Report of the Comptroller to the Governor of Virginia

A Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1999

James S. Gilmore, III
Governor

Ronald L. Tillett
Secretary of Finance

William E. Landsidle
Comptroller

This report was printed on recycled materials.

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December 15, 1999

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

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

Dear Governor Gilmore:

It is my pleasure to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999, in accordance with Section 2.1-207 of the *Code of Virginia*.

This report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). Data presented in this report is believed to be accurate in all material respects, and all disclosures that are necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

The 1999 Comprehensive Annual Financial Report is presented in three sections. The Introductory Section includes a financial overview, discussion of the Virginia economy, and organization charts for State government. The Financial Section includes the State auditor's report, audited general purpose financial statements and notes thereto, and the underlying combining and individual fund financial statements and supporting schedules. The Statistical Section sets forth selected unaudited economic, financial trend, and demographic information for the State on a multi-year basis.

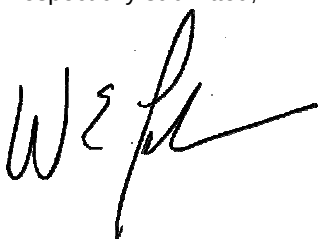
In accordance with Section 2.1-155 of the *Code of Virginia*, the Auditor of Public Accounts has audited the Commonwealth's financial statements for the year ended June 30, 1999. The audit was conducted in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the Federal Single Audit Act Amendments of 1996 and the related OMB Circular A-133 is performed at the statewide level. The Auditor's Single Audit Report will be issued at a later date. I would like to acknowledge the staff of the Auditor of Public Accounts 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such reports must satisfy both generally accepted accounting principles and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Commonwealth has received a Certificate of Achievement for the last thirteen consecutive years (fiscal years 1986-1998). 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,



Comptroller of the Commonwealth of Virginia

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 of the Financial Section. General Fund revenue collections exceeded estimates for the ninth consecutive year.

Figure 1 shows the General Fund ending fund balances on a budgetary basis since fiscal year 1995. Of the $1,599.6 million ending fund balance at June 30, 1999, $1,591.4 million was reserved or designated, including $658.9 million for the Revenue Stabilization Reserve Fund, and $932.5 million designated for other appropriation or reappropriation in fiscal year 2000. After all 1999 reservations and designations are considered, there is an undesignated fund balance of $8.2 million available for future appropriation.

Figure 2 shows the General Fund ending fund balances since fiscal year 1995, using the GAAP basis of accounting. The fiscal year 1995 deficit in the General Fund when measured on the GAAP basis of accounting is primarily the result of a settlement and subsequent ruling by the Virginia Supreme Court in the case of *Harper v. Department of Taxation*. Pursuant to the terms of the settlement, the Commonwealth made installment payments for FY 1995 through FY 1999. The last payment was made during FY 1999.

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, 1999. Prior year data is shown for comparison purposes. The overall revenue increase of 10.5 percent is attributable to favorable Individual Income and Sales and Use tax revenue collections, which reported 12.6 and 7.6 percent increases, respectively. Based on the revenue from income and sales taxes, and in accordance with Article X, Section 8 of the Constitution of Virginia, a $103.3 million contribution to the Revenue Stabilization Fund is required.

Figure 4 shows General Fund expenditures by function on a budgetary basis for the year ended June 30, 1999, as compared to the prior year. Total expenditures and transfers increased by 14.9 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 15.1 percent over the prior year as the result of increased support for higher education and public schools. Administration of Justice increased by 12.3 percent as a result of adding correctional facility space. General Government increased 55.1 percent over the prior year, due to increasing payments to localities for car tax reimbursements.

General Fund Condition - Modified Accrual Basis

Although the Commonwealth budgets and manages its financial affairs using the budgetary basis of accounting, generally accepted accounting principles require that states use the modified accrual basis of accounting to prepare financial statements. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance operations throughout the fiscal year, or to liquidate liabilities at the end of the fiscal year. Expenditures are recognized when a liability occurs. The accruals recorded on the financial statements for the fiscal year ended June 30, 1999, reflect cash that will not be received or disbursed until fiscal year 2000.

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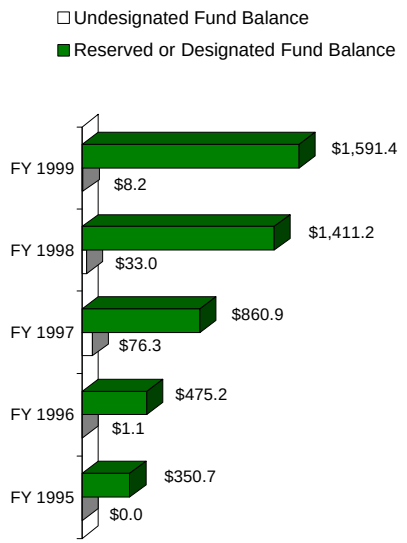
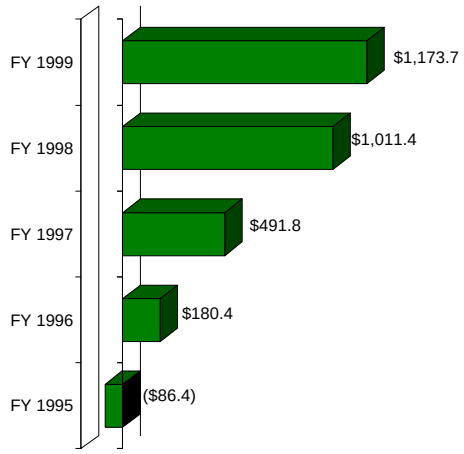
Highlighting the Undesignated Fund Balance

(Dollars in Millions) *Figure 1*



General Fund Balance – GAAP Basis

(Dollars in Millions) *Figure 2*



Analysis of General Fund Revenues and Other Financing Sources

(Budgetary Basis)

(Dollars in Thousands) *Figure 3*

	FY 1999	FY 1998	Increase (Decrease) Over FY 1998 Amount	Percent
Taxes:				
Individual Income	$ 6,087,851	$ 5,405,440	$ 682,411	12.6
Sales and Use	2,065,265	1,919,216	146,049	7.6
Corporation Income	420,421	450,780	(30,359)	(6.7)
Public Service Corporations	111,949	101,782	10,167	10.0
Premiums of Insurance Companies	244,910	236,971	7,939	3.4
Other	450,656	377,462	73,194	19.4
Subtotal - Taxes	9,381,052	8,491,651	889,401	10.5
Securities Lending Proceeds	6,757	13,213	(6,456)	(48.9)
Other Revenue	349,890	306,179	43,711	14.3
Total Revenues	9,737,699	8,811,043	926,656	10.5
Other Financing Sources:				
Transfers and Other Sources	409,240	390,013	19,227	4.9
Residual Equity Transfer	-	1,119	(1,119)	(100.0)
Total Revenues and Other Financing Sources	$ 10,146,939	$ 9,202,175	$ 944,764	10.3

Analysis of General Fund Expenditures By Function and Other Uses

(Budgetary Basis)

(Dollars in Thousands) *Figure 4*

	FY 1999	FY 1998	% Increase (Decrease)	FY 1999 % of Total
General Government	$ 591,531	$ 381,402	55.1	5.9
Education	3,713,657	3,225,428	15.1	37.2
Transportation	47	24	95.8	0.0
Resources and Economic Development	200,819	161,912	24.0	2.0
Individual and Family Services	2,092,840	1,973,308	6.1	20.9
Administration of Justice	1,658,837	1,476,989	12.3	16.6
Capital Projects	32,557	24,750	31.5	0.3
Securities Lending Payments	6,496	12,979	(49.9)	0.1
Total Expenditures	8,296,784	7,256,792	14.3	83.0
Transfers and Other Uses	1,694,763	1,438,301	17.8	17.0
Total Expenditures and Transfers	$ 9,991,547	$ 8,695,093	14.9	100.0

Accruals of revenues and expenditures required by the modified accrual basis of accounting resulted in a decrease of $425.9 million from the $1,599.6 million budgetary basis General Fund balance (**Figure 5**), as reported in the August 15, 1999, Preliminary Annual Report of the Comptroller.

Proprietary Fund Operations of the Primary Government

Section 58.1-4022(D) of the *Code of Virginia* requires that the State Lottery Department transfer to the General Fund the audited balances of the State Lottery Fund, net of established reserves. The Auditor of Public Accounts has certified $321.8 million for transfer to the General Fund for fiscal year 1999. Section 3-1.01.G of Chapter 935, 1999 Acts of Assembly, requires that the Comptroller transfer estimated lottery balances to the General Fund prior to the end of the fiscal year.

Analysis of General Fund Balance

Budgetary Basis versus Modified Accrual Basis

(Dollars in Millions) *Figure 5*

	FY 1999	FY 1998	Variance
Fund Balance, Budgetary Basis	$ 1,599.6	$ 1,444.2	$ 155.4
Receivables, Inventory and Accrued Revenues:			
Sales Tax Receivable	234.5	188.9	45.6
Withholding Tax Receivable	214.8	211.3	3.5
Other Receivables (1)	125.8	97.7	28.1
Inventory	35.0	32.1	2.9
Other Accrued Items (2)	(30.7)	15.9	(46.6)
Total Accrued Receivables, Inventory and Other	579.4	545.9	33.5
Payables and Accrued Expenditures:			
Tax Refunds Payable	135.3	124.1	11.2
Deferred Credit (Estimated Tax Refunds)	357.0	318.3	38.7
Medicaid Claims Payable	158.6	152.3	6.3
Sales Tax Due to Localities	138.0	116.5	21.5
Federal Retirees Tax Liability	-	65.9	(65.9)
Other Accrued Items (3)	216.4	201.6	14.8
Total Payables and Accrued Expenditures	1,005.3	978.7	26.6
Receivables and Accrued Revenues Under Payables and Accrued Expenditures	(425.9)	(432.8)	6.9
Fund Balance, Modified Accrual Basis	$ 1,173.7	$ 1,011.4	$ 162.3

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

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

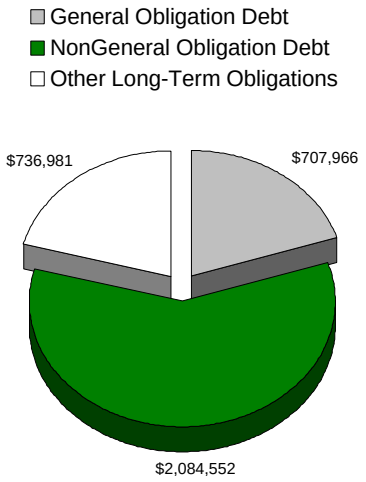
(3) This includes Accounts Payable, ABC Profits Due to Localities, Other Payments Due to Localities, Car Tax Refund Payable, and Due To Other Funds.

Debt Administration

Virginia is one of only nine states in the nation with a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service, Standard & Poor's Corporation, and Fitch IBCA, 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, 1999, was $13.5 billion. Of that amount, $4.2 billion (31.3 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.

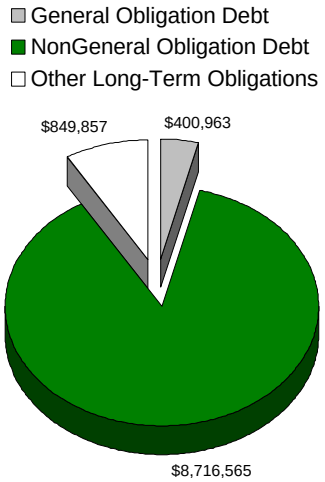
Total Outstanding Debt
Primary Government
June 30, 1999
(Dollars in Thousands) *Figure 6*



Outstanding general obligation debt backed by the full faith and credit of the Commonwealth totaled $1.1 billion at June 30, 1999. Included is Section 9(b) debt totaling $470.9 million for Public Facilities, $63.8 million for Transportation Facilities, and bond anticipation notes payable of $20 million. In 1992, Virginia voters approved general obligation bond referenda authorizing the issuance of $613 million in new Section 9(b) bonds to fund higher education, State managed mental health institutions, and parks and recreational facility capital projects, improvements, and acquisitions. Of the amount authorized, $590.1 million has been issued as of December 15, 1999. Principal and interest payments on Public Facilities Section 9(b) debt were seven-tenths of one percent of total General Fund expenditures in fiscal year 1999.

The balance of general obligation debt of $541.2 million, also backed by the full faith and credit of the Commonwealth, consisted of Section 9(c) bonds, and there were bond anticipation notes payable of $13 million. Revenue-producing capital projects, primarily auxiliary enterprises of colleges and universities and toll highways, service these bond payments. Holders of Section 9(c) bonds have a legal claim to general tax revenues of the Commonwealth should revenues prove to be insufficient to meet principal and interest payments. Such claims on general tax revenue have not been made.

Total Outstanding Debt
Component Units
June 30, 1999
(Dollars in Thousands) *Figure 7*



The remaining $3.1 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 $2.1 billion includes transportation debt, as well as the Virginia Port Authority, Virginia Public Building Authority, Innovative Technology Authority, Virginia Biotechnology Research Park Authority, and certain Virginia College Building Authority bonds payable. Other tax-supported long-term obligations include capital leases, installment purchases, notes payable, pension liability, and compensated absences.

None of the remaining debt of the Commonwealth, which totals $9.3 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, 1999, $2.3 billion, or 25.3 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."

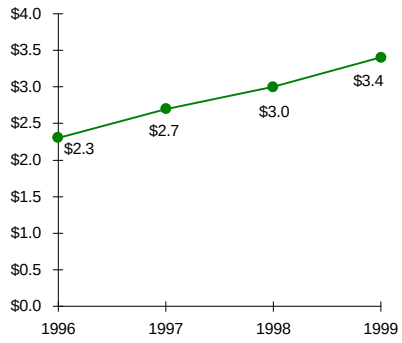
Investment Policy

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.

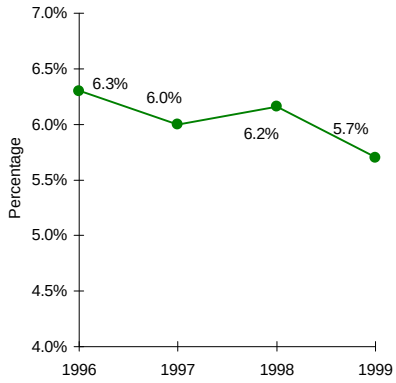
The general account of the Commonwealth is a pool of investments representing assets of a number of funds, including the general fund, various higher education operating funds, and the Commonwealth Transportation Trust Fund. These monies are invested in a variety of high quality securities including 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 80 percent for the primary liquidity pool and 20 percent for the total return pool. The average daily invested balance (**Figure 8**) for the fiscal year ended June 30, 1999, was $3.4 billion as compared to the 1998 fiscal year average balance of $3.0 billion. The net earnings (**Figure 10**) for fiscal year 1999 were $191.4 million versus fiscal year 1998 earnings of $181.5 million. The increased earnings were the result of an increase in average investment balances as interest rates drifted lower for most of the year, causing a drag on earnings.

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, 1999, the LGIP balance was $1.7 billion and the SNAP program balance was $1.3 billion.

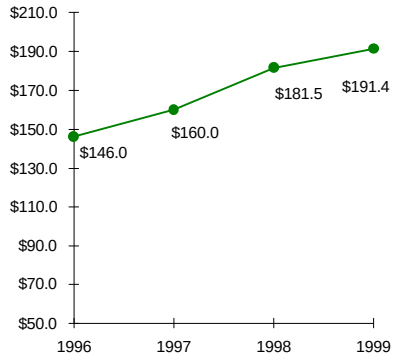
Average Daily Invested Balance
By Fiscal Year
(Dollars in Billions) *Figure 8*



Average Yield on Investments
By Fiscal Year
Figure 9



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



Risk Management

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

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

Retirement Systems

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

Reporting Entity

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

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

New Governmental Reporting Model Infrastructure Reporting

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

An important aspect of the new standard is the requirement to provide information about infrastructure assets. Infrastructure assets are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. It is expected that the primary focus related to infrastructure will involve the Virginia Department of Transportation. GASB Statements No. 34 and No. 35 require reporting of infrastructure prospectively beginning with fiscal year 2002 and to report retroactively all infrastructures 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 it would be effective for the Commonwealth for the fiscal year ending June 30, 2002. The Department of Accounts' Financial Reporting Section has begun planning for Statements No. 34 and No. 35 implementation and, during the spring of 2000, will put the 1999 Comprehensive Annual Financial Report in Statements No. 34 and No. 35 format.

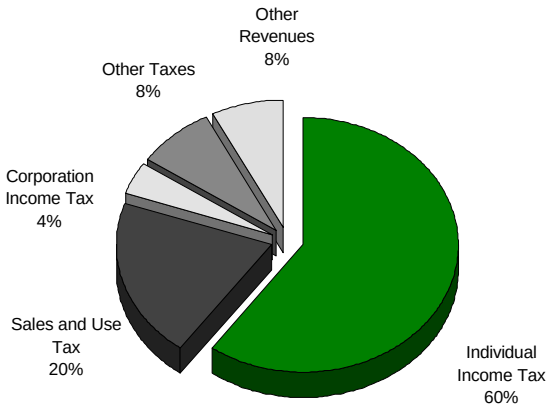
Internal Controls

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.

Figure 11
Revenue Dollar

(Budgetary Basis)

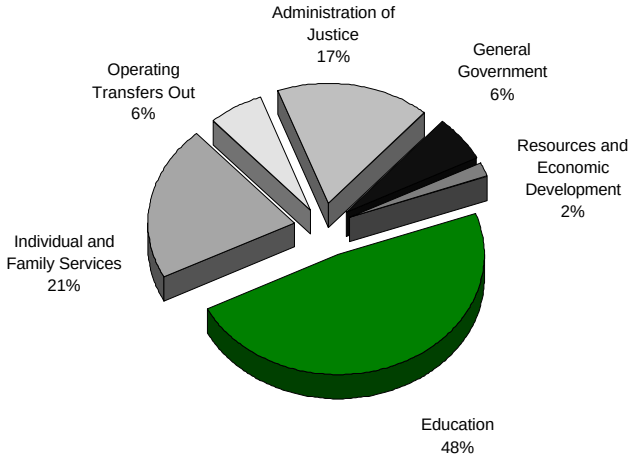


Revenues and Financing Sources	FY 1999	
Individual Income Tax	60%	
Sales and Use Tax	20%	
Corporation Income Tax	4%	
Other Taxes	8%	
Other Revenues (1)	8%	
Total	100%	

(1) ities Lending

Figure 12
Expenditure Dollar

(Budgetary Basis)



Expenditures and Financing Uses	FY 1999	
Education (2)	48%	
Individual and Family Services		23%
Operating Transfers	6%	5%
	17%	17%
	6%	4%
Development	2%	
Total	100%	

(2) Includes FY 1999 and FY 1998 Transfers Out to ucation, 11% and 12% respectively.
Includes Securities Lending Payments.

All Funds

Figure 13
Revenue Dollar
Fiscal Year 1999
(Budgetary Basis)

Revenues and Other Financing Sources (1)	FY 1999	FY 1998
Individual Income Tax	28%	28%
Sales and Use Tax	12%	12%
Other Taxes	13%	13%
Federal Revenues	18%	18%
Institutional Revenues	12%	12%
Other Revenues	17%	17%
Total	100%	100%

(1) Excludes operating transfers

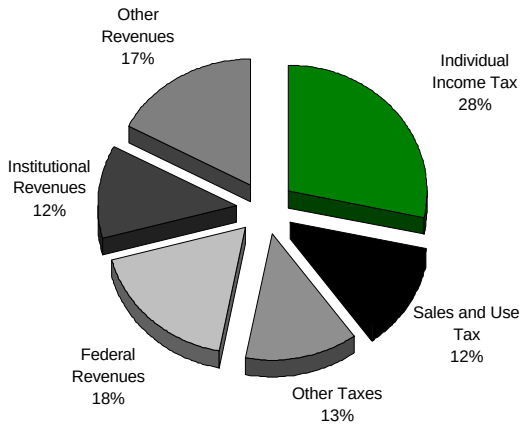
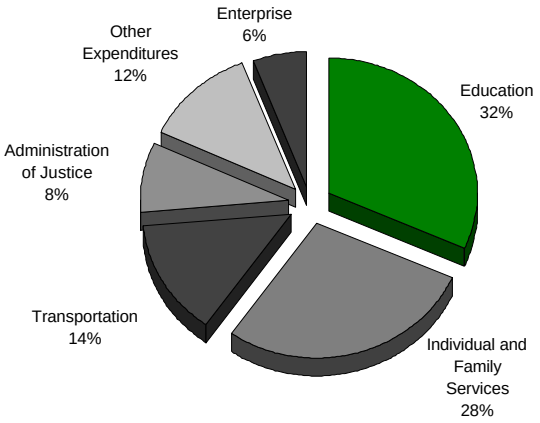


Figure 14
Expenditure Dollar
Fiscal Year 1999
(Budgetary Basis)

Expenditures and Other Financing Uses (1)	FY 1999	FY 1998
Education	32%	31%
Individual and Family Services	28%	29%
Transportation	14%	14%
Administration of Justice	8%	8%
Enterprise	6%	6%
Other Expenditures	12%	12%
Total	100%	100%

(1) 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, 1998

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 Outlook

As we head into the next millennium, the performance of Virginia's economy has been phenomenal. The 1999 fiscal year's Virginia Economic Outlook performed by economists at the Center for Public Policy at Virginia Commonwealth University finds the Virginia economy matching or surpassing national growth rates in many key economic indicators. These include personal income, wages and salaries, and total nonagricultural employment. Furthermore, Virginia's unemployment rate continues to decline to record lows.

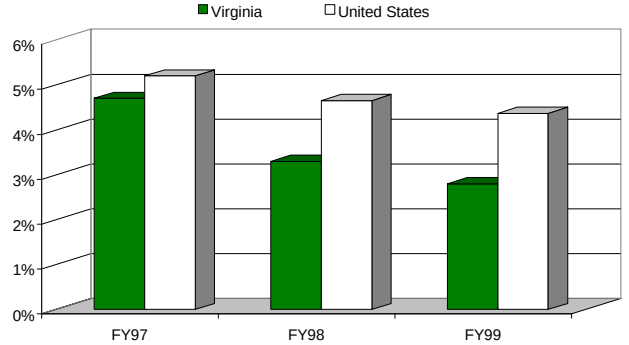
Virginia incorporated 19,395 new businesses in FY 1999, up from 18,345 in FY 1998, a 5.7 percent increase. With the Commonwealth attracting more and more new businesses, Virginia's already tight labor market grew even tighter in FY 1999. The State's unemployment rate continued its seven-year decline, reaching 2.8 percent in FY 1999 (**Figure 15**). This marks the lowest unemployment rate since 1974 when the Bureau of Labor Statistics began its current method of computing the unemployment rate.

Between FY 1998 and FY 1999, the nation's unemployment rate fell from 4.7 percent to 4.4 percent. The difference between Virginia's unemployment rate and that of the United States has continued to widen. Throughout the 1990's, Virginia's unemployment rate has been, on average, about 1.2 percentage points less than the national rate. In FY 1999, the spread increased to 1.6 percentage points from 1.3 in FY 1998 and 0.9 percent in FY 1997.

Virginia's extremely low unemployment rate has influenced the growth in average compensation per employee. In order to attract new workers from within the Commonwealth as well as from other states, companies in Virginia have been raising wages and salaries. The year-to-year quarterly growth rates (fourth quarter FY 1999 has been estimated by the Center) in real wages and salaries have exceeded the growth rates in nonagricultural employment in each of the past sixteen quarters (**Figure 16**). In second quarter FY 1999, the difference between these two growth rates reached 5.8 percentage points as real wages and salaries increased 8.2 percent and nonagricultural employment expanded by 2.4 percent over the same period of the preceding fiscal year.

Virginia nonagricultural wage and salary employment grew by approximately 78,500 jobs in FY 1999. This 2.4 percent increase over FY 1998 matched the national growth rate (**Figure 17**). The growth in services sector employment out-paced that of all other sectors with 46,200 additional jobs added to the Virginia economy. Almost 75 percent of these jobs, 34,150, were added in high technology services subsectors. These include business services (20,675), engineering, architectural and management consulting services (9,308), and health services (4,167).

Figure 15
Fiscal Year Unemployment

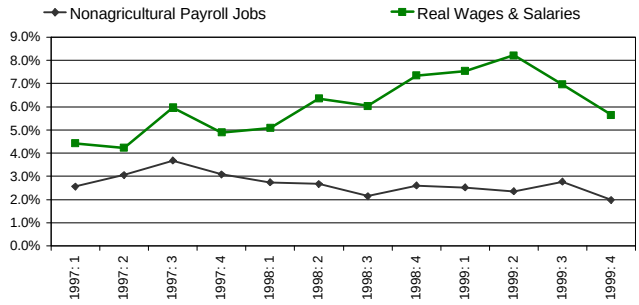


Source: Bureau of Labor Statistics

The retail trade sector added 9,300 jobs and construction accounted for an increase of 6,700 jobs. The job growth in these two areas reflect continued strength in Virginia's retail sales and housing markets.

