):				
Contributions from Other Governments	-	-	63,747	-
Interest, Dividends, Rents, and Other Investment Income	-	-	-	-
Income From Securities Lending Transactions	-	-	-	-
Expenses For Securities Lending Transactions	-	-	-	-
Other	-	1,025	-	-
Total Nonoperating Revenues (Expenses)	-	1,025	63,747	-
Income (Loss) Before Transfers	116,233	22,237	73,121	11,312
Transfers:				
Operating Transfers In from Primary Government	-	-	41,579	-
Operating Transfers In from Component Units	-	1,587	-	-
Operating Transfers Out to Primary Government	-	-	-	(9,379)
Operating Transfers Out to Component Units	-	(26,380)	-	-
Total Transfers	-	(24,793)	41,579	(9,379)
Net Income (Loss)	116,233	(2,556)	114,700	1,933
Retained Earnings (Deficit), July 1, as restated	1,110,694	29,833	161,874	24,021
Retained Earnings (Deficit), June 30	$ 1,226,927	$ 27,277	$ 276,574	$ 25,954

Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Virginia Commonwealth University Health System Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 2001
$ -	$ 2,637	$ -	$ 346	$ -	$ -	**$ 675,497**
88,449	-	629,693	100	4,640	2,669	**862,821**
3,977	551	11,772	-	-	2,877	**161,302**
92,426	3,188	641,465	446	4,640	5,546	**1,699,620**
-	-	1,032	-	-	-	**479,238**
51,991	-	-	-	-	300	**97,646**
-	-	47,883	-	-	-	**47,883**
6,334	540	323,956	390	-	2,712	**414,498**
-	152	40,257	20	-	1,482	**54,996**
9,455	-	104,156	-	-	148	**119,917**
26,312	1,288	22,830	-	-	448	**59,439**
-	856	-	-	-	524	**14,455**
-	52	106,255	340	3,121	267	**258,807**
94,092	2,888	646,369	750	3,121	5,881	**1,546,879**
(1,666)	300	(4,904)	(304)	1,519	(335)	**152,741**
-	-	-	-	-	-	**63,747**
(610)	(895)	(4,127)	1,666	260	(337)	**(4,043)**
-	-	-	102	-	-	**102**
-	-	-	(98)	-	-	**(98)**
5,580	(137)	936	(506)	(346)	-	**6,552**
4,970	(1,032)	(3,191)	1,164	(86)	(337)	**66,260**
3,304	(732)	(8,095)	860	1,433	(672)	**219,001**
-	-	-	3,335	-	1,021	**45,935**
-	-	-	-	-	-	**1,587**
-	-	-	-	(27,122)	-	**(36,501)**
-	-	-	-	-	-	**(26,380)**
-	-	-	3,335	(27,122)	1,021	**(15,359)**
3,304	(732)	(8,095)	4,195	(25,689)	349	**203,642**
110,900	2,142	74,592	31,016	25,689	(2,180)	**1,568,581**
$ 114,204	$ 1,410	$ 66,497	$ 35,211	$ -	$ (1,831)	**$ 1,772,223**

Combining Statement of Cash Flows
Component Units - Proprietary Funds

June 30, 2001
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Cash Flows from Operating Activities:				
Receipts for Sales and Services	$ 31,829	$ 135,587	$ -	$ -
Payments to Suppliers for Goods and Services	(23,178)	(41,250)	-	(780)
Payments for Prizes, Claims, and Loss Control	-	-	-	-
Payments to Employees	(22,953)	(57,148)	(896)	-
Other Operating Expense	(1,159,579)	(11,071)	(258,883)	(260,137)
Other Operating Revenue	1,147,198	-	80,169	288,160
Net Cash Provided by (Used for) Operating Activities	(26,683)	26,118	(179,610)	27,243
Cash Flows from Noncapital Financing Activities:				
Payment of Principal and Interest on Bonds and Notes	(968,742)	-	(61,036)	(249,805)
Proceeds from Issuance of Bonds and Notes	909,398	-	241,773	317,458
Operating Transfers In from Primary Government	-	-	41,579	-
Operating Transfers In from Component Units	-	1,587	-	-
Operating Transfers Out to Primary Government	-	-	-	(41,817)
Operating Transfers Out to Component Units	-	(22,981)	-	-
Other Noncapital Financing Receipt Activities	-	-	63,649	176
Other Noncapital Financing Disbursement Activities	-	-	-	(49,808)
Payments of Debt Issuance Costs	(13,641)	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(72,985)	(21,394)	285,965	(23,796)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(2,140)	(3,230)	(3)	-
Payment of Principal and Interest on Bonds and Notes	(2,329)	-	-	-
Proceeds from Sale of Bonds and Notes	-	-	-	-
Proceeds from Sale of Fixed Assets	-	12	-	-
Other Capital and Related Financing Receipt Activities	-	-	-	-
Other Capital and Related Financing Disbursement Activities	-	(1,590)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,469)	(4,808)	(3)	-
Cash Flows from Investing Activities:				
Purchase of Investments	(1,450,372)	-	(180,184)	(26,596)
Proceeds from Sales or Maturities of Investments	1,522,016	871	70,740	5,250
Investment Income on Cash, Cash Equivalents, and Investments	87,972	1,310	20,636	6,595
Net Cash Provided by (Used for) Investing Activities	159,616	2,181	(88,808)	(14,751)
Net Increase (Decrease) in Cash and Cash Equivalents	55,479	2,097	17,544	(11,304)
Cash and Cash Equivalents, July 1, as restated	514,529	6,893	103,802	80,762
Cash and Cash Equivalents, June 30	$ 570,008	$ 8,990	$ 121,346	$ 69,458

Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Virginia Commonwealth University Health System Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 2001
$ 88,545	$ 2,656	$ 585,871	$ 100	$ 4,673	$ 2,570	**$ 851,831**
(40,275)	(691)	(103,845)	-	-	(1,246)	**(211,265)**
-	-	(44,700)	-	-	-	**(44,700)**
(26,984)	(575)	(318,478)	(390)	-	(2,558)	**(429,982)**
-	(254)	(105,013)	(4,731)	(3,122)	(1,480)	**(1,804,270)**
3,977	587	14,015	2,014	-	2,932	**1,539,052**
25,263	1,723	27,850	(3,007)	1,551	218	**(99,334)**
-	-	-	-	-	-	**(1,279,583)**
-	-	-	-	-	-	**1,468,629**
-	-	-	3,335	-	1,021	**45,935**
-	-	-	-	-	-	**1,587**
-	-	-	-	(24,677)	-	**(66,494)**
-	-	-	-	-	-	**(22,981)**
-	-	-	600	-	-	**64,425**
-	-	-	-	(432)	-	**(50,240)**
-	-	-	-	-	-	**(13,641)**
-	-	-	3,935	(25,109)	1,021	**147,637**
(13,227)	(5,885)	(53,100)	-	-	(112)	**(77,697)**
(21,354)	(4,028)	(6,120)	-	-	(1,021)	**(34,852)**
8,175	-	-	-	-	-	**8,175**
-	-	-	-	-	-	**12**
5,580	9,665	250	-	-	-	**15,495**
-	(402)	-	-	-	-	**(1,992)**
(20,826)	(650)	(58,970)	-	-	(1,133)	**(90,859)**
(103,246)	-	(14,726)	-	-	(8)	**(1,775,132)**
98,355	-	21,972	-	-	-	**1,719,204**
5,008	-	29,343	1,668	259	21	**152,812**
117	-	36,589	1,668	259	13	**96,884**
4,554	1,073	5,469	2,596	(23,299)	119	**54,328**
7,888	1,541	32,476	25,046	23,299	520	**796,756**
$ 12,442	$ 2,614	$ 37,945	$ 27,642	$ -	$ 639	**$ 851,084**

(Continued on next page)

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

June 30, 2001
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ 116,233	$ 21,212	$ 9,374	$ 11,312
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	4,286	4,234	41	-
Interest on Bonds and Notes	344,208	-	29,516	101,011
Purchase of Bonds	-	-	-	(260,137)
Interest, Dividends, Rents, and Other Investment Income	(96,080)	(1,309)	(19,683)	(6,957)
Payment of Bond Issuance Expenses	-	-	-	1,145
Loss (Gain) on Sale of Fixed Assets	(85)	30	-	-
Miscellaneous Nonoperating Income (Expense)	-	-	-	181,526
Other Expenses	-	201	-	1,048
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(424,642)	2,568	(199,227)	(3,428)
(Increase) Decrease in Inventory	746	225	-	-
(Increase) Decrease in Restricted Assets	-	377	-	-
(Increase) Decrease in Prepaid Items	-	(1,286)	-	-
(Increase) Decrease in Other Assets	1,971	95	2	-
Increase (Decrease) in Accounts Payable	8,333	(333)	61	(20)
Increase (Decrease) in Claims Payable	-	-	-	-
Increase (Decrease) in Deferred Revenue	-	-	55	-
Increase (Decrease) in Long-Term Liabilities	(122)	(14)	57	-
Increase (Decrease) in Other Liabilities	18,469	118	194	1,743
Net Cash Provided by (Used for) Operating Activities	$ (26,683)	$ 26,118	$ (179,610)	$ 27,243
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	$ 1,732,830	$ 18,571	$ 381,756	$ 2,034,655
Less:				
Investments with Original Maturities Greater than Three Months	1,162,822	9,581	260,410	1,965,197
Cash and Cash Equivalents per the Statement of Cash Flows	$ 570,008	$ 8,990	$ 121,346	$ 69,458
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the balance sheet date:				
Increase in Other Real Estate Owned as a Result of Loan Foreclosures	$ 31,924	$ -	$ -	$ -
Trade-ins of Used Equipment on New Equipment	-	7	-	-
Capital Contribution of Inventory	-	1,025	-	-
Fixed Assets Transferred to Component Unit	-	251	-	-
Change in Fair Value of Investments	11,272	-	-	268
Total Noncash, Investing, Capital, and Financing Activities	$ 43,196	$ 1,283	$ -	$ 268

Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Virginia Commonwealth University Health System Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 2001
$ (1,666)	$ 300	$ (4,904)	$ (304)	$ 1,519	$ (335)	**$ 152,741**
26,312	1,288	22,830	-	-	448	**59,439**
-	-	1,032	-	-	-	**475,767**
-	-	-	-	-	-	**(260,137)**
-	-	1,540	-	-	-	**(122,489)**
-	-	-	-	-	-	**1,145**
-	-	-	-	-	-	**(55)**
-	-	-	-	-	-	**181,526**
-	-	41,501	(1,105)	-	-	**41,645**
96	(64)	(43,097)	(1,598)	32	(44)	**(669,404)**
-	-	(2,517)	-	-	(45)	**(1,591)**
-	-	-	-	-	-	**377**
-	2	24	-	-	3	**(1,257)**
(664)	-	-	-	-	-	**1,404**
1,095	77	2,248	-	-	179	**11,640**
-	-	3,183	-	-	-	**3,183**
-	117	-	-	-	1	**173**
121	-	2,601	-	-	10	**2,653**
(31)	3	3,409	-	-	1	**23,906**
$ 25,263	$ 1,723	$ 27,850	$ (3,007)	$ 1,551	$ 218	**$ (99,334)**
$ 93,079	$ 2,614	$ 60,667	$ 30,888	$ -	$ 1,112	**$ 4,356,172**
80,637	-	22,722	3,246	-	473	**3,505,088**
$ 12,442	$ 2,614	$ 37,945	$ 27,642	$ -	$ 639	**$ 851,084**
$ -	$ -	$ -	$ -	$ -	$ -	**$ 31,924**
-	-	-	-	-	-	**7**
-	-	-	-	-	-	**1,025**
-	-	-	-	-	-	**251**
1,956	-	(1,383)	-	-	-	**12,113**
$ 1,956	$ -	$ (1,383)	$ -	$ -	$ -	**$ 45,320**

Combining Balance Sheet
Higher Education Fund

June 30, 2001
(Dollars in Thousands)

	College of William and Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute
Assets				
Cash, Cash Equivalents, and Investments	$ 78,620	$ 2,646,925	$ 180,127	$ 26,018
Taxes, Loans, Accounts, and Other Receivables (Net)	7,040	251,312	53,806	1,844
Due from Other Funds and Primary Government	2,359	-	-	193
Due from Component Units	17	-	7,672	10
Inventory	376	13,484	6,891	2,192
Prepaid Items	-	5,386	10,065	570
Other Assets	213	2,841	209	-
Property, Plant, and Equipment	381,621	1,879,059	874,677	106,196
Total Assets	$ 470,246	$ 4,799,007	$ 1,133,447	$ 137,023
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 20,233	$ 104,665	$ 68,270	$ 3,935
Obligations Under Securities Lending Program	1,128	250,137	1,215	501
Long-Term Liabilities	57,656	405,831	194,593	5,010
Other Liabilities	1,861	51,475	4,044	140
Due to Component Units	-	-	-	-
Interfund Loans Payable	1,300	-	3,000	-
Deferred Revenue and Deferred Credit	3,879	59,700	13,510	792
Total Liabilities	86,057	871,808	284,632	10,378
Fund Equity:				
Unrestricted	(3,031)	152,861	397	2,404
Restricted	9,252	190,843	20,584	1,149
U.S. Government Grants Refundable	2,493	15,414	14,335	1,193
University Funds--Restricted	527	14,202	395	305
Life Income and Annuity	-	33,244	106	-
Endowment	26,789	774,900	371	4,516
Quasi-endowment--Unrestricted	3,122	518,168	533	1,673
Quasi-endowment--Restricted	4,554	415,132	43,140	11,742
Unexpended	10,386	237,566	(808)	-
Renewals and Replacements	-	38,851	3,321	1,580
Retirement of Indebtedness	323	2,119	26,044	-
Net Investment in Plant	329,774	1,533,899	740,397	102,083
Total Fund Equity	384,189	3,927,199	848,815	126,645
Total Liabilities and Fund Equity	$ 470,246	$ 4,799,007	$ 1,133,447	$ 137,023

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
$ 20,931	$ 7,145	$ 31,968	$ 50,579	$ 34,748	$ 55,331	$ 132,000
2,942	5,616	1,043	6,214	4,478	17,740	39,479
-	-	-	-	-	-	-
7	560	82	1,908	157	2,752	8,823
329	5	752	894	528	558	143
135	2,741	-	2,760	-	232	2,635
62	18	25	22	14	-	1,055
144,685	139,322	104,431	390,242	140,098	333,653	595,300
$ 169,091	$ 155,407	$ 138,301	$ 452,619	$ 180,023	$ 410,266	$ 779,435
$ 6,441	$ 3,831	$ 5,621	$ 23,558	$ 9,716	$ 14,381	$ 41,660
783	144	135	3,875	3,316	2,917	818
16,352	29,279	20,885	90,582	7,330	63,049	154,265
587	2,292	894	2,841	386	1,873	1,814
-	-	-	-	-	-	-
-	-	-	-	-	-	516
2,934	863	1,765	4,268	3,171	9,883	9,404
27,097	36,409	29,300	125,124	23,919	92,103	208,477
(235)	(365)	(1,209)	(4,079)	(3,340)	7,562	17,201
841	609	3,074	899	129	4,921	19,160
768	1,334	822	2,418	2,999	4,087	20,941
373	999	-	683	648	780	4,144
-	-	-	-	-	-	-
3,076	-	15,877	276	-	4,480	2,955
419	-	-	-	-	531	8,741
1,889	-	941	-	-	6,221	15,617
25	7,951	4,738	82	3,251	17,126	10,339
3,595	1,887	-	13,729	15,897	1,990	-
68	378	25	4	-	-	(648)
131,175	106,205	84,733	313,483	136,520	270,465	472,508
141,994	118,998	109,001	327,495	156,104	318,163	570,958
$ 169,091	$ 155,407	$ 138,301	$ 452,619	$ 180,023	$ 410,266	$ 779,435