During FY 1999, state (4,700 jobs) and local (6,200 jobs) government employment increased by 10,900 jobs while federal government employment declined by 3,000 jobs. The 4.7 percent growth rate in state government employment is the largest since FY 1994 and the 1.9 percent decline in federal government employment is the smallest percentage decline since FY 1993. Overall, total civilian government employment grew by 1.3 percent in FY 1999 compared with 0.1 percent in FY 1998.

Figure 16
Virginia Job and Real Wage and Salary
Year-to-Year Quarterly Growth Rates, Fiscal Year Quarters



Sources: Bureau of Labor Statistics and Bureau of Economic Analysis

Figure 17

Fiscal Year Nonagricultural Wage and Salary Employment

	FY99 Level (In Thousands)	FY98-99 Unit Change (In Thousands)	Virginia FY97 % Change	Virginia FY98 % Change	Virginia FY99 % Change	US FY99 % Change
Mining	10.3	(0.6)	-1.0%	-1.1%	-5.6%	-6.5%
Construction	193.5	6.7	7.1%	2.2%	3.6%	5.4%
Manufacturing	400.5	(6.5)	0.4%	1.3%	-1.6%	-1.2%
Transportation & Public Utilities	176.1	6.2	3.9%	3.0%	3.6%	4.7%
Wholesale trade	147.3	3.0	1.2%	0.6%	2.1%	2.6%
Retail trade	592.8	9.3	2.3%	1.3%	1.6%	1.9%
Finance, Insurance, and Real Estate	178.0	6.3	3.1%	3.7%	3.7%	4.0%
Services	1,044.1	46.2	6.0%	5.5%	4.6%	3.9%
Total Civilian Government	605.8	7.9	0.4%	0.1%	1.3%	1.7%
Federal	150.4	(3.0)	-2.8%	-4.4%	-1.9%	
State	142.9	4.7	0.5%	0.3%	3.4%	
Local	312.4	6.2	2.2%	2.5%	2.0%	
Total Nonfarm Employment	3,348.4	78.5	3.1%	2.5%	2.4%	2.4%

Source: Bureau of Labor Statistics

Figure 18

Fiscal Year Wages and Salaries per Job

FY99 Annual Rates Estimated Using the First Three Quarters of FY99

	Virginia Pay/Job FY99	United States Pay/Job FY99	Virginia Minus United States	Virginia FY 98-99 % Change	United States FY 98-99 % Change
Mining	$42,500	$52,312	($9,812)	3.0%	2.6%
Construction	31,717	35,923	(4,206)	3.6%	4.9%
Manufacturing	35,938	41,046	(5,109)	3.4%	3.7%
Transportation & Public Utilities	46,049	40,560	5,489	7.9%	1.0%
Wholesale trade	44,744	43,129	1,615	5.5%	4.6%
Retail trade	17,439	17,993	(554)	4.7%	4.9%
Finance, Insurance, and Real Estate	45,567	50,775	(5,208)	10.1%	7.0%
Services	33,731	31,358	2,373	7.1%	5.4%
Total Civilian Government	34,200	32,655	1,546	3.6%	3.6%
Total Nonfarm Employment	32,857	33,198	(341)	5.7%	4.5%

Sources: Bureau of Labor Statistics and Bureau of Economic Analysis

Employment in Virginia's manufacturing sector declined for the seventh year since FY 1990. Losing 6,500 jobs, total manufacturing employment fell to 400,500 in FY 1999. The loss in FY 1999 more than reversed the nearly 5,100 gain in manufacturing employment in FY 1998.

Employment in finance, insurance, and real estate (FIRE) increased by 6,300 jobs and grew at a rate of 3.7 percent, matching last year's growth rate. Employment in the security and commodity brokers and dealers subsector grew by 16.4 percent and accounted for about 1,400 jobs. Employment in the banking industry, still feeling the effects of the merger and acquisition activity of the previous year, declined by 0.8 percent, losing over 400 jobs.

In **Figure 18**, payroll per job in Virginia and the United States is compared by major industries. Annual growth rates are based upon the first three quarters of FY 1999. Virginia's average payroll per job in FY 1999 was $32,857 compared to the national average of $33,198. While still below the national average, Virginia's gap in average payroll per job relative to the nation has narrowed by nearly 50 percent from $669 in FY 1998 to $341 in FY 1999.

The sectors for which Virginia's payroll per job is higher than that of the nation are transportation and public utilities (+$5,489), wholesale trade (+$1,615), services (+$2,373), and total civilian government (+$1,546). Those jobs for which average payroll per job is lower include mining (-$9,812), construction (-$4,206), manufacturing (-$5,109), retail trade (-$554), and FIRE (-$5,208).

The growth rate in payroll per job for total nonagricultural employment is estimated to be 5.7 percent in Virginia for FY 1999. This exceeds the 4.5 percent estimated US growth rate. As further evidence of Virginia's strong economy and tightening labor market, growth rates in payroll per job either equaled or exceeded those estimated for the nation in six of the nine employment sectors.

It is estimated that Virginia personal income grew to $192 billion in FY 1999. This represents a 6.3 percent growth over the last fiscal year and it is above the national growth rate of 5.8 percent (**Figure 19**). Total Virginia wages and salaries grew at 8.1 percent compared with 7.2 percent growth for the United States. This marks the third straight fiscal year that Virginia's wages and salaries grew at a pace greater than that of the nation.

Given high nominal growth rates in wages and salaries and low inflation (a 1.0 percent rate of growth of the personal consumption chain-type index), Virginians experienced substantial gains in real income and wages and salaries. Virginia real personal income grew by 5.2 percent and real wages and salaries grew at 7.1 percent. In the United States, real personal income grew at a 4.7 percent rate and real wages and salaries grew at 6.2 percent.

Figure 19

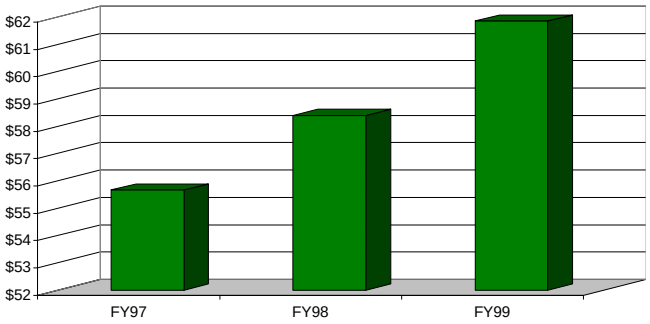
Fiscal Year Personal Income and Wage and Salary Disbursements

		Annual Growth Rates		
	FY99	FY97	FY98	FY99
Virginia Personal Income (in Millions of $)	$192,292	5.7%	5.7%	6.3%
Virginia Wages and Salaries (in Millions of $)	$116,564	7.0%	7.6%	8.1%
United States Personal Income		5.9%	5.5%	5.8%
United States Wages and Salaries		6.8%	7.5%	7.2%
Inflation, PCE Chain-Type Index		2.1%	1.3%	1.0%
Virginia Real Personal Income		3.6%	4.4%	5.2%
Virginia Real Wages and Salaries		4.9%	6.2%	7.1%
United States Real Personal Income		3.8%	4.2%	4.7%
United States Real Wages and Salaries		4.7%	6.1%	6.2%

Sources: Bureau of Labor Statistics and Bureau of Economic Analysis

Figure 20

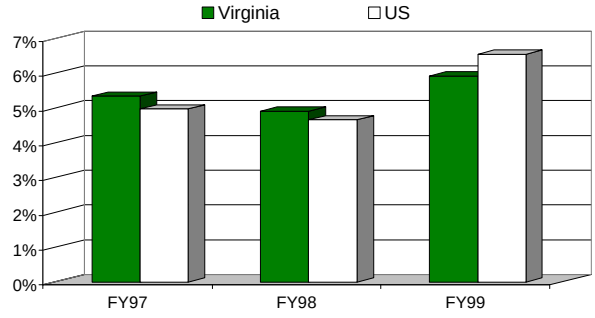
Virginia Retail Sales
(Billions of Dollars)



Source: Virginia Department of Taxation

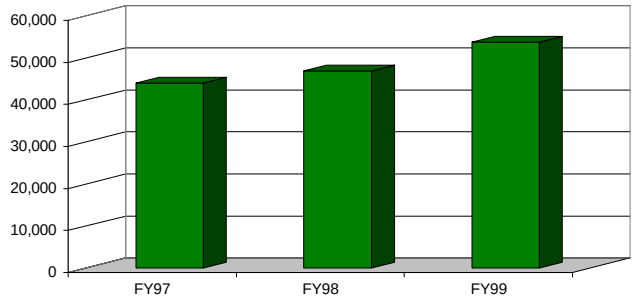
Figure 21

Growth Rate of Retail Sales



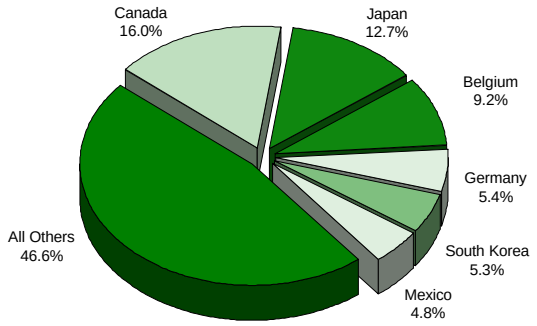
Source: Bureau of the Census and Virginia Department of Taxation

Figure 22
Virginia New Housing Permits Authorized



Source: Bureau of the Census

Figure 23
Virginia's Largest Export Markets



Source: Department of Commerce

Figure 24
Exchange Rates
Virginia's Largest Export Markets

	FY97	FY98	FY99
Canada	1.37	1.42	1.51
Japan	115.70	126.82	124.19
Belgium	33.00	37.03	36.19
Germany	1.60	1.79	1.75
South Korea	853.37	1263.71	1250.62
Mexico	7.80	8.25	9.73

Source: Federal Reserve Board of Governors

Increases in income translated into increases in spending. Virginia fiscal year retail sales are depicted in **Figure 20** and growth rates for Virginia and national retail sales are given in **Figure 21** using quarterly report data from the Virginia Department of Taxation and monthly report data from the Bureau of the Census. Virginia retail sales grew by $3.5 billion to reach $61.9 billion in FY 1999. This increase amounts to a 5.9 percent growth rate compared to 4.9 percent in FY 1998. This is the largest rate of growth in retail sales since FY 1995. At the national level, retail sales grew by 6.5 percent in FY 1999, compared to 4.7 percent in FY 1998.

Figure 22 shows new housing permits authorized in the Commonwealth. As another indication of an extremely strong Virginia economy, building permits increased by 14.7 percent from 46,875 in FY 1998 to 53,744 in FY 1999. The growth in authorizations more than doubled the FY 1998 6.6 percent growth.

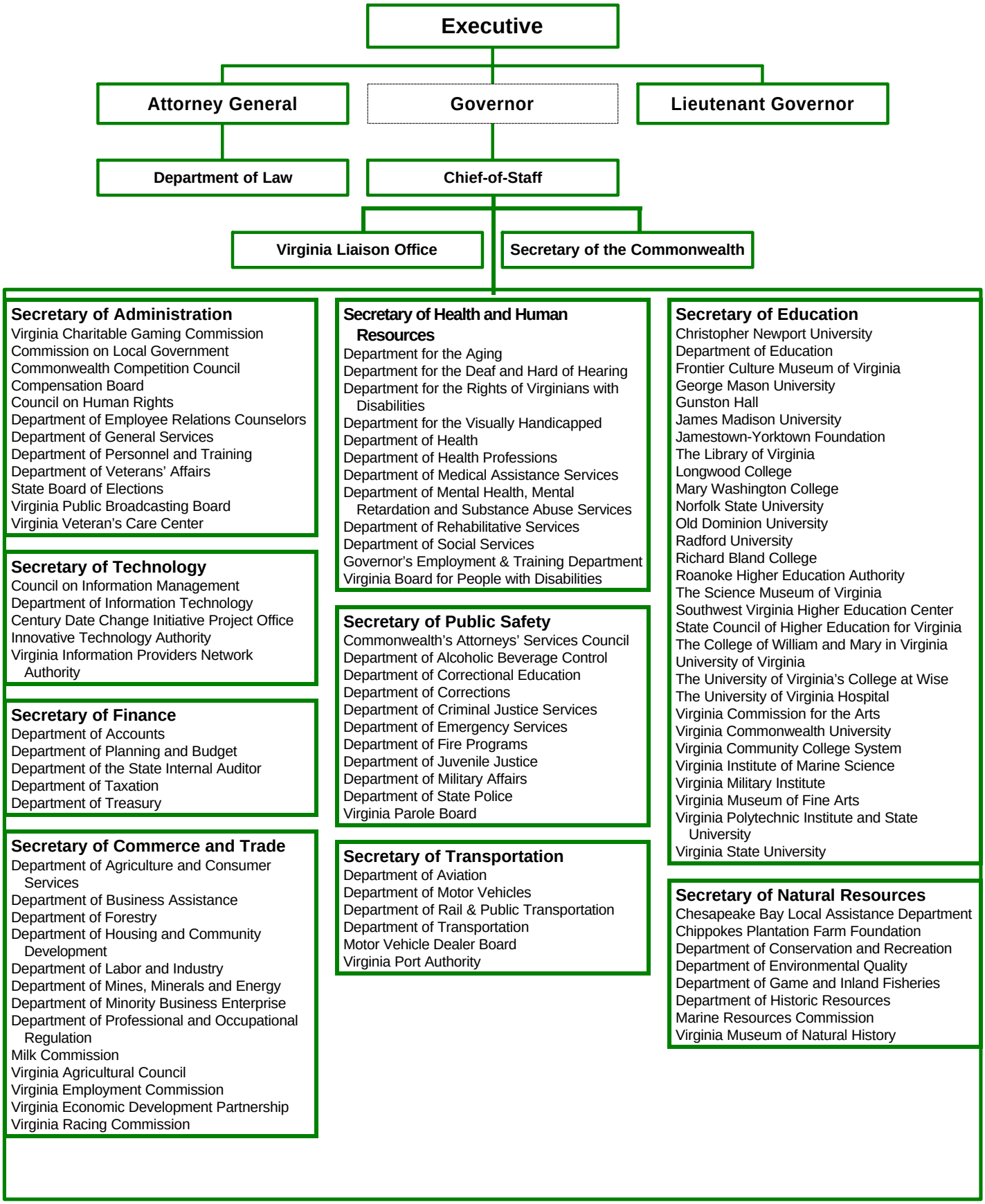
For the second straight year, Virginia's foreign exports to the world surpassed $11 billion for the calendar year (1998). Although Virginia's exports declined by 0.5 percent, only 17 states posted an increase. Moreover, Virginia now ranks 16th among all states in terms of exports to the world, moving up from the 17th position last year. Exports account for about 5 percent of Virginia's gross state product.

Figure 23 shows the State's six largest export markets ranked by dollar amount in calendar year 1998. **Figure 24** shows the exchange rates of these countries in terms of the export country's currency relative to the US dollar for June of 1997, 1998 and 1999.

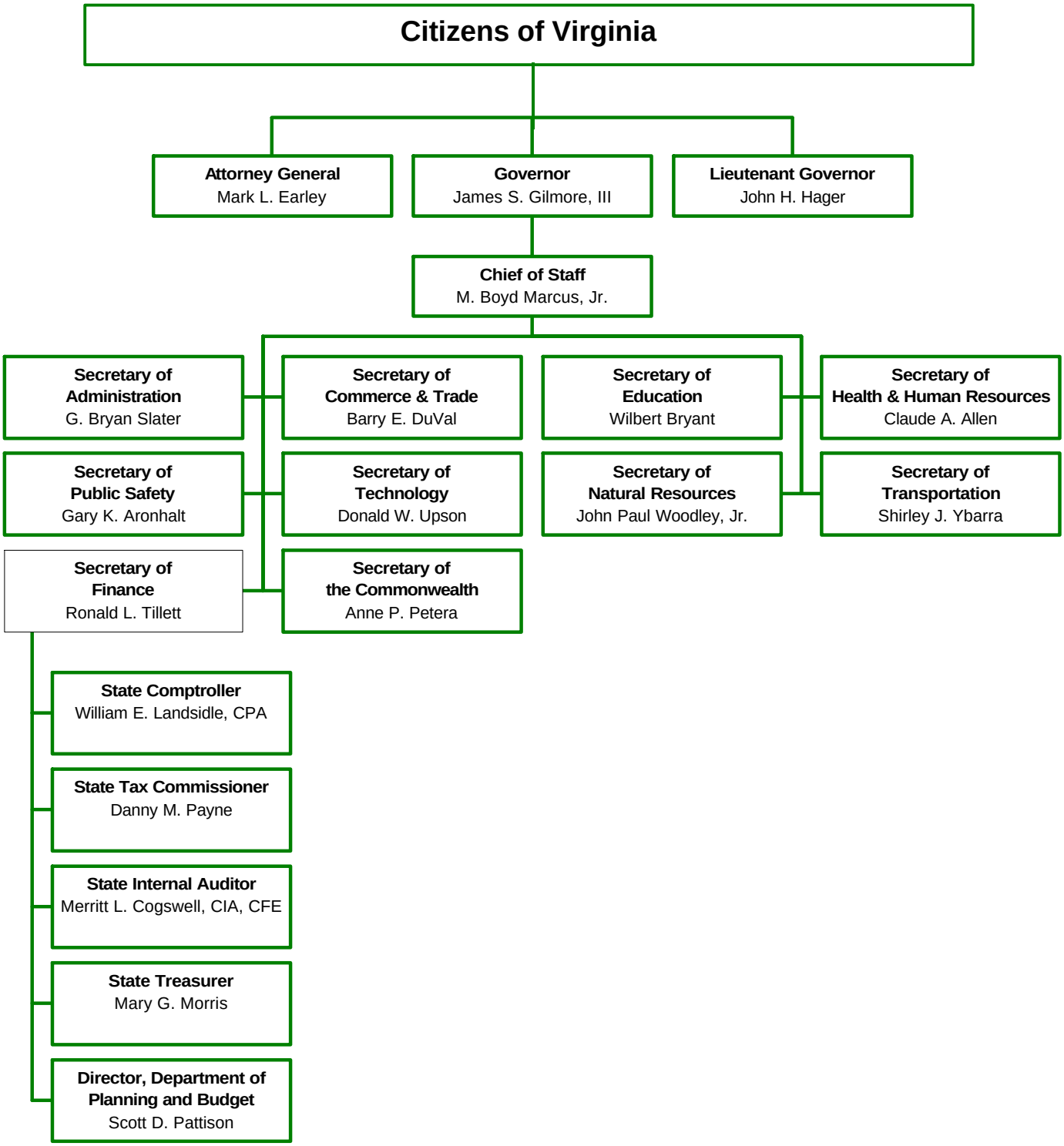
Those countries that imported more from Virginia in 1998 compared to 1997 were Mexico (27.2 percent), Canada (19.5 percent), and Japan (1.7 percent). Those that imported less were South Korea (-19.5 percent), Belgium (-9.9 percent) and Germany (-7.5 percent). In the coming year, Virginia should see exports to Asia begin to pick up as their economies recover and their currencies continue to strengthen.

As the decade comes to a close, we can celebrate Virginia's overall economic performance and the crescendo of FY 1999. Virginia outpaced the nation in many measures of economic activity. The State's residents have enjoyed the benefits of low unemployment, continued job growth and higher real wages and salaries. Continued growth of new companies locating in the Commonwealth, the Asian recovery and strengthening world economy, and the Federal Reserve's policy to fight wage inflation should allow Virginia to continue to prosper in FY 2000.

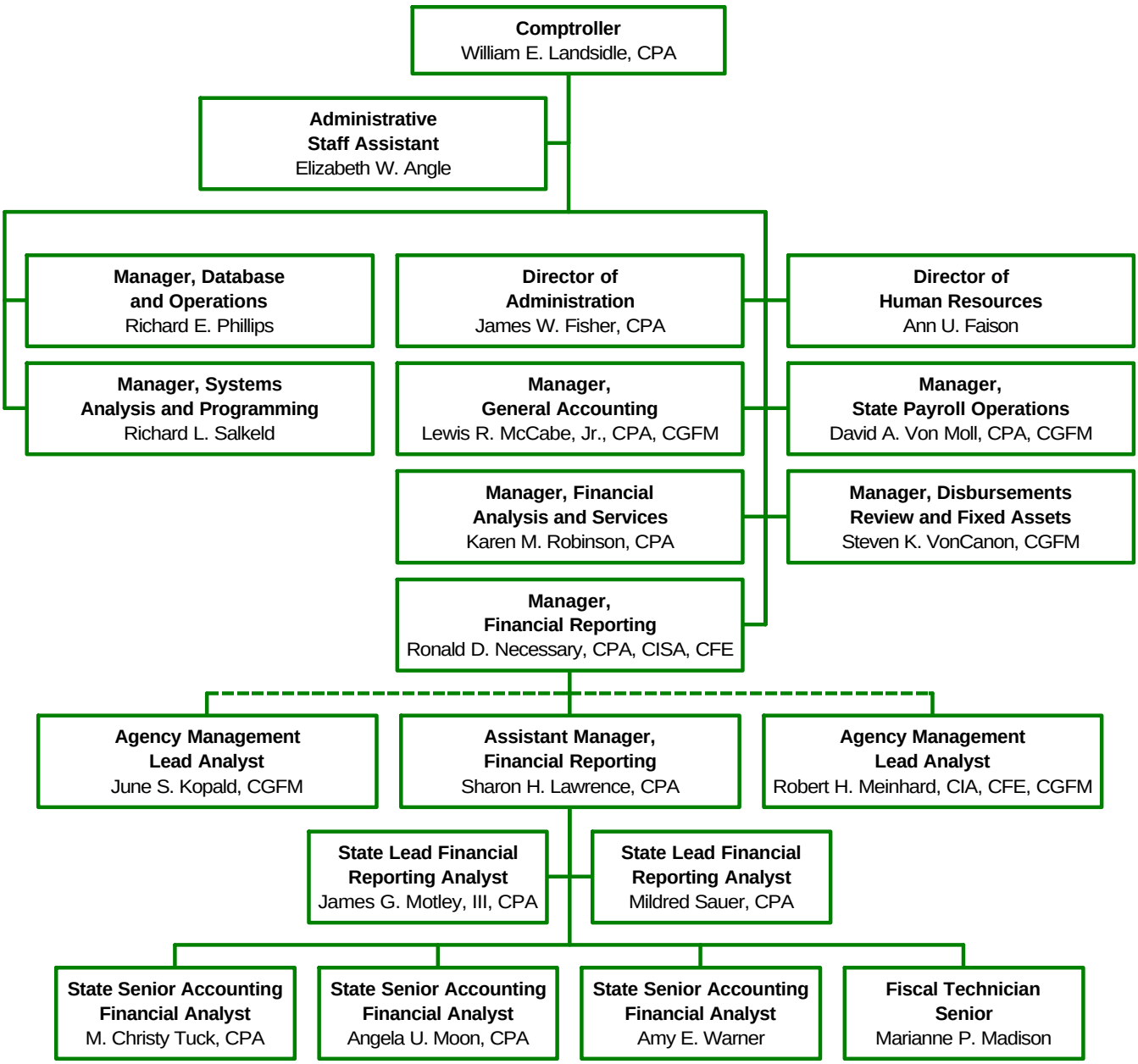
Organization of Executive Branch of Government



Organization of Government
Selected Government Officials - Executive Branch



Organization of the Department of Accounts



FINANCIAL SECTION

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

Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

December 13, 1999

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

The Honorable Richard J. Holland
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, 1999, as listed in the Table of Contents. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain Component Units - Proprietary Funds of the Commonwealth discussed in Note 1(B) which statements reflect total assets and revenues of $9,278,623,000 and $1,368,646,000, respectively, as of and for the year ended June 30, 1999. 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 $1,290,415,096 and $55,899,130, respectively, as of and for the year ended June 30, 1999. The financial statements of these component units and investment trust fund were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to these amounts included for Component Units - Proprietary Funds and Investment Trust Funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Medical College of Virginia Hospitals Authority 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, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