(Continued on next page)

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

June 30, 2001
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 2001
Assets				
Cash, Cash Equivalents, and Investments	$ 34,549	$ 77,147	$ 79,328	**$ 3,455,416**
Taxes, Loans, Accounts, and Other Receivables (Net)	14,903	9,820	19,873	**436,110**
Due from Other Funds and Primary Government	1,205	-	-	**3,757**
Due from Component Units	221	1,323	63	**23,595**
Inventory	160	1,543	498	**28,353**
Prepaid Items	1,316	152	393	**26,385**
Other Assets	933	129	448	**5,969**
Property, Plant, and Equipment	444,795	611,695	275,104	**6,420,878**
Total Assets	$ 498,082	$ 701,809	$ 375,707	**$ 10,400,463**
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 26,736	$ 27,754	$ 9,294	**$ 366,095**
Obligations Under Securities Lending Program	1,593	21	1,004	**267,587**
Long-Term Liabilities	107,424	77,526	324,142	**1,553,924**
Other Liabilities	1,386	2,898	13,158	**85,649**
Due to Component Units	-	-	19,915	**19,915**
Interfund Loans Payable	4,576	622	3,529	**13,543**
Deferred Revenue and Deferred Credit	16,897	12,104	2,418	**141,588**
Total Liabilities	158,612	120,925	373,460	**2,448,301**
Fund Equity:				
Unrestricted	(20,399)	(18,633)	1,731	**130,865**
Restricted	520	3,879	1,468	**257,328**
U.S. Government Grants Refundable	2,737	3,440	1,474	**74,455**
University Funds--Restricted	-	1,301	197	**24,554**
Life Income and Annuity	-	-	-	**33,350**
Endowment	-	14	2,362	**835,616**
Quasi-endowment--Unrestricted	-	190	52	**533,429**
Quasi-endowment--Restricted	-	166	-	**499,402**
Unexpended	2,803	49,315	12,360	**355,134**
Renewals and Replacements	596	6,444	1,264	**89,154**
Retirement of Indebtedness	720	-	1,171	**30,204**
Net Investment in Plant	352,493	534,768	(19,832)	**5,088,671**
Total Fund Equity	339,470	580,884	2,247	**7,952,162**
Total Liabilities and Fund Equity	$ 498,082	$ 701,809	$ 375,707	**$ 10,400,463**

Combining Statement of Changes in Fund Balances
Higher Education Fund

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	College of William and Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute
Revenues and Other Additions:				
Unrestricted Current Funds Revenues	$ 114,917	$ 924,540	$ 301,038	$ 25,853
Federal Grants and Contracts--Restricted	20,934	202,848	161,734	3,266
State Grants and Contracts--Restricted	3,531	5,978	11,992	23
Local Grants and Contracts--Restricted	267	-	12,915	-
Investment Income	1,075	(3,518)	312	(2,237)
Endowment Income	684	34,345	1,380	402
Interest on Loans Receivable	76	878	291	23
U.S. Government Advances	36	69	-	38
Expended for Plant Facilities (including $ 141,702 charged to current funds)	18,611	151,471	55,251	5,001
Retirement of Indebtedness (including $ 7,324 charged to current funds)	4,819	19,413	15,476	904
Proceeds from Securities Lending Transactions	-	-	-	-
Other Sources	18,881	238,427	68,954	7,819
Total Revenues and Other Additions	183,831	1,574,451	629,343	41,092
Expenditures and Other Deductions:				
Educational and General Expenditures	172,786	718,073	663,319	36,227
Auxiliary Enterprise Expenditures	46,286	93,699	100,485	13,993
Hospital and Independent Operations	-	535,190	-	-
Indirect Costs Recovered	4,356	42,549	15,528	15
Refunded to Grantors	246	1,054	-	-
Loan Cancellations	20	437	20	6
Administrative and Collection Costs	291	-	180	1
Expended for Plant Facilities (including non-capitalized expenditures of $43,367)	14,049	80,236	25,757	3,837
Retirement of Plant Facilities	6,064	57,419	9,664	1,898
Retirement of Indebtedness	4,560	19,413	15,414	904
Interest on Indebtedness	2,099	15,885	7,438	161
Payments for Securities Lending Transactions	36	201	61	10
Other	-	2,172	-	-
Total Expenditures and Other Deductions	250,793	1,566,328	837,866	57,052
Transfers Among Funds:				
Operating Transfers In from Primary Government	87,697	205,172	271,727	17,984
Operating Transfers Out to Primary Government	(4)	(489)	(2)	(1)
Operating Transfers In from Component Units	-	1,346	218	-
Operating Transfers Out to Component Units	-	-	-	-
Total Transfers	87,693	206,029	271,943	17,983
Net Increase (Decrease) for the Year	20,731	214,152	63,420	2,023
Fund Balance, July 1, as restated	363,458	3,713,047	785,395	124,622
Fund Balance, June 30	$ 384,189	$ 3,927,199	$ 848,815	$ 126,645

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
$ 33,325	$ 42,329	$ 36,824	$ 137,971	$ 54,738	$ 89,736	$ 216,558
28,804	38,100	1,063	8,689	7,544	51,415	179,856
1,290	1,353	104	1,742	446	1,640	7,927
92	104	-	-	-	-	1,109
(754)	19	(911)	122	12	570	696
54	-	-	12	-	-	754
51	72	-	57	71	20	576
-	-	-	9	12	-	-
5,617	2,748	2,890	17,242	5,788	11,130	37,870
1,518	2,085	1,977	6,942	970	5,113	9,403
-	-	-	-	-	-	-
1,970	1,693	2,006	4,584	442	20,325	32,916
71,967	88,503	43,953	177,370	70,023	179,949	487,665
79,840	100,064	37,436	139,408	73,618	216,895	534,452
16,591	18,115	17,266	67,957	26,619	21,518	36,451
-	-	464	-	-	-	16,490
245	760	-	539	201	54	18,013
12	19	-	14	-	388	-
6	100	16	4	1	-	-
32	59	-	1	-	-	3
3,404	1,291	3,051	15,319	3,921	9,936	25,579
209	154	29	2,927	964	47	26,208
1,518	2,069	1,977	6,942	970	5,113	8,682
582	1,233	877	3,480	124	2,359	6,162
25	11	11	150	103	96	32
235	894	859	-	679	1,486	1,896
102,699	124,769	61,986	236,741	107,200	257,892	673,968
34,558	46,790	22,406	82,175	45,602	100,658	210,376
(16)	(1,725)	(31)	(1)	(46)	(67)	(4)
1	14	136	1,930	2,078	31	-
-	-	-	-	-	-	-
34,543	45,079	22,511	84,104	47,634	100,622	210,372
3,811	8,813	4,478	24,733	10,457	22,679	24,069
138,183	110,185	104,523	302,762	145,647	295,484	546,889
$ 141,994	$ 118,998	$ 109,001	$ 327,495	$ 156,104	$ 318,163	$ 570,958

(Continued on next page)

Combining Statement of Changes in Fund Balances
Higher Education Fund *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 2001
Revenues and Other Additions:				
Unrestricted Current Funds Revenues	$ 149,878	$ 153,409	$ 61,679	**$ 2,342,795**
Federal Grants and Contracts--Restricted	71,440	71,873	7,325	**854,891**
State Grants and Contracts--Restricted	1,817	6,299	1,547	**45,689**
Local Grants and Contracts--Restricted	653	13,312	2,232	**30,684**
Investment Income	167	1,067	527	**(2,853)**
Endowment Income	-	5	-	**37,636**
Interest on Loans Receivable	50	84	13,220	**15,469**
U.S. Government Advances	109	183	29	**485**
Expended for Plant Facilities (including $ 141,702 charged to current funds)	13,053	42,347	18,494	**387,513**
Retirement of Indebtedness (including $ 7,324 charged to current funds)	13,615	10,059	24,942	**117,236**
Proceeds from Securities Lending Transactions	-	-	24	**24**
Other Sources	18,855	11,634	8,443	**436,949**
Total Revenues and Other Additions	269,637	310,272	138,462	**4,266,518**
Expenditures and Other Deductions:				
Educational and General Expenditures	291,393	546,306	99,346	**3,709,163**
Auxiliary Enterprise Expenditures	51,518	8,921	27,882	**547,301**
Hospital and Independent Operations	-	-	-	**552,144**
Indirect Costs Recovered	6,643	1,629	205	**90,737**
Refunded to Grantors	202	353	10	**2,298**
Loan Cancellations	44	72	868	**1,594**
Administrative and Collection Costs	107	60	8	**742**
Expended for Plant Facilities (including non-capitalized expenditures of $43,367)	5,028	32,421	65,349	**289,178**
Retirement of Plant Facilities	7,430	10,842	1,879	**125,734**
Retirement of Indebtedness	12,502	4,906	24,942	**109,912**
Interest on Indebtedness	5,481	540	11,976	**58,397**
Payments for Securities Lending Transactions	65	1	43	**845**
Other	-	2,044	12,629	**22,894**
Total Expenditures and Other Deductions	380,413	608,095	245,137	**5,510,939**
Transfers Among Funds:				
Operating Transfers In from Primary Government	124,516	337,263	99,047	**1,685,971**
Operating Transfers Out to Primary Government	(11)	(156)	(330)	**(2,883)**
Operating Transfers In from Component Units	235	13,473	-	**19,462**
Operating Transfers Out to Component Units	-	-	(19,462)	**(19,462)**
Total Transfers	124,740	350,580	79,255	**1,683,088**
Net Increase (Decrease) for the Year	13,964	52,757	(27,420)	**438,667**
Fund Balance, July 1, as restated	325,506	528,127	29,667	**7,513,495**
Fund Balance, June 30	$ 339,470	$ 580,884	$ 2,247	**$ 7,952,162**

Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Unrestricted Higher Education Fund

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	College of William and Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute
Revenues:				
Student Tuition and Fees	$ 55,926	$ 165,923	$ 150,187	$ 10,527
Federal Grants and Contracts	3,555	35,907	12,652	-
State Grants and Contracts	434	152	623	-
Local Grants and Contracts	4	-	227	-
Endowment Income	206	15,385	36	32
Sales and Services of Educational Departments	17	4,253	8,981	19
Sales and Services of Auxiliary Enterprises	47,625	113,880	115,819	11,179
Sales and Services of Hospitals	-	549,741	-	-
Sales and Services of Independent Operations	-	-	-	339
Sales and Services of Vending Commissions	-	-	-	162
Investment Income	621	-	2,538	139
Proceeds from Securities Lending Transactions	37	209	64	11
Other Sources	6,492	39,090	9,911	3,445
Total Current Revenues	114,917	924,540	301,038	25,853
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	62,327	174,521	200,643	10,421
Research	11,812	10,632	48,545	16
Public Service	6	6,725	38,744	1,052
Academic Support	20,186	68,755	40,740	3,391
Student Services	5,194	17,485	13,664	1,832
Institutional Support	15,845	51,333	32,449	3,911
Operation and Maintenance of Plant	10,872	38,038	35,974	3,558
Scholarships and Fellowships	9,193	17,750	12,367	370
Other	3	-	-	-
Total Educational and General	135,438	385,239	423,126	24,551
Mandatory Transfers for Debt Service and Other	136	15,370	2,715	35
Total Educational and General Expenditures and Mandatory Transfers	135,574	400,609	425,841	24,586
Auxiliary Enterprises:				
Operating Expenditures	43,845	93,064	100,485	13,989
Payments for Securities Lending Transactions	36	201	61	10
Mandatory Transfers for Debt Service and Other	5,388	7,791	10,761	-
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	49,269	101,056	111,307	13,999
Hospital and Independent Operations:				
Operating Expenditures	-	534,885	-	-
Mandatory Transfers for Debt Service and Other	-	20,436	-	-
Total Hospital and Independent Operations Expenditures and Mandatory Transfers	-	555,321	-	-
Operating Transfers In from Primary Government	(71,022)	(167,043)	(243,764)	(13,770)
Operating Transfers Out to Primary Government	4	489	2	1
Total Expenditures, Mandatory and Other Transfers	113,825	890,432	293,386	24,816
Other Additions (Deductions):				
Refunded to Grantors	-	-	-	-
Nonmandatory Transfers	214	(19,531)	(4,768)	(440)
Net Increase (Decrease) in Fund Balance	$ 1,306	$ 14,577	$ 2,884	$ 597

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
$ 13,932	$ 20,003	$ 19,291	$ 51,904	$ 21,203	$ 49,974	$ 90,584
245	658	14	398	193	36	15,757
-	82	3	109	-	21	198
-	1	12	-	-	-	27
58	-	-	12	-	-	590
2	-	-	-	18	185	6,922
18,144	20,994	16,347	84,271	32,691	37,042	47,647
-	-	-	-	-	-	17,852
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31	11	535	-	153	-	3,083
27	-	11	150	107	100	33
886	580	611	1,127	373	2,378	33,865
33,325	42,329	36,824	137,971	54,738	89,736	216,558
20,678	25,689	18,696	67,597	35,536	79,080	176,963
459	446	363	271	-	321	17,328
2,099	494	187	364	126	380	3,997
3,531	5,445	3,847	15,997	6,369	28,674	53,329
3,098	4,169	3,515	5,831	3,750	6,481	9,316
7,827	10,652	4,420	12,850	9,144	16,256	31,706
9,229	7,607	3,692	14,430	6,830	11,240	28,942
318	893	66	1,190	224	4,426	6,017
-	-	-	-	-	-	425
47,239	55,395	34,786	118,530	61,979	146,858	328,023
160	42	434	571	107	316	2,353
47,399	55,437	35,220	119,101	62,086	147,174	330,376
16,332	17,945	17,266	67,957	26,619	19,816	36,451
25	11	11	150	103	96	32
1,288	2,685	2,133	8,755	475	5,580	7,475
17,645	20,641	19,410	76,862	27,197	25,492	43,958
-	-	-	-	-	-	16,490
-	-	-	-	-	-	(159)
-	-	-	-	-	-	16,331
(28,353)	(41,073)	(18,681)	(64,872)	(39,728)	(85,777)	(177,418)
16	1,725	31	1	46	67	4
36,707	36,730	35,980	131,092	49,601	86,956	213,251
-	-	-	-	-	-	-
(632)	(453)	(483)	(7,408)	(6,397)	(10,655)	(2,277)
$ (4,014)	$ 5,146	$ 361	$ (529)	$ (1,260)	$ (7,875)	$ 1,030