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

Reports on the Commonwealth's internal control structure and on compliance in accordance with Government Auditing Standards 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, 1999
(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)	$ 1,760,482	$ 1,056,404	$ 10,136	$ 54,251
Taxes, Loans, Accounts, and Other Receivables (Net) (Notes 1 and 7)	574,226	602,762	1	130
Due from Other Funds and Primary Government (Note 8)	6,253	23,674	-	-
Due from Component Units (Note 8)	-	-	-	-
Interfund Receivables (Note 8)	-	50,356	-	-
Interfund Loans Receivable (Notes 1 and 8)	-	304,090	-	-
Inventory (Note 1)	34,971	113,195	-	-
Restricted Assets (Note 9)	-	-	-	-
Prepaid Items (Note 1)	-	4	-	-
Other Assets (Notes 1 and 10)	1,646	1,701	-	-
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	-	-	-	-
Repayment of Bond Anticipation Notes	-	-	-	-
Pension Liability	-	-	-	-
Total Assets and Other Debits	$ 2,377,578	$ 2,152,186	$ 10,137	$ 54,381
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts Payable (Note 1)	$ 175,369	$ 323,683	$ -	$ 1,922
Amounts Due to Other Governments	153,740	59,643	-	-
Claims Payable (Notes 1 and 18)	-	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	191,575	61,707	-	-
Long-Term Liabilities (Notes 1 and 19)	-	-	-	-
Other Liabilities (Notes 1 and 20)	321,028	173,268	210	-
Due to Other Funds and Primary Government (Note 8)	4,257	9,789	-	-
Due to Component Units (Note 8)	827	-	-	8,011
Interfund Payables (Note 8)	-	14,488	-	149
Interfund Loans Payable (Notes 1 and 8)	-	83,110	-	-
Deferred Revenue and Deferred Credit (Note 1)	357,089	110,041	-	-
Total Liabilities	1,203,885	835,729	210	10,082
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)	590,578	481,121	9,927	-
Unreserved (Note 1)	583,115	835,336	-	44,299
Total Equity and Other Credits	1,173,693	1,316,457	9,927	44,299
Total Liabilities, Equity, and Other Credits	$ 2,377,578	$ 2,152,186	$ 10,137	$ 54,381

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, 1999
$ 1,221,380	$ 144,040	$ 42,104,366	$ -	$ -	**$ 46,351,059**
54,275	91,426	2,555,340	-	-	**3,878,160**
-	2,149	12,806	-	-	**44,882**
-	-	-	-	-	**-**
-	-	-	-	-	**50,356**
-	-	-	-	-	**304,090**
27,081	15,255	1,521	-	-	**192,023**
-	-	-	-	-	**-**
3,695	10,394	-	-	-	**14,093**
15,007	37	72	-	-	**18,463**
122,086	54,678	6,860	3,411,025	-	**3,594,649**
-	-	-	-	9,927	**9,927**
-	-	-	-	2,955,289	**2,955,289**
-	-	-	-	20,000	**20,000**
-	-	-	-	132,685	**132,685**
$ 1,443,524	$ 317,979	$ 44,680,965	$ 3,411,025	$ 3,117,901	**$ 57,565,676**
$ 33,524	$ 13,301	$ 256,128	$ -	$ -	**$ 803,927**
-	476	157,025	-	-	**370,884**
15,434	225,251	39,292	-	-	**279,977**
9,242	9,271	1,748,735	-	-	**2,020,530**
391,418	18,936	1,244	-	3,117,901	**3,529,499**
850,044	800	3,277,783	-	-	**4,623,133**
16,061	1,007	13,765	-	-	**44,879**
-	-	-	-	-	**8,838**
35,719	-	-	-	-	**50,356**
-	1,518	-	-	-	**84,628**
6,601	17,612	-	-	-	**491,343**
1,358,043	288,172	5,493,972	-	3,117,901	**12,307,994**
-	-	-	-	-	**-**
-	-	-	3,411,025	-	**3,411,025**
3,965	6,085	-	-	-	**10,050**
-	19,220	-	-	-	**19,220**
81,516	4,502	-	-	-	**86,018**
-	-	38,032,810	-	-	**39,114,436**
-	-	1,154,183	-	-	**2,616,933**
85,481	29,807	39,186,993	3,411,025	-	**45,257,682**
$ 1,443,524	$ 317,979	$ 44,680,965	$ 3,411,025	$ 3,117,901	**$ 57,565,676**

(Continued on next page)

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

June 30, 1999
(Dollars in Thousands)

	Component Units			Total Reporting Entity (Memorandum Only)
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 1999
Assets and Other Debits				
Assets:				
Cash, Cash Equivalents, and Investments (Notes 1 and 6)	$ 83,144	$ 4,390,809	$ 2,587,158	**$ 53,412,170**
Taxes, Loans, Accounts, and Other Receivables (Net) (Notes 1 and 7)	2,959	6,189,569	310,351	**10,381,039**
Due from Other Funds and Primary Government (Note 8)	-	-	8,836	**53,718**
Due from Component Units (Note 8)	4,125	-	33,470	**37,595**
Interfund Receivables (Note 8)	-	-	-	**50,356**
Interfund Loans Receivable (Notes 1 and 8)	-	83,110	-	**387,200**
Inventory (Note 1)	-	37,418	24,340	**253,781**
Restricted Assets (Note 9)	-	168,875	-	**168,875**
Prepaid Items (Note 1)	39	12,657	20,107	**46,896**
Other Assets (Notes 1 and 10)	538	21,140	49,613	**89,754**
Property, Plant, and Equipment (Notes 1 and 11)	550,618	646,886	5,610,883	**10,403,036**
Other Debits:				
Amount Available for Retirement of Long-Term Debt	8,807	-	-	**18,734**
Amount to be Provided for:				
Retirement of Long-Term Debt	200,605	-	-	**3,155,894**
Repayment of Bond Anticipation Notes	-	-	-	**20,000**
Pension Liability	834	-	-	**133,519**
Total Assets and Other Debits	$ 851,669	$ 11,550,464	$ 8,644,758	**$ 78,612,567**
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts Payable (Note 1)	$ 11,456	$ 95,545	$ 292,469	**$ 1,203,397**
Amounts Due to Other Governments	-	73	-	**370,957**
Claims Payable (Notes 1 and 18)	-	5,175	-	**285,152**
Obligations Under Securities Lending Program (Notes 1 and 6)	940	1,677	12,969	**2,036,116**
Long-Term Liabilities (Notes 1 and 19)	210,237	8,351,760	1,405,388	**13,496,884**
Other Liabilities (Notes 1 and 20)	8,440	398,918	80,121	**5,110,612**
Due to Other Funds and Primary Government (Note 8)	-	-	-	**44,879**
Due to Component Units (Note 8)	-	8,679	28,917	**46,434**
Interfund Payables (Note 8)	-	-	-	**50,356**
Interfund Loans Payable (Notes 1 and 8)	-	297,541	5,031	**387,200**
Deferred Revenue and Deferred Credit (Note 1)	110	845	119,672	**611,970**
Total Liabilities	231,183	9,160,213	1,944,567	**23,643,957**
Equity and Other Credits:				
Net Investment in Plant	-	-	4,325,023	**4,325,023**
Investment in General Fixed Assets	550,618	-	-	**3,961,643**
Contributed Capital (Note 28)	-	998,364	-	**1,008,414**
Retained Earnings:				
Reserved (Notes 1 and 30)	-	980,846	-	**1,000,066**
Unreserved (Note 1)	-	411,041	-	**497,059**
Fund Balances:				
Reserved (Notes 1 and 30)	62,054	-	1,884,107	**41,060,597**
Unreserved (Note 1)	7,814	-	491,061	**3,115,808**
Total Equity and Other Credits	620,486	2,390,251	6,700,191	**54,968,610**
Total Liabilities, Equity, and Other Credits	$ 851,669	$ 11,550,464	$ 8,644,758	**$ 78,612,567**

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, 1999
(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	$ 9,355,984	$ 1,610,234	$ -	$ -
Rights and Privileges	34,564	504,101	-	-
Institutional Revenue	8,422	323,138	-	-
Interest, Dividends, Rents, and Other Investment Income	101,408	75,594	577	3,705
Proceeds from Unclaimed Property	-	-	-	-
Federal Grants and Contracts	-	3,677,851	-	-
Proceeds from Securities Lending Transactions	6,757	1,933	-	-
Other (Note 21)	167,609	391,705	-	-
Total Revenues	9,674,744	6,584,556	577	3,705
Expenditures:				
Current:				
General Government	512,671	83,957	-	-
Education	3,737,379	363,848	-	-
Transportation	47	2,687,996	2	-
Resources and Economic Development	203,132	269,295	-	-
Individual and Family Services	2,079,857	3,139,730	-	-
Administration of Justice	1,665,387	87,321	-	-
Capital Outlay	34,636	28,470	-	99,622
Debt Service:				
Principal Retirement	-	-	176,541	-
Interest and Charges	-	-	131,445	-
Payments for Securities Lending Transactions	6,496	1,851	-	-
Total Expenditures	8,239,605	6,662,468	307,988	99,622
Revenues Over (Under) Expenditures	1,435,139	(77,912)	(307,411)	(95,917)
Other Financing Sources (Uses):				
Transfers:				
Operating Transfers In	407,469	257,107	305,590	73,189
Operating Transfers In From Primary Government	-	-	-	-
Operating Transfers In From Component Units	2,544	8,785	-	-
Operating Transfers Out	(352,613)	(236,221)	-	(60,000)
Operating Transfers Out to Primary Government	-	-	-	-
Operating Transfers Out To Component Units	(1,341,515)	(38,417)	-	(4,471)
Proceeds from Capital Leases	5,943	2,044	-	-
Proceeds from Sale of Bonds	-	69,439	-	60,000
Proceeds from Issuance of Bond Anticipation Notes	-	-	-	20,000
Total Other Financing Sources (Uses)	(1,278,172)	62,737	305,590	88,718
Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	156,967	(15,175)	(1,821)	(7,199)
Fund Balance, July 1, as restated (Note 29)	1,016,726	1,331,632	11,748	51,498
Fund Balance, June 30	$ 1,173,693	$ 1,316,457	$ 9,927	$ 44,299

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, 1999	Governmental Fund	June 30, 1999
$ 163,975	**$ 11,130,193**	$ -	**$ 11,130,193**
4,358	**543,023**	-	**543,023**
21,806	**353,366**	-	**353,366**
72,078	**253,362**	30,125	**283,487**
50,179	**50,179**	-	**50,179**
-	**3,677,851**	1	**3,677,852**
85	**8,775**	22	**8,797**
33,332	**592,646**	818	**593,464**
345,813	**16,609,395**	30,966	**16,640,361**
19,558	**616,186**	397	**616,583**
3,113	**4,104,340**	-	**4,104,340**
331	**2,688,376**	8,989	**2,697,365**
41,016	**513,443**	47,214	**560,657**
182,929	**5,402,516**	-	**5,402,516**
21,537	**1,774,245**	-	**1,774,245**
631	**163,359**	49,166	**212,525**
-	**176,541**	3,563	**180,104**
-	**131,445**	12,085	**143,530**
81	**8,428**	21	**8,449**
269,196	**15,578,879**	121,435	**15,700,314**
76,617	**1,030,516**	(90,469)	**940,047**
8,442	**1,051,797**	-	**1,051,797**
-	**-**	68,549	**68,549**
-	**11,329**	375	**11,704**
(46,503)	**(695,337)**	-	**(695,337)**
-	**-**	(244)	**(244)**
(1,079)	**(1,385,482)**	(4,794)	**(1,390,276)**
342	**8,329**	-	**8,329**
-	**129,439**	-	**129,439**
-	**20,000**	-	**20,000**
(38,798)	**(859,925)**	63,886	**(796,039)**
37,819	**170,591**	(26,583)	**144,008**
1,118,617	**3,530,221**	96,451	**3,626,672**
$ 1,156,436	**$ 3,700,812**	$ 69,868	**$ 3,770,680**

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, 1999
(Dollars in Thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Individual and Fiduciary Income	$ 5,950,500	$ 6,087,851	$ 137,351
State Sales and Use	2,036,800	2,065,265	28,465
Corporation Income	459,400	420,421	(38,979)
Public Service Corporations	112,500	111,949	(551)
Motor Fuel	-	-	-
Motor Vehicle Sales and Use	-	-	-
Premiums of Insurance Companies	252,500	244,910	(7,590)
Other Taxes	385,100	450,656	65,556
Rights and Privileges	29,400	34,623	5,223
Institutional Revenue	10,600	8,353	(2,247)
Interest, Dividends, Rents, and Other Investment Income	144,539	139,563	(4,976)
Federal Grants and Contracts	-	-	-
Proceeds from Securities Lending Transactions	6,757	6,757	-
Other	170,809	167,351	(3,458)
Total Revenues	9,558,905	9,737,699	178,794
Expenditures:			
Current:			
General Government	625,726	591,531	34,195
Education	3,726,378	3,713,657	12,721
Transportation	273	47	226
Resources and Economic Development	212,726	200,819	11,907
Individual and Family Services	2,100,114	2,092,840	7,274
Administration of Justice	1,701,631	1,658,837	42,794
Capital Outlay	32,557	32,557	-
Payments for Securities Lending Transactions	6,496	6,496	-
Total Expenditures	8,405,901	8,296,784	109,117
Revenues Over (Under) Expenditures	1,153,004	1,440,915	287,911
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	398,006	406,696	8,690
Operating Transfers In From Component Units	2,544	2,544	-
Operating Transfers Out	(357,528)	(352,613)	4,915
Operating Transfers Out To Component Units	(1,345,340)	(1,342,150)	3,190
Total Other Financing Sources (Uses)	(1,302,318)	(1,285,523)	16,795
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(149,314)	155,392	304,706
Fund Balance, July 1	1,444,238	1,444,238	-
Fund Balance, June 30	$ 1,294,924	$ 1,599,630	$ 304,706

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)
$ -	$ -	$ -	$ 5,950,500	$ 6,087,851	$ 137,351
336,300	345,101	8,801	2,373,100	2,410,366	37,266
-	-	-	459,400	420,421	(38,979)
-	-	-	112,500	111,949	(551)
752,493	781,700	29,207	752,493	781,700	29,207
412,871	458,499	45,628	412,871	458,499	45,628
-	-	-	252,500	244,910	(7,590)
21,773	27,404	5,631	406,873	478,060	71,187
377,567	503,747	126,180	406,967	538,370	131,403
319,134	321,117	1,983	329,734	329,470	(264)
18,043	47,907	29,864	162,582	187,470	24,888
4,234,325	3,694,755	(539,570)	4,234,325	3,694,755	(539,570)
1,528	1,528	-	8,285	8,285	-
312,501	293,522	(18,979)	483,310	460,873	(22,437)
6,786,535	6,475,280	(311,255)	16,345,440	16,212,979	(132,461)
122,640	79,999	42,641	748,366	671,530	76,836
333,017	291,051	41,966	4,059,395	4,004,708	54,687
3,084,261	2,726,760	357,501	3,084,534	2,726,807	357,727
363,064	266,044	97,020	575,790	466,863	108,927
3,341,952	3,153,933	188,019	5,442,066	5,246,773	195,293
119,919	83,477	36,442	1,821,550	1,742,314	79,236
25,825	25,825	-	58,382	58,382	-
1,463	1,463	-	7,959	7,959	-
7,392,141	6,628,552	763,589	15,798,042	14,925,336	872,706
(605,606)	(153,272)	452,334	547,398	1,287,643	740,245
200,052	217,166	17,114	598,058	623,862	25,804
-	405	405	2,544	2,949	405
(50,433)	(153,873)	(103,440)	(407,961)	(506,486)	(98,525)
(26,060)	(38,417)	(12,357)	(1,371,400)	(1,380,567)	(9,167)
123,559	25,281	(98,278)	(1,178,759)	(1,260,242)	(81,483)
(482,047)	(127,991)	354,056	(631,361)	27,401	658,762
1,010,551	1,010,551	-	2,454,789	2,454,789	-
$ 528,504	$ 882,560	$ 354,056	$ 1,823,428	$ 2,482,190	$ 658,762

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Proprietary Fund Types			Total Primary Government (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust Fund	June 30, 1999
Operating Revenues:				
Interest, Dividends, Rents, and Other Investment Income	$ 33,650	$ -	$ 4,373	**$ 38,023**
Charges for Sales and Services	1,315,830	687,723	-	**2,003,553**
Other (Note 21)	118	1,229	-	**1,347**
Total Operating Revenues	1,349,598	688,952	4,373	**2,042,923**
Operating Expenses:				
Interest Expense	20,868	-	-	**20,868**
Cost of Sales and Services	245,352	60,956	37	**306,345**
Prizes and Claims (Note 22)	565,566	450,895	-	**1,016,461**
Personal Services	74,655	36,597	-	**111,252**
Contractual Services	54,734	88,563	-	**143,297**
Supplies and Materials	3,839	6,021	-	**9,860**
Depreciation and Amortization (Note 23)	7,966	14,092	-	**22,058**
Rent, Insurance, and Other Related Charges	18,038	23,972	-	**42,010**
Other (Note 24)	2,500	15,220	-	**17,720**
Total Operating Expenses	993,518	696,316	37	**1,689,871**
Operating Income (Loss)	356,080	(7,364)	4,336	**353,052**
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income	13,294	8,835	-	**22,129**
Income From Securities Lending Transactions	830	468	-	**1,298**
Expenses For Securities Lending Transactions	(795)	(447)	-	**(1,242)**
Other (Note 25)	1,340	599	-	**1,939**
Total Nonoperating Revenues (Expenses)	14,669	9,455	-	**24,124**
Income (Loss) Before Transfers	370,749	2,091	4,336	**377,176**
Transfers:				
Operating Transfers In	-	18,196	-	**18,196**
Operating Transfers In From Primary Government	-	-	-	**-**
Operating Transfers In From Component Units	-	2,377	-	**2,377**
Operating Transfers Out	(370,811)	(3,845)	-	**(374,656)**
Operating Transfers Out To Primary Government	-	-	-	**-**
Operating Transfers Out to Component Units	-	-	-	**-**
Total Transfers	(370,811)	16,728	-	**(354,083)**
Net Income (Loss)	(62)	18,819	4,336	**23,093**
Retained Earnings/Fund Balance, July 1	81,578	4,903	23,287	**109,768**
Retained Earnings/Fund Balance, June 30	$ 81,516	$ 23,722	$ 27,623	**$ 132,861**

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

Component Units	Total Reporting Entity (Memorandum Only)
Proprietary Fund	June 30, 1999
$ 589,626	$ 627,649
678,145	2,681,698
221,182	222,529
1,488,953	3,531,876
440,182	461,050
111,828	418,173
16,339	1,032,800
296,642	407,894
96,005	239,302
103,944	113,804
56,875	78,933
13,091	55,101
242,504	260,224
1,377,410	3,067,281
111,543	464,595
11,676	33,805
47	1,345
(45)	(1,287)
1,424	3,363
13,102	37,226
124,645	501,821
-	18,196
14,974	14,974
4,794	7,171
-	(374,656)
(9,812)	(9,812)
(375)	(375)
9,581	(344,502)
134,226	157,319
1,257,661	1,367,429
$ 1,391,887	$ 1,524,748

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Proprietary Fund Types			Total Primary Government (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust Fund	June 30, 1999
Cash Flows from Operating Activities:				
Receipts for Sales and Services	$ 1,371,353	$ 10,697	$ -	**$ 1,382,050**
Receipts from Quasi-external Operating				
Transactions with Other Funds	3,805	664,949	-	**668,754**
Payments to Suppliers for Goods and Services	(267,779)	(98,300)	(32)	**(366,111)**
Payments for Quasi-external Operating				
Transactions with Other Funds	(2,918)	(5,122)	-	**(8,040)**
Payments for Prizes, Claims, and Loss Control (Note 32)	(624,039)	(464,834)	-	**(1,088,873)**
Payments to Employees	(73,586)	(40,269)	-	**(113,855)**
Other Operating Expense (Note 32)	(59,508)	(90,387)	-	**(149,895)**
Other Operating Revenue (Note 32)	19,878	1,349	-	**21,227**
Net Cash Provided by (Used for) Operating Activities	367,206	(21,917)	(32)	**345,257**
Cash Flows from Noncapital Financing Activities:				
Payment of Principal and Interest on Bonds and Notes	-	-	-	**-**
Proceeds from Issuance of Bonds and Notes	400	250	-	**650**
Operating Transfers In From Other Funds	-	17,819	-	**17,819**
Operating Transfers In From Primary Government	-	-	-	**-**
Operating Transfers In From Component Units	-	2,377	-	**2,377**
Operating Transfers Out To Other Funds	(453,796)	(4,101)	-	**(457,897)**
Operating Transfers Out To Primary Government	-	-	-	**-**
Operating Transfers Out To Component Units	-	-	-	
Other Noncapital Financing Activities (Note 32)	97,650	(500)	-	**97,150**
Payments of Debt Issuance Costs	-	-	-	**-**
Net Cash Provided by (Used for)				
Noncapital Financing Activities	(355,746)	15,845	-	**(339,901)**
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(87,312)	(23,029)	-	**(110,341)**
Payment of Principal and Interest on Bonds and Notes	(6,957)	(3,643)	-	**(10,600)**
Proceeds from Sale of Bonds and Notes	370,715	11,502	-	**382,217**
Proceeds from Sale of Fixed Assets	25	1,213	-	**1,238**
Other Capital and Related Financing Activities (Note 32)	-	-	-	**-**
Net Cash Provided by (Used for) Capital				
and Related Financing Activities	276,471	(13,957)	-	**262,514**
Cash Flows from Investing Activities:				
Purchase of Investments	(1,041,303)	(7,888)	(4,440)	**(1,053,631)**
Proceeds from Sales or Maturities of Investments	769,742	-	3,753	**773,495**
Interest on Cash, Cash Equivalents, and Investments	18,138	9,521	738	**28,397**
Net Cash Provided by (Used for) Investing Activities	(253,423)	1,633	51	**(251,739)**
Net Increase (Decrease) in Cash and Cash Equivalents	34,508	(18,396)	19	**16,131**
Cash and Cash Equivalents, July 1	137,183	145,080	-	**282,263**
Cash and Cash Equivalents, June 30	$ 171,691	$ 126,684	$ 19	**$ 298,394**

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

Component Units Proprietary Fund	Total Reporting Entity (Memorandum Only) June 30, 1999
$ 682,245	**$ 2,064,295**
-	**668,754**
(206,370)	**(572,481)**
(28)	**(8,068)**
(15,849)	**(1,104,722)**
(316,182)	**(430,037)**
(1,317,109)	**(1,467,004)**
1,553,436	**1,574,663**
380,143	**725,400**
(1,567,986)	**(1,567,986)**
1,810,336	**1,810,986**
3	**17,822**
14,964	**14,964**
4,794	**7,171**
-	**(457,897)**
(40,248)	**(40,248)**
(375)	**(375)**
39,376	**136,526**
(6,925)	**(6,925)**
253,939	**(85,962)**
(54,965)	**(165,306)**
(35,494)	**(46,094)**
72,420	**454,637**
108	**1,346**
1,489	**1,489**
(16,442)	**246,072**
(2,659,965)	**(3,713,596)**
2,007,116	**2,780,611**
125,623	**154,020**
(527,226)	**(778,965)**
90,414	**106,545**
1,002,270	**1,284,533**
$ 1,092,684	**$ 1,391,078**

(Continued on next page)

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Proprietary Fund Types			Total Primary Government (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust Fund	June 30, 1999
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ 356,080	$ (7,364)	$ 4,336	**$ 353,052**
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	7,966	14,092	-	**22,058**
Interest on Bonds and Notes	-	-	-	**-**
Interest, Dividends, Rents, and Other Investment Income	(57,892)	-	(4,373)	**(62,265)**
Payment of Bond Issuance Expenses	-	-	-	**-**
(Gain)/Loss on Sale of Fixed Assets	-	-	-	**-**
Miscellaneous Nonoperating Income	1,340	584	-	**1,924**
Other Expenses	(161)	-	-	**(161)**
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(14,009)	(27,203)	-	**(41,212)**
(Increase) Decrease in Due From Other Funds	-	(350)	-	**(350)**
(Increase) Decrease in Inventory	(1,149)	(4,492)	-	**(5,641)**
(Increase) Decrease in Restricted Assets	-	-	-	**-**
(Increase) Decrease in Prepaid Items	(2,108)	924	-	**(1,184)**
Increase (Decrease) in Accounts Payable	16,378	673	5	**17,056**
Increase (Decrease) in Amounts Due to Other Governments	-	(14)	-	**(14)**
Increase (Decrease) in Claims Payable	(1,031)	510	-	**(521)**
Increase (Decrease) in Due to Other Funds	262	1,006	-	**1,268**
Increase (Decrease) in Deferred Revenue	(924)	(526)	-	**(1,450)**
Increase (Decrease) in Long-Term Liabilities	1,115	533	-	**1,648**
Increase (Decrease) in Other Liabilities	61,339	(290)	-	**61,049**
Net Cash Provided by (Used for) Operating Activities	$ 367,206	$ (21,917)	$ (32)	**$ 345,257**
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	$ 1,221,380	$ 144,040	$ 42,104,366	**$ 43,469,786**
Cash and Travel Advances	195	37	-	**232**
Less:				
Agency Funds	-	-	410,316	**410,316**
Pension Trust Funds	-	-	38,161,577	**38,161,577**
Expendable Trust Funds	-	-	1,153,887	**1,153,887**
Investment Trust Funds			2,350,958	**2,350,958**
Investments with Original Maturities Greater than Three Months	1,049,884	17,393	27,609	**1,094,886**
Cash and Cash Equivalents per the Statement of Cash Flows	$ 171,691	$ 126,684	$ 19	**$ 298,394**
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	-	-	-	**-**
Contributions of Fixed Assets	-	-	-	**-**
Total Noncash Investing, Capital, and Financing Activities	$ -	$ -	$ -	**$ -**

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

Component Units Proprietary Fund	Total Reporting Entity (Memorandum Only) June 30, 1999
$ 111,543	**$ 464,595**
56,875	**78,933**
439,057	**439,057**
(97,428)	**(159,693)**
896	**896**
172	**172**
165,852	**167,776**
19,580	**19,419**
(310,326)	**(351,538)**
-	**(350)**
2,646	**(2,995)**
(121)	**(121)**
(4,980)	**(6,164)**
(4,852)	**12,204**
(29,117)	**(29,131)**
490	**(31)**
-	**1,268**
(315)	**(1,765)**
1,865	**3,513**
28,306	**89,355**
$ 380,143	**$ 725,400**
$ 4,390,809	**$ 47,860,595**
-	**232**
-	**410,316**
-	**38,161,577**
-	**1,153,887**
-	**2,350,958**
3,298,125	**4,393,011**
$ 1,092,684	**$ 1,391,078**
$ 43,895	**$ 43,895**
5	**5**
5,357	**5,357**
$ 49,257	**$ 49,257**

Combining Statement of Changes in Plan Net Assets
Pension Trust Funds

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Postemployment Retiree Health Insurance Credit	Postemployment Group Life	Political Appointees	Total (Memorandum Only) June 30, 1999
Additions:							
Contributions:							
Member	$ 462,253	$ 3,727	$ 2,055	$ -	$ 11,603	$ 375	**$ 480,013**
Employer	648,347	11,571	12,979	35,260	5	405	**708,567**
Total Contributions	1,110,600	15,298	15,034	35,260	11,608	780	**1,188,580**
Investment Income:							
Interest, Dividends, and Other Investment Income	3,885,164	48,922	27,093	7,830	112,425	62	**4,081,496**
Securities Lending Income	92,591	1,166	646	187	2,679	-	**97,269**
Total Investment Income	3,977,755	50,088	27,739	8,017	115,104	62	**4,178,765**
Less Investment Expenses	162,799	2,050	1,135	328	4,711	-	**171,023**
Net Investment Income	3,814,956	48,038	26,604	7,689	110,393	62	**4,007,742**
Other Revenue	703	-	-	1	-		**704**
Total Additions	4,926,259	63,336	41,638	42,950	122,001	842	**5,197,026**
Deductions:							
Retirement Benefits	1,047,362	16,020	16,050	-	-	-	**1,079,432**
Refunds to Former Members	84,797	420	6	-	-	-	**85,223**
Retiree Health Insurance Credits	-	-	-	30,254	-	-	**30,254**
Insurance Premiums and Claims	-	-	-	-	74,238	-	**74,238**
Administrative Expenses	16,552	207	115	324	920	2	**18,120**
Other Expenses	-	-	-	-	219	-	**219**
Total Deductions	1,148,711	16,647	16,171	30,578	75,377	2	**1,287,486**
Net Increase	3,777,548	46,689	25,467	12,372	46,624	840	**3,909,540**
Net Assets Held in Trust for Pension/Postemployment Benefits							
July 1	30,187,088	383,109	213,855	52,633	912,846	-	**31,749,531**
June 30	$ 33,964,636	$ 429,798	$ 239,322	$ 65,005	$ 959,470	$ 840	**$ 35,659,071**

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

Combining Statement of Changes in Plan Net Assets
Investment Trust Funds

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Local Government Investment Pool	State Non-Arbitrage Pool (SNAP)	SNAP Individual Investment Accounts	Total (Memorandum Only) June 30, 1999
Operations:				
Net Investment Income	$ 56,397	$ 40,516	$ 1,336	**$ 98,249**
Distributions to Shareholders from Net Investment Income	(56,397)	(40,516)	-	**(96,913)**
Total Operations	-	-	1,336	**1,336**
Capital Share and Individual Account Transactions:				
Purchase of Investments	-	-	449	**449**
Shares Sold	2,428,422	779,679	-	**3,208,101**
Reinvested Distributions	56,397	40,516	-	**96,913**
Shares Redeemed	(2,337,121)	(700,027)	-	**(3,037,148)**
Net Capital Share and Individual Account Transactions	147,698	120,168	449	**268,315**
Transfers:				
Maturities	-	31,676	(31,676)	**-**
Investment Income	-	1,668	(1,668)	**-**
Total Transfers	-	33,344	(33,344)	**-**
Increase (Decrease) in Net Assets	147,698	153,512	(31,559)	**269,651**
Net Assets Held in Trust for Pool Participants				
July 1, as restated (Note 29)	1,212,163	807,067	54,982	**2,074,212**
June 30	$ 1,359,861	$ 960,579	$ 23,423	**$ 2,343,863**

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, 1999
(Dollars in Thousands)

	Total June 30, 1999
Revenues and Other Additions:	
Unrestricted Current Funds Revenues	$ 2,171,855
Federal Grants and Contracts--Restricted	794,585
State Grants and Contracts--Restricted	49,593
Local Grants and Contracts--Restricted	17,878
Investment Income	183,522
Endowment Income	25,807
Interest on Loans Receivable	9,587
U.S. Government Advances	538
Expended for Plant Facilities (including $106,567 charged to current funds)	292,158
Retirement of Indebtedness (including $4,426 charged to current funds)	84,050
Proceeds from Securities Lending Transactions	15
Other Sources (Note 21)	300,511
Total Revenues and Other Additions	3,930,099
Expenditures and Other Deductions:	
Educational and General Expenditures	3,284,708
Auxiliary Enterprise Expenditures	484,664
Hospital and Independent Operations	494,210
Indirect Costs Recovered	72,529
Refunded to Grantors	2,478
Loan Cancellations	1,565
Administrative and Collection Costs	661
Expended for Plant Facilities (including non-capitalized expenditures of $36,166)	221,757
Retirement of Plant Facilities	105,850
Retirement of Indebtedness	79,624
Interest on Indebtedness	50,155
Payment for Securities Lending Transactions	436
Other	39,164
Total Expenditures and Other Deductions	4,837,801
Transfers Among Funds:	
Operating Transfers In from Primary Government	1,301,959
Operating Transfers Out to Primary Government	(3,650)
Operating Transfers In from Component Units	41,553
Operating Transfers Out to Component Units	(41,553)
Total Transfers	1,298,309
Extraordinary Item:	
Gain/(Loss) on Early Extinguishment of Debt	(2,926)
Total Extraordinary Items	(2,926)
Net Increase for the Year	387,681
Fund Balance, July 1, as restated (Note 29)	6,312,510
Fund Balance, June 30	$ 6,700,191

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, 1999
(Dollars in Thousands)

	Current Funds		Total Year Ended
	Unrestricted	Restricted	June 30, 1999
Revenues:			
Student Tuition and Fees	$ 881,064	$ 9,963	**$ 891,027**
Federal Grants and Contracts	61,387	736,272	**797,659**
State Grants and Contracts	1,082	46,683	**47,765**
Local Grants and Contracts	1,723	13,477	**15,200**
Endowment Income	10,769	31,922	**42,691**
Sales and Services of Educational Departments	22,713	5	**22,718**
Sales and Services of Auxiliary Enterprises	581,752	-	**581,752**
Sales and Services of Hospitals	512,541	-	**512,541**
Sales and Services of Independent Operations	325	428	**753**
Sales and Services of Vending Commissions	3,693	-	**3,693**
Investment Income	5,447	557	**6,004**
Proceeds from Securities Lending Transactions	340	-	**340**
Other Sources	89,019	201,798	**290,817**
Total Current Revenues	2,171,855	1,041,105	**3,212,960**
Expenditures and Mandatory Transfers:			
Educational and General:			
Instruction	1,073,163	118,571	**1,191,734**
Research	86,465	306,906	**393,371**
Public Service	52,578	59,757	**112,335**
Academic Support	298,409	22,709	**321,118**
Student Services	109,429	7,756	**117,185**
Institutional Support	301,498	10,356	**311,854**
Operation and Maintenance of Plant	189,989	740	**190,729**
Scholarships and Fellowships	57,788	588,535	**646,323**
Other	59	-	**59**
Total Educational and General	2,169,378	1,115,330	**3,284,708**
Mandatory Transfers for Debt Service and Other	14,972	159	**15,131**
Total Educational and General Expenditures and Mandatory Transfers	2,184,350	1,115,489	**3,299,839**
Auxiliary Enterprises:			
Operating Expenditures	481,389	3,275	**484,664**
Payments for Securities Lending Transactions	421	-	**421**
Mandatory Transfers for Debt Service	61,224	-	**61,224**
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	543,034	3,275	**546,309**
Hospital and Independent Operations:			
Operating Expenditures	493,328	882	**494,210**
Mandatory Transfers for Debt Service	20,772	-	**20,772**
Total Hospital and Independent Operations, Expenditures and Mandatory Transfers	514,100	882	**514,982**
Operating Transfers In From Primary Government	(1,125,787)	(78,541)	**(1,204,328)**
Operating Transfers Out To Primary Government	1,076	-	**1,076**
Total Expenditures, Mandatory and Other Transfers	2,116,773	1,041,105	**3,157,878**
Other Additions (Deductions):			
Excess Restricted Receipts Over Transfers to Revenues	-	13,484	**13,484**
Refunded to Grantors	(29)	(497)	**(526)**
Nonmandatory Transfers	(53,515)	6,512	**(47,003)**
Net Increase (Decrease) in Fund Balance	$ 1,538	$ 19,499	**$ 21,037**

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 generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

B. Reporting Entity

For financial reporting purposes, the Commonwealth's reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (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 seven-member Board is appointed by the Governor, 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. 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 seven-member Board is appointed by the Governor, 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 seven-member Board is appointed by the Governor, and the primary government is able to impose its will on the

Authority. The Auditor of Public Accounts audited the Authority, and a separate report is available from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218.

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

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

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

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

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

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by State–supported colleges and universities is included in the financial statements. The Authority assists private institutions of higher education in the financing and refinancing of a broad range of facilities. The Authority is authorized to issue obligations and lend the proceeds to private institutions; however, such financings or refinancings are not obligations of the Commonwealth nor the Authority, but are payable solely from the revenues pledged by the respective private institution. This indebtedness, totaling $252.3 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 E. Byrd Street, Richmond, Virginia 23218. The Auditor of Public Accounts audited the Partnership, 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 seven-member Board is appointed by the Governor. The Foundation was reported as a Related Organization in previous years, but it is now a Component Unit because the primary government can impose its will on the Foundation. The Foundation is reported as a Discrete Governmental Component Unit because it uses a GAAP reporting model other than the governmental model. The administrative offices of the Foundation are located at 203 Governor Street, Suite 317, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Foundation, 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, 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 700 Mutual Building, Post Office Box 1300, Richmond, Virginia 23218. Deloitte & Touche, LLP audited the Authority, and a separate report is available.

Small Business Financing Authority (SBFA) (Proprietary Funds) – The Virginia Small Business Financing Act of 1984 (Chapter 28, Title 9, *Code of Virginia*) established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 10 Board members, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority can provide financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby encouraging the investment of private capital in small businesses in the Commonwealth. Also, the Authority guarantees loans made to small businesses by banks. As of June 30, 1999, the Authority had outstanding loan guarantees totaling $636,280 and had set aside $900,000 of its total net assets of $1,050,045 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 Foundation was audited by

the accounting firm of William White, Sr., and a separate report is available.

Virginia Housing Development Authority (VHDA) (Proprietary Funds) – The Authority was created as a political subdivision and instrumentality of the Commonwealth and is granted both political and corporate powers by the *Code of Virginia*. The Governor appoints a majority of the Authority's Board members. The Commonwealth may make grants to the Authority including, but not limited to, reserve funds which is a potential financial benefit/burden to the primary government. The State is not obligated by the debt of the Authority. The Authority was created in the public interest to provide investment and stimulate construction of low–moderate income housing which benefits the citizens of the Commonwealth. The administrative offices of the Authority are located at 601 South Belvidere Street, Richmond, Virginia 23220. KPMG Peat Marwick audited the Authority, and a separate report is available.

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

Hampton Roads Sanitation District Commission (Proprietary Funds) – The District was established as a political subdivision of the Commonwealth and a government instrumentality. The Commission, which is the governing Board of the District, was granted corporate powers by the *Code of Virginia*. The Governor appoints the Commission members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Commission. The Commonwealth is not obligated by the debt of the Commission. The Commission was established to benefit the inhabitants of the District and operates a sewage system for 13 localities in the Chesapeake Bay area. The address for the administrative offices of the Commission is Post Office Box 5911, Virginia Beach, Virginia 23471. Pricewaterhouse-Coopers audited the Commission, and a separate report is available.

State Education Assistance Authority (SEAA) (Proprietary Funds) – The Authority was created by the *Code of Virginia* and granted corporate powers. The Governor appointed the governing Board and Executive Director of the Authority. Therefore, the primary government was able to impose its will on the Authority. The Authority facilitated the education of Commonwealth residents by guaranteeing student loans provided by financial institutions through a program administered by the Federal government until July 1, 1996. At that time, the Authority terminated its guarantee agreements with the U.S. Department of Education, and closed the program to new borrowers. The current activity relates solely to loan servicing for outstanding loans.

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

Medical College of Virginia Hospitals Authority (MCVA) (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, Richmond, Virginia 23219. 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 seven-member Board is appointed by the Governor, and the primary government is able to impose its will on the Board. The administrative offices of the Board are located at the Virginia Department of Accounts, 101 North 14th Street, Richmond, Virginia 23219. The Auditor of Public Accounts audited the Board and a separate report is available.

(4) Related Organizations – Organizations for which a primary government is accountable because that government appoints a majority

of the Board, but is not financially accountable, are related organizations. Related organizations are:

Virginia Recreational Facilities Authority – The Authority was created as a political 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, 1999, the Authority received a $750,000 payment from the Commonwealth. The address for the administrative offices of the Authority is 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 Post Office Box 29, Covington, Virginia 24426. Persinger and Company audited the Authority, and a separate report is available.

Miller School of Albemarle – The School was created as an educational institution of the Commonwealth and a corporation to provide a quality education. The Governor appoints a majority of the nine-member Board. The administrative offices of the School are located at 1000 Samuel Miller Loop, Charlottesville, Virginia 22903–9328. Hantzmon, Wieble and Company audited the School, and a separate report is available.

Jamestown-Yorktown Educational Trust – The Trust was created as a nonprofit corporation by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The Foundation's Board of Trustees controls the Trust. Several Commonwealth officials serve as ex-officio members of the Board, and the Governor appoints twelve members. The Trust operates the Jamestown Settlement and Yorktown Victory Centers' gift shops and café, oversees investing and fund raising activities, purchases artifacts, and sponsors events. The address for the administrative offices of the Trust is Post Office Box 3605, Williamsburg, Virginia 23187. Eggleston Smith P.C. audited the Trust, and a separate report is available.

Virginia Birth-Related Neurological Injury Compensation Program – The Program was created to provide a no-fault alternative for birth-related neurological injuries. The seven-member Board is appointed by the Governor. The administrative offices of the Program are located at 7400 Beaufont Springs Drive, Richmond, Virginia 23225. Goodman and Company audited the Program, and a separate report is available.

C. Fund Structure

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

(1) Governmental Funds

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

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

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

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

d. Capital Projects Funds – Account for transactions related to resources received

and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds. The primary resource for these funds is the proceeds of bond issues. Principal uses are for construction and improvement of State office buildings, correctional and mental health facilities, and parks.

(2) Proprietary Funds

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

The activities comprising the proprietary funds include the following:

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

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

(3) Fiduciary Funds

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

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

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

c. **Nonexpendable Trust Fund –** Accounts for the transactions of the Commonwealth Health Research Fund whose principal must be maintained intact and whose income is used to fund grants for human health research benefiting the Commonwealth's citizens.

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

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

(4) Account Groups

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

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

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

(5) Higher Education Fund (Component Unit)

The Higher Education Fund accounts for transactions related to resources received and used for the operation of the Commonwealth's

institutions of higher education and related medical teaching hospitals. The Higher Education Fund is an aggregation of the following funds:

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

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

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

D. Basis of Accounting for Funds

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

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

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, provides governments two options for reporting their proprietary fund activities (including component units accounted for using proprietary fund accounting). All Proprietary funds reported herein, with the exception of the Medical College of Virginia Hospitals Authority (MCVHA) (Component Unit), the A. L. Philpott Manufacturing Extension Partnership (Component Unit), and the Virginia Equine Center Foundation (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. MCVHA, the A. L. Philpott Manufacturing Extension Partnership, and the Virginia Equine Center Foundation 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 Fund 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 (discrete 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 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

Loans Receivable 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:

- Virginia School for the Deaf and the Blind at Staunton (VSDBS)
- Virginia Department of Transportation (VDOT)
- Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS)
- Virginia Employment Commission (VEC)
- Woodrow Wilson Rehabilitation Center (WWRC)
- Department of Conservation and Recreation (DCR)
- Department of State Police (VSP)
- Department of Health (VDH)
- Department of Personnel and Training (DPT)
- Department for the Visually Handicapped (DVH)
- Virginia Workers' Compensation Commission (VWC)

VSDBS inventories are recorded in the General Fund using the last-in, first-out (LIFO) methodology. VDOT inventories are recorded in the Commonwealth Transportation Fund and DMHMRSAS inventories are recorded in the General, Other Special Revenue, and Federal Trust Funds and are maintained based on the weighted average cost methodology. VEC inventories are recorded in the Federal Trust Fund, WWRC and DCR inventories are recorded in the Other Special Revenue Fund, VSP inventories are recorded in the General and Other Special Revenue Funds, and the VDH inventories are recorded in the General, Other Special Revenue, and Federal Trust Funds and are maintained based on the average cost

methodology. DPT inventories are recorded in the General Fund, DVH inventories are reported in the Other Special Revenue Fund, and VWC inventories are recorded in the Dedicated Special Revenue Fund and are maintained on the lower of cost or market methodology.

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

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

Food Stamps

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the Commonwealth recognizes food stamp distributions as revenue and expenditures in the Federal Trust Fund. Revenue and expenditures are recognized when benefits are distributed. Food stamps held at June 30 totaling $65.8 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. Infrastructures, including highways, bridges, and rights–of–way, are not capitalized.

The Commonwealth capitalizes construction-in-progress when project expenditures exceed $5,000. Expenditures are classified as construction-in-progress if:

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

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

The estimated lives of 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.

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, 1999. 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 and life insurance payments.

The Medical College of Virginia Hospitals Authority (Component Unit) reports claims payable which represent health insurance claims payable at June 30, 1999. Claims expenses and liabilities arising from services rendered are reported when it is probable that services have been provided and the amount of the claim can be reasonably estimated. The claims payable amount includes an estimate of claims that have been incurred but not reported (see Note 18C).

O. Obligations Under Securities Lending Program

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

P. Long–Term Liabilities

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

Q. Other Liabilities

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

R. Deferred Revenue and Deferred Credit

Deferred Revenue

Deferred revenue represents monies received or revenues accrued but not earned as of June 30, 1999. 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, it 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 unearned premiums and rental income received but not spent for the Risk Management and Maintenance and Repair Funds, respectively. Deferred revenues in the proprietary component units consist 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 1999, 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 $357.1 million is reported in the General Fund.

S. Reserved Retained Earnings

Reserved retained earnings indicate that portion of retained earnings that is segregated due to specific legal requirements or other externally imposed requirements (see Note 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, 2000. Payment will be made from a sum sufficient appropriation authorized for this purpose by the Appropriation Act. The CMIA interest rate of exchange is based by law on the annualized average earnings rate of 13–week Treasury bills.

Y. Eliminations

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

Z. Total Columns on Combined Statements

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

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

2. APPROPRIATIONS

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

(Dollars in Thousands)		**General Fund (7)**		**Special Revenue Fund (7) (8) (9)**
Appropriations (1)	$	9,771,894	$	5,726,173
Supplemental Appropriations:				
Reappropriations (2)		100,919		-
Subsequent Executive (3)		87,201		915,474
Subsequent Legislative (4)		119,254		195,856
Prior Year Reversions (5)		(26,557)		-
Transfers (6)		(1,653,306)		163,037
Appropriations, as adjusted	$	8,399,405	$	7,000,540

1. Represents the budget appropriated through Chapter 935, 1999 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 $6,495,767 and $1,463,011, 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 ($399.6 million) as required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance.* This amount is not included above.
9. The Special Revenue appropriations as reported in the Budget/Actual statement includes expenditure reductions needed to eliminate budgetary deficits at the Department of Transportation. The amount above does not include these reductions of $9.5 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, 1999.

Reservations and Designations of Fund Balance
General Fund, Budgetary Basis
June 30, 1999

(Dollars in Thousands)

Fund Balance, June 30, 1999		$ 1,599,630
Reserved Fund Balance:		
Revenue Stabilization Reserve Fund	$ 361,472	
Revenue Stabilization Reserve 1998	194,135	
Payroll Reserve for July 1, 1999 Payroll	60,982	
Total Reserved Fund Balance		616,589
Unreserved Fund Balance:		
Designated:		
Amount Required for Reappropriation of 1999 Unexpended Balances:		
Mandatory Reappropriations	111,028	
Discretionary Reappropriations	39,426	
Capital Outlay	316,177	
Amount Required by Ch. 935, 1999 Acts of Assembly	365,121	
Virginia Water Quality Improvement Fund - Part A	15,533	
Virginia Water Quality Improvement Fund - Part B	18,507	
Natural Disaster Sum Sufficient	4,027	
Contingent Appropriations	1,620	
Revenue Stabilization Fund Contribution	103,346	
Total Designated Fund Balance		974,785
Undesignated Fund Balance, June 30, 1999		$ 8,256

4. BUDGETARY BASIS VS. GAAP BASIS FUND BALANCE

Since the presentation of financial data on a budgetary basis differs from that presented under generally accepted accounting principles, a schedule reconciling the fund balance on a budgetary basis at June 30, 1999, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison
Budgetary Basis to GAAP Basis
June 30, 1999

(Dollars in Thousands)

	General Fund	All Special Revenue Funds
Fund Balance, Budgetary Basis	$ 1,599,630	$ 882,560
Adjustments from Budget to GAAP, Undesignated:		
Accrued Revenues:		
Taxes	506,793	7,845
Tax Refunds	(135,255)	-
Other Revenue	7,992	268,910
Deferred Credit	(357,089)	-
Medicaid Payable	(158,629)	(170,434)
Accrued Expenditures	(289,749)	(56,973)
Fund Reclassification - Budget to GAAP	-	(79,567)
Literary Fund - Fund Balance (1)	-	433,340
Virginia Public Building Authority (1)	-	30,776
Fund Balance, GAAP Basis	$ 1,173,693	$ 1,316,457

(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 $361.5 million reserved as a part of General Fund equity. The amount on deposit cannot exceed ten percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for FY 1999, FY 1998, and FY 1997. The maximum amount allowed in FY 1999 is $777.9 million. The FY 2000 deposit into the Revenue Stabilization Fund, which is appropriated in the amount of $194.1 million, is also reserved. Consistent with past policy, $103.3 million has been designated from the General Fund balances to pay for a sixth deposit into the Fund which is required based on FY 1999 revenues. The Fund is routinely segregated from the General Fund and can be used only for constitutionally authorized purposes.

6. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 1999, the carrying amount of cash for the primary government was $201,651,451 and the bank balance was $570,413,670. The carrying amount of cash for the component units was $108,124,675 and the bank balance was $251,471,760. 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, 901 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, 1999, 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 72.9 percent of the primary government investments that are in Category 1 and 99 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, 1999

(Dollars in Thousands)

Type of Securities	Category 1	Category 2	Category 3	Fair Value
Investments - Categorized				
U. S. Treasury and Agency Securities	$ 6,091,872	$ -	$ 77,002	$ 6,168,874
Common and Preferred Stocks	10,874,530	-	4,385	10,878,915
Corporate Notes	1,013,481	-	-	1,013,481
Corporate Bonds	1,699,879	-	432	1,700,311
Commercial Paper	1,508,210	-	-	1,508,210
Municipal Securities	67,552	-	-	67,552
Repurchase Agreements	271,658	-	13,396	285,054
Other	14,976	-	-	14,976
Investments held by broker-dealers under securities loans				
VRS Separate Account	-	-	1,746,977	1,746,977
U.S. Government and Agency Securities	- 111,516	-	177,119	288,635
Common and Preferred Stocks	3,948	-	4,659	8,607
	$ 21,657,622	$ -	$ 2,023,970	
Investments - Not categorized				
Deposits with the U. S. Treasury for Unemployment Compensation				1,024,276
Mutual, Money Market Funds				1,183,703
Foreign Currencies				30,429
Equity Index and Pooled Funds				12,145,439
Index Funds				44,560
Real Estate				1,136,449
Venture Capital				2,027,510
TBC Pooled Employee Trust Fund				1,267,099
Guaranteed Investment Contracts				257,541
Other				1,943,626
Component Units Investment in Primary Government's Investment Pool				(427,688)
Component Units Investment in Local Government Investment Pool				(157,704)
Investments held by broker-dealers under securities loans				
U.S. Government and Agency Securities				1,579,425
Common and Preferred Stocks				317,431
Corporate Bonds				111,307
Component Units Securities held in a Collateral Investment Pool				(15,587)
				$ 46,149,408

Investments - Component Units
June 30, 1999

(Dollars in Thousands)

Type of Securities	Category 1	Category 2	Category 3	Fair Value
Investments - Categorized				
U. S. Treasury and Agency Securities	$ 707,281	$ 14,679	$ 83,988	$ 805,948
Common and Preferred Stocks	393,858	15,309	7,398	416,565
Corporate Notes	35,266	2,026	-	37,292
Corporate Bonds	109,492	1,114	3,562	114,168
Commercial Paper	3,777	219	12,463	16,459
Municipal Securities	1,679,050	294	6,664	1,686,008
Repurchase Agreements	619,780	15,511	11,286	646,577
Asset Backed Securities	278,884	-	-	278,884
Agency Mortagage Backed	215,321	-	-	215,321
Mutual/Money Market Funds	-		6,990	6,990
Banker's Acceptance	-		321	321
Other	200	-	-	200
	$ 4,042,909	$ 49,152	$ 132,672	
Investments - Not categorized				
Mutual, Money Market Funds				663,090
Real Estate				12,325
Federal Home Loan Bank Note				295,939
Other				1,155,920
Component Units Investment in Primary Government's Investment Pool				427,688
Component Units Investment in Local Government Investment Pool				157,704
Investments held by broker-dealers under securities loans Securities held in a Collateral Investment Pool				15,587
				$ 6,952,986

Primary Government

Securities Lending

The State Treasury's securities lending program is managed by its Master Custodian, Bankers Trust Company, under a contract dated December 1, 1997. The enabling legislation for the securities lending program is § 2.1-328.6 of Chapter 18 Investment of Public Funds of the *Code of Virginia*, as amended. No significant 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 Bankers Trust Company, all pledged cash and other collateral attributable to loans made on the Commonwealth's behalf shall be maintained by the Master Custody Bank, and Treasury cannot pledge or sell such collateral absent a default.

The State Treasury's contract with Bankers Trust Company provides for loss indemnification against borrower default as a result of bankruptcy, insolvency, reorganization, liquidation, receivership or similar event. Additionally, Bankers Trust Company provides indemnification for any losses experienced from reinvestment of cash collateral in investments not authorized by the provisions of the investment guidelines for the Commonwealth of Virginia agreed upon by both parties and made a part of the Securities Lending Agreement. There were no losses resulting from default during the reporting period, nor recoveries of prior period losses during this reporting period.

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

percentage of the portfolio that may be loaned. Additionally, the general account portfolio is comprised of only 10 percent in Treasury securities, which are by far the most loanable securities. During the past fiscal year, approximately 15 percent of the lendable base of securities were on loan.

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

Securities loaned for the general account as of June 30, 1999, had a reported amount of $323,267,414 and a fair value of $321,856,817. The fair value of the collateral received was $330,814,150 providing for coverage of 102.8 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, 1999, the cash reinvestment portfolio had a weighted average maturity of 20 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, 1999, cash reinvestments were as follows: $34 million in certificates of deposit, $37 million in corporate notes, $77 million in commercial paper, and $141 million in repurchase agreements collateralized by Government securities. Non-cash collateral at June 30, 1999, was $37 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 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 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 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 30 days. At year-end, VRS has no credit risk exposure to borrowers because the amounts VRS owed the borrowers exceed the amounts the borrowers owe the VRS. The fair value of securities on loan at June 30, 1999, was $2,020,629,000 and the value of collateral (cash and non-cash) was $2,048,138,000.

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, Bankers Trust Company, lends securities to various security brokers and lenders on a temporary basis for a fee. Up to 100 percent of the securities may be available for loan. All security loan agreements are collateralized at loan inception at 102 percent of fair value by cash or U. S. government obligations and adjusted to market daily to cover fair value fluctuations. As a result, management assumes no credit risk. The maturity of loans does not usually match the maturity of the collateral investments.

The Virginia Lottery does not have the ability to use cash collateral or to pledge or sell collateral securities absent borrower default. The Lottery's contract with Bankers Trust Company 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, 1999, the fair value of investment account securities on loan was $19,689,213 and the value of collateral (cash and non-cash) was $20,082,997.

Derivative Financial Instruments

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

The VRS is a party, both directly and indirectly, to various derivative financial investments off and on the balance sheet that are used in the normal course of business to enhance returns on investments and manage risk exposure to changes in value due to fluctuations in market conditions. These investments may involve, to varying degrees, elements of credit and market risk in excess of amounts recognized on the balance sheet. Credit risk is the possibility that loss may occur from failure of a counterparty to perform according to the terms of the contract. Market risk arises due to

adverse changes in market price, interest rate and foreign exchange rate fluctuations that may result in a decrease in the fair value of a financial investment and/or increase in its funding cost.

In addition to the derivative financial instruments directly held, the VRS may have indirect exposure to risk through its ownership interests in commingled investment funds that use, hold, or write derivative financial instruments. Indirect exposure may also arise from stock lending programs in which the commingled funds participate. Such programs usually reinvest a portion of their cash collateral holdings in derivative instruments. The VRS' pro rata share of the contractual or notional amounts of outstanding derivative transactions in commingled investment funds and security lending programs approximated $140,494,000 at June 30, 1999.

Forward, Futures, and Options Contracts

Forward contracts are contracts to purchase or sell, and futures contracts are contracts to deliver or receive financial instruments, foreign currencies or commodities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange traded) and require initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled in daily cash with the exchanges. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk due to nonperformance of counterparties to futures contracts is minimal. In contrast, forward contracts traded over-the-counter are generally negotiated between two counterparties and are subject to credit risks due to nonperformance of one of the counterparties and to market risks as a result of adverse fluctuations in market prices, interest rates and foreign exchange rates. At June 30, 1999, the VRS had purchased S & P Index futures and options on Eurodollar and Treasury bond note futures with a fair value of $2,066,286,000 and sold Treasury bond and note futures including options on these futures with a net fair value of $40,079,000.

Forward, futures and options contracts provide the VRS with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure, and gain market exposure to various indices in a more efficient way and at lower transaction costs. Credit risks depend on whether the contracts are exchange traded or are executed over-the-counter. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates.

In addition to unsettled purchases and sales, accounts receivable and accounts payable for security transactions at June 30, 1999, include receivables for margin deposits of $53,673,000, deposits with brokers for securities sold short of $1,434,319,000, and payables for securities sold short and not covered with fair values of $1,471,325,000.

Asset-Backed Securities

In the area of on-balance sheet financial instruments with derivative-like characteristics, the VRS invests in various asset-backed securities such as collateralized mortgage obligations (CMO), principal-only strips (PO), and interest-only strips (IO) primarily to enhance returns by taking advantage of opportunities available in this sector of the securities markets. CMO securities are bonds collateralized by mortgage-backed securities and issued in several tranches that represent a reallocation of the underlying mortgage-backed securities cash flows. Both PO and IO securities are created by splitting the asset-backed securities into principal-only and interest-only portions. At June 30, 1999, the VRS held CMO securities with a fair value of $181,101,000, and IO and PO securities with a fair value of $8,174,000.

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

Foreign Exchange Contracts

Foreign exchange contracts include forward, futures and options contracts and involve either the exchange of specific amounts of two currencies or the delivery of a fixed amount of a currency at a future date and specified exchange rate. Forward and futures contracts settle three or more business days from the contract date. Forward contracts are negotiated over the counter between two counterparties, while futures contracts are exchange traded. Foreign currency options, which are either negotiated between two counterparties or are exchange traded, grant the buyer the right, but not the obligation, to purchase or sell at a specified price, a stated amount of an underlying currency at a future date. At June 30, 1999, the VRS had sold foreign currency contracts with a fair value of $750,249,000 and had purchased foreign currency contracts with a fair value of $751,359,000. In addition, VRS had purchased options on foreign currency with a fair value of $2,937,000.

Foreign exchange contracts are frequently used by the VRS to protect the base currency ($US) value of portfolio assets denominated in foreign currencies against fluctuations in the values 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

The University of Virginia from time to time may use, through its investments and through investments in pooled funds, a variety of derivative securities including futures, options and forward foreign currency contracts. These financial instruments are used to modify market risk exposure. Futures contracts and options on futures contracts are traded on organized exchanges and require collateral or margin in the form of cash or marketable securities. The net change in the futures contract value, if any, is settled with a cash transaction on a daily basis. Holders of futures contracts look to the exchange for performance under the contract and not the entity holding the offsetting futures position. Accordingly, the amount of risk due to non-performance of counterparties to the futures contracts is minimal. Foreign exchange contracts are used to protect the University's portfolio against fluctuations in the values of foreign currencies. The credit risk of forward currency contracts traded over–the–counter lies with the counterparty. Asset swap contracts are privately negotiated agreements between two participants to exchange the return stream derived from their assets to each other without exchanging underlying assets. The University uses asset swaps to gain exposure to certain market sectors in lieu of direct investment. The credit risk lies with the intermediary who arranges the asset swap. As of June 30, 1999, the fair value of the University's derivative exposure consisted of $496,748 in commitments to purchase futures contracts, $3,177,219 in commitments to sell futures contracts $1,803,758 in commitments to purchase options and warrants, $411,666 in commitments to sell options and warrants, $475,168 in commitments to purchase forward foreign exchange contracts, $256,118 in commitments to sell forward foreign exchange contracts, and $1,345,535 in commitments to purchase asset swap contracts.

7. RECEIVABLES

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

Schedule of Receivables
June 30, 1999

(Dollars in Thousands)

	Accounts and Loans Receivable	Taxes Receivable	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable
Primary Government:					
General Fund	$ 129,359	$ 505,850	$ -	$ (60,983)	$ 574,226
Special Revenue Funds	663,555	8,588	6,190	(75,571)	602,762
Debt Service	-	-	1	-	1
Capital Projects	-	-	130	-	130
Enterprise Funds	51,244	-	3,181	(150)	54,275
Internal Service Funds	92,197	-	99	(870)	91,426
Trust and Agency Funds	1,174	111,929	2,452,481	(10,244)	2,555,340
Total Primary Government	937,529	626,367	2,462,082	(147,818)	3,878,160
Component Units:					
Governmental Fund	2,698	-	261	-	2,959
Proprietary Fund	6,082,839	-	141,843	(35,113)	6,189,569
Higher Education Fund	390,795	-	-	(80,444)	310,351
Total Discrete Component Units	6,476,332	-	142,104	(115,557)	6,502,879
Total Receivables	$ 7,413,861	$ 626,367	$ 2,604,186	$ (263,375)	$ 10,381,039

8. INTERFUND ASSETS/LIABILITIES

Due to/from Other Funds

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

The following schedule shows the Due to/from Other Funds as of June 30, 1999.

Schedule of Due to / from Other Funds
June 30, 1999
(Dollars in Thousands)

Fund	Due From	Due To
Primary Government		
General		
General Fund	$ 6,253	$ 5,084
Special Revenue		
Commonwealth Transportation	10,144	9,755
Federal Trust	12,349	-
Other	1,181	34
Total Special Revenue	23,674	9,789
Capital Projects		
Primary Government	-	7,671
Virginia Public Building Authority	-	340
Total Capital Projects	-	8,011
Enterprise		
State Lottery Department	-	783
Department of ABC	-	3,909
Consolidated Laboratories	-	265
Department of Environmental Quality	-	960
Pocahontas Parkway Association	-	10,144
Total Enterprise	-	16,061
Internal Service		
Central Warehouse	-	251
Risk Management	1,800	-
Virginia Sickness and Disability	349	756
Total Internal Service	2,149	1,007
Pension Trust		
Virginia Retirement System	2,004	2,954
State Police Officers Retirement System	1,378	10
Judicial Retirement System	1,401	5
Retiree Health Insurance Credit	-	498
Group Life	-	909
Total Pension Trust	4,783	4,376
Investment Trust		
Local Government Investment Pool (LGIP)	-	1,175
Total Investment Trust	-	1,175
Expendable Trust		
Expendable Trust	7,993	91
Agency		
Child Support Collections Fund	30	8,123
Total Trust and Agency	12,806	13,765
Total Primary Government	44,882	53,717

Schedule of Due to / from Other Funds
June 30, 1999
(Continued)
(Dollars in Thousands)

Fund	Due From	Due To
Component Units		
Governmental		
Virginia Port Authority	4,125	-
Total Governmental	4,125	-
Proprietary		
Virginia Port Authority	-	4,125
Medical College of Virginia Hospitals Authority	-	4,554
Total Proprietary	-	8,679
Higher Education		
College of William and Mary	226	-
University of Virginia	7,122	-
Virginia Polytechnic Institute and State University	9,067	-
Virginia Military Institute	164	-
Virginia State University	224	-
Norfolk State University	387	-
Mary Washington College	283	-
James Madison University	1,647	-
Radford University	491	-
Old Dominion University	3,579	-
Virginia Commonwealth University	10,989	-
George Mason University	2,123	-
Virginia Community College System	4,666	-
Non-Major Component Units	1,338	28,917
Total Higher Education	42,306	28,917
Total Component Units	46,431	37,596
Total	$ 91,313	$ 91,313

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, 1999. There were no Interfund Receivables/Payables for the Component Units as of June 30, 1999.

Interfund Receivables/Payables
June 30, 1999
(Dollars in Thousands)

Fund	Interfund Receivables	Interfund Payables
Primary Government		
Special Revenue		
Federal Trust	$ -	$ 13,537
Dedicated	-	800
Other	50,356	151
Total Special Revenue	50,356	14,488
Capital Projects		
Primary Government	-	149
Enterprise		
State Lottery Department	-	12,000
Department of ABC	-	23,719
Total Enterprise	-	35,719
Total Primary Government	$ 50,356	$ 50,356

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

The $1.5 million Loans Receivable from Other Funds represents a loan made from the Special Revenue Fund to the Internal Service Fund. The Department of Corrections paid the remaining balance owed by Correctional Enterprises for a warehouse, raw materials and supplies. There is no established due date or interest terms for the outstanding loan balance.

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, $297.5 million in loans were receivable in the Special Revenue Fund and payable from the Authority.

The $5.0 million in Loans Receivable from Component Units represents loans from the Special Revenue Fund to Higher Education (Component Unit). George Mason University's loan of $2.0 million and the College of William and Mary's loan of $0.7 million were used to advance fund federally funded grant programs. Longwood College's loan of $1.0 million will be used for the College's housing sprinkler project. The balance of $1.3 million is spread among various Higher Education Institutions

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. Under this arrangement, the Authority is owed $83.1 million from the Literary Fund at year-end.

9. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The Medical College of Virginia Hospitals Authority (Component Unit) reported restricted assets totaling $167.2 million for debt service under a bond indenture agreement, amounts designated by the Board of Directors for capital acquisition, resources restricted under malpractice trust agreement, resources restricted by insurance regulations of the Commonwealth of Virginia, and resources restricted under the pension plan agreement. The remaining $1.7 million is spread among the Virginia Port Authority and the Small Business Financing Authority.

10. OTHER ASSETS

The following table (reported in thousands of dollars) summarizes Other Assets as of June 30, 1999:

	General	Special Revenue	Enterprise	Internal Service	Trust and Agency	Total Primary Government June 30, 1999
Cash and Travel Advances	$ 1,646	$ 1,701	$ 195	$ 37	$ 10	**$ 3,589**
Unamortized Bond Issuance Expenses	-	-	6,957	-	-	**6,957**
Other Assets	-	-	7,855	-	62	**7,917**
Total Other Assets	$ 1,646	$ 1,701	$ 15,007	$ 37	$ 72	**$ 18,463**

	Component Units			Total Reporting Entity
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 1999
Cash and Travel Advances	$ 230	$ 6	$ 966	**$ 4,791**
Unamortized Bond Issuance Expenses	-	14,146	-	**21,103**
Other Assets	308	6,988	48,647	**63,860**
Total Other Assets	$ 538	$ 21,140	$ 49,613	**$ 89,754**

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, 1998	Acquisitions	Deductions	Balance June 30, 1999
Land	$ 227,435	$ 4,541	$ (1,008)	$ 230,968
Buildings	1,722,957	318,268	(1,263)	2,039,962
Equipment	787,096	85,975	(41,925)	831,146
Improvements Other Than Buildings	127,487	11,774	(350)	138,911
Construction in Progress	399,176	87,010	(316,148)	170,038
Total General Fixed Assets	$ 3,264,151	$ 507,568	$ (360,694)	$ 3,411,025

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, 1998, As restated	Acquisitions	Deductions	Balance June 30, 1999
Land	$ 96,895	$ -	$ -	$ 96,895
Buildings	54,965	586	(172)	55,379
Equipment	95,328	1,856	(148)	97,036
Improvements Other Than Buildings	206,063	10,067	-	216,130
Construction in Progress	53,688	42,348	(10,858)	85,178
Total General Fixed Assets	$ 506,939	$ 54,857	$ (11,178)	$ 550,618

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

Summary of Fixed Assets in Proprietary Funds,
Fiduciary Funds, and Component Units
June 30, 1999
(Dollars in Thousands)

	Enterprise Funds	Internal Service Funds	Trust and Agency Funds	Component Units: Higher Education Fund	Component Units: Proprietary Fund
Land	$ 1,736	$ 310	$ -	$ 149,099	$ 14,193
Buildings	10,421	5,519	-	3,043,418	962,209
Equipment	76,381	122,249	6,860	1,632,859	228,331
Improvements Other Than Buildings	1	36	-	253,146	-
Construction in Progress	90,804	136	-	531,621	25,661
Livestock	-	-	-	740	-
Less:					
Accumulated Depreciation	(57,257)	(73,572)	-	-	(583,508)
Total Fixed Assets	$ 122,086	$ 54,678	$ 6,860	$ 5,610,883	$ 646,886

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), an 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, 1999, the VRS had 768 contributing employers. The State Police Officers' Retirement System (SPORS) and the Judicial Retirement System (JRS) are single-employer defined benefit retirement plans. The SPORS provides retirement benefits to Virginia State police officers, and the JRS provides retirement benefits to the Commonwealth's judiciary. 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 Virgi*nia. All full–time, salaried, permanent employees of the Commonwealth, with the exception of certain full–

time faculty and administrative staff of higher education institutions and eligible employees of the state's teaching hospital who have the option not to participate in the VRS, must participate in the VRS, SPORS, or JRS. 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). Employees who retire with a reduced benefit at age 50 with at least ten years of credited service or at age 55 (age 50 for participating law enforcement officers) with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. AFS is defined as the yearly average of the highest consecutive 36 months of salary.

Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Members of the SPORS may receive a monthly benefit supplement if they retire prior to age 65. Members of the JRS receive weighted years of creditable service for each year of actual service for the JRS. The VRS, SPORS, 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 VRS' 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. Collateralized mortgage obligations (CMOs), adjustable rate mortgages (ARMs), and asset-backed securities are priced weekly and at month end. Municipal fixed income securities are priced twice a month, and options on Treasury/Government National Mortgage Association (GNMA) securities are priced at month end.

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

The systems 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 VRS and SPORS were 5.84% and 16.84% of covered payrolls from July 1 through December 31, and 5.10% and 15.84% from January 1 through June 30, respectively. The Commonwealth contributed 31.68% of covered payrolls to JRS during the fiscal year. 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 VRS, SPORS, and JRS for the current and prior years.

	VRS		SPORS		JRS	
	1999	1998	1999	1998	1999	1998
Annual required contribution	$ 217,448	$ 195,744	$ 16,767	$ 11,909	$ 14,295	$ 12,949
Interest on net pension obligation	10,076	4,424	485	203	249	104
Adjustment to annual required contribution	(7,148)	(3,139)	(345)	(144)	(177)	(74)
Annual pension cost	220,376	197,029	16,907	11,968	14,367	12,979
Contributions made	(151,898)	(126,388)	(11,576)	(8,435)	(12,938)	(11,166)
Increase in net pension obligation	68,478	70,641	5,331	3,533	1,429	1,813
Net pension obligation beginning of year	125,947	55,306	6,071	2,538	3,118	1,305
Net pension obligation end of year	$ 194,425	$ 125,947	$ 11,402	$ 6,071	$ 4,547	$ 3,118
Percentage of annual pension cost contributed	68.9%	64.1%	68.5%	70.5%	90.1%	86.0%

A VRS pension liability for the Virginia Economic Development Partnership (VEDP) (Component Unit) is reported in the financial statements. However, since the Commonwealth is not considered the employer for VEDP, the Commonwealth's net pension obligation shown above at the end of the year does not include VEDP's pension liability of $522,000.

The annual required contributions for the current year were determined by the June 30, 1996, actuarial valuation, and the most recent actuarial valuation of assets was determined at June 30, 1998. Both actuarial valuations were prepared using the entry age normal cost method. The actuarial assumptions included (a) 8% investment rate of return, per year compounded annually; (b) projected salary increases ranging from 4.00% to 6.15%, including a 4% inflation component; and (c) 3.5% per year COLA. Valuation techniques were applied to smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 1998, was 28 years.

E. Defined Contribution Plan for Political Appointees

Officers appointed by the Governor, officers elected by popular vote or the General Assembly, and executive branch chief deputies and confidential assistants may participate in an optional retirement plan, rather than the Virginia Retirement System (VRS). This optional retirement plan is authorized by the Code of Virginia and offered through the Copeland Company. This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's (5.4 percent) and the employee's (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 1999, the total contributions to this plan were $775,809. This represents current contributions of $405,377 and previous contributions for individuals opting into the plan of $374,432.

The plan has no concentration of investments in any one organization that represents 5 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 Virginia Retirement System (VRS), an 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, 1999, the total contributions to these plans were:

TIAA-CREF	$46,618,978
VALIC	2,815,366
Fidelity Investments	14,200,422
Great West Life	356,353
T. Rowe Price	1,557,500
Metropolitan Life	4,369
Total	$65,552,988

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 $377,985 in 1999.

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 State Education Assistance Authority, the Wireless E-911 Service Board, and the Virginia State Parks Foundation have no employees. The Virginia Resources Authority has no pension plan. The Virginia Economic Development Partnership, the Small Business Financing Authority, the Hampton Roads Sanitation District Commission, the Virginia Biotechnology Research Park Authority, the A. L. Philpott Manufacturing Extension Partnership and the Virginia Outdoors Foundation contribute solely to the Virginia Retirement System (VRS), an 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 $1,075,071 in fiscal year 1999. 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:

	1999	1998	1997
Service cost - benefits earned during the year	$ 986,000	$ 828,000	$ 836,000
Interest cost on projected benefit obligation	1,484,000	1,321,000	1,230,000
Expected return on assets	(2,358,000)	(1,943,000)	(1,692,000)
Net amortization and deferral	(136,000)	(211,000)	(212,000)
Annual pension cost	(24,000)	(5,000)	162,000
Contributions made	(192,000)	(598,000)	(573,000)
Increase in prepaid pension obligation	(216,000)	(603,000)	(411,000)
Prepaid pension obligation, beginning of year	(3,746,000)	(3,143,000)	(2,732,000)
Prepaid pension obligation, end of year	$ (3,962,000)	$ (3,746,000)	$ (3,143,000)

The annual pension cost for the current year was determined as part of the October 1, 1998, actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. The actuarial value of assets was determined using fair value. The discount rate and estimated rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.0 percent and 5.0 percent, respectively. The expected long-term rate of return on assets used in determining net periodic pension cost was 8.0 percent.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 1999, 1998, and 1997.

Three-Year Trend Information

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
1999	$ (24,000)	800 %	$ (3,962,000)
1998	$ (5,000)	11,960 %	$ (3,746,000)
1997	$ 162,000	352 %	$ (3,143,000)

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

	1999
Service cost - benefits earned during the year	$ 34,472
Interest cost on projected benefit obligation	1,992
Expected return on assets	(1,426)
Net amortization and deferral	506
Annual pension cost	35,544
Contributions made	-
Net pension obligation	$ 35,544

The annual pension cost for the current year was determined as part of the October 1999 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. Actual value of assets was determined using market value. The discount rate and estimated rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.0 percent and 5.0 percent, respectively. The expected long-term rate of return on assets used in determining net periodic pension cost was 8.0 percent.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 1999. This is the first year, so no previous data exists.

Trend Information			
Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
1999	$ 35,544	- %	$ 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 $1,366,379 and an accrued liability of $1,999,537.

The Medical College of Virginia Hospitals Authority contributes to the VRS. The VRS issues a separate stand-alone report that is publicly available as previously discussed. Effective July 1, 1997, the Authority established the Medical College of Virginia Hospitals Authority Defined Contribution Plan (the Plan). All employees working at least 35 hours of service per week are eligible to participate in the Plan. At June 30, 1999, there were 1,968 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, 1999, were approximately $4,175,000. 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 $26.6 million as restricted assets for the Plan. The Authority has also established the Medical College of Virginia Hospitals Authority Health Care Providers Defined Contribution Plan (the HCP Plan). All persons hired as a health care provider on or after July 1, 1993, and prior to July 1, 1997, and working at least 35 hours of service per week are eligible to participate in the HCP Plan. At June 30, 1999, there were 14 participants in the HCP Plan. All significant provisions of the HCP Plan, including the contribution requirements, are similar to the Plan. Total contributions to the HCP Plan for the year ended June 30, 1999, were approximately $68,000.