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Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Unrestricted Higher Education Fund *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 2001
Revenues:				
Student Tuition and Fees	$ 74,216	$ 128,676	$ 19,910	**$ 872,256**
Federal Grants and Contracts	4,842	1,224	-	**75,481**
State Grants and Contracts	68	355	-	**2,045**
Local Grants and Contracts	39	1,570	-	**1,880**
Endowment Income	-	10	-	**16,329**
Sales and Services of Educational Departments	328	1,165	58	**21,948**
Sales and Services of Auxiliary Enterprises	62,672	13,518	35,637	**657,466**
Sales and Services of Hospitals	-	-	-	**567,593**
Sales and Services of Independent Operations	-	-	-	**339**
Sales and Services of Vending Commissions	-	3,879	-	**4,041**
Investment Income	-	699	3,216	**11,026**
Proceeds from Securities Lending Transactions	68	1	20	**838**
Other Sources	7,645	2,312	2,838	**111,553**
Total Current Revenues	149,878	153,409	61,679	**2,342,795**
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	109,981	215,402	31,274	**1,228,808**
Research	3,225	-	12,076	**105,494**
Public Service	1,267	3,600	1,132	**60,173**
Academic Support	24,012	53,371	8,909	**336,556**
Student Services	10,410	37,059	5,064	**126,868**
Institutional Support	30,285	91,454	13,399	**331,531**
Operation and Maintenance of Plant	15,911	44,654	8,415	**239,392**
Scholarships and Fellowships	4,182	1,022	274	**58,292**
Other	10	-	2,363	**2,801**
Total Educational and General	199,283	446,562	82,906	**2,489,915**
Mandatory Transfers for Debt Service and Other	1,381	569	617	**24,806**
Total Educational and General Expenditures and Mandatory Transfers	200,664	447,131	83,523	**2,514,721**
Auxiliary Enterprises:				
Operating Expenditures	51,477	8,921	27,613	**541,780**
Payments for Securities Lending Transactions	65	1	20	**822**
Mandatory Transfers for Debt Service and Other	13,726	-	4,961	**71,018**
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	65,268	8,922	32,594	**613,620**
Hospital and Independent Operations:				
Operating Expenditures	-	-	-	**551,375**
Mandatory Transfers for Debt Service and Other	-	-	-	**20,277**
Total Hospital and Independent Operations Expenditures and Mandatory Transfers	-	-	-	**571,652**
Operating Transfers In from Primary Government	(110,492)	(305,409)	(57,562)	**(1,424,964)**
Operating Transfers Out to Primary Government	11	156	57	**2,610**
Total Expenditures, Mandatory and Other Transfers	155,451	150,800	58,612	**2,277,639**
Other Additions (Deductions):				
Refunded to Grantors	(66)	-	-	**(66)**
Nonmandatory Transfers	400	(6,756)	(1,680)	**(60,866)**
Net Increase (Decrease) in Fund Balance	$ (5,239)	$ (4,147)	$ 1,387	**$ 4,224**

Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Restricted Higher Education Fund

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	College of William and Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute
Revenues:				
Student Tuition and Fees	$ -	$ 10,385	$ -	$ -
Federal Grants and Contracts	17,279	165,923	148,412	3,266
State Grants and Contracts	2,882	5,712	11,391	28
Local Grants and Contracts	246	-	12,195	-
Endowment Income	741	34,717	2,903	1,251
Sales and Services of Educational Departments	-	-	-	9
Sales and Services of Independent Operations	-	-	-	-
Investment Income	-	-	-	1
Other Sources	13,976	103,020	51,878	6,513
Total Current Revenues	35,124	319,757	226,779	11,068
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	4,583	52,533	8,922	913
Research	22,233	143,672	90,676	56
Public Service	1	15,050	30,971	715
Academic Support	303	14,753	2,167	376
Student Services	98	1,349	781	811
Institutional Support	27	2,859	5,799	106
Operation and Maintenance of Plant	145	329	4	90
Scholarships and Fellowships	9,958	102,289	100,873	8,609
Other	-	-	-	-
Total Educational and General	37,348	332,834	240,193	11,676
Mandatory Transfers for Debt Service and Other	-	(9,184)	116	-
Total Educational and General Expenditures and Mandatory Transfers	37,348	323,650	240,309	11,676
Auxiliary Enterprises:				
Operating Expenditures	2,441	635	-	4
Mandatory Transfers for Debt Service	-	5,614	-	-
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	2,441	6,249	-	4
Hospital and Independent Operations:				
Operating Expenditures	-	305	-	-
Total Hospital and Independent Operations Expenditures	-	305	-	-
Operating Transfers In from Primary Government	(4,665)	(10,447)	(13,530)	(612)
Total Expenditures, Mandatory and Other Transfers	35,124	319,757	226,779	11,068
Other Additions (Deductions):				
Excess (Deficit) Restricted Receipts Over (Under) Transfers to Revenues	1,187	54,126	1,487	(455)
Refunded to Grantors	(246)	(464)	-	-
Nonmandatory Transfers	295	5,799	1,086	875
Net Increase (Decrease) in Fund Balance	$ 1,236	$ 59,461	$ 2,573	$ 420

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
$ -	$ -	$ -	$ -	$ -	$ -	$ -
28,297	37,561	1,073	8,684	7,404	51,178	163,841
1,291	1,543	105	1,595	427	2,706	7,078
43	48	-	-	-	-	1,162
25	-	-	10	-	-	656
-	-	-	-	-	-	-
-	-	115	-	-	-	-
3	-	(130)	-	-	-	-
989	522	490	2,657	344	10,435	22,486
30,648	39,674	1,653	12,946	8,175	64,319	195,223
523	2,161	51	628	259	3,084	24,334
2,677	3,764	188	1,241	-	2,932	70,543
2,726	647	142	7,595	3	397	1,387
773	3,217	1	3,748	4,104	422	1,270
694	856	-	276	39	706	321
255	261	2	7	42	2,917	650
251	6	-	1	-	-	107
24,702	33,757	2,204	7,382	7,192	59,579	107,817
-	-	62	-	-	-	-
32,601	44,669	2,650	20,878	11,639	70,037	206,429
673	-	(21)	-	-	(83)	(266)
33,274	44,669	2,629	20,878	11,639	69,954	206,163
259	170	-	-	-	1,702	-
-	-	-	-	-	-	-
259	170	-	-	-	1,702	-
-	-	464	-	-	-	-
-	-	464	-	-	-	-
(2,885)	(5,165)	(1,440)	(7,932)	(3,464)	(7,337)	(10,940)
30,648	39,674	1,653	12,946	8,175	64,319	195,223
(72)	(924)	(210)	(251)	27	(1,464)	2,992
(4)	(19)	-	-	-	(388)	-
(154)	(23)	74	-	(70)	2,534	(2,054)
$ (230)	$ (966)	$ (136)	$ (251)	$ (43)	$ 682	$ 938

(Continued on next page)

Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Restricted Higher Education Fund *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 2001
Revenues:				
Student Tuition and Fees	$ -	$ -	$ -	**$ 10,385**
Federal Grants and Contracts	66,351	70,056	7,396	**776,721**
State Grants and Contracts	1,754	5,093	911	**42,516**
Local Grants and Contracts	615	564	241	**15,114**
Endowment Income	-	3	-	**40,306**
Sales and Services of Educational Departments	-	-	-	**9**
Sales and Services of Independent Operations	-	-	-	**115**
Investment Income	-	-	77	**(49)**
Other Sources	15,586	5,373	2,679	**236,948**
Total Current Revenues	84,306	81,089	11,304	**1,122,065**
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	9,789	26,358	668	**134,806**
Research	27,717	-	2,126	**367,825**
Public Service	2,646	46	1,762	**64,088**
Academic Support	81	27	1,197	**32,439**
Student Services	117	3,036	88	**9,172**
Institutional Support	18	1,775	568	**15,286**
Operation and Maintenance of Plant	-	-	1,024	**1,957**
Scholarships and Fellowships	51,742	68,502	9,007	**593,613**
Other	-	-	-	**62**
Total Educational and General	92,110	99,744	16,440	**1,219,248**
Mandatory Transfers for Debt Service and Other	348	-	131	**(8,286)**
Total Educational and General Expenditures and Mandatory Transfers	92,458	99,744	16,571	**1,210,962**
Auxiliary Enterprises:				
Operating Expenditures	41	-	269	**5,521**
Mandatory Transfers for Debt Service	-	-	82	**5,696**
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	41	-	351	**11,217**
Hospital and Independent Operations:				
Operating Expenditures	-	-	-	**769**
Total Hospital and Independent Operations Expenditures	-	-	-	**769**
Operating Transfers In from Primary Government	(8,193)	(18,655)	(5,618)	**(100,883)**
Total Expenditures, Mandatory and Other Transfers	84,306	81,089	11,304	**1,122,065**
Other Additions (Deductions):				
Excess (Deficit) Restricted Receipts Over (Under) Transfers to Revenues	1,607	2,376	317	**60,743**
Refunded to Grantors	(136)	(310)	(10)	**(1,577)**
Nonmandatory Transfers	(1,539)	3	344	**7,170**
Net Increase (Decrease) in Fund Balance	$ (68)	$ 2,069	$ 651	**$ 66,336**

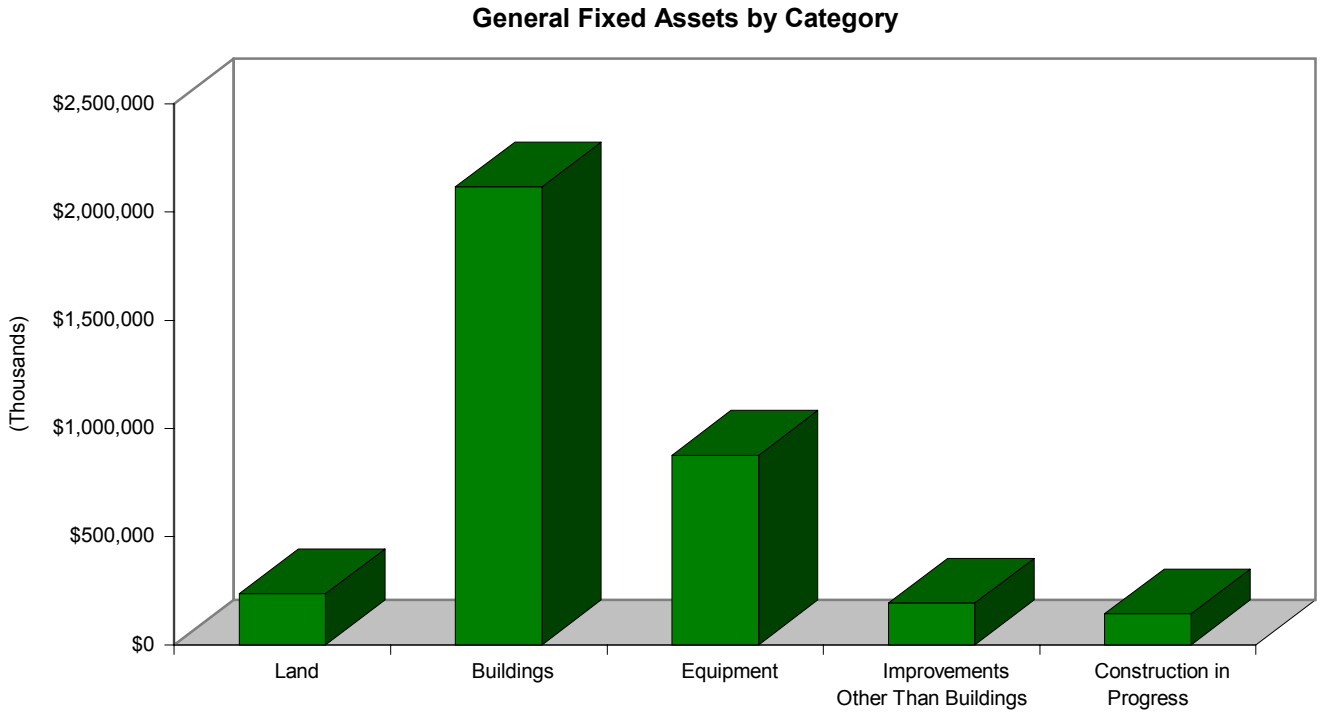
General Fixed Assets Account Group Schedules

The General Fixed Assets Account Group accounts for the land, buildings, improvements, and equipment of the Primary Government's governmental funds. Fixed assets of the proprietary fund types and similar trust funds are accounted for within those funds. Fixed assets of all discrete component units are accounted for within those funds.

Schedule of General Fixed Assets by Category and Source

June 30, 2001
(Dollars in Thousands)

General Fixed Assets:		
Land	$	235,252
Buildings		2,116,329
Equipment		875,291
Improvements Other Than Buildings		191,982
Construction in Progress		143,969
Total General Fixed Assets	$	3,562,823
Investments in General Fixed Assets From:		
Capital Lease Obligations	$	250,209
General Obligation Bonds		143,328
Federal Grants		79,885
General Fund Revenues		960,546
Special Revenue Fund Revenues		902,438
Virginia Public Building Authority Funds		1,087,444
Gifts and Donations		50,152
Local Funds		4,783
Other Funds		84,038
Total Investment in General Fixed Assets, at Cost	$	3,562,823



Schedule of General Fixed Assets by Function

June 30, 2001
(Dollars in Thousands)

Function	Land	Buildings	Improvements Other Than Buildings	Equipment	Total
General Government	$ 11,070	$ 64,444	$ 358	$ 26,345	$ 102,217
Education	6,153	114,656	968	28,769	150,546
Transportation	28,437	293,523	70	432,754	754,784
Resources and Economic Development	69,405	67,904	25,411	71,675	234,395
Individual and Family Services	16,219	295,028	8,997	94,087	414,331
Administration of Justice	29,808	159,039	7,256	182,638	378,741
Capital Projects	74,160	1,121,735	148,922	39,023	1,383,840
Total General Fixed Assets Allocated to Projects	$ 235,252	$ 2,116,329	$ 191,982	$ 875,291	3,418,854
Construction in Progress					143,969
Total General Fixed Assets					$ 3,562,823

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 2001
(Dollars in Thousands)

Function	General Fixed Assets July 1, 2000 (As Restated)	Acquisitions	Deductions	General Fixed Assets June 30, 2001
General Government	$ 116,723	$ 2,089	$ (16,595)	$ 102,217
Education	150,186	4,013	(3,653)	150,546
Transportation	738,110	61,866	(45,192)	754,784
Resources and Economic Development	231,715	7,069	(4,389)	234,395
Individual and Family Services	412,831	8,271	(6,771)	414,331
Administration of Justice	361,043	30,771	(13,073)	378,741
Capital Projects	1,291,596	111,029	(18,785)	1,383,840
Construction in Progress	184,952	41,414	(82,397)	143,969
Total General Fixed Assets	$ 3,487,156	$ 266,522	$ (190,855)	$ 3,562,823

Note: The beginning fund balance in the General Fixed Asset Account Group was restated to reflect $9.1 million in understated Buildings. The understatement was in Individual and Family Services.