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. It 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, 1999, were $57,229.

13. OTHER EMPLOYMENT BENEFITS

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

Group Life Insurance

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

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

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

Retiree Health Insurance Credit

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

The monthly credit amounts to $4.00 per year of service not to exceed a maximum allowance of $120.00. The contribution rate was determined as part of the June 30, 1996, actuarial valuation that determined the pension plan contribution rates. The Commonwealth's actuarially required contribution rate for the current year was 0.68 percent of payroll. Based on a statutorial requirement, the Commonwealth did not make contributions during the last two and one-half months of the fiscal year.

14. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Virginia Retirement System (VRS) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1, Chapter 6 et seq. of the *Code of Virginia*. 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 VRS for investment. The plan is designed so that each participant retains investment control of his/her individual account. The investment options range from a guaranteed rate of return to an aggressive growth fund account that seeks growth of capital. The plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of plan participants and their beneficiaries and is not available to employees until termination, retirement, death, or unforeseeable emergency. Since the VRS has no fiduciary relationship with plan participants, plan assets of $384.9 million are not included in the financial statements.

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

The Hampton Roads Sanitation District (Component Unit) offers all of its employees a choice of two plans created in accordance with Internal Revenue Code Section 457. Employees may elect to participate in either the Aetna Life Insurance and Annuity Company Plan or the ICMA Retirement Corporation. The plans allow employees to defer a portion of their compensation until future years. The District implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, during fiscal year 1999. As a result, the assets and related liabilities of both plans are excluded from the financial statements.

The Virginia Port Authority (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. Effective January 1, 1998, the Authority amended the deferred compensation plan to cease employer matching and nonmatching discretionary contributions. The Authority's total contribution to these plans was $219,518 for the year ended June 30, 1999.

15. COMMITMENTS

A. Construction Projects

Highway Projects

At June 30, 1999, the Department of Transportation (Primary Government) had contractual commitments of approximately $1,653.0 million for construction of various highway projects. Funding of these future expenditures is expected to be provided as follows: (1) Federal Funds – approximately 17.7 percent or $292.0 million, (2) State Funds – approximately 74.2 percent or $1,227.2 million, and (3) Proceeds from Bonds – approximately 8.1 percent or $133.8 million.

Mass Transit Projects

At June 30, 1999, the Department of Rail and Public Transportation (Primary Government) had contractual commitments of approximately $50.2 million for various public transportation projects. Funding of the future expenditures is expected to be as follows: (1) Federal Funds – approximately

22.5 percent or $11.3 million, and (2) State Funds – approximately 77.5 percent or $38.9 million.

Port Projects

At June 30, 1999, the Virginia Port Authority (Component Unit) was committed to construction contracts totaling $87.7 million.

Sanitation District Project

At June 30, 1999, the Hampton Roads Sanitation District Commission (Component Unit) was committed to construction programs totaling $40.1 million.

Medical College of Virginia Project

At June 30, 1999, the Medical College of Virginia Hospitals Authority (Component Unit) was committed to construction projects totaling $69.4 million.

Higher Education Funds

Many of the colleges and universities are committed to construction contracts. As of June 30, 1999, these commitments totaled approximately $253.3 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, 1999, was $56.2 million. Rental expense for the discrete component units for the year ended June 30, 1999, was $35.4 million. The Commonwealth has, as of June 30, 1999, the following minimum rental payments due under the above leases:

	Primary Government	Component Units	Totals
2000	$ 44,673,389	$ 16,910,970	$ 61,584,359
2001	32,635,501	12,417,431	45,052,932
2002	22,829,627	9,784,462	32,614,089
2003	15,753,923	7,591,970	23,345,893
2004	8,869,952	6,167,186	15,037,138
After 2004	35,012,995	18,395,047	53,408,042
Total	$ 159,775,387	$ 71,267,066	$ 231,042,453

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

C. Investment Commitments – Virginia Retirement System

The Virginia Retirement System (VRS) extends investment commitments in the normal course of business, which, at June 30, 1999, amounted to $1.4 billion.

16. ACCRUED LIABILITY FOR COMPENSATED ABSENCES

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

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

In conformance with Section C60 of GASB Codification, the monetary value of accumulated annual and sick leave and disability credits payable upon termination is included in the accompanying financial statements. In the governmental fund types, amounts to be paid from expendable available resources are recognized as fund liabilities in the applicable governmental fund types (see Note 20). Amounts not payable from expendable resources are reflected in the General Long–Term Debt Account Group (see Note 19). All amounts related to the proprietary funds, trust funds, and the discrete component units are recognized in those funds (see Note 19). The liability at June 30, 1999, 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, 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 either the Virginia Retirement System (VRS) or the State Police Officers' Retirement System (SPORS).

Faculty of Virginia institutions of higher education, hired or appointed on or after January 1, 1999, who elected 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 were 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 VRS and SPORS to the VSDP for the anticipated new participants in the VSDP. This contribution requirement was 0.74 percent of payroll for State employees and 1.00 percent of payroll for State police officers during the fiscal year. The financial activity related to this program is reported in the Internal Service Fund.

18. INSURANCE

A. Self–Insurance

The Commonwealth maintains two types of self–insurance plans. The first type of self–insurance is a health care plan administered by the Department of Personnel and Training for State employees. The plan is accounted for in the Health Care, Internal Service Fund. Interfund premiums are accounted for as quasi–external transactions. At June 30, 1999, $53.4 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
1998-1999	$ 54,332	$ 355,011	$ (355,986)	$ 53,357
1997-1998	$ 69,652	$ 331,344	$ (346,664)	$ 54,332

The second type of plan, risk management insurance, is administered by the Department of General Services, Division of Risk Management, and is accounted for in the Risk Management, Internal Service Fund. Interfund premiums are accounted for as quasi–external transactions. Risk management insurance includes workers' compensation, property, general (tort) liability, medical malpractice, and automobile plans. At June 30, 1999, $171.9 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
1998-1999	$ 170,488	$ 50,760	$ (49,354)	$ 171,894
1997-1998	$ 174,593	$ 39,023	$ (43,128)	$ 170,488

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

The Virginia Port Authority (Component Unit) is partially self–insured for certain workers' compensation claims. The Authority maintains insurance coverage of $5,000,000 per claim, but is obligated to pay the first $1,000,000 of any individual's claims per incident at June 30, 1999. The Authority is also partially self–insured for employee health coverage. The Authority is responsible for actual claim costs up to $75,000 per individual per year. Insurance coverage is maintained for claims in excess of the individual employee limit and for aggregate claims in excess of $1,455,691.

B. Public Entity Risk Pools

The Commonwealth administers two types of public entity risk pools for the benefit of local governmental units: health care and risk

management insurance. The Local Choice Health Care plan was established to make comprehensive health care insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 209 local government units participating in the pool. This includes 27 school districts, 37 counties, 76 cities/towns, and 69 other subdivisions. This program is accounted for in the Local Choice Health Care, Enterprise Fund.

The Department of Personnel and Training, under Section 2.1–20.1 of the Code of Virginia, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. At June 30, 1999, $8.5 million is reported as the actuarially determined estimated claims payable for this fund based on claims incurred but not reported.

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

The Department of General Services, Division of Risk Management administers risk management pools for errors and omissions liability insurance and law enforcement professional liability insurance in accordance with Section 2.1–526.8:1 of the Code of Virginia. They also administer a commuter rail liability pool for both the Northern Virginia and the Potomac & Rappahannock Transportation Commissions. These pools were established to provide an economical low-cost, internally managed alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management, Enterprise Fund. The pool is established subject to the approval of the Governor. It may be insurance, self–insurance, or any combination thereof, and must provide protection and legal defense against liability. Local participation is voluntary and open to any political subdivision. As of June 30, 1999, there were 1,427 units of local government in the pool. This includes all 135 sheriffs, 115 commonwealth attorneys, 124 clerks of the court, 39 cities, 185 towns, 95 counties, 131 treasurers, and 128 commissioners of revenue. The balance includes a large variety of boards, commissions, authorities, and special districts.

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

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

At June 30, 1999, $6.9 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, 1998	June 30, 1999	June 30, 1998	June 30, 1999
Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	$ 6,264	$ 8,200	$ 7,069	$ 8,265
Incurred Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	56,133	65,406	3,811	3,786
Changes in Provision for Insured Events of Prior Fiscal Years	-	-	611	(229)
Total Incurred Claims and Adjustment Expenses	56,133	65,406	4,422	3,557
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	54,197	65,077	434	439
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	-	-	3,524	4,639
Total Payments	54,197	65,077	3,958	5,078
Change in Provision for Discounts	-	-	732	161
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted)	$ 8,200	$ 8,529	$ 8,265	$ 6,905
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	$ 8,200	$ 8,529	$ 8,876	$ 7,364

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.

C. Component Units

Claims expenses and liabilities arising from services rendered to Virginia Chartered Health Plan, Inc.'s (VA Chartered) (a Component Unit of the Medical College of Virginia Hospitals Authority) HMO members are reported when it is probable that services have been provided and the amount of the claim can be reasonably estimated. The claims payable at June 30, 1999, includes an estimate of claims that have been incurred but not reported. At June 30, 1999, the amount of these liabilities was $5,175,117. This liability is VA Chartered's best estimate based on available information. Information prior to fiscal year 1998 is unavailable.

Purchase Date Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
$ 4,685,041	$ 16,703,812	$ (16,213,736)	$ 5,175,117

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 to consider funding deficiencies in debt service reserves that may occur. 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, 1999

(Dollars in Thousands)	
Primary Government:	
General Obligation Bonds (5):	
General Long-Term Debt Account Group:	
9(b) Transportation Facilities	$ 63,835
9(b) Public Facilities	470,930
9(c) Parking Facilities	11,660
9(c) Transportation Facilities (1)	141,541
Bond Anticipation Notes Payable	20,000
Total General Obligation Bonds	707,966
Non-General Obligation Bonds - 9(d):	
Transportation Debt	736,960
Pocahontas Parkway Association Bonds (1) (4)	381,706
Virginia Public Building Authority (1)	965,886
Total Non-General Obligation Bonds	2,084,552
Other Long-Term Obligations:	
Pension Liability	138,107
Compensated Absences	271,576
Long-Term Capital Lease Obligations	221,999
Long-Term Regional Jail Financing Payable	62,635
Notes Payable	12,325
Installment Purchase Obligations	27,457
Other Liabilities	2,882
Total Other Long-Term Obligations	736,981
Total Primary Government	3,529,499
Component Units:	
General Obligation Bonds (5):	
Higher Education Fund - 9(c) Bonds (1)	387,963
Bond Anticipation Notes Payable	13,000
Total General Obligation Bonds	400,963
Non-General Obligation Bonds:	
Higher Education Institutions - 9(d) (4)	390,738
Virginia College Building Authority	248,190
Innovative Technology Authority	12,195
Virginia Port Authority (2)	203,360
Virginia Housing Development Authority (1) (3)	5,507,684
Virginia Resources Authority (1) (3)	326,641
Virginia Public School Authority (1) (3)	1,701,170
Hampton Roads Sanitation District Commission (4)	179,752
Virginia Equine Center Foundation (4)	6,930
Virginia Biotechnology Research Park Authority (6)	46,865
Medical College of Virginia Hospitals Authority 9(d)(4)	93,040
Total Non-General Obligation Bonds	8,716,565
Other Long-Term Obligations:	
Pension Liability	72,789
Compensated Absences	152,177
Long-Term Capital Lease Obligations	24,216
Notes Payable	555,947
Installment Purchase Obligations	26,714
Other Liabilities (4)	18,014
Total Other Long-Term Obligations	849,857
Total Component Units	9,967,385
Total Long-Term Liabilities	$ 13,496,884

1. Net of unamortized discounts.
2. This debt includes $96.5 million that is not supported by taxes.
3. This debt is not supported by taxes; however, $1.504 billion from VHDA, $514.5 million from VPSA, and $326.6 million from VRA is considered moral obligation debt.
4. This debt is not supported by taxes.
5. Total general obligation debt of the Commonwealth is $1.109 billion.
6. This debt includes $16.7 million that is not supported by taxes.

Primary Government

Transportation Facilities Bonds

Transportation Facilities Bonds include $63,835,000 of 9(b) general obligation bonds, $141,540,631 of 9(c) general obligation bonds, and $736,960,000 of 9(d) revenue bonds. Principal and interest requirements for the current year totaled $82,068,722. 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 February 26, 1998. 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
2000	$ 3,535,000	$ 3,094,813	$ 6,629,813
2001	3,715,000	2,935,223	6,650,223
2002	3,890,000	2,762,165	6,652,165
2003	4,115,000	2,575,993	6,690,993
2004	4,310,000	2,375,850	6,685,850
2005-2012	44,270,000	9,842,533	54,112,533
Total	$ 63,835,000	$ 23,586,577	$ 87,421,577

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

Maturity	Principal	Interest	Total
2000	$ 8,884,000	$ 6,101,749	$ 14,985,749
2001	9,204,000	5,808,876	15,012,876
2002	9,589,000	5,421,533	15,010,533
2003	9,804,000	5,170,570	14,974,570
2004	10,234,000	4,837,845	15,071,845
2005-2021	102,775,000	34,356,431	137,131,431
Less: Unamortized Discount	(8,949,369)	-	(8,949,369)
Total	$ 141,540,631	$ 61,697,004	$ 203,237,635

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

Maturity	Principal	Interest	Total
2000	$ 20,770,000	$ 39,698,463	$ 60,468,463
2001	21,885,000	38,573,948	60,458,948
2002	22,975,000	37,483,400	60,458,400
2003	24,145,000	36,305,690	60,450,690
2004	25,460,000	34,989,448	60,449,448
2005-2036	621,725,000	309,818,481	931,543,481
Total	$ 736,960,000	$ 496,869,430	$ 1,233,829,430

Pocahontas Parkway Association Bonds

The Pocahontas Parkway Association Bonds include $168,879,735 of Series 1998A revenue bonds, $156,851,631 of Series 1998B capital appreciation bonds, $37,975,125 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. The current year interest paid on all debt, net of approximately $258,012 capitalized, approximated $5,727,796.

The Series 1998B capital appreciation bonds were issued on July 9, 1998, in the principal amount of $148,310,626 and the maturity value of $690,200,000. These bonds mature in annual installments on August 15, in the years 2012 through 2025 and 2029 through 2035. Series 1998B bonds were issued to yield approximately 5.50 percent to 5.95 percent. Principal accreted for the year ended June 30, 1999, was $8,541,005.

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, 1999, was $2,107,889.

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, 1999, were $11,594,853 and accrued interest was $280,820. The monthly interest rate at June 30, 1999, was 5.06 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
2000	$ -	$ 9,121,250	$ 9,121,250
2001	-	9,121,250	9,121,250
2002	-	9,121,250	9,121,250
2003	-	9,121,250	9,121,250
2004	-	9,121,250	9,121,250
2005 - 2036	1,015,200,000	165,179,125	1,180,379,125
Less: Unamortized Discount	(820,265)	-	(820,265)
Unaccreted Capital Appreciation Bonds	(632,673,244)	-	(632,673,244)
Total	$ 381,706,491	$ 210,785,375	$ 592,491,866

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 and 1998 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 $54,051,453. 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 September 1, 1998. 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
2000	$ 29,595,000	$ 23,797,609	$ 53,392,609
2001	29,625,000	22,289,703	51,914,703
2002	29,665,000	20,765,301	50,430,301
2003	29,690,000	19,244,331	48,934,331
2004	29,725,000	17,712,259	47,437,259
2005 - 2017	322,630,000	95,514,916	418,144,916
Total	$ 470,930,000	$ 199,324,119	$ 670,254,119

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, Series 1991A, Series 1993B refunding bonds, Series 1996 and Series 1996 refunding bonds. Series 1991A bonds were issued to fund the State Corporation Commission and the Bank Street parking decks operated by the Department of General Services. Series 1993B bonds were issued to advance refund outstanding 1991A series bonds. Series 1996 bonds were issued to fund the renovation of the Seventh and Marshall Street parking deck. The interest rates for these bonds range from 3.5 percent to 6.0 percent and

the issuance dates range from December 1, 1991, to June 6, 1996. Current year principal and interest requirements totaled $1,245,013. 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
2000	$ 650,000	$ 590,546	$ 1,240,546
2001	685,000	553,791	1,238,791
2002	720,000	514,560	1,234,560
2003	765,000	479,795	1,244,795
2004	800,000	442,733	1,242,733
2005-2016	8,040,000	2,106,398	10,146,398
Total	$ 11,660,000	$ 4,687,823	$ 16,347,823

Virginia Public Building Authority

The Virginia Public Building Authority (VPBA) has issued Section 9(d) revenue bonds for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combination of localities under the Regional Jail Financing Program. The interest rates for these bonds range from 2.5 percent to 7.375 percent and the issuance dates range from October 31, 1988, to May 1, 1999. Current year principal and interest requirements totaled $93,424,484. 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
2000	$ 52,575,000	$ 44,880,631	$ 97,455,631
2001	58,085,000	42,576,952	100,661,952
2002	61,080,000	39,488,933	100,568,933
2003	62,070,000	36,258,758	98,328,758
2004	65,375,000	32,887,397	98,262,397
2005 - 2020	705,150,000	210,174,763	915,324,763
Less: Unamortized Discount	(38,449,392)	-	(38,449,392)
Total	$ 965,885,608	$ 406,267,434	$ 1,372,153,042

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 amount of reimbursable capital costs is determined by the Board of Corrections. 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
2000	$ 2,964,483	$ 3,443,762	$ 6,408,245
2001	3,065,306	3,340,900	6,406,206
2002	3,171,184	3,230,989	6,402,173
2003	3,307,123	3,107,755	6,414,878
2004	3,433,126	2,973,790	6,406,916
2005-2015	46,694,142	18,735,620	65,429,762
Total	$ 62,635,364	$ 34,832,816	$ 97,468,180

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	$ 295,458
College and university debt backed exclusively by pledged revenues of an institution	95,280
Total Higher Educational Institutional 9(d) debt	$ 390,738

The interest rates for these bonds range from 2.4 percent to 9.25 percent and the issuance dates range from July 17, 1973, to June 2, 1999. The following schedules detail the annual funding requirements necessary to amortize Higher Educational Institution 9(c) and 9(d) bonds:

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

Maturity	Principal	Interest	Total
2000	$ 34,148,000	$ 18,503,713	$ 52,651,713
2001	35,677,000	17,031,764	52,708,764
2002	33,957,000	15,468,128	49,425,128
2003	31,822,000	13,966,251	45,788,251
2004	30,692,000	12,605,948	43,297,948
2005-2022	229,041,000	64,890,709	293,931,709
Less: Unamortized Discount	(7,374,000)	-	(7,374,000)
Total	$ 387,963,000	$ 142,466,513	$ 530,429,513

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

Maturity	Principal	Interest	Total
2000	$ 14,244,888	$ 20,120,914	$ 34,365,802
2001	15,017,605	19,475,604	34,493,209
2002	15,720,404	19,048,612	34,769,016
2003	16,458,288	17,937,966	34,396,254
2004	18,456,259	17,157,877	35,614,136
2005-2024	310,840,363	137,143,192	447,983,555
Total	$ 390,737,807	$ 230,884,165	$ 621,621,972

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

Maturity	Principal	Interest	Total
2000	$ 36,630,000	$ 10,543,777	$ 47,173,777
2001	39,155,000	9,802,660	48,957,660
2002	35,315,000	8,149,095	43,464,095
2003	22,530,000	6,598,185	29,128,185
2004	13,995,000	5,537,335	19,532,335
2005-2019	100,565,000	38,957,186	139,522,186
Total	$ 248,190,000	$ 79,588,238	$ 327,778,238

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
2000	$ 540,000	$ 889,414	$ 1,429,414
2001	535,000	853,288	1,388,288
2002	530,000	816,801	1,346,801
2003	625,000	780,337	1,405,337
2004	620,000	736,587	1,356,587
2005-2014	9,345,000	4,205,151	13,550,151
Total	$ 12,195,000	$ 8,281,578	$ 20,476,578

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
2000	$ 5,730,000	$ 10,839,497	$ 16,569,497
2001	10,245,000	10,583,794	20,828,794
2002	10,710,000	10,119,979	20,829,979
2003	11,225,000	9,612,254	20,837,254
2004	11,760,000	9,074,200	20,834,200
2005-2027	153,690,000	86,609,708	240,299,708
Total	$ 203,360,000	$ 136,839,432	$ 340,199,432

Proprietary Funds – Discrete Component Units

The Virginia Housing Development Authority (VHDA), the Virginia Resources Authority (VRA) and the Virginia Public School Authority (VPSA) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.1 percent to 10.88 percent and the origination dates range from December 1, 1973, to June 29, 1999. The following schedules detail the annual funding requirements necessary to amortize these bonds:

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

Maturity	Principal (1)	Interest	Total
2000	$ 831,013,985	$ 305,772,292	$ 1,136,786,277
2001	155,663,974	281,960,717	437,624,691
2002	171,983,413	273,160,380	445,143,793
2003	188,516,813	263,224,634	451,741,447
2004	196,986,863	252,187,929	449,174,792
2005-2046	4,001,151,822	2,755,757,129	6,756,908,951
Less: Unamortized Discount	(37,633,000)	-	(37,633,000)
Total	$ 5,507,683,870	$ 4,132,063,081	$ 9,639,746,951

(1) The 2000 principal amount includes $697 million for which long-term maturity dates have not been set.

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

Maturity	Principal	Interest	Total
2000	$ 22,825,000	$ 18,229,693	$ 41,054,693
2001	11,430,000	17,147,056	28,577,056
2002	11,795,000	15,913,356	27,708,356
2003	12,085,000	15,519,683	27,604,683
2004	12,295,000	15,101,548	27,396,548
2005-2030	267,585,000	155,809,174	423,394,174
Less: Unamortized Discounts and Issuance Expenses	(8,261,315)	-	(8,261,315)
Unaccreted Capital Appreciation Bonds	(3,112,336)	-	(3,112,336)
Total	$ 326,641,349	$ 237,720,510	$ 564,361,859

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

Maturity	Principal	Interest	Total
2000	$ 111,115,000	$ 88,591,751	$ 199,706,751
2001	113,580,000	83,425,900	197,005,900
2002	112,745,000	77,238,963	189,983,963
2003	110,645,000	71,478,479	182,123,479
2004	112,490,000	65,732,361	178,222,361
2005-2020	1,175,610,000	386,791,339	1,562,401,339
Less: Deferral on Debt Defeasance	(35,015,200)	-	(35,015,200)
Total	$ 1,701,169,800	$ 773,258,793	$ 2,474,428,593

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

HAMPTON ROADS SANITATION DISTRICT COMMISSION
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2000	$ 12,886,000	$ 8,221,000	$ 21,107,000
2001	13,451,000	7,654,000	21,105,000
2002	14,021,000	7,048,000	21,069,000
2003	14,635,000	6,402,000	21,037,000
2004	10,626,000	5,824,000	16,450,000
2005-2024	114,133,000	42,045,000	156,178,000
Total	$ 179,752,000	$ 77,194,000	$ 256,946,000

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)
2000	$ 625,000
2001	660,000
2002	695,000
2003	725,000
2004	610,000
2005-2009	3,615,000
Total	$ 6,930,000

(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
2000	$ 1,440,000	$ 2,343,000	$ 3,783,000
2001	1,580,000	2,435,000	4,015,000
2002	1,660,000	2,360,000	4,020,000
2003	1,745,000	2,278,000	4,023,000
2004	1,830,000	2,190,000	4,020,000
2005-2019	38,610,000	16,630,000	55,240,000
Total	$ 46,865,000	$ 28,236,000	$ 75,101,000

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

9(d) MEDICAL COLLEGE OF VIRGINIA HOSPITALS AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2000	$ 5,560,000	$ 4,335,041	$ 9,895,041
2001	5,220,000	4,119,611	9,339,611
2002	5,470,000	3,896,364	9,366,364
2003	5,695,000	3,656,260	9,351,260
2004	8,010,000	3,398,560	11,408,560
2005-2023	63,085,000	36,875,033	99,960,033
Total	$ 93,040,000	$ 56,280,869	$ 149,320,869

Total principal outstanding at June 30, 1999, on all Component Unit bonds amounted to $9.1 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, 1998	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 1999
Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth (Primary Government)				
General Obligation Bonds - 9(b), and 9(c):				
Public Facilities Bonds	$ 441,265	$ 59,235	$ (29,570)	$ 470,930
Parking Facilities Bonds, Series 1991A	12,280	-	(620)	11,660
Transportation Facilities Bonds (Net of Unamortized Discount of $8,949,369)	215,822	1,588	(12,034)	205,376
Bond Anticipation Notes Payable	60,000	20,000	(60,000)	20,000
Total General Obligation Bonds	729,367	80,823	(102,224)	707,966
Other Long-Term Debt:				
Pension Liability	84,335	48,350	-	132,685
Long-Term Capital Lease Obligations	224,484	8,329	(12,215)	220,598
Long-Term Portion of the Liability for Compensated Absences	254,174	5,627	-	259,801
Installment Purchases	6,736	10,469	(1,042)	16,163
Total Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth	1,299,096	153,598	(115,481)	1,337,213
Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth (Primary Government)				
Non-General Obligation Bonds - 9(d)				
Transportation Facilities Bonds	756,700	-	(19,740)	736,960
Virginia Public Building Authority Long-Term Debt (Net of Unamortized Discount of $38,449,392)	942,656	72,630	(49,400)	965,886
Long-Term Regional Jails Financing Payable	65,510	-	(2,875)	62,635
Notes Payable - Transportation	12,325	-	-	12,325
Other	-	2,882	-	2,882
Total Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	1,777,191	75,512	(72,015)	1,780,688
Total General Long-Term Debt Account Group (Primary Government) [1]	$ 3,076,287	$ 229,110	$ (187,496)	$ 3,117,901
Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth (Component Units)				
Virginia Port Authority:				
Long-Term Debt	$ 206,150	$ -	$ (2,790)	$ 203,360
Pension Liability	216	94		310
Installment Purchase Obligations	4,208	-	(774)	3,434
Long-Term Portion of the Liability for Compensated Absences	638	-	(41)	597
Other Liabilities	838	-	(11)	827
Virginia Economic Development Partnership:				
Pension Liability	329	195	-	524
Installment Purchase Obligations	245	134	-	379
Long-Term Portion of the Liability for Compensated Absences	891	-	(85)	806
Total General Long-Term Debt Account Group (Component Units) [1]	$ 213,515	$ 423	$ (3,701)	$ 210,237

[1] These amounts will be provided as follows:

	Primary Government	Component Units
Amount to be Provided by the Commonwealth	$ 1,237,359	$ -
Amount to be Provided by Other Sources	1,717,930	200,596
Amount to be Provided for Pension Liability	132,685	834
Amount to be Provided for BANS	20,000	-
Amount Available for Retirement of Long-Term Debt	9,927	8,807
Total	$ 3,117,901	$ 210,237

Bond Defeasance

On March 3, 1999, the University of Virginia, on behalf of the Medical Center, issued $51,985,000 in Series 1999 A General Revenue Pledge Bonds to advance refund $55,875,000 of outstanding Series E Hospital Revenue Refunding Bonds. The net proceeds, together with the funds available in the depreciation reserve fund, were used to purchase U. S. Government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the redemption of the 1989 Series E Revenue Refunding Bonds. The refunded Series E Bonds were redeemed on June 1, 1999. Though the advanced refunding resulted in the recognition of an accounting loss of $2,926,000 for the year ended June 30, 1999, the Medical Center in effect reduced its aggregate debt service by $13,664,000 over the next fourteen years. This represents a net present value savings of $5,476,000.