Debt Schedules

Summary Schedule - Total Debt of the Commonwealth

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2001	2000	1999	1998	1997
Tax-Supported Debt:					
Primary Government:					
General Obligation Bonds (4):					
Section 9(a) Bonds	$ -	$ -	$ -	$ 67,215	$ 70,460
Section 9(b) Bonds	486,310	520,705	534,765	441,265	468,650
Section 9(c) Bonds (1)	136,644	145,154	153,201	160,887	167,808
Bond Anticipation Notes Payable	-	-	20,000	60,000	-
Subtotal - General Obligation Bonds	622,954	665,859	707,966	729,367	706,918
Non-General Obligation Bonds:					
Section 9(d) Bonds (1)	1,911,636	1,993,609	1,702,846	1,699,356	1,635,839
Other Long-Term Debt (2)	879,065	787,796	736,981	667,201	541,466
Total Primary Government	3,413,655	3,447,264	3,147,793	3,095,924	2,884,223
Component Units:					
General Obligation Bonds (4):					
Section 9(c) Bonds (1)	345,154	380,332	387,963	406,560	433,944
Bond Anticipation Notes Payable	-	-	13,000	4,000	-
Subtotal - General Obligation Bonds	345,154	380,332	400,963	410,560	433,944
Non-General Obligation Bonds:					
Section 9(d) Bonds (1)	423,245	415,966	397,305	369,335	304,110
Other Long-Term Debt (2)	329,441	312,051	275,896	247,862	192,567
Total Component Units	1,097,840	1,108,349	1,074,164	1,027,757	930,621
Total Tax-Supported Debt	4,511,495	4,555,613	4,221,957	4,123,681	3,814,844
Debt Not Supported by Taxes:					
Primary Government:					
Total Primary Government	780,460	393,238	381,706	-	-
Component Units:					
Section 9(d) Moral Obligation Bonds	2,260,226	2,380,299	2,345,038	2,238,614	2,256,673
Section 9(d) Other Debt	360,535	376,113	390,738	325,725	334,835
Other Long-Term Debt (3)	6,832,780	5,998,672	6,157,445	5,473,070	4,685,240
Total Component Units	9,453,541	8,755,084	8,893,221	8,037,409	7,276,748
Total Debt Not Supported by Taxes	10,234,001	9,148,322	9,274,927	8,037,409	7,276,748
Total Debt of the Commonwealth	$ 14,745,496	$ 13,703,935	$ 13,496,884	$ 12,161,090	$ 11,091,592

(1) Net of unamortized discounts, premiums and/or issuance expenses.

(2) Includes capital lease obligations, notes payable, installment purchase obligations, pension liability, and the long-term portion of the liability for compensated absences.

(3) Includes notes payable.

(4) Total General Obligation Debt for the fiscal year ended:

	2001	2000	1999	1998	1997
Section 9(a) Debt:					
Transportation Facilities Bonds	$ -	$ -	$ -	$ 67,215	$ 70,460
Section 9(b) Debt:					
Transportation Facilities Bonds	56,585	60,300	63,835	-	-
Public Facilities Bonds	429,725	460,405	470,930	441,265	468,650
Subtotal 9(b) Debt	486,310	520,705	534,765	441,265	468,650
Section 9(c) Debt:					
Higher Educational Institution Bonds	345,154	380,332	387,963	406,560	433,944
Transportation Facilities Bonds	126,319	134,144	141,541	148,607	154,948
Parking Facilities Bonds	10,325	11,010	11,660	12,280	12,860
Subtotal 9(c) Debt	481,798	525,486	541,164	567,447	601,752
Bond Anticipation Notes Payable	-	-	33,000	64,000	-
Total General Obligation Debt	$ 968,108	$ 1,046,191	$ 1,108,929	$ 1,139,927	$ 1,140,862

Tax-Supported Debt

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2001	2000	1999	1998	1997
Primary Government:					
General Obligation Debt (3):					
Section 9(a) Debt					
Transportation Facilities	$ -	$ -	$ -	$ 67,215	$ 70,460
Section 9(b) Debt					
Transportation Facilities	56,585	60,300	63,835	-	-
Public Facilities	429,725	460,405	470,930	441,265	468,650
Subtotal Section 9(b) Debt	486,310	520,705	534,765	441,265	468,650
Section 9(c) Debt					
Parking Facilities	10,325	11,010	11,660	12,280	12,860
Transportation Facilities (1)	126,319	134,144	141,541	148,607	154,948
Subtotal Section 9(c) Debt	136,644	145,154	153,201	160,887	167,808
Bond Anticipation Notes Payable	-	-	20,000	60,000	-
Subtotal General Obligation Debt	622,954	665,859	707,966	729,367	706,918
Non-General Obligation Debt:					
Section 9(d) Debt:					
Transportation Debt (1)	916,835	943,625	736,960	756,700	733,235
Virginia Public Building Authority (1)	994,801	1,049,984	965,886	942,656	902,604
Subtotal Section 9(d) Debt	1,911,636	1,993,609	1,702,846	1,699,356	1,635,839
Other Long-Term Obligations:					
Transportation Notes Payable	12,325	12,325	12,325	12,325	12,325
Liability for Federal Retiree Taxes	-	-	-	-	66,006
Regional Jail Construction	31,017	59,671	62,635	65,510	102,897
Capital Lease Obligations	211,192	213,314	221,999	225,941	97,647
Installment Purchase Obligations (2)	41,796	26,672	27,457	9,514	11,486
Compensated Absences	309,699	297,716	271,576	266,117	251,105
Pension Liability	186,602	172,780	138,107	87,794	-
Virginia Public Broadcasting Board Notes Payable	23,840	-	-	-	-
Industrial Development Authority Obligations	42,490	-	-	-	-
Other Liabilities	20,104	5,318	2,882	-	-
Subtotal Other Long-Term Obligations	879,065	787,796	736,981	667,201	541,466
Total Primary Government	3,413,655	3,447,264	3,147,793	3,095,924	2,884,223
Component Units:					
General Obligation Bonds (3):					
Section 9(c) Debt					
Higher Educational Institutions (1)	345,154	380,332	387,963	406,560	433,944
Bond Anticipation Notes Payable	-	-	13,000	4,000	-
Subtotal General Obligation Debt	345,154	380,332	400,963	410,560	433,944
Non-General Obligation Debt:					
Section 9(d) Debt:					
Virginia Port Authority	94,060	102,655	106,805	108,085	114,025
Innovative Technology Authority	11,120	11,656	12,195	12,630	13,055
Virginia College Building Authority	289,830	272,460	248,190	217,620	146,030
Virginia Biotechnology Research Park Authority	28,235	29,195	30,115	31,000	31,000
Subtotal Section 9(d) Debt	423,245	415,966	397,305	369,335	304,110
Other Long-Term Obligations:					
Long-Term Capital Lease Obligations	31,628	29,113	24,216	26,016	23,256
Installment Purchase Obligations (2)	25,703	28,009	26,714	25,687	26,018
Compensated Absences	174,631	164,671	152,177	148,488	143,293
Pension Liability	97,479	90,258	72,789	47,671	-
Subtotal Other Long-Term Obligations	329,441	312,051	275,896	247,862	192,567
Total Component Units	1,097,840	1,108,349	1,074,164	1,027,757	930,621
Total Tax-Supported Debt	$ 4,511,495	$ 4,555,613	$ 4,221,957	$ 4,123,681	$ 3,814,844

(1) Net of unamortized discounts.

(2) Reflected as Notes Payable in Footnote 19, Long-Term Liabilities.

(3) See Note 4 on previous page.

Debt Not Supported by Taxes

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2001	2000	1999	1998	1997
Primary Government:					
Other Long-Term Debt:					
Federal Reserve Anticipation Notes Payable	$ 375,000	$ -	$ -	$ -	$ -
Pocahontas Parkway Association Bonds	405,460	393,238	381,706	-	-
Total Primary Government	780,460	393,238	381,706	-	-
Component Units:					
Section 9(d) Moral Obligation Debt: (1)					
Virginia Housing Development Authority	1,357,976	1,438,838	1,503,910	1,333,427	1,179,782
Virginia Public School Authority (1991 Resolution)	459,772	487,282	514,487	542,373	739,140
Virginia Resources Authority	442,478	454,179	326,641	362,814	337,751
Subtotal Section 9(d) Moral Obligation Debt	2,260,226	2,380,299	2,345,038	2,238,614	2,256,673
Section 9(d) Other Debt:					
Higher Educational Institutions:					
Auxiliary Enterprise Revenue Bonds	273,090	284,608	295,458	229,675	235,515
Teaching Hospitals Revenue Bonds	87,445	91,505	95,280	96,050	99,320
Subtotal Section 9(d) Other Debt	360,535	376,113	390,738	325,725	334,835
Other Long-Term Debt:					
Virginia Housing Development Authority (1) (2)	4,352,311	4,002,449	4,364,424	3,953,095	3,514,719
Hampton Roads Sanitation District	161,800	166,860	179,752	191,012	197,346
Virginia Equine Center	5,645	6,305	6,930	7,530	8,090
Virginia Biotechnology Research Park Authority	15,745	16,240	16,750	-	-
Virginia Public School Authority (2) (3)	1,614,518	1,419,766	1,269,793	1,113,206	812,162
Virginia Port Authority	93,325	94,975	96,555	98,065	98,065
Virginia Commonwealth University Health System Authority	82,260	87,480	93,040	33,705	39,605
Virginia Resources Authority	219,865	-	-	-	-
Notes Payable	260,221	176,016	112,187	76,457	15,253
Other Long-Term Debt	27,090	28,581	18,014	-	-
Subtotal Other Long-Term Debt	6,832,780	5,998,672	6,157,445	5,473,070	4,685,240
Subtotal Section 9(d) and Other Debt	7,193,315	6,374,785	6,548,183	5,798,795	5,020,075
Total Component Units	9,453,541	8,755,084	8,893,221	8,037,409	7,276,748
Total Debt Not Supported by Taxes	$ 10,234,001	$ 9,148,322	$ 9,274,927	$ 8,037,409	$ 7,276,748

(1) Net of unamortized discounts, premiums, and/or issuance expenses.
(2) Includes notes payable and/or installment purchases.
(3) As restated per GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities.*

Authorized and Unissued Tax-Supported Debt

June 30, 2001
(Dollars in Thousands)

	As of June 30, 2000	New Debt Authorized	Debt Issued	Other Adjust-ments	As of June 30, 2001
Section 9(c) Debt (Primary Government):					
Higher Educational Institution Bonds	131,763				131,763
Parking Facilities Bonds	-				-
Transportation Facilities Bonds	-				-
Subtotal Section 9(c) Debt	131,763	-	-	-	131,763
Section 9(d) Debt:					
Primary Government:					
Transportation Contract Revenue Bonds					
(Route 28)	54,092	-	-	-	54,092
Transportation Contract Revenue Bonds					
(Route 58)	102,428	-	-	-	102,428
Transportation Contract Revenue Bonds					
(Northern Virginia Transportation					
District Fund Program)	176,880	-	-	-	176,880
Component Units:					
Virginia Biotechnology Research Park					
Authority	48,000	-	-	12,010	60,010
Virginia Public Building Authority					
(Projects)	49,831	-	-	-	49,831
Virginia Public Building Authority					
(Jails)	30,146	-	-	-	30,146
Virginia College Building Authority					
(21st Century)	25,254	-	18,535	(6,719)	-
Virginia College Building Authority					
(Equipment Lease Program)	99,144	-	47,260	(2,037)	49,847
Capital Lease Revenue Financings	68,195	-	66,330	(1,865)	-
Subtotal Section 9(d) Debt	653,970	-	132,125	1,389	523,234
Total Authorized and Unissued					
Tax-Supported Debt	$ 785,733	$ -	$ 132,125	$ 1,389	$ 654,997

Tax-Supported Debt - Annual Debt Service Requirements (1)

June 30, 2001
(Dollars in Thousands)

Fiscal Year Ending June 30	General Obligation Debt Sections 9(b), and 9(c)			Other Tax-Supported Debt Sections 9(d) (2)		
	Principal	Interest	Total	Principal	Interest	Total
2002	79,741	47,059	126,800	166,280	120,499	286,779
2003	78,166	43,471	121,637	156,740	112,959	269,699
2004	77,776	39,919	117,695	155,435	104,723	260,158
2005	73,895	36,329	110,224	140,365	97,279	237,644
2006	72,775	32,827	105,602	122,935	90,634	213,569
2007	72,590	29,361	101,951	128,710	84,863	213,573
2008	74,010	25,687	99,697	134,695	78,872	213,567
2009	69,799	22,030	91,829	134,625	72,530	207,155
2010	65,825	18,852	84,677	135,425	66,143	201,568
2011	63,012	15,554	78,566	134,120	59,749	193,869
2012	58,545	12,409	70,954	132,850	53,163	186,013
2013	51,530	9,641	61,171	125,740	46,617	172,357
2014	41,075	7,060	48,135	115,080	40,289	155,369
2015	36,785	5,097	41,882	115,395	34,165	149,560
2016	27,650	3,213	30,863	118,750	27,996	146,746
2017	14,350	1,807	16,157	114,895	21,764	136,659
2018	7,255	1,090	8,345	102,480	16,036	118,516
2019	5,610	718	6,328	74,715	10,899	85,614
2020	3,800	427	4,227	47,245	7,052	54,297
2021	3,995	233	4,228	38,535	4,551	43,086
2022	555	29	584	16,915	2,678	19,593
2023	-	-	-	15,520	1,754	17,274
2024	-	-	-	16,370	901	17,271
Subtotal	978,739	352,813	1,331,552	2,443,820	1,156,116	3,599,936
Less:						
Unamortized Discount	(10,631)	-	(10,631)	(30,284)	-	(30,284)
Total	$ 968,108	$ 352,813	$ 1,320,921	$ 2,413,536	$ 1,156,116	$ 3,569,652

(1) Does not include debt service on capital lease, installment purchase obligations, and bond anticipation notes payable.
(2) Includes principal amount of $1,923,961 which includes Transportation Notes Payable of $12,325 for the primary government.

Total		
Principal	Interest	Total
246,021	167,558	413,579
234,906	156,430	391,336
233,211	144,642	377,853
214,260	133,608	347,868
195,710	123,461	319,171
201,300	114,224	315,524
208,705	104,559	313,264
204,424	94,560	298,984
201,250	84,995	286,245
197,132	75,303	272,435
191,395	65,572	256,967
177,270	56,258	233,528
156,155	47,349	203,504
152,180	39,262	191,442
146,400	31,209	177,609
129,245	23,571	152,816
109,735	17,126	126,861
80,325	11,617	91,942
51,045	7,479	58,524
42,530	4,784	47,314
17,470	2,707	20,177
15,520	1,754	17,274
16,370	901	17,271
3,422,559	1,508,929	4,931,488
(40,915)	-	(40,915)
$ 3,381,644	$ 1,508,929	$ 4,890,573

Tax-Supported Debt - Detail of Long-Term Indebtedness

June 30, 2001
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
General Obligation Debt					
Section 9(b) Debt (Primary Government):					
Transportation Facilities Bonds					
Series 1993 Refunding	$ 74,255	$ 60,300	$ (3,715)	$ 56,585	07/01/00-11
Total Transportation Facilities Bonds	74,255	60,300	(3,715)	56,585	
Public Facilities Bonds					
Series 1993	200,000	105,000	(10,000)	95,000	12/01/01-13
Series 1994	163,900	49,170	(8,195)	40,975	06/01/02-06
Series 1996 Refunding	64,390	62,700	(385)	62,315	06/01/02-15
Series 1996	49,775	39,835	(2,485)	37,350	06/01/02-16
Series 1997	97,045	81,730	(5,105)	76,625	06/01/02-16
Series 1998 Refunding	50,990	49,900	(340)	49,560	06/01/02-13
Series 1998	59,235	53,000	(3,115)	49,885	06/01/02-17
Series 1999	20,125	19,070	(1,055)	18,015	06/01/02-18
Total Public Facilities Bonds	705,460	460,405	(30,680)	429,725	
Total Section 9(b) Debt	779,715	520,705	(34,395)	486,310	
Section 9(c) Debt					
Higher Educational Institution Bonds (Component Units)					
Series 1979 Bonds					
James Madison University					
Dormitory Complex	3,695	1,495	(145)	1,350	06/01/02-09
Subtotal Series 1979 Bonds	3,695	1,495	(145)	1,350	
Series 1981 Bonds					
Virginia Commonwealth University					
Low-Rise Dormitory	4,932	2,332	(180)	2,152	06/01/02-11
Subtotal Series 1981 Bonds	4,932	2,332	(180)	2,152	
Series 1983 Bonds					
Old Dominion University					
Mid-Rise Dormitory	3,500	1,900	(120)	1,780	06/01/02-13
Powhatan Field Apartments, Phase II	3,636	1,980	(125)	1,855	06/01/02-13
Virginia Commonwealth University					
Low-Rise Dormitory	4,050	2,200	(140)	2,060	06/01/02-13
Subtotal Series 1983 Bonds	11,186	6,080	(385)	5,695	
Series 1984 Bonds					
Virginia Commonwealth University					
Dormitory Renovation	2,890	720	(175)	545	06/01/02-04
Subtotal Series 1984 Bonds	2,890	720	(175)	545	
Series 1989 Bonds					
George Mason University					
Humanities III	9,400	5,745	(486)	5,259	06/01/02-09
Residence Hall III	10,697	6,539	(553)	5,986	06/01/02-09
Longwood College					
Air Conditioning Repairs	125	46	(11)	35	06/01/02-04
Parapet Wall Repairs	370	137	(31)	106	06/01/02-04
Parking Facility	1,100	406	(91)	315	06/01/02-04
Telecommunications	1,500	554	(126)	428	06/01/02-04
University of Virginia					
Student Health Center	1,300	795	(68)	727	06/01/02-09
Virginia Polytechnic Institute and State University					
Telecommunications	16,000	5,908	(1,337)	4,571	06/01/02-04
Subtotal Series 1989 Bonds	40,492	20,130	(2,703)	17,427	

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1990 Bonds					
University of Virginia					
Judge Advocate General School	6,265	4,400	(290)	4,110	06/01/02-10
Subtotal Series 1990 Bonds	6,265	4,400	(290)	4,110	
Series 1991 Bonds					
College of William and Mary					
Graduate Dormitory	7,075	680	(330)	350	06/01/02-11
George Mason University					
Parking Lots	550	70	(70)	-	06/01/02
Norfolk State University					
Cafeteria	4,055	390	(190)	200	06/01/02-11
Residence Hall	9,320	895	(435)	460	06/01/02-11
Old Dominion University					
Webb Center	6,855	640	(310)	330	06/01/02-11
University of Virginia					
Student Housing	13,760	1,325	(645)	680	06/01/02-11
Virginia Commonwealth University					
Student Commons	3,040	395	(395)	-	06/01/02
Virginia Polytechnic Institute and State University					
Dormitory and Dining	5,015	470	(230)	240	06/01/02-11
Parking	4,220	395	(190)	205	06/01/02-11
Student Center	3,260	305	(150)	155	06/01/02-11
Subtotal Series 1991 Bonds	57,150	5,565	(2,945)	2,620	
Series 1992 Bonds					
Christopher Newport University					
Dormitory Project	7,970	720	(165)	555	06/01/02-22
College of William and Mary					
Dormitory Renovations	1,365	390	(55)	335	06/01/02-13
University Center	10,455	1,865	(430)	1,435	06/01/02-13
George Mason University					
Parking Structure	5,045	1,795	(565)	1,230	06/01/02-03
Student Union II Addition	2,535	345	(110)	235	06/01/02-12
James Madison University					
Student Activities	7,275	1,300	(300)	1,000	06/01/02-13
Longwood College					
Student Housing	4,755	650	(205)	445	06/01/02-12
Mary Washington College					
Residence Hall	3,305	590	(135)	455	06/01/02-13
University of Virginia					
Central Grounds Parking	11,595	3,395	(495)	2,900	06/01/02-13
Clinch Valley Dormitory	705	130	(30)	100	06/01/02-12
Dining Facility	4,795	2,800	(305)	2,495	06/01/02-12
HSC Parking	1,635	465	(70)	395	06/01/02-13
West Scott Stadium Parking	1,195	340	(50)	290	06/01/02-13
VCCS/Northern Virginia Community College					
NVCC Parking Deck	3,010	415	(130)	285	06/01/02-12
Virginia Commonwealth University					
Dormitory Renovations	3,180	905	(135)	770	06/01/02-13
Housing Repairs	1,320	250	(55)	195	06/01/02-12
MCV Parking Deck	8,205	1,460	(335)	1,125	06/01/02-13
Virginia Polytechnic Institute and State University					
Dormitory Repairs	2,790	790	(115)	675	06/01/02-13
Residence Hall	4,990	890	(205)	685	06/01/02-13
VPI Dormitory	2,680	760	(110)	650	06/01/02-13
Subtotal Series 1992 Bonds	88,805	20,255	(4,000)	16,255	

(Continued on next page)

Tax-Supported Debt - Detail of Long-Term Indebtedness *(Continued from Previous Page)*

June 30, 2001
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1992 Refunding Bonds					
George Mason University					
Field House	3,401	874	(427)	447	06/01/02-02
Parking Lot IX	644	355	(64)	291	06/01/02-05
Physical Education Project	9,757	5,319	(964)	4,355	06/01/02-05
Residence Hall II	1,538	843	(149)	694	06/01/02-05
Residence Halls	5,498	1,413	(693)	720	06/01/02-02
University Union	4,679	1,199	(582)	617	06/01/02-02
James Madison University					
Convocation Center	5,074	1,690	(566)	1,124	06/01/02-03
Warren Campus Center	2,582	1,416	(251)	1,165	06/01/02-05
Longwood College					
French Dormitory	479	124	(63)	61	06/01/02-02
Old Dominion University					
Gresham Dormitory Renovation	880	294	(100)	194	06/01/02-03
Mid-Rise Dormitory	4,352	1,446	(486)	960	06/01/02-03
Powhatan Field Apartments	384	100	(48)	52	06/01/02-02
Radford University					
Recreation and Convocation Center	2,427	621	(301)	320	06/01/02-02
University of Virginia					
Clinch Valley Student Union	410	105	(49)	56	06/01/02-02
Newcomb Hall Addition	2,030	674	(225)	449	06/01/02-03
Observatory Dining Hall	672	371	(69)	302	06/01/02-05
Sponsor's Hall Addition	1,399	772	(138)	634	06/01/02-05
Student Activity Center	428	239	(43)	196	06/01/02-05
Student Housing	3,626	1,207	(406)	801	06/01/02-03
Virginia Commonwealth University					
Academic Campus Parking	3,188	817	(398)	419	06/01/02-02
MCV Gymnasium	591	153	(73)	80	06/01/02-02
VCU Parking Deck E	1,926	1,056	(187)	869	06/01/02-05
Virginia Military Institute					
Auditorium and Athletic Facility	3,119	802	(393)	409	06/01/02-02
Subtotal Series 1992 Refunding Bonds	59,084	21,890	(6,675)	15,215	
Series 1993 Bonds					
College of William and Mary					
Graduate Dormitory	205	70	(20)	50	06/01/02-03
Graduate Dormitory Renovation	610	455	(25)	430	06/01/02-13
Graduate University Center	205	155	(10)	145	06/01/02-13
George Mason University					
University Center	21,460	17,795	(825)	16,970	06/01/02-15
James Madison University					
Primary Electrical Upgrade	405	140	(45)	95	06/01/02-03
Residence Facility	5,260	3,925	(225)	3,700	06/01/02-13
Mary Washington College					
Telecommunications	4,340	3,340	(190)	3,150	06/01/02-13
Subtotal Series 1993 Bonds	32,485	25,880	(1,340)	24,540	

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1993 Refunding Bonds					
Christopher Newport University					
Campus Center	1,117	555	(182)	373	06/01/02-03
Christopher Newport Track	80	35	-	35	06/01/02-04
Campus Center	463	227	-	227	06/01/02-04
Dormitory Project	3,570	3,525	(10)	3,515	06/01/02-22
Christopher Newport Track 89R Refunded Portion	185	94	(32)	62	06/01/02-03
College of William and Mary					
Cary Field	380	91	(92)	(1)	06/01/02
Graduate Housing	4,424	4,235	(35)	4,200	06/01/02-11
Randolph Residences 89R Refunded Portion	1,133	274	(275)	(1)	06/01/02
Randolph Residences 89B Refunded Portion	1,412	1,328	(119)	1,209	06/01/02-09
Telecommunications 89B Refunded Portion	1,148	1,066	(257)	809	06/01/02-04
Telecommunications 90B Refunded Portion	162	151	(2)	149	06/01/02-05
Tyler Hall Renovation	819	652	(69)	583	06/01/02-08
George Mason University					
Parking Lot #10	367	234	(37)	197	06/01/02-06
Parking Lot	427	213	(70)	143	06/01/02-03
Parking Lot VIII	176	86	-	86	06/01/02-04
Residence Halls IV	7,449	7,104	(65)	7,039	06/01/02-10
Residence Halls II	4,249	2,703	(401)	2,302	06/01/02-06
Security Information Building	211	137	(21)	116	06/01/02-06
James Madison University					
Dormitory 89R Refunded Portion	2,297	1,139	(374)	765	06/01/02-03
Gibbons Hall Renovation	1,802	1,719	(16)	1,703	06/01/02-10
Stadium Seating	484	232	-	232	06/01/02-04
Student Residence Hall	2,789	2,207	(235)	1,972	06/01/02-08
Dormitory	516	252	(1)	251	06/01/02-04
Dormitory - 138 Bed	431	206	-	206	06/01/02-04
Stadium Seating	1,168	580	(188)	392	06/01/02-03
Telecommunications	2,321	364	(364)	-	06/01/02
Longwood College					
Housing Repairs	294	280	(3)	277	06/01/02-10
Residence Halls Renovation	155	70	-	70	06/01/02-04
Physical Education Building	258	63	(63)	-	06/01/02
Renovation	370	183	(59)	124	06/01/02-03
Mary Washington College					
Residence Hall	1,998	1,906	(18)	1,888	06/01/02-10
Student Activity Center	2,170	1,374	(203)	1,171	06/01/02-06
Willard Hall	722	188	(188)	-	06/01/02
Norfolk State University					
Cafeteria Renovation	2,530	2,422	(20)	2,402	06/01/02-11
Health and ROTC Bldg. 89R Refunded Portion	1,219	609	(203)	406	06/01/02-03
Health and ROTC Building	506	242	-	242	06/01/02-04
Residence Hall 90B Refunded Portion	2,668	2,545	(23)	2,522	06/01/02-10
Residence Hall 91A Refunded Portion	5,813	5,566	(46)	5,520	06/01/02-11
Old Dominion University					
Athletic Facility	4,062	3,874	(36)	3,838	06/01/02-10
Athletic Renovation	836	403	(1)	402	06/01/02-04
Athletic Renovation	2,027	1,011	(332)	679	06/01/02-03
Life Science Park	685	342	(112)	230	06/01/02-03
Multi-Level Parking	3,196	3,048	(28)	3,020	06/01/02-10
Life Science Building Parking	282	136	-	136	06/01/02-04

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Tax-Supported Debt - Detail of Long-Term Indebtedness *(Continued from Previous Page)*

June 30, 2001
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1993 Refunding Bonds (continued)					
Property at 43rd and Hampton	297	235	(23)	212	06/01/02-08
Powhatan Field	940	246	(246)	-	06/01/02
Rogers Hall	764	382	(123)	259	06/01/02-03
Rogers Hall Renovation	314	151	-	151	06/01/02-04
Webb Center Addition	4,174	3,997	(33)	3,964	06/01/02-11
Radford University					
Norwood Hall Renovation	1,144	723	(107)	616	06/01/02-06
University of Virginia					
Clinch Valley Housing	253	146	(43)	103	06/01/02-03
Clinch Valley Housing	176	101	(106)	(5)	06/01/02-03
Clinch Valley Housing	106	50	(7)	43	06/01/02-04
Heater/Chiller Replacement	795	758	(331)	427	06/01/02-10
North Grounds Recreation Center	1,504	235	(226)	9	06/01/02
Clinch Valley Housing 89R Refunded Portion	264	134	(235)	(101)	06/01/02-03
Medical Center	850	226	(69)	157	06/01/02
Food Service	392	106	-	106	06/01/02
Hospital Parking Garage	3,520	2,234	(46)	2,188	06/01/02-06
Student Housing	8,592	8,226	(31)	8,195	06/01/02-11
Virginia Commonwealth University					
Low-Rise Dormitory, Phase II	304	146	-	146	06/01/02-04
Student Commons	1,443	685	(53)	632	06/01/02-04
VCU Low Rise Dormitory	213	53	(118)	(65)	06/01/02
Student Commons	3,447	1,714	(1)	1,713	06/01/02-03
Low Rise Dormitory	719	357	(571)	(214)	06/01/02-03
Virginia Polytechnic Institute and State University					
Student Activities Center	10,885	8,650	(24)	8,626	06/01/02-08
Parking Renovations	2,569	2,460	(21)	2,439	06/01/02-11
Special Purpose Housing	4,763	747	(8)	739	06/01/02
Squires Student Center	1,988	1,903	(16)	1,887	06/01/02-11
Dormitory and Dining Renovation	3,050	2,921	(915)	2,006	06/01/02-11
Squires Center Renovation	942	898	(747)	151	06/01/02-10
Subtotal Series 1993 Refunding Bonds	123,779	92,155	(8,280)	83,875	
Series 1994 Bonds					
Christopher Newport University					
Dormitory/Dining	2,435	375	(55)	320	06/01/02-21
College of William and Mary					
Dormitory Renovation	230	60	(10)	50	06/01/02-14
Dormitory Phase II	3,165	800	(115)	685	06/01/02-15
George Mason University					
Telecommunications	3,770	2,160	(385)	1,775	06/01/02-05
James Madison University					
Primary Electric	890	430	(100)	330	06/01/02-04
Tidewater Community College					
VCCS-TCC Parking Project	1,685	825	(190)	635	06/01/02-04
Subtotal Series 1994 Bonds	12,175	4,650	(855)	3,795	
Series 1995 Bonds					
College of William and Mary					
Underground Utility	1,535	1,330	(55)	1,275	06/01/02-16
George Mason University					
Prince William Site and Parking	2,115	1,380	(205)	1,175	06/01/02-06
University of Virginia					
Newcomb Hall Expansion	10,855	9,405	(405)	9,000	06/01/02-16
Student Residence Facility	4,890	4,240	(180)	4,060	06/01/02-16