During the year ended June 30, 1999, the Virginia Resources Authority, in conjunction with certain advance refunding transactions entered into by the borrower, in-substance defeased the 1995 Series A Water and Sewer System Revenue Bonds. In order to accomplish this in-substance defeasance, the borrower and the Authority jointly established an escrow deposit, which, together with earnings from investments thereof, will be sufficient to pay principal and interest when due on the bonds. The resulting net gain from the refunding of the loan receivable and in-substance defeasance of the bonds payable was not material to the accompanying financial statements.

Government Accounting Standards Board Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 1999, there were $427.3 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 $465.3 million in bonds outstanding considered defeased from the Proprietary Component Unit Fund, $62.8 million from the Higher Education Fund, and $15.2 million from the Governmental Component Unit Fund.

Arbitrage Rebate

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

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

In most cases, rebate liability on bonds of the Virginia Public School Authority (Component Unit) is payable from local issuers whose local school bonds were purchased by the VPSA. During the year, $59,818 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, 1999, were:

	Primary Government	Component Units	Total Reporting Entity
2000	$ 25,672,487	$ 3,888,182	$ 29,560,669
2001	25,090,141	3,556,075	28,646,216
2002	24,454,651	2,525,979	26,980,630
2003	23,337,401	2,472,922	25,810,323
2004	22,696,492	2,210,254	24,906,746
After 2004	258,149,012	23,969,898	282,118,910
Total Gross Minimum Lease Payments	379,400,184	38,623,310	418,023,494
Less: Amount Representing Executory Costs	5,139,616	13,387	5,153,003
Net Minimum Lease Payments	374,260,568	38,609,923	412,870,491
Less: Amount Representing Interest	152,261,622	14,393,880	166,655,502
Present Value of Net Minimum Lease Payments	$ 221,998,946	$ 24,216,043	$ 246,214,989

At June 30, 1999, 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	$ 239,179,148	$ 1,129,959	$ 240,309,107
Internal Service Fund	973,982	-	973,982
Total Primary Government	240,153,130	1,129,959	241,283,089
Component Units:			
Proprietary	-	1,390,886	1,390,886
Higher Education Fund	20,718,248	10,517,903	31,236,151
Total Component Units	20,718,248	11,908,789	32,627,037
Total Capital Lease Assets	$ 260,871,378	$ 13,038,748	$ 273,910,126

Notes Payable

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

Primary Government	
Transportation Note (1)	$ 12,325
Installment Notes	27,457
Total Primary Government	39,782
Component Units	
Higher Education Notes	112,187
Virginia Housing Development Authority	360,650
Virginia Public School Authority	83,110
Installment Notes	26,714
Total Component Units	582,661
Total Notes Payable	$ 622,443

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

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

The Higher Education (Component Unit) notes payable amount of $112,187,000 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 $105,180,000 with interest rates ranging from 3.15 percent to 5.0 percent shall be paid semi-annually. The final principal payment is due in 2019. Virginia State University has a note payable of $2,908,604, 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 received a loan granted by the Commonwealth of Virginia to cover cash deficit in Education and General and in Auxiliary. The Education and General portion of the deficit loan amounts to $1,757,175 and is payable in installments of $297,907 annually with final payment due in 2002. The Auxiliary loan amount of $2,341,804 will be repaid in installments of $462,173 with the final payment due in 2003.

The Virginia Housing Development Authority (Component Unit) notes of $360,650,000 are issued to refund certain outstanding bonds of the Authority. The

notes bear a weighted average rate of 5.73 percent and have no fixed maturity date.

The Virginia Public School Authority (Component Unit) notes of $83,110,000 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 $16,163,212 of the total. Presented in the following tables are repayment schedules for installment notes.

Installment Purchases - Primary Government

June 30, 1999

Maturity	Principal	Interest	Total
2000	$ 9,347,005	$ 1,077,162	$ 10,424,167
2001	7,933,632	657,741	8,591,373
2002	6,096,607	319,328	6,415,935
2003	2,854,113	129,675	2,983,788
2004	1,062,476	29,608	1,092,084
After 2004	163,168	6,037	169,205
Total	$ 27,457,001	$ 2,219,551	$ 29,676,552

Installment Purchases - Component Units

June 30, 1999

Maturity	Principal	Interest	Total
2000	$ 7,250,118	$ 1,375,855	$ 8,625,973
2001	6,759,970	972,705	7,732,675
2002	5,026,268	619,202	5,645,470
2003	3,063,608	373,386	3,436,994
2004	2,536,644	211,302	2,747,946
After 2004	2,077,810	100,268	2,178,078
Total	$ 26,714,418	$ 3,652,718	$ 30,367,136

20. OTHER LIABILITIES

The following table (reported in thousands of dollars) summarizes Other Liabilities as of June 30, 1999.

	General	Special Revenue	Debt Service	Enterprise	Internal Service	Trust and Agency	Total Primary Government June 30, 1999
Payable for Security Transactions	$ -	$ -	$ -	$ -	$ 656	$ 2,960,958	**$ 2,961,614**
Lottery Prizes Payable	-	-	-	619,563	-	-	**619,563**
Due to Program Participants, Escrows, and Providers	-	-	-	11,716	-	294,845	**306,561**
Medicaid Payable	158,629	170,434	-	-	-	-	**329,063**
Children's Health Insurance Program Payable	486	946	-	-	-	-	**1,432**
Tuition Benefits Payable	-	-	-	214,888	-	-	**214,888**
Accrued Interest Payable	-	-	-	3,831	-	-	**3,831**
Tax Refunds Payable	135,255	-	-	-	-	-	**135,255**
Compensated Absences	567	349	-	-	-	1	**917**
Other Liabilities	-	500	169	46	144	13,840	**14,699**
Deposits Pending Distribution	2,206	1,039	-	-	-	8,139	**11,384**
Car Tax Refund Payable	23,885	-	-	-	-	-	**23,885**
Matured Debt Payable	-	-	41	-	-	-	**41**
Matured Principal and Interest Payable	-	-	-	-	-	-	**-**
Total Other Liabilities	$ 321,028	$ 173,268	$ 210	$ 850,044	$ 800	$ 3,277,783	**$ 4,623,133**

	Component Units			Total Reporting Entity
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 1999
Payable for Security Transactions	$ -	$ -	$ -	**$ 2,961,614**
Lottery Prizes Payable	-	-	-	**619,563**
Due to Program Participants, Escrows, and Providers	-	221,377	-	**527,938**
Medicaid Payable	-	-	-	**329,063**
Children's Health Insurance Program Payable	-	-	-	**1,432**
Tuition Benefits Payable	-	-	-	**214,888**
Accrued Interest Payable	-	150,833	-	**154,664**
Tax Refunds Payable	-	-	-	**135,255**
Compensated Absences	10	-	-	**927**
Other Liabilities	158	26,653	28,655	**70,165**
Deposits Pending Distribution	-	6	47,411	**58,801**
Car Tax Refund Payable	-	-	-	**23,885**
Matured Debt Payable	-	-	-	**41**
Matured Principal and Interest Payable	8,272	49	4,055	**12,376**
Total Other Liabilities	$ 8,440	$ 398,918	$ 80,121	**$ 5,110,612**

Lottery Prizes Payable

Jackpot prizes of the Virginia Lottery are payable in 20 or 25 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, 1999, is as follows:

	Balance June 30, 1999
Jackpot Prizes Payable:	
Due Within One Year	$ 64,623,875
Due in Subsequent Years	865,062,125
Total	929,686,000
Less: Interest to Maturity	346,865,510
Net Present Value of Jackpot Prizes Payable	582,820,490
Other Prizes Payable	36,742,834
Total Lottery Prizes Payable	$ 619,563,324

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, 1999, the estimated liability related to operations totaled $329.0 million. Of this amount, $158.6 million is reflected in the General Fund and $170.4 million in the Federal Trust, Special Revenue Fund.

Children's Health Insurance Program Payable

DMAS estimates the total amount of claims that will be paid from the Children's Health Insurance program in the future which relate to services provided before year end. At June 30, 1999, the estimated liability related to operations totaled $1.4 million. Of this amount, $0.5 million is reflected in the General Fund and $0.9 million in the Federal Trust, Special Revenue Fund.

Tuition Benefits Payable

The Higher Education Tuition Trust Fund administers the Virginia Prepaid Education Program (VPEP). VPEP offers contracts which, for actuarially determined amounts, provide for guaranteed full future tuition payments at State higher education institutions. The contract provisions also allow the benefits to be used for private or out-of-state institutions at a prorated amount based upon the amounts charged by the State's higher education institutions. Liabilities of $214.9 million have been recorded on the balance sheet for the obligations owed to contract holders as of June 30, 1999.

The VPEP board authorized the first enrollment period during the fall of 1996. As of June 30, 1999, the actuarial present value of future tuition obligations is $333.0 million, as compared to the actuarially determined market value of assets available of $397.3 million. The actuarial assumptions used include a projected tuition increase of 7.0 percent and an average investment yield of 8.0 percent.

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended December 31, 1998, and on business tax returns filed for corporate fiscal years ending on or before June 30, 1999. 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 27.5 percent of the 1999 personal property taxes assessed by the localities before June 30, 1999, and paid by the Commonwealth between July 1 and September 30, 1999.

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, 1999.

	General	Special Revenue	Enterprise	Internal Service	Expendable Trust	Total Primary Government June 30, 1999
Assessments and Receipts for Support of Special Services	$ 323	$ 60,311	$ -	$ -	$ 15,558	**$ 76,192**
Fines, Forfeitures, Court Fees, Penalties, and Escheats	129,280	127,549	-	-	5,872	**262,701**
Receipts from Cities, Counties, and Towns	10,074	86,841	-	-	-	**96,915**
Private Gifts, Grants, and Contracts	2	-	-	-	-	**2**
Sales of Property	2,955	13,518	-	-	-	**16,473**
Contributions	-	-	63	-	-	**63**
Pass Through Grants Received	-	-	-	-	-	**-**
Other	24,975	103,486	55	1,229	11,902	**141,647**
Total Other Revenue	$ 167,609	$ 391,705	$ 118	$ 1,229	$ 33,332	**$ 593,993**

	Component Units			Total Reporting Entity
	Governmental Fund	Proprietary Fund	Higher Education	June 30, 1999
Assessments and Receipts for Support of Special Services	$ -	$ -	$ -	**$ 76,192**
Fines, Forfeitures, Court Fees, Penalties, and Excheats	-	-	-	**262,701**
Receipts from Cities, Counties, and Towns	-	-	-	**96,915**
Private Gifts, Grants, and Contracts	-	-	256,392	**256,394**
Sales of Property	-	-	-	**16,473**
Contributions	53	936	-	**1,052**
Pass Through Grants Received	-	196,324	-	**196,324**
Other	765	23,922	44,119	**210,453**
Total Other Revenue	$ 818	$ 221,182	$ 300,511	**$ 1,116,504**

22. PRIZES AND CLAIMS

The following table (reported in thousands of dollars) summarizes Prizes and Claims Expense as of June 30, 1999.

	Enterprise	Internal Service	Total Primary Government June 30, 1999	Component Units Proprietary Fund	Total Reporting Entity June 30, 1999
Lottery Prize Expense	$ 497,461	$ -	**$ 497,461**	$ -	**$ 497,461**
Insurance Claims	68,105	450,895	**519,000**	16,339	**535,339**
Total Prizes and Claims	$ 565,566	$ 450,895	**$ 1,016,461**	$ 16,339	**$ 1,032,800**

23. DEPRECIATION AND AMORTIZATION

The following table (reported in thousands of dollars) summarizes Depreciation and Amortization Expense as of June 30, 1999.

	Enterprise	Internal Service	Total Primary Government June 30, 1999	Component Units Proprietary Fund	Total Reporting Entity June 30, 1999
Depreciation	$ 7,660	$ 14,092	**$ 21,752**	$ 49,575	**$ 71,327**
Amortization	306	-	**306**	7,300	**7,606**
Total Depreciation and Amortization	$ 7,966	$ 14,092	**$ 22,058**	$ 56,875	**$ 78,933**

24. OTHER EXPENSES

The following table (reported in thousands of dollars) summarizes Other Expenses as of June 30, 1999.

	Enterprise	Internal Service	Total Primary Government June 30, 1999	Component Units Proprietary Fund	Total Reporting Entity June 30, 1999
Grants and Distributions to Localities	$ 131	$ 10,368	**$ 10,499**	$ 198,094	**$ 208,593**
Expendable Equipment	1,036	2,945	**3,981**	333	**4,314**
Other	1,333	1,907	**3,240**	44,077	**47,317**
Total Other Expenses	$ 2,500	$ 15,220	**$ 17,720**	$ 242,504	**$ 260,224**

25. OTHER NON-OPERATING REVENUE/EXPENSES

The following table (reported in thousands of dollars) summarizes Other Non-Operating Revenue/Expenses as of June 30, 1999.

	Enterprise	Internal Service	Total Primary Government June 30, 1999	Component Units Proprietary Fund	Total Reporting Entity June 30, 1999
Gain on Sale of Fixed Assets	$ -	$ 102	**$ 102**	$ -	**$ 102**
Grants and Shared Revenue	-	-	**-**	598	**598**
Other	1,340	497	**1,837**	826	**2,663**
Total Other Non-Operating Revenue/Expenses	$ 1,340	$ 599	**$ 1,939**	$ 1,424	**$ 3,363**

26. APPROPRIATION ACT TRANSFERS

Chapter 935, 1999 Acts of Assembly, requires certain amounts to be transferred to the General Fund during the year from the nongeneral funds. Some of these transfers are to reimburse the General Fund for expenses incurred on behalf of those nongeneral funds. Other transfers are mandated in order to shift amounts from nongeneral funds to the General Fund. These Appropriation Act transfers are included in Operating Transfer activity. Following is a schedule of the major items that make up Appropriation Act Transfers (dollars in millions):

	Amount Transferred
Lottery Profits	$ 321.9
ABC Profits	36.4
Chesapeake Bay Improvement	6.0
Central Services Agencies	6.2
Contract Prisoners Special Revenue Fund	9.5
Public School Literary Fund	9.3
Housing of Illegal Aliens and Other Prisoners	5.4
Other Transfers	1.8
Total Appropriation Act Transfers	$ 396.5

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:

Condensed Financial Information - Component Units
Governmental Fund
For the Fiscal Year Ended June 30, 1999

(Dollars in Thousands)

	Virginia Port Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Total
Total Current Assets	$ 84,955	$ 2,121	$ 1,748	$ 88,824
Property, Plant, and Equipment	541,461	2,292	6,865	550,618
Amounts Available for Retirement of Long-Term Debt	8,807	-	-	8,807
Amount to be Provided for Retirement of Long-Term Debt	199,420	1,185	-	200,605
Amount to be Provided for Pension Liability	310	524	-	834
Total Assets	836,697	6,359	8,613	851,669
Total Current Liabilities	19,554	1,548	15	21,117
Total Long-Term Liabilities	208,528	1,538	-	210,066
Revenues	28,677	1,903	386	30,966
Current Expenditures	17,514	38,710	397	56,621
Capital Outlay Expenditures	49,166	-	-	49,166
Debt Service Expenditures	15,648	-	-	15,648
Total Transfers	27,240	36,646	-	63,886
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(26,411)	(161)	(11)	(26,583)

Selected Segment Information - Enterprise Funds

For the Fiscal Year Ended June 30, 1999

(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Virginia Industries for the Blind	Consolidated Laboratories
Operating Revenues	$ 934,521	$ 289,668	$ 5,102	$ 63,134	$ 8,065	$ 2,294
Depreciation and Amortization Expense	4,957	2,570	-	-	50	62
Operating Grants	-	-	-	-	131	-
Operating Income (Loss)	315,828	37,168	66	(7,856)	61	(25)
Net Nonoperating Revenues (Expenses)	10,213	120	2,881	632	34	-
Operating Transfers:						
Out	(331,314)	(37,539)	(1,948)	-	(2)	(7)
Net Income (Loss)	(5,273)	(251)	999	(7,224)	93	(32)
Current Assets	115,652	26,057	54,784	17,764	4,817	2,686
Property, Plant, and Equipment Additions	(4,873)	(5,229)	-	-	-	-
Total Assets	645,618	44,547	54,784	17,764	5,481	3,004
Current Liabilities	126,072	38,998	14,751	8,931	472	1,246
Bonds and Other Long-Term Liabilities	520,305	6,627	-	-	182	106
Total Equity	(759)	(1,078)	40,033	8,833	4,827	1,652
Net Working Capital	(10,420)	(12,941)	40,033	8,833	4,345	1,440

Selected Segment Information - Enterprise Funds

For the Fiscal Year Ended June 30, 1999

(Continued)

(Dollars in Thousands)

	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway	Other	Total Enterprise Funds
Operating Revenues	$ 16,338	$ 9,235	$ 18,013	$ 3,228	$ 1,349,598
Depreciation and Amortization Expense	10	-	306	11	7,966
Operating Grants	-	-	-	-	131
Operating Income (Loss)	13,013	1,096	(3,259)	(12)	356,080
Net Nonoperating Revenues (Expenses)	3	625	-	161	14,669
Operating Transfers:					
Out	(1)	-	-	-	(370,811)
Net Income (Loss)	13,015	1,721	(3,259)	149	(62)
Current Assets	42,386	9,917	9,909	2,734	286,706
Property, Plant, and Equipment Additions	(6)	-	(77,203)	(1)	(87,312)
Total Assets	254,522	9,917	404,276	3,611	1,443,524
Current Liabilities	15,184	1,735	25,829	323	233,541
Bonds and Other Long-Term Liabilities	214,956	551	381,706	69	1,124,502
Total Equity	24,382	7,631	(3,259)	3,219	85,481
Net Working Capital	27,202	8,182	(15,920)	2,411	53,165

Condensed Financial Information - Component Units

Proprietary Funds

For the Fiscal Year Ended June 30, 1999

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority
Operating Revenues	$ 579,194	$ 127,663	$ 110,816	$ 101,783
Depreciation Expense	2,928	4,586	36	-
Amortization Expense	856	-	-	-
Operating Grants	125,356	-	71,485	1,253
Operating Expenses	495,645	128,393	94,016	94,544
Operating Income (Loss)	83,549	(730)	16,800	7,239
Net Nonoperating Revenues (Expenses)	-	-	638	(5)
Total Transfers	-	4,419	12,647	(8,517)
Net Income (Loss)	83,549	3,689	30,085	(1,283)
Current Capital Contributions	-	-	39,016	-
Current Assets	895,277	50,890	133,138	106,236
Property, Plant and Equipment (net)	18,511	16,745	109	-
Total Assets	7,283,275	69,000	891,361	2,147,552
Current Liabilities	394,381	12,251	4,393	194,559
Long-Term Liabilities	5,870,094	5,187	326,641	1,932,166
Total Liabilities	6,264,475	17,438	331,034	2,126,725
Total Equity	1,018,800	51,562	560,327	20,827
Net Working Capital	500,896	38,639	128,745	(88,323)

Condensed Financial Information - Component Units

Proprietary Funds

For the Fiscal Year Ended June 30, 1999

(Continued)

(Dollars in Thousands)

	Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority
Operating Revenues	$ 86,465	$ 2,814	$ 462,543	$ 657
Depreciation Expense	27,402	732	13,515	-
Amortization Expense	-	103	6,295	-
Operating Grants	-	-	-	-
Operating Expenses	89,239	2,140	467,694	624
Operating Income (Loss)	(2,774)	674	(5,151)	33
Net Nonoperating Revenues (Expenses)	1,223	(2,458)	12,869	(485)
Total Transfers	-	-	(1,295)	1,292
Net Income (Loss)	(1,551)	(1,784)	6,423	840
Current Capital Contributions	-	-	5,846	-
Current Assets	48,786	3,653	162,564	25,306
Property, Plant and Equipment (net)	424,512	22,650	154,000	-
Total Assets	531,861	77,614	492,111	32,190
Current Liabilities	21,777	1,851	52,245	2,004
Long-Term Liabilities	172,289	63,449	99,352	-
Total Liabilities	194,066	65,300	151,597	2,004
Total Equity	337,795	12,314	340,514	30,186
Net Working Capital	27,009	1,802	110,319	23,302

Condensed Financial Information - Component Units

Proprietary Funds

For the Fiscal Year Ended June 30, 1999

(Continued)

(Dollars in Thousands)

	Wireless E-911 Service Board	Other	Total Component Units
Operating Revenues	$ 12,179	$ 4,839	$ 1,488,953
Depreciation Expense	-	376	49,575
Amortization Expense	-	46	7,300
Operating Grants	-	-	198,094
Operating Expenses	1	5,114	1,377,410
Operating Income (Loss)	12,178	(275)	111,543
Net Nonoperating Revenues (Expenses)	134	1,186	13,102
Total Transfers	-	1,035	9,581
Net Income (Loss)	12,312	1,946	134,226
Current Capital Contributions	-	-	44,862
Current Assets	12,312	2,192	1,440,354
Property, Plant and Equipment (net)	-	10,359	646,886
Total Assets	12,312	13,188	11,550,464
Current Liabilities	-	1,164	684,625
Long-Term Liabilities	-	6,410	8,475,588
Total Liabilities	-	7,574	9,160,213
Total Equity	12,312	5,614	2,390,251
Net Working Capital	12,312	1,028	755,729

Selected Segment Information - Component Units
Higher Education
For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	College of William & Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute	Virginia State University
Total Assets	$ 427,089	$ 3,604,248	$ 1,029,708	$ 123,146	$ 156,652
Total Liabilities	77,459	526,473	279,175	10,000	26,745
Total Fund Balance	349,630	3,077,775	750,533	113,146	129,907
Revenues and Other Additions	166,199	1,428,058	573,648	41,464	65,461
Expenditures and Other Deductions	213,258	1,302,159	787,480	49,533	83,421
Transfers Among Funds	63,450	158,511	232,330	14,907	25,732
Net Increase (Decrease) for the Year	16,391	284,410	18,498	6,838	7,772
Fund Balance, July 1	333,239	2,793,365	732,035	106,308	122,135
Fund Balance, June 30	349,630	3,077,775	750,533	113,146	129,907

Selected Segment Information - Component Units
Higher Education
For the Fiscal Year Ended June 30, 1999
(Continued)
(Dollars in Thousands)

	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University
Total Assets	$ 145,348	$ 129,221	$ 385,684	$ 158,338	$ 359,616
Total Liabilities	40,522	26,907	112,366	23,955	73,013
Total Fund Balance	104,826	102,314	273,318	134,383	286,603
Revenues and Other Additions	85,183	46,939	175,726	67,092	184,133
Expenditures and Other Deductions	111,522	59,492	219,827	97,243	250,233
Transfers Among Funds	33,669	21,513	67,657	36,426	87,139
Net Increase (Decrease) for the Year	7,330	8,960	23,556	6,275	21,039
Fund Balance, July 1	97,496	93,354	249,762	128,108	265,564
Fund Balance, June 30	104,826	102,314	273,318	134,383	286,603

Selected Segment Information - Component Units
Higher Education
For the Fiscal Year Ended June 30, 1999
(Continued)
(Dollars in Thousands)

	Virginia Commonwealth University	George Mason University	Virginia Community College System	Nonmajor Component Units	Total Higher Education
Total Assets	$ 702,318	$ 477,402	$ 600,862	$ 345,126	$ 8,644,758
Total Liabilities	197,344	164,293	107,650	278,665	1,944,567
Total Fund Balance	504,974	313,109	493,212	66,461	6,700,191
Revenues and Other Additions	472,673	253,122	285,815	84,586	3,930,099
Expenditures and Other Deductions	628,333	329,419	538,644	170,163	4,840,727
Transfers Among Funds	161,520	95,056	278,342	22,057	1,298,309
Net Increase (Decrease) for the Year	5,860	18,759	25,513	(63,520)	387,681
Fund Balance, July 1	499,114	294,350	467,699	129,981	6,312,510
Fund Balance, June 30	504,974	313,109	493,212	66,461	6,700,191

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 $3.9 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 Other Enterprise Funds reported real estate with a value of $260,000, as well as $25,000 to provide funding for start–up expenditures.