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1995 Bonds (continued)					
Virginia State University					
Dorm Renovation	2,685	2,020	(165)	1,855	06/01/02-10
Foster Hall	2,305	1,735	(140)	1,595	06/01/02-10
Langston Hall	2,575	1,935	(155)	1,780	06/01/02-10
Subtotal Series 1995 Bonds	26,960	22,045	(1,305)	20,740	
Series 1996 Bonds					
College of William and Mary					
Dormitory Repairs	1,650	1,440	(60)	1,380	06/01/02-16
Longwood College					
Dining Hall	5,485	4,935	(200)	4,735	06/01/02-16
Virginia Commonwealth University					
Visitors Deck	3,350	2,930	(120)	2,810	06/01/02-16
Virginia State University					
Jones Dining Hall	2,525	2,185	(90)	2,095	06/01/02-16
Subtotal Series 1996 Bonds	13,010	11,490	(470)	11,020	
Series 1996 Refunding Bonds					
Christopher Newport University					
Dormitory and Dining 1994	1,892	1,844	(9)	1,835	06/01/02-21
College of William and Mary					
Dormitory 1994	118	114	(1)	113	06/01/02-14
Dormitory Phase II 1994	1,751	1,702	(10)	1,692	06/01/02-15
Graduate Housing 1991A	395	381	(3)	378	06/01/02-03
Telecommunication 1990B	69	35	(35)	-	06/01/02
George Mason University					
Residence Hall IV 1990B	1,117	550	(550)	-	06/01/02
James Madison University					
Gibbons Hall Renovation 1990B	270	131	(131)	-	06/01/02
Longwood College					
Housing Repairs 1990B	42	20	(20)	-	06/01/02
Mary Washington College					
Residence Hall 1990B	302	146	(146)	-	06/01/02
Norfolk State University					
Cafeteria Renovation 1991A	230	221	(2)	219	06/01/02-03
Residence Hall 1990B	402	197	(197)	-	06/01/02
Residence Hall 1991A	523	504	(4)	500	06/01/02-03
Old Dominion University					
Athletic Facility, Phase I 1990B	614	303	(303)	-	06/01/02
Multilevel Parking 1990B	482	237	(237)	-	06/01/02
Webb Center Addition 1991A	374	360	(3)	357	06/01/02-03
University of Virginia					
Heater/ Chiller Replacement 1990B	122	60	(61)	(1)	06/01/02
Student Housing 1991A	774	746	(7)	739	06/01/02-03
Virginia Polytechnic Institute and State University					
Dormitory and Dining Renovation 1991A	272	262	(2)	260	06/01/02-03
Parking Renovation 1991A	230	221	(2)	219	06/01/02-03
Squire Center Renovation 1990B	143	71	(71)	-	06/01/02
Squire Student Center 1991A	176	170	(1)	169	06/01/02-03
Subtotal Series 1996 Refunding Bonds	10,298	8,275	(1,795)	6,480	

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Tax-Supported Debt - Detail of Long-Term Indebtedness *(Continued from Previous Page)*

June 30, 2001
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1997 Bonds					
College of William and Mary					
Dormitory Renovation Phase II	760	685	(25)	660	06/01/02-17
Dormitory Repairs	3,390	3,070	(120)	2,950	06/01/02-17
Utility System	2,000	1,810	(70)	1,740	06/01/02-17
James Madison University					
Dining Hall Renovation	1,330	1,205	(45)	1,160	06/01/02-17
Residence Hall	11,625	10,515	(405)	10,110	06/01/02-17
Student Services	6,200	5,610	(215)	5,395	06/01/02-17
Virginia Commonwealth University					
Academic Parking Deck	12,280	11,460	(445)	11,015	06/01/02-17
Virginia Polytechnic Institute and State University					
Parking Auxiliary Project	1,550	1,405	(55)	1,350	06/01/02-17
Residence Hall	15,895	14,830	(575)	14,255	06/01/02-17
Subtotal Series 1997 Bonds	55,030	50,590	(1,955)	48,635	
Series 1998 Refunding Bonds					
Christopher Newport University					
Dormitory and Dining 1992C	3,260	3,184	(25)	3,159	06/01/02-15
Dormitory and Dining 1994	170	166	(2)	164	06/01/02-08
College of William and Mary					
Dormitory Phase II 1994	362	352	(3)	349	06/01/02-08
Dormitory 1992D	701	688	(4)	684	06/01/02-13
Dormitory 1994	33	32	-	32	06/01/02-08
University Center 1992C	6,617	6,482	(43)	6,439	06/01/02-13
George Mason University					
Student Union II 1992A	1,572	1,542	(9)	1,533	06/01/02-12
James Madison University					
Student Activities 1992C	4,599	4,505	(30)	4,475	06/01/02-13
Longwood College					
Student Housing 1992A	2,949	2,894	(16)	2,878	06/01/02-12
Mary Washington College					
Residence Hall 1992C	2,094	2,051	(14)	2,037	06/01/02-13
University of Virginia					
Central Ground Parking 1992D	6,146	6,031	(34)	5,997	06/01/02-13
CVC Dormitory 1992C	409	401	(3)	398	06/01/02-12
HSC Parking 1992D	843	827	(5)	822	06/01/02-13
West Scott Stadium 1992D	614	602	(3)	599	06/01/02-13
VCCS/Northern Virginia Community College					
NVCC Parking Deck 1992A	1,869	1,834	(10)	1,824	06/01/02-12
Virginia Commonwealth University					
Dormitory Renovations 1992D	1,636	1,605	(9)	1,596	06/01/02-13
Housing Repairs 1992C	755	738	(5)	733	06/01/02-12
MCV Parking 1992C	5,198	5,091	(34)	5,057	06/01/02-13
Virginia Polytechnic Institute and State University					
Dormitory Repairs 1992C	1,440	1,413	(8)	1,405	06/01/02-13
Dormitory 1992D	1,380	1,354	(7)	1,347	06/01/02-13
Residence Hall 1992C	3,158	3,093	(21)	3,072	06/01/02-13
Subtotal Series 1998 Refunding Bonds	45,805	44,885	(285)	44,600	

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
General Obligation Debt					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1998 Bonds					
College of William and Mary					
Dormitory Renovation	6,390	5,915	(215)	5,700	06/01/02-18
George Mason University					
Arl-Metro Parking	1,915	1,580	(170)	1,410	06/01/02-18
James Madison University					
Dining Facilities Renovation	1,080	1,000	(35)	965	06/01/02-18
Virginia Polytechnic Institute and State University					
Dining Hall	3,255	3,015	(110)	2,905	06/01/02-18
Virginia State University					
Jones Dining Hall	1,045	965	(35)	930	06/01/02-18
Subtotal Series 1998 Bonds	13,685	12,475	(565)	11,910	
Series 1999 Bonds					
Christopher Newport College					
Residence Hall II	12,980	12,980	(430)	12,550	06/01/02-19
Longwood College					
Dining Hall	3,020	2,880	(95)	2,785	06/01/02-19
Residence Hall Improvements	2,825	2,695	(90)	2,605	06/01/02-19
University of Virginia					
Residence Hall - Wise	4,665	4,665	(155)	4,510	06/01/02-19
Virginia Polytechnic Institute and State University					
Dining Hall HVAC	1,800	1,800	(60)	1,740	06/01/02-19
Subtotal Series 1999 Bonds	25,290	25,020	(830)	24,190	
Subtotal Higher Educational Institution Bonds	633,016	380,332	(35,178)	345,154	
Transportation Facilities Bonds (Primary Government)					
Series 1989, Dulles Toll Road	34,348	20,744	(1,755)	18,989	06/01/02-09
Series 1993, Dulles Refunding	24,845	23,660	(215)	23,445	06/01/02-07
Series 1994, Coleman Bridge	43,315	6,815	(975)	5,840	06/01/02-06
Series 1996, Dulles Toll Road	45,235	39,535	(1,620)	37,915	06/01/02-16
Series 1996, Coleman Bridge Refunding	34,750	33,980	(175)	33,805	06/01/02-21
Series 1996, Dulles Refunding	9,475	6,345	(3,060)	3,285	06/01/02-01
Series 1998, Coleman Bridge Refunding	3,135	3,065	(25)	3,040	06/01/02-08
Subtotal Transportation Facilities Bonds	195,103	134,144	(7,825)	126,319	
Parking Facilities Bonds (Primary Government)					
Series 1991 A	10,895	495	(495)	-	06/01/02-01
Series 1993 Refunding	6,630	6,350	(55)	6,295	06/01/02-11
Series 1996	3,495	3,055	(125)	2,930	06/01/02-16
Series 1996 Refunding	1,160	1,110	(10)	1,100	06/01/02-03
Subtotal Parking Facilities Bonds	22,180	11,010	(685)	10,325	
Total Section 9(c) Debt	850,299	525,486	(43,688)	481,798	
Bond Anticipation Notes Payable (BANS)					
Primary Government	60,000	-	-	-	
Higher Education Institutions	4,000	-	-	-	
Subtotal BANS	64,000	-	-	-	
Total General Obligation Debt	1,694,014	1,046,191	(78,083)	968,108	

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Tax-Supported Debt - Detail of Long-Term Indebtedness *(Continued from Previous Page)*

June 30, 2001
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
Non-General Obligation Debt					
Section 9(d) Debt					
Virginia Public Building Authority Bonds (Primary Government)					
Series 1988 A (1)	163,445	-	-	-	
Series 1991 A	70,065	5,955	(2,890)	3,065	08/01/01-01
Series 1992 A Refunding	112,870	46,545	(10,685)	35,860	08/01/01-03
Series 1992 B	94,335	87,572	(6,790)	80,782	08/01/01-10
Accreted Principal	-	25,537	4,212	29,749	08/01/01-10
Series 1992 C	173,865	30,885	(7,170)	23,715	08/01/01-03
Series 1993 A	60,995	47,315	(2,680)	44,635	08/01/01-13
Series 1994 A	79,220	18,845	(2,715)	16,130	08/01/01-05
Series 1995	187,410	164,935	(8,270)	156,665	08/01/01-16
Series 1996 A	97,430	95,055	(6,395)	88,660	08/01/01-15
Series 1997 A	152,885	143,565	(4,960)	138,605	08/01/01-17
Series 1998 A Refunding	147,000	142,720	(2,025)	140,695	08/01/01-13
Series 1998 B	40,425	39,415	(1,325)	38,090	08/01/01-18
Series 1999 A	68,920	68,920	(2,180)	66,740	08/01/01-19
Series 1999 B	27,730	27,730	(1,310)	26,420	08/01/01-14
Series 2000 A	104,990	104,990	-	104,990	08/01/01-20
Total Virginia Public Building Authority Bonds	1,581,585	1,049,984	(55,183)	994,801	
Virginia College Building Authority Bonds (Component Unit)					
Equipment Leasing Program					
Series 1995	24,680	5,350	(5,350)	-	
Series 1996	25,150	10,775	(5,265)	5,510	08/01/01-01
Series 1997	38,905	16,175	(7,890)	8,285	02/01/02-02
Series 1998	38,875	26,315	(8,400)	17,915	02/01/02-03
21st Century College Program					
Series 1996	53,160	49,065	(1,895)	47,170	08/01/01-16
Series 1998	54,785	52,930	(1,935)	50,995	08/01/01-17
Series 1999	59,495	50,950	(8,420)	42,530	02/01/02-19
Series 2000	60,900	60,900	(9,270)	51,630	02/01/02-20
Series 2001	65,795	-	65,795	65,795	02/01/02-21
Total Virginia College Building Authority Bonds	421,745	272,460	17,370	289,830	
Transportation Debt (Primary Government)					
Route 28 Refunding Bonds	111,680	92,760	(2,975)	89,785	
Transportation Revenue Bonds (U.S. Route 58)	504,455	556,960	(15,445)	541,515	
Northern Virginia Transportation District Program	265,760	263,725	(7,590)	256,135	
Oak Grove Connector (Chesapeake)	33,075	30,180	(780)	29,400	
Total Section 9(d) Transportation Debt	914,970	943,625	(26,790)	916,835	
Virginia Port Authority Debt (Component Unit)					
Series 1996	38,300	34,455	(1,395)	33,060	
Refunding Series 1998	71,015	68,200	(7,200)	61,000	
Total Virginia Port Authority Debt	109,315	102,655	(8,595)	94,060	
Innovative Technology Authority Debt (Component Unit)					
Series 1989	13,300	-	-	-	
Series 1997	13,300	11,656	(536)	11,120	
Total Innovative Technology Authority Debt	26,600	11,656	(536)	11,120	
Virginia Biotechnology Research Park Authority (Component Unit)					
Series 1996	-	29,195	(960)	28,235	

Series	Amount Issued	Outstanding June 30, 2000	Issued (Retired) During Year	Outstanding June 30, 2001	Maturity
Non-General Obligation Debt (continued)					
Section 9(d) Debt (continued)					
Virginia Public Broadcasting Board Notes Payable	23,840	23,840	-	23,840	
Industrial Development Authority Obligations	42,490	42,490	-	42,490	
Total Section 9(d) Debt	3,120,545	2,475,905	(74,694)	2,401,211	
Non-General Obligation Debt					
Other Long-Term Obligations					
Capital Leases	-	242,427	393	242,820	
Installment Purchase Obligations	-	54,681	12,818	67,499	
Transportation Notes Payable	-	12,325	-	12,325	
Regional Jail Construction Liability	-	59,671	(28,654)	31,017	
Compensated Absences	-	462,387	21,943	484,330	
Pension Liability	-	263,038	21,043	284,081	
Other	-	5,318	14,786	20,104	
Total Other Long-Term Obligations	-	1,099,847	42,329	1,142,176	
Total Non-General Obligation Debt	3,120,545	3,575,752	(32,365)	3,543,387	
Total Tax-Supported Debt	$ 4,814,559	$ 4,621,943	$ (110,448)	$ 4,511,495	

(1) As restated per GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.*

STATISTICAL SECTION

The financial presentations included in this section provide comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented are intended to give users of the financial statements, as well as the investment community, a better historical perspective and assessment of the current financial status and trends of the Commonwealth.

Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

Ten-Year Schedule of Revenues - Budgetary Basis
All Funds by Source

For Fiscal Year Ended June 30
(Dollars in Millions)

	2001	2000	1999	1998
Tax Revenues:				
Individual and Fiduciary Income	$ 7,226	$ 6,829	$ 6,088	$ 5,405
Sales and Use	2,660	2,574	2,410	2,240
Motor Fuels	857	827	806	775
Corporation Income	364	566	420	451
Public Service Corporations	98	104	112	102
Payroll-Unemployment Compensation	150	149	138	155
Motor Vehicle Sales and Use	497	492	436	394
Gross Premiums of Insurance Companies	268	251	245	237
Alcoholic Beverage - Sales Tax	73	70	64	61
Deeds, Contracts, Wills, and Suits	168	146	158	127
Beer and Beverage Excise	41	41	40	39
Estate	127	150	154	122
Tobacco Products	15	15	16	16
Bank Stock	5	12	13	8
Wine and Spirits / ABC Liter	10	7	7	7
Other Taxes	102	97	84	77
Total Tax Revenues	12,661	12,330	11,191	10,216
Other Revenues:				
Federal and Other Grants, Donations, and Federal Revenue Sharing	4,265	3,912	3,657	3,412
Institutional Revenue	2,710	2,551	2,472	2,330
Sales of Property and Commodities	1,020	988	946	870
Rights and Privileges	634	607	569	544
Interest, Dividends, and Rents	577	455	444	425
Fines, Forfeitures, Costs, Penalties, and Escheats	228	217	217	197
Assessments - Special Services	854	737	632	580
Other Revenues	1,115	1,018	752	671
Total Other Revenues	11,403	10,485	9,689	9,029
Total Revenues	$ 24,064	$ 22,815	$ 20,880	$ 19,245
Percentage Increase Over Previous Year	5.5%	9.3%	8.5%	4.1%

Includes all Governmental, Proprietary, and Higher Education Funds

Source: Department of Accounts

1997	1996	1995	1994	1993	1992
$ 4,736	$ 4,301	$ 4,028	$ 3,812	$ 3,585	$ 3,321
2,134	2,010	1,935	1,795	1,680	1,574
752	729	688	695	659	640
432	402	376	312	371	276
126	116	109	119	98	102
224	260	287	256	203	157
384	370	354	321	267	238
219	218	208	196	180	175
59	59	57	57	59	59
103	95	85	115	100	84
38	39	38	39	36	38
92	69	78	83	49	49
16	16	16	15	15	15
9	8	7	6	5	4
7	7	6	6	5	5
61	34	59	55	46	42
9,392	8,733	8,331	7,882	7,358	6,779
3,178	3,055	3,024	2,806	2,683	2,466
2,554	2,445	2,348	2,219	2,154	1,954
905	807	780	787	767	770
515	488	510	486	471	470
391	362	317	235	235	217
181	159	166	152	145	103
508	509	541	567	97	47
866	621	544	501	460	624
9,098	8,446	8,230	7,753	7,012	6,651
$ 18,490	$ 17,179	$ 16,561	$ 15,635	$ 14,370	$ 13,430
7.6%	3.7%	5.9%	8.8%	7.0%	5.1%

Ten-Year Schedule of Expenditures - Budgetary Basis
All Funds by Function and Object

For Fiscal Year Ended June 30
(Dollars in Millions)

	2001	2000	1999	1998
Expenditures by Function:				
Education	$ 7,570	$ 7,058	$ 6,622	$ 5,941
Administration of Justice	2,091	1,914	1,745	1,550
Individual and Family Services	6,897	6,385	5,888	5,594
Resources and Economic Development	790	673	624	539
Transportation	3,158	2,797	2,867	2,573
General Government	2,198	1,880	1,514	1,174
Enterprises	1,286	1,230	1,198	1,140
Capital Projects	451	428	444	553
Total Expenditures	$ 24,441	$ 22,365	$ 20,902	$ 19,064
Expenditures by Object:				
Personal Services	$ 5,633	$ 5,196	$ 4,818	$ 4,418
Medical and Other Contractual Services	5,326	4,869	4,482	4,142
Supplies and Materials	926	890	841	826
Transfer Payments	9,369	8,454	7,781	6,818
Debt Service	449	390	336	309
Rent, Insurance, and Other Related Charges	970	995	924	886
Land, Equipment, and Other Fixed Assets	1,762	1,567	1,716	1,662
Other	6	4	4	3
Total Expenditures	$ 24,441	$ 22,365	$ 20,902	$ 19,064
Percentage Increase				
Over Previous Year	9.3%	7.0%	9.6%	5.4%

Includes all Governmental, Proprietary, and Higher Education Funds

Source: Department of Accounts

1997	1996	1995	1994	1993	1992
$ 5,568	$ 5,195	$ 5,067	$ 4,758	$ 4,599	$ 4,325
1,387	1,326	1,250	1,143	1,070	1,034
5,562	5,445	5,316	5,047	4,860	4,439
482	480	501	419	381	389
2,449	2,330	2,265	1,833	1,670	1,812
1,088	1,008	1,037	893	398	382
1,085	1,065	1,034	1,012	957	941
460	332	355	277	167	208
$ 18,081	$ 17,181	$ 16,825	$ 15,382	$ 14,102	$ 13,530
$ 4,197	$ 4,241	$ 4,274	$ 4,053	$ 3,781	$ 3,776
3,975	3,698	3,495	3,034	2,847	2,503
920	820	776	785	736	692
6,368	6,025	5,857	5,477	5,309	5,014
306	255	244	203	157	173
821	816	842	781	367	346
1,488	1,320	1,332	1,028	884	1,005
6	6	5	21	21	21
$ 18,081	$ 17,181	$ 16,825	$ 15,382	$ 14,102	$ 13,530
5.2%	2.1%	9.4%	9.1%	4.2%	3.1%

Ten-Year Schedule of Revenues - Budgetary Basis
General Governmental Revenues by Source

For Fiscal Year Ended June 30
(Dollars in Millions)

	2001	2000	1999	1998
Tax Revenues:				
Individual and Fiduciary Income	$ 7,226	$ 6,829	$ 6,088	$ 5,405
Sales and Use	2,661	2,574	2,410	2,240
Motor Fuels	821	794	778	759
Corporation Income	364	566	420	451
Public Service Corporations	98	104	112	102
Motor Vehicle Sales and Use	497	492	436	394
Gross Premiums of Insurance Companies	268	251	245	237
Alcoholic Beverage Sales Tax	73	70	64	61
Deeds, Contracts, Wills, and Suits	168	146	158	127
Beer and Beverage Excise	41	41	40	39
Estate	127	150	154	122
Tobacco Products	15	15	16	16
Bank Stock	5	12	13	8
Wine and Spirits / ABC Liter	10	7	7	7
Other Taxes	63	58	52	44
Total Tax Revenues	12,437	12,109	10,993	10,012
Other Revenues:				
Federal and Other Grants, Donations, and Federal Revenue Sharing	3,778	3,459	3,264	3,035
Institutional Revenue	466	439	376	331
Sales of Property and Commodities	122	91	91	71
Rights and Privileges	601	577	541	516
Interest, Dividends, and Rents	218	169	166	136
Fines, Forfeitures, Costs, Penalties and Escheats	171	162	163	148
Assessments - Special Services	114	52	48	37
Other Revenues	941	875	589	536
Total Other Revenues	6,411	5,824	5,238	4,810
Total Revenues	$ 18,848	$ 17,933	$ 16,231	$ 14,822
Percentage Increase Over Previous Year	5.1%	10.5%	9.5%	7.1%

Includes all Governmental Funds

Source: Department of Accounts

1997	1996	1995	1994	1993	1992
$ 4,736	$ 4,301	$ 4,028	$ 3,812	$ 3,585	$ 3,321
2,134	2,010	1,935	1,795	1,680	1,574
722	715	679	686	650	633
432	402	376	312	371	276
126	116	109	119	98	102
384	370	354	321	267	238
219	218	208	196	180	175
59	59	57	57	59	59
4	95	85	115	100	84
38	39	38	39	38	38
92	69	78	83	48	49
16	16	16	15	15	15
9	8	7	6	5	4
7	7	6	6	5	5
142	16	41	41	33	34
9,120	8,441	8,017	7,603	7,134	6,607
2,821	2,705	2,664	2,374	2,194	2,074
309	346	331	312	306	287
103	7	9	8	8	9
499	475	486	463	452	451
149	116	104	75	66	61
135	122	121	116	109	64
34	34	33	33	30	40
671	505	394	383	366	537
4,721	4,310	4,142	3,764	3,531	3,523
$ 13,841	$ 12,751	$ 12,159	$ 11,367	$ 10,665	$ 10,130
8.5%	4.9%	7.0%	6.6%	5.3%	3.3%

Ten-Year Schedule of Expenditures - Budgetary Basis
General Governmental Expenditures by Function and Object

For Fiscal Year Ended June 30
(Dollars in Millions)

	2001	2000	1999	1998
Expenditures by Function:				
Education	$ 4,659	$ 4,353	$ 4,125	$ 3,614
Administration of Justice	2,072	1,898	1,730	1,537
Individual and Family Services	5,985	5,609	5,105	4,800
Resources and Economic Development	707	614	574	502
Transportation	2,846	2,585	2,634	2,377
General Government	1,508	1,175	791	525
Enterprises	107	94	92	81
Capital Projects	326	354	363	477
Total Expenditures	$ 18,210	$ 16,682	$ 15,414	$ 13,913
Expenditures by Object:				
Personal Services	$ 2,915	$ 2,698	$ 2,472	$ 2,255
Medical and Other Contractual Services	4,538	4,137	3,802	3,517
Supplies and Materials	387	390	366	375
Transfer Payments	8,530	7,721	6,979	6,010
Debt Service	353	297	260	235
Rent, Insurance, and Other Related Charges	238	249	216	209
Land, Equipment, and Other Fixed Assets	1,252	1,194	1,322	1,315
Other	(3)	(4)	(3)	(3)
Total Expenditures	$ 18,210	$ 16,682	$ 15,414	$ 13,913
Percentage Increase				
Over Previous Year	9.2%	8.2%	10.8%	6.9%

Includes all Governmental Funds

Source: Department of Accounts

1997	1996	1995	1994	1993	1992
$ 3,432	$ 3,145	$ 3,056	$ 2,852	$ 2,800	$ 2,614
1,377	1,318	1,241	1,135	1,062	1,026
4,541	4,413	4,319	3,970	3,747	3,380
447	445	461	396	367	375
2,272	2,124	2,070	1,736	1,587	1,683
498	459	463	408	352	345
76	69	71	43	35	30
378	267	289	223	125	155
$ 13,021	$ 12,240	$ 11,970	$ 10,763	$ 10,075	$ 9,608
$ 2,042	$ 2,103	$ 2,150	$ 2,035	$ 1,913	$ 1,946
3,352	3,105	2,929	2,515	2,363	2,049
404	340	324	314	262	237
5,700	5,337	5,187	4,820	4,622	4,347
225	181	166	120	81	57
186	222	212	188	182	188
1,114	953	1,003	769	651	783
(2)	(1)	(1)	2	1	1
$ 13,021	$ 12,240	$ 11,970	$ 10,763	$ 10,075	$ 9,608
6.4%	2.3%	11.2%	6.8%	4.9%	1.1%

Computation of Legal Debt Limit and Margin

For Revenues Collected through June 30, 2001
(Dollars in Thousands)

	Fiscal Year Ended June 30,		
	2001	2000	1999
Tax Revenues Required for Computation			
Taxes on Income and Retail Sales:			
Individual and Fiduciary Income Tax and Estate Tax [1]	$ 7,226,407	$ 6,829,587	$ 6,087,888
Corporate Income Tax [2]	363,757	565,909	420,421
State Sales and Use Tax [3]	2,272,954	2,201,533	2,065,265
Total	$ 9,863,118	$ 9,597,029	$ 8,573,574
Average Tax Revenues for the Three Fiscal Years			$ 9,344,574
Section 9(a)(2) General Obligation Debt Limit [4]			
Debt Limit (30% of 1.15 times annual tax revenues for fiscal year 2001)			$ 3,402,776
Less Bonds Outstanding:			-
Debt Margin for Section 9(a)(2) General Obligation Bonds			$ 3,402,776
Section 9(b) General Obligation Debt Limit			
Debt Limit (1.15 times average tax revenues for three fiscal years as calculated above)			$ 10,746,260
Less Bonds Outstanding:**			
Public Facilities Bonds		$ 429,725	
Transportation Facilities Refunding Bonds [6]		56,585	
Bond Anticipation Notes		-	486,310
Debt Margin for Section 9(b) General Obligation Bonds			$ 10,259,950
Additional Section 9(b) Debt Borrowing Restriction:			
Four-year Authorization Restriction (25% of 9(b) Debt Limit)			$ 2,686,565
Less 9(b) Debt authorized in past three fiscal years			-
Maximum Additional Borrowing Restriction (amount that could be authorized by the General Assembly)			$ 2,686,565
Section 9(c) General Obligation Debt Limit			
Debt Limit (1.15 times average tax revenues for three fiscal years as calculated above)			$ 10,746,260
Less Bonds Outstanding:**			
Parking Facilities Bonds		$ 10,325	
Transportation Facilities Bonds [5]		126,319	
Higher Educational Institution Bonds [5]		345,154	
Bond Anticipation Notes		-	481,798
Debt Margin for Section 9(c) General Obligation Bonds			$ 10,264,462

**Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.
(1) Includes taxes imposed pursuant to Articles 2 and 9 of Chapter 3, Title 58.1 of the *Code of Virginia* .
(2) Includes taxes imposed pursuant to Article 10 of Chapter 3, Title 58.1 of the *Code of Virginia.*
(3) Includes taxes imposed pursuant to Chapter 6, Title 58.1 of the *Code of Virginia,* less taxes identified in Sections 58.1-605 and 58.1-638.
(4) Debt limit applies only to debt authorized pursuant to Article X, Section 9(a)(2) of the Constitution of Virginia.
(5) Net of unamortized discount.
(6) These bonds refunded certain Section 9(c) debt, and because the Governor did not certify the feasibility of the refinanced project, it must be applied against the Section 9(b) Debt Limit.

Sources: Department of Accounts, Department of Treasury

Ratio of General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years
(Amounts in Thousands Except Per Capita)

For the Fiscal Year Ended June 30,	Population	General Obligation Debt (1)	General Long-Term Debt Per Capita
2001	6,929	$ 968,108	$ 140
2000	6,929	1,046,191	151
1999	6,858	1,108,929	162
1998	6,784	1,139,927	167
1997	6,739	1,140,862	169
1996	6,663	1,054,305	158
1995	6,596	963,304	146
1994	6,522	791,842	121
1993	6,421	816,883	127
1992	6,259	582,713	93

(1) Includes 9(a), 9(b) and 9(c) debt, net of unamortized discounts and bond anticipation notes payable.

Sources: Virginia Employment Commission
Department of Accounts

Percentage of Annual Debt Service Expenditures for Governmental Debt to Total Expenditures All Governmental Fund Types

Last Ten Fiscal Years
(Dollars in Thousands)

For the Fiscal Year Ended June 30,	Debt Service (1)	Total Expenditures (2)	Percentage
2001	$ 310,617	$ 18,190,526	1.71 %
2000	308,174	16,722,019	1.84
1999	323,634	15,431,118	2.10
1998	287,971	14,167,795	2.03
1997	271,140	13,636,962	1.99
1996	206,885	12,103,923	1.71
1995	150,513	11,873,282	1.27
1994	146,972	10,809,573	1.36
1993	107,078	10,422,319	1.03
1992	96,308	9,480,167	1.02

(1) Includes principal and interest payments related to general bonded debt reflected in the General Long-Term Debt Account Group and Governmental Component Units. The principal outstanding at June 30, 2001 was $3.0 billion.
(2) Includes General, Special Revenue, Debt Service, Capital Projects Funds, and Governmental Component Units.

Source: Department of Accounts

Schedule of Revenue Bond Coverage (1)
Higher Education Section 9(d) Long-Term Debt
(Discrete Component Units)

Last Ten Fiscal Years
(Dollars in Thousands Except Coverage)

	For the Fiscal Year Ended June 30,	Current Unrestricted Beginning Balance (2)	Current Unrestricted Gross Revenues (2)	Current Unrestricted Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements	Coverage
Virginia Commonwealth University	2001	$ 28,813	$ 396,946	$ 384,575	$ 41,184	$ 4,875	8.45
	2000	32,353	375,912	371,263	37,002	4,878	7.59
	1999	29,381	372,266	358,473	43,174	4,209	10.26
	1998	30,849	336,835	334,318	33,366	3,563	9.36
	1997	180,008	728,116	699,581	208,543	957	217.91
	1996	156,136	673,639	637,376	192,399	6,079	31.65
	1995	150,564	644,391	631,785	163,170	8,831	18.48
	1994	156,818	633,457	632,316	157,959	10,069	15.69
	1993	122,158	629,163	576,710	174,611	10,069	17.34
	1992	100,488	603,092	569,410	134,170	10,068	13.33
University of Virginia	2001	$ 155,695	$ 1,081,910	$ 1,012,292	$ 225,313	$ 18,963	11.88
	2000	128,167	981,040	903,124	206,083	18,829	10.94
	1999	134,601	921,043	861,269	194,375	14,061	13.82
	1998	133,683	904,027	832,901	204,809	14,051	14.58
	1997	153,000	830,731	771,806	211,925	14,057	15.08
	1996	147,556	783,722	728,665	202,613	13,834	14.65
	1995	124,076	742,152	666,479	199,749	13,559	14.73
	1994	101,930	712,071	648,479	165,522	13,197	12.54
	1993	83,494	684,552	613,380	154,666	11,806	13.10
	1992	61,490	650,955	579,517	132,928	11,946	11.13
Virginia Polytechnic Institute and State University	2001	$ 12,347	$ 544,800	$ 522,738	$ 34,409	$ 7,402	4.65
	2000	9,919	518,426	494,931	33,414	7,412	4.51
	1999	11,892	488,100	471,574	28,418	7,413	3.83
	1998	12,280	453,227	437,879	27,628	5,709	4.84
	1997	18,118	421,073	407,384	31,807	2,110	15.07
	1996	756	396,893	367,269	30,380	1,531	19.84
	1995	7,668	388,410	382,017	14,061	1,554	9.05
	1994	13,321	377,546	373,109	17,758	3,034	5.85
	1993	14,334	355,781	344,370	25,745	2,935	8.77
	1992	11,885	353,426	344,132	21,179	1,652	12.82
Norfolk State University	2001	$ (1,499)	$ 81,088	$ 72,923	$ 6,666	$ 904	7.37
	2000	1,315	75,692	71,823	5,184	901	5.75
	1999	(7,801)	71,392	61,250	2,341	902	2.60
	1998	(5,289)	63,094	60,596	(2,791)	902	(3.09)
	1997	(1,370)	61,787	62,841	(2,424)	552	(4.39)
	1996	349	59,097	58,750	696	174	4.00
	1995	2,773	55,870	54,751	3,892	174	22.37
	1994	5,630	56,098	55,109	6,619	174	38.04
	1993	5,548	79,202	73,776	10,974	174	63.07
	1992	5,675	51,708	49,936	7,447	279	26.67

	For the Fiscal Year Ended June 30,	Current Unrestricted Beginning Balance (2)	Current Unrestricted Gross Revenues (2)	Current Unrestricted Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements	Coverage
James Madison University	2001	$ 453	$ 202,842	$ 186,384	$ 16,911	$ 1,707	9.91
	2000	(810)	186,516	171,158	14,548	1,706	8.53
	1999	130	185,181	171,850	13,461	1,708	7.88
	1998	(2,971)	163,018	149,244	10,803	1,712	6.31
	1997	1,868	149,340	142,846	8,362	1,714	4.88
	1996	1,114	132,593	121,341	12,366	1,712	7.22
	1995	2,216	125,028	115,890	11,354	1,712	6.63
	1994	5,144	115,625	107,242	13,527	247	54.77
	1993	4,178	109,708	103,116	10,770	248	43.43
	1992	3,753	106,700	100,706	9,747	248	39.33
Virginia College Building Authority (3)	2001	$ 2,016	$ 13,580	$ 383	$ 15,213	$ 13,849	1.10
	2000	1,399	11,334	363	12,370	4,662	2.65
	1999	937	9,597	537	9,997	8,764	1.14
	1998	141	8,017	7,174	984	4,637	0.21
	1997	138	3,622	3,619	141	2,408	0.06
	1996	264	2,401	125	2,540	2,226	1.14
	1995	797	2,239	406	2,630	2,365	1.11
	1994	411	2,591	212	2,790	2,378	1.17
	1993	(1,808)	4,979	3	3,168	2,749	1.15
	1992	14,682	8,372	788	22,266	2,353	9.46

(1) Coverage relates to Higher Education 9(d) Revenue Bonds. The outstanding principal of this debt at June 30, 2001, was $650,365,314 and the outstanding interest was $281,249,368.

(2) This balance is taken from individual institution's financial statements.

(3) Includes interest payment only.

Sources: Department of the Treasury; Department of Accounts.

Schedule of Revenue Bond Coverage
Selected Discrete Component Units

Last Ten Fiscal Years
(Dollars in Thousands Except Coverage)

	For the Fiscal Year Ended June 30,	Beginning Balance	Gross Revenues	Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements (1)	Coverage
Virginia Housing Development Authority	2001	$ 116,233	$ 643,381	$ 182,940	$ 576,674	$ 574,488	1.00
	2000	1,018,800	609,934	181,045	1,447,689	1,136,786	1.27
	1999	935,251	579,194	169,286	1,345,159	927,030	1.45
	1998	839,564	565,345	161,631	1,243,278	800,168	1.55
	1997	745,233	514,345	158,700	1,100,878	350,348	3.14
	1996	667,221	493,305	155,575	1,004,951	318,092	3.16
	1995	600,086	335,697	33,664	902,119	272,342	3.31
	1994	543,590	311,782	28,186	827,186	846,695	0.98
	1993	488,321	325,475	24,316	789,480	710,527	1.11
	1992	440,045	331,160	282,884	488,321	88,515	5.52
Virginia Education Loan Authority (3)	2001	$ -	$ -	$ -	$ -	$ N/A	N/A
	2000	-	-	-	-	N/A	N/A
	1999	-	-	-	-	N/A	N/A
	1998	-	-	-	-	N/A	N/A
	1997	-	769	-	769	N/A	N/A
	1996	70,259	16,922	6,576	80,605	80,532	1.00
	1995	75,433	39,721	19,477	95,677	66,739	1.43
	1994	77,924	35,724	14,270	99,378	54,426	1.83
	1993	80,333	34,631	11,467	103,497	97,269	1.06
	1992	82,689	38,756	41,112	80,333	49,280	1.63
Virginia Resources Authority	2001	$ 114,700	$ 56,521	$ 16,322	$ 154,899	$ 29,786	5.20
	2000	124,894	142,224	103,441	163,677	41,055	3.99
	1999	94,809	110,816	72,926	132,699	45,259	2.93
	1998	72,478	117,222	78,950	110,750	34,885	3.17
	1997	58,481	85,837	51,443	92,875	33,915	2.74
	1996	46,209	97,125	63,584	79,750	37,189	2.14
	1995	37,290	31,658	1,196	67,752	33,716	2.01
	1994	30,915	29,929	1,545	59,299	26,813	2.21
	1993	23,161	27,730	1,401	49,490	22,457	2.20
	1992	17,718	22,905	17,462	23,161	4,565	5.07

(1) Beginning in 1993, includes principal, interest and amortization expenses for all entities.
(2) Beginning in 1993, excludes interest expense.
(3) The Virginia Education Loan Authority defeased all debt during fiscal year 1996.

Sources: Department of the Treasury; Department of Accounts.

Schedule of Revenue Bond Coverage
Other Section 9(d) Long-Term Debt

Last Ten Fiscal Years
(Dollars in Thousands Except Coverage)

	For the Fiscal Year Ended June 30,	Beginning Balance	Gross Revenues (1)	Operating Expenditures (2)	Net Available for Debt Service	Debt Service Requirements (3)	Coverage
Primary Government:							
Virginia Public Building Authority	2001	$ 146,024	$ 8,064	$ 40,278	$ 113,810	$ 107,385	1.06
(Series 1988A, 1989A, 1991A, 1992A-C,	2000	64,065	3,584	53,116	14,533	97,797	0.15
1993A, 1994A, 1995, 1996A, 1997A,	1999	78,795	3,896	83,375	(684)	93,069	(0.01)
1998A Refunding, 1998B, and 1999A)	1998	150,464	7,460	136,914	21,010	83,301	0.25
	1997	182,702	79,218	192,723	69,197	121,101	0.57
	1996	108,552	73,678	124,522	57,708	59,431	0.97
	1995	106,103	60,138	82,972	83,269	53,785	1.55
	1994	134,523	142,779	85,900	191,402	50,788	3.77
	1993	60,640	148,840	106,753	102,727	36,061	2.85
	1992	89,702	147,015	149,615	87,102	26,462	3.29
Transportation Facilities	2001	$ 287,063	$ 50,125	$ 201,181	$ 136,007	$ 86,121	1.58
Route 28, Route 58, Northern Virginia	2000	156,876	27,412	133,635	50,653	77,169	0.66
Transportation District, and Oak Grove	1999	283,203	25,066	156,691	151,578	60,470	2.51
Connector (Chesapeake)	1998	345,299	28,042	129,493	243,848	57,916	4.21
	1997	236,711	21,169	104,183	153,697	56,186	2.74
	1996	177,162	147,547	110,651	214,058	45,146	4.74
	1995	163,484	15,913	33,904	145,493	31,068	4.68
	1994	187,357	36,735	30,362	193,730	31,070	6.24
	1993	108,176	26,399	35,947	98,628	24,074	4.10
	1992	188,849	33,104	47,236	174,717	27,335	6.39
Pocahontas Parkway Association (4)	2001	$ (13,052)	$ 9,399	$ 24,618	$ (28,271)	$ 9,152	(3.09)
(Series 1998A-D)	2000	(3,259)	13,320	17,385	(7,324)	9,287	(0.79)
	1999	-	18,013	15,544	2,469	5,728	0.43
Component Units:							
Innovative Technology Authority	2001	$ 6,024	$ 2,793	$ -	$ 8,817	$ 1,388	6.35
(Series 1989 and 1997)	2000	4,691	2,721	-	7,412	1,424	5.21
	1999	3,388	2,732	-	6,120	1,364	4.49
	1998	2,224	2,528	-	4,752	1,391	3.42
	1997	1,808	1,807	-	3,615	1,544	2.34
	1996	1,596	1,756	-	3,352	1,464	2.29
	1995	1,304	1,756	-	3,060	1,484	2.06
	1994	1,031	1,757	-	2,788	1,504	1.85
	1993	750	1,785	-	2,535	1,478	1.72
	1992	467	1,826	-	2,293	1,543	1.49
Virginia Port Authority (5)	2001	$ 52,692	$ 6,407	$ 49,380	$ 9,719	$ 21,971	0.44
(Series 1992A, 1993, 1996, 1997,	2000	67,154	25,160	49,086	43,228	17,570	2.46
1997 Refunding, and 1998 Refunding)	1999	93,565	28,677	66,680	55,562	15,648	3.55
	1998	130,870	19,434	59,387	90,917	21,279	4.27
	1997	40,727	16,498	68,094	(10,869)	15,921	(0.68)
	1996	42,666	6,633	35,198	14,101	16,192	0.87
	1995	41,615	6,162	28,236	19,541	17,858	1.09
	1994	45,589	6,217	32,454	19,352	18,277	1.06
	1993	83,140	36,911	24,765	95,286	43,699	2.18
	1992	73,503	43,317	28,744	88,076	13,360	6.59

(1) Gross Revenues include loan principal collections.
(2) Operating Expenditures are exclusive of principal and interest.
(3) Includes principal and interest of revenue bonds only. It does not include debt defeasance transactions.
(4) Ten years of data not available. This is a new entity established in 1999.
(5) Beginning in 1994, reflects governmental component unit data only.

Sources: Department of the Treasury; Department of Accounts

Schedule of Bank Deposits (1)

Last Ten Years
(Dollars in Millions)

As of June 30, (2)	Bank Deposits
2000	$ 76,059
1999	72,055
1998	71,317
1997	68,568
1996	65,061
1995	61,204
1994	57,549
1993	56,034
1992	55,272
1991	55,059

(1) Includes only amounts deposited in insured commercial banks by corporations, governments, and individuals.
(2) Deposit information is not available for 2001.

Source: Federal Deposit Insurance Corporation Web Site, www.fdic.gov.

Application of Unclaimed Property Funds (1)

Year Ending June 30,	Total Available Funds (2)	Payment of Claims	Operating Expenses	Transfers to Literary Fund
2001	$ 55,165,372	$ 11,697,747	$ 3,167,625	$ 40,300,000
2000	43,416,355	14,070,772	3,345,583	26,000,000
1999	48,186,240	14,563,124	2,923,116	30,700,000
1998	38,533,882	8,202,961	3,330,921	27,000,000
1997	55,166,195	8,205,998	3,760,197	43,200,000
1996	33,985,781	5,551,113	2,934,668	25,500,000
1995	32,673,816	5,378,659	2,295,157	25,000,000
1994	24,270,294	3,740,568	2,529,726	18,000,000
1993	27,613,422	6,369,882	1,743,540	19,500,000
1992	27,327,523	8,487,808	1,839,715	17,000,000
1991	26,348,389	4,658,492	1,689,897	20,000,000
1962-1990	114,988,727	16,816,477	9,850,027	88,322,223
	$ 527,675,996	$ 107,743,601	$ 39,410,172	$ 380,522,223

(1) Under Unclaimed Property law, the Commonwealth receives abandoned securities and tangible personal property. These are not introduced into the accounting system until converted to cash. As of June 30, 2001, securities with a market value of approximately $53 million and 3,160 inventoried lots of unappraised tangible property were in the Treasurer's custody. The Treasurer is custodian of these items until claimed by the rightful owners or heirs, except that the Treasurer can and does periodically convert these items into cash.
(2) Total available funds represent the amount of funds available for payment of claims, operating expenses, and transfers to Literary Fund.

Source: Department of the Treasury

Application of Escheat Receipts

Last Ten Fiscal Years

Year Ending June 30,	Total Receipts	Expenses (1)	Transfers to Literary Fund
2001	$ -	$ 21,862	$ (21,862)
2000	192,490	146,156	46,334
1999	126,589	149,071	(22,482)
1998	502,972	460,267	42,705
1997	1,227,184	499,171	728,013
1996	781,712	868,652	(86,940)
1995	1,238,000	676,000	562,000
1994	967,000	537,000	430,000
1993	1,222,000	961,000	261,000
1992	1,078,000	976,000	102,000
Total	$ 7,335,947	$ 5,295,179	$ 2,040,768

(1) Expenses include delinquent taxes paid to localities, refunds to original owners, heirs, or purchasers, and other expenses directly related to the escheat process.

Source: Department of the Treasury

Schedule of Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (In Thousands) (1)	Per Capita Income (2)	Public Primary and Secondary School Enrollment	Unemployment Rate
2001	6,929	$ 30,400	1,130,446	2.4 %
2000	6,929	30,400	1,121,780	2.7
1999	6,858	28,000	1,110,843	2.8
1998	6,784	26,700	1,110,815	3.4
1997	6,739	25,400	1,092,090	4.4
1996	6,663	24,400	1,076,653	4.4
1995	6,596	23,062	1,067,669	4.6
1994	6,522	22,021	1,047,222	5.1
1993	6,421	21,624	996,241	5.3
1992	6,259	20,560	1,014,570	6.2

(1) Population figures for 2000-2001 are estimates.
(2) Per capita income has been revised and is reflected in current dollars.

Sources: Virginia Department of Education
Virginia Department of Taxation
Virginia Employment Commission
Center for Public Service, University of Virginia

Schedule of Miscellaneous Statistics

June 30, 2001

Adoption of Virginia Constitution	1776
Form of Government	Legislative, Executive, Judicial
Land Area (square miles)	40,767
Miles of State Highways	66,936
State Police Protection:	
Number of Stations	75
Number of State Police	1,801
Higher Education (Universities, Colleges, and Community Colleges):	
Number of Separate Institutions	89
Number of Educators	11,846
Number of Students	313,781
Recreation:	
Number of State Parks, Natural Areas, and Historic Sites	66
Area of State Parks, Natural Areas, and Historic Sites (acres)	76,629
Number of State Forests	15
Area of State Forests (acres)	45,609
Classified State Employees	102,676

Sources: Department of Forestry
Department of Human Resource Management
Department of State Police
Department of Transportation
Library of Virginia
State Council of Higher Education
Virginia Department of Conservation and Recreation, Division of Parks and Recreation

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