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

Component Units

Seven component units reported contributed capital. The Virginia Port Authority reported $2.8 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 $368.8 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 $223.8 million. This arises primarily from the United States Environmental Protection Agency and the Virginia Department of Environmental Quality construction grants, and is recognized as contributed capital when eligible expenditures have been made.

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

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

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

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

Schedule of Changes in Contributed Capital

(Dollars in Thousands)

	Contributed Capital July 1, 1998	Contributions	Retirements	Contributed Capital June 30, 1999
Primary Government:				
Enterprise Funds:				
ABC	$ 1,600	$ -	$ -	$ 1,600
VIB	1,740	-	-	1,740
Consolidated Laboratory	340	-	-	340
Historic Preservation Foundation	260	-	-	260
State Parks Foundation	25	-	-	25
Total Enterprise Funds	3,965	-	-	3,965
Internal Service Funds:				
Information Technology	93	158	-	251
Correctional Enterprises	5,834	-	-	5,834
Total Internal Service Funds	5,927	158	-	6,085
Total Primary Government	9,892	158	-	10,050
Component Units:				
VPA	8,103	-	-	8,103
VRA	396,417	39,016	-	435,433
Hampton Roads Sanitation District Commission	223,756	-	-	223,756
Virginia Biotechnology Research Park Authority	11,526	-	-	11,526
Medical College of Virginia Hospitals Authority	305,952	5,846	-	311,798
Small Business Financing Authority	1,000	-	-	1,000
Virginia Equine Center Foundation	6,748	-	-	6,748
Total Component Units	953,502	44,862	-	998,364
Total Contributed Capital	$ 963,394	$ 45,020	$ -	$ 1,008,414

29. RESTATEMENT OF BEGINNING FUND BALANCES

The restatements required to correct prior year errors resulted in the over or understatement of revenues and/or expenditures during the previous fiscal year.

The restatement required pursuant to GASB Statement No. 14, *The Financial Reporting Entity,* resulted because the primary government can now impose its will over the Virginia Outdoors Foundation. This entity had been a related party in previous years.

Restatement of Beginning Fund Balances

(Dollars in Thousands)

					Component Units	
	General	Special Revenue	Capital Projects	Trust and Agency	Governmental Funds	Higher Education
Balance as of June 30, 1998	$ 1,011,431	$ 1,306,340	$ 53,274	$ 34,967,381	$ 94,707	$ 6,310,709
Correction of Prior Year Errors	5,295	25,292	(1,776)	-	-	1,801
GASB 14	-	-	-	(1,734)	1,744	-
Balance, June 30, 1998, As Restated	$ 1,016,726	$ 1,331,632	$ 51,498	$ 34,965,647	$ 96,451	$ 6,312,510

30. RETAINED EARNINGS/FUND BALANCE RESERVATIONS

Reserved fund balances are as follows:

Schedule of Retained Earnings/Fund Balance Reservations
June 30, 1999

(Dollars in Thousands)

	Primary Government					Component Units		
Reserved/ Restricted for	**General Fund**	**Special Revenue Funds**	**Debt Service Fund**	**Internal Service**	**Trust and Agency Funds**	**Governmental Fund**	**Proprietary Fund**	**Higher Education Fund**
Working Capital Advance Loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Literary Fund (constitutionally restricted for public schools)	-	433,340	-	-	-	-	-	-
Debt Service	-	-	9,927	-	-	8,834	913,120	-
Inventory	34,971	47,351	-	-	1,521	-	-	-
Employees' Pension Benefits	-	-	-	-	34,634,596	-	18,539	-
Employees' Postemployment Healthcare Benefits	-	-	-	-	65,005	-	-	-
Employees' Group Life Insurance Benefits	-	-	-	-	959,470	-	-	-
Local Government Investment Pool (LGIP)	-	-	-	-	1,359,861	-	-	-
State Non-Arbitrage Pool (SNAP)	-	-	-	-	960,579	-	-	-
SNAP Individual Investment Accounts	-	-	-	-	23,423	-	-	-
Commonwealth Health Research Board	-	-	-	-	27,623	-	-	-
Prepaid Items	-	4	-	-	-	-	-	20,107
Revenue Stabilization	555,607	-	-	-	-	-	-	-
VELA Loan Servicing Reserve Fund	-	-	-	-	545	-	-	-
Capital Acquisition	-	426	-	-	187	-	-	-
Reserve for Construction	-	-	-	-	-	53,220	49,187	-
Semiconductor Manufacturing Endowment	-	-	-	-	-	-	-	-
Reserved/Restricted Gifts, Grants, and Contracts	-	-	-	-	-	-	-	675,527
Loan Funds	-	-	-	-	-	-	-	92,254
Endowment	-	-	-	-	-	-	-	1,096,219
Health Insurance (Legislatively Restricted)	-	-	-	19,220	-	-	-	-
Total Reserved/Restricted Fund Balance	$ 590,578	$ 481,121	$ 9,927	$ 19,220	$ 38,032,810	$ 62,054	$ 980,846	$ 1,884,107

31. DEFICIT RETAINED EARNINGS – GAAP BASIS

The State Lottery Department ended the year with a deficit retained earnings of $758,854. 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 $2.7 million. This is attributable to a deficit in beginning Retained Earnings and a net loss for the fiscal year.

The Pocahontas Parkway Association ended the year with a deficit retained earnings balance of $3.3 million. This is attributable to debt service and operating expenses exceeding revenues during the first year of construction.

The Risk Management, Internal Service Fund ended the year with a deficit retained earnings of $104.8 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 $3.0 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, 1999.

	Enterprise	Internal Service	Proprietary Component Units	Total
Cash Flows Resulting from:				
Other Operating Expenses:				
Payments for Loans	$ -	$ -	$ (1,002,313)	$ (1,002,313)
Payments to the Federal Government	-	-	-	-
Program Grant Disbursements	-	-	(131,360)	(131,360)
Payments for Contractual Services	(52,713)	(90,387)	(94,529)	(237,629)
Payments for Mortgage Servicing Expenses	-	-	(8,848)	(8,848)
Escrow Payments Paid	-	-	(62,225)	(62,225)
Other Operating Expenses	(6,795)	-	(17,834)	(24,629)
Total	$ (59,508)	$ (90,387)	$ (1,317,109)	$ (1,467,004)
Other Operating Revenues:				
Collections of Principal and Interest on Loans	$ -	$ -	$ 1,250,389	$ 1,250,389
Program Grant Receipts	-	-	140,710	140,710
Escrow Payments Received	-	-	79,172	79,172
Receipts for Loan Origination and Guarantee Fees	-	-	9,411	9,411
Proceeds from Sale of Loans Receivable	-	-	9,265	9,265
Default Collections	-	-	4	4
Contributions Received	63	-	635	698
Other Operating Revenue	19,815	1,349	63,850	85,014
Total	$ 19,878	$ 1,349	$ 1,553,436	$ 1,574,663
Payments for Prizes, Claims, and Loss Control				
Lottery Prizes	$ (551,540)	$ -	$ -	$ (551,540)
Claims and Loss Control	(72,499)	(464,834)	(15,849)	(553,182)
Total	$ (624,039)	$ (464,834)	$ (15,849)	$ (1,104,722)
Other Noncapital Financing Activities				
Advances/Contributions from the Commonwealth	$ 14,598	$ -	$ -	$ 14,598
Receipts from Taxes	83,052	-	-	83,052
Repayments of Advances from the Commonwealth	-	(500)	(1,100)	(1,600)
Capital Contributed by the Federal Government	-	-	40,476	40,476
Total	$ 97,650	$ (500)	$ 39,376	$ 136,526
Other Capital and Related Financing Activities				
Capital Contributed by the Federal Government	$ -	$ -	$ 1,489	$ 1,489

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 1999 totaling $2,228,889. This activity was recorded in Current Funds as Private Gifts, Grants and Contracts in the amount of $2,128,889 and Auxiliary Enterprises Revenue in the amount of $100,000, 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.

The U. S. Department of Health and Human Services' (DHHS) Office of the Inspector General conducted a review and indicated that the Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed overrecoveries in the Internal Service Funds. The Commonwealth is vigorously contesting the Federal assertions. The Department of Accounts filed an appeal with the Departmental Appeals Board. In that appeal, the Commonwealth proposed an alternative methodology for determining overrecoveries. The U. S. DHHS has agreed to a review of this methodology but has not set a date. Therefore, any amount owed is not determinable at this time.

Virginia's combined overpayment and underpayment food stamp error rate for fiscal year 1998 was 11.13 percent. The national average combined error rate was 10.69 percent. States whose error rate exceeds the national average are subject to a penalty. Since Virginia's combined error rate exceeds the national average; the Commonwealth is subject to a cumulative potential liability of $15.6 million. Virginia has chosen to settle this potential liability by investing in food stamp program improvement activities as allowed by the food stamp program. Payment of the $15.6 million is contingent upon the level of payment accuracy the Commonwealth achieves during the period beginning October 1, 1997 through September 30, 2000.

B. Litigation

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

35. SUBSEQUENT EVENTS

Primary Government

In October 1999, the Commonwealth issued $45,414,000 in General Obligation Bonds, Series 1999 to fund capital projects for educational facilities, mental health facilities, park and recreational facilities of the Commonwealth, and various institutions of higher education.

In October 1999, the Virginia Public Building Authority issued $27,730,000 in Public Facilities Revenue Bonds, Series 1999B to prepay certain local jail reimbursement obligations of the Commonwealth.

The Virginia Department of Transportation has applied for a $200,000,000 Treasury loan to address potential short-term cash needs. The loan application is currently pending with the Department of Accounts.

In December 1999, the Commonwealth Transportation Board issued $238,265,000 in Transportation Revenue Bonds, consisting of $33,320,000 in Series 1999A and $204,945,000 in Series 1999B bonds for the Northern Virginia Transportation District and the Route 58 Corridor Development Program, respectively. Net proceeds will be used to finance a portion of project construction costs.

Component Units

Subsequent to year-end, the Virginia Resources Authority entered into a seven-year four-month lease agreement for office premises. The base rent payments total $621,746 over the term of the lease.

Subsequent to year end, the Authority closed a $5,660,000, 4 percent interest loan with Roanoke County; a $651,942, 4 percent interest loan with the Town of Abingdon; a $967,798, 3 percent interest loan with the County of Surry; a $10,000,000, 4 percent interest loan with Alexandria Sanitation Authority; and a $5,300,000 noninterest-bearing loan with the City of Lynchburg.

Subsequent to year end, the Authority closed a $416,000, 2.5 percent interest loan and a $450,120 noninterest-bearing loan with the Tazewell County Public Service Authority, and a $1,333,975, 3 percent interest loan with Washington County Service Authority.

In addition to scheduled redemptions in July 1999, the Virginia Housing Development Authority (VHDA) made optional redemptions totaling $104,275,000 of Federal Home Loan Bank Notes. In July and September 1999, the Authority made special redemptions totaling $138,645,000 and $18,755,000, respectively, of Commonwealth Mortgage Bonds. In August 1999, the Authority sold $56,515,000 Rental Housing Bonds, 1999 Series G/H.

In October 1999, the Virginia College Building Authority issued $71,200,000 in Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 1999A to finance capital projects at various higher education institutions.

In November 1999, the Virginia Public School Authority issued $91,770,000 in School Financing Bonds (1997 Resolution), Series 1999B to purchase local school bonds to finance capital projects for public schools.

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 a Commission, in compliance with the Consent Decree, to help communities in Virginia hurt by the decline of tobacco. Additionally, the General Assembly created two special non-reverting funds. The Tobacco Settlement monies will be deposited to these funds and the General Fund. Fifty percent of the Settlement monies will be deposited into the Tobacco Indemnification and Community Revitalization Fund. Ten percent of the Settlement monies will be deposited into the Virginia Tobacco Settlement Fund. The remaining 40 percent will be deposited to the General Fund.

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

Required Supplementary Information

Funding Progress for Defined Pension Benefit 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)			
***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)			
***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%
			Judicial Retirement System (JRS)			
***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%

*Actuarial information calculated in accordance with the parameters of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* , is unavailable for valuations prior to 1994.
**Revised economic and demographic assumptions due to experience study.
***Change in benefit formula, unreduced early retirement age and in the actuarial amortization method.

Notes:		
	Valuation Date:	June 30, 1998
	Actuarial Cost Method:	Entry Age Normal
	Amortization Method:	Level percent, closed
	Payroll Growth Rate:	4%
	Remaining Amortization Period:	28 years
	Asset Valuation Method:	Five-Year Smoothed Market
	Actuarial Assumptions:	
	Investment Rate of Return (1)	8.00%
	Projected Salary Increases (1)	
	State Employees	4.00% to 6.15%
	Teachers	4.00% to 6.50%
	State Police	4.25% to 6.00%
	Judicial	5.00%
	Cost of Living Adjustments	3.50%

(1) Includes inflation at 4%.

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									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1. Required contribution and investment revenue:										
Earned	$ 5,567	$ 13,253	$ 13,715	$ 6,873	$ 7,267	$ 8,763	$ 8,133	$ 8,046	$ 8,709	$ 7,984
Ceded (a)	-	-	-	-	-	-	-	-	-	-
Net earned	5,567	13,253	13,715	6,873	7,267	8,763	8,133	8,046	8,709	7,984
2. Unallocated expenses	244	218	319	308	2,621	2,300	2,557	2,225	1,192	2,324
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	792	648	3,710	4,804	4,302	3,954	3,706	2,095	2,760	2,719
Ceded (a)	-	-	-	-	-	-	-	-	-	-
Net incurred	792	648	3,710	4,804	4,302	3,954	3,706	2,095	2,760	2,719
4. Net paid (cumulative) as of:										
End of policy year	52	162	423	866	622	804	254	286	434	439
One year later	818	1,357	1,487	2,794	1,701	2,388	1,995	1,680	2,651	
Two years later	1,935	1,715	2,652	3,610	2,208	3,545	3,312	2,602		
Three years later	2,226	1,878	2,847	4,072	2,922	3,854	4,385			
Four years later	2,272	1,934	2,898	4,192	3,384	4,043				
Five years later	2,282	2,029	2,906	4,148	3,563					
Six years later	2,283	2,058	2,919	4,202						
Seven years later	2,283	2,058	2,924							
Eight years later	2,283	2,059								
Nine years later	2,283									
5. Reestimated ceded claims and expenses (a)	-	-	-	-	-	-	-	-	-	-
6. Reestimated incurred claims and expenses:										
End of policy year	792	648	3,710	4,804	4,302	3,954	3,706	2,095	2,760	2,719
One year later	1,450	2,099	2,890	5,375	3,921	4,711	4,004	3,352	4,080	
Two years later	2,409	2,513	3,450	5,673	3,731	4,477	4,957	3,160		
Three years later	2,430	2,318	3,086	4,722	3,590	4,458	5,016			
Four years later	2,390	2,220	2,952	4,251	3,748	4,248				
Five years later	2,368	2,225	2,940	4,191	3,679					
Six years later	2,312	2,138	2,940	4,207						
Seven years later	2,292	2,066	2,927							
Eight years later	2,283	2,062								
Nine years later	2,283									
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	1,491	1,414	(783)	(597)	(623)	294	1,310	1,065	1,320	-

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

Health Care Claims Development Information

(Dollars in Thousands)

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

	Fiscal and Policy Year Ended								
	1991	1992	1993	1994	1995	1996	1997	1998	1999
1. Required contribution and investment revenue:									
Earned	$ 27,079	$ 35,719	$ 41,716	$ 48,932	$ 40,468	$ 38,321	$ 48,493	$ 54,089	$ 64,419
Ceded (a)	-	-	-	-	-	-	-	-	-
Net earned	27,079	35,719	41,716	48,932	40,468	38,321	48,493	54,089	64,419
2. Unallocated expenses	1,648	2,328	2,401	2,288	2,428	3,305	4,445	5,286	6,632
3. Estimated incurred claims and expenses, end of policy year:									
Incurred	24,353	35,921	37,346	37,805	33,731	41,232	46,895	60,657	70,719
Ceded (a)	-	-	-	-	-	-	-	-	-
Net incurred	24,353	35,921	37,346	37,805	33,731	41,232	46,895	60,657	70,719
4. Net paid (cumulative) as of:									
End of policy year	19,841	30,530	32,403	33,704	30,177	39,276	40,631	53,219	62,219
One year later	24,353	35,921	37,346	37,805	33,731	41,232	46,895	60,657	
Two years later	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Three years later	N/A	N/A	N/A	N/A	N/A	N/A			
Four years later	N/A	N/A	N/A	N/A	N/A				
Five years later	N/A	N/A	N/A	N/A					
Six years later	N/A	N/A	N/A						
5. Reestimated ceded claims and expenses (a)	-	-	-	-	-	-	-	-	-
6. Reestimated incurred claims and expenses:									
End of policy year	24,353	35,921	37,346	37,805	33,731	41,232	46,895	60,657	70,719
One year later	24,353	35,921	37,346	37,805	33,731	41,232	46,895	60,657	
Two years later	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Three years later	N/A	N/A	N/A	N/A	N/A	N/A			
Four years later	N/A	N/A	N/A	N/A	N/A				
Five years later	N/A	N/A	N/A	N/A					
Six years later	N/A	N/A	N/A						
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	-	-	-	-	-	-	-	-	-

Ten years of data is not available at this time.

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

Notes for Claims Development Information Tables

The tables on the previous 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.

Many existing computer and embedded technology systems use only two digits to identify a year in the date field. These systems were designed and developed without considering the impact of the upcoming change in the century. If not corrected, these systems could fail or create erroneous results by or at the Year 2000. In addition, the Year 2000 is a leap year, which may generate additional problems. The Commonwealth recognizes the need to ensure its critical business operations will not be adversely impacted by Year 2000 failures. The Commonwealth has been modifying its computer systems to address this issue, with particular emphasis on its "mission critical" systems, which include, but are not limited to, various financial systems. However, due to the interdependent nature of business processes, the Commonwealth may be adversely impacted in the Year 2000 depending on whether it or other entities not affiliated with the Commonwealth address this issue successfully.

On December 31, 1996, the Governor through Executive Memorandum 2-96 established the Century Date Change Initiative (CDCI) within the Commonwealth to resolve computer problems associated with the arrival of the Year 2000. Pursuant to the Executive Memorandum, the Secretary of Administration, with support from the Council on Information Management, the Department of Information Technology, and the Department of Planning and Budget, were directed to provide the necessary coordination and leadership to ensure that the Commonwealth's information systems successfully make the effective and efficient transition to the Year 2000. A Century Date Change Task Force was created to serve as an advisory body. In March 1998, the Governor created a CDCI Project Office and designated the State Data Administrator for the Council on Information Management as the statewide Project Office Director for the CDCI project. Each agency or institution is to be primarily responsible for its own information systems; however, the Project Office Director is given all the powers necessary to direct the Commonwealth's efforts to ensure that it is Year 2000 compliant. In addition to funds appropriated during the 1998 General Assembly Session, all agencies and institutions are required to redirect their existing financial and personnel resources as necessary, to the extent allowed by law, to resolve the problem.

The CDCI Project Office has reported that the Commonwealth's various agencies and institutions have estimated their total planned spending to address the Year 2000 problem at $206.8 million. Total expenditures at June 30, 1999, were $149.0 million, and approximately $57.8 million remains.

To guide the Year 2000 compliance project, the Commonwealth has adopted a management plan that includes the following phases:

- **Awareness** – Define the year 2000 problem and gain executive level support and sponsorship. Establish year 2000 project team and develop an overall strategy. Ensure that everyone in the organization is fully aware of the issue.

- **Assessment** – Assess the year 2000 impact on the enterprise. Identify priority business activities; inventory and analyze systems supporting these activities, and prioritize their conversion or replacement. Develop contingency plans to handle potential system failures. Identify and secure the necessary resources.

- **Renovation** – Convert, replace, or eliminate selected systems. Modify interfaces.

- **Testing and Validation** – Test, verify, and validate converted or replaced systems. Test the performance, functionality, and integration of these systems and interfaces in an operational environment.

- **Implementation** – Implement converted or replaced systems and interfaces. Implement contingency plans, if necessary.

Each participating organization is evaluated based on these phases and their progress is reported as the percentage of the plan they have completed. As of December 8, 1999, all agencies and institutions of higher education in the Commonwealth of Virginia report that their Year 2000 projects are 100% complete.

Combining and Individual Fund and Account Group Statements and Schedules

Special Revenue Funds

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

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

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

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

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

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

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

Combining Balance Sheet
Special Revenue Funds

June 30, 1999
(Dollars in Thousands)

	Commonwealth Transportation	Federal Trust	Literary
Assets and Other Debits			
Cash, Cash Equivalents, and Investments	$ 546,737	$ 32,683	$ 155,334
Taxes, Loans, Accounts, and Other Receivables (Net)	198,122	280,621	75,959
Due from Other Funds and Primary Government	10,144	12,349	-
Interfund Receivables	-	-	-
Interfund Loans Receivable	-	1,518	297,541
Inventory	40,919	67,131	-
Prepaid Items	4	-	-
Other Assets	1,272	115	-
Total Assets	$ 797,198	$ 394,417	$ 528,834
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	$ 198,949	$ 83,922	$ -
Amounts Due to Other Governments	44,491	15,152	-
Obligations Under Securities Lending Program	34,945	424	12,384
Other Liabilities	185	171,433	-
Due to Other Funds and Primary Government	9,755	-	-
Interfund Payables	-	13,537	-
Interfund Loans Payable	-	-	83,110
Deferred Revenue and Deferred Credit	269	108,662	-
Total Liabilities	288,594	393,130	95,494
Fund Balance:			
Reserved	40,923	1,287	433,340
Unreserved	467,681	-	-
Total Fund Balance	508,604	1,287	433,340
Total Liabilities and Fund Balance	$ 797,198	$ 394,417	$ 528,834

Dedicated	Other	Virginia Public Building Authority	Total June 30, 1999
$ 192,495	$ 98,538	$ 30,617	**$ 1,056,404**
6,085	41,715	260	**602,762**
-	1,181	-	**23,674**
-	50,356	-	**50,356**
-	5,031	-	**304,090**
91	5,054	-	**113,195**
-	-	-	**4**
63	251	-	**1,701**
$ 198,734	$ 202,126	$ 30,877	**$ 2,152,186**
$ 6,057	$ 34,654	$ 101	**$ 323,683**
-	-	-	**59,643**
11,921	2,033	-	**61,707**
1,062	588	-	**173,268**
-	34	-	**9,789**
800	151	-	**14,488**
-	-	-	**83,110**
55	1,055	-	**110,041**
19,895	38,515	101	**835,729**
91	5,480	-	**481,121**
178,748	158,131	30,776	**835,336**
178,839	163,611	30,776	**1,316,457**
$ 198,734	$ 202,126	$ 30,877	**$ 2,152,186**

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Commonwealth Transportation	Federal Trust	Literary
Revenues:			
Taxes	$ 1,587,817	$ -	$ -
Rights and Privileges	356,751	42	164
Institutional Revenue	-	-	-
Interest, Dividends, Rents, and Other Investment Income	34,870	242	25,390
Federal Grants and Contracts	519,298	3,158,026	-
Proceeds from Securities Lending Transactions	1,101	4	405
Other	74,408	34,038	88,898
Total Revenues	2,574,245	3,192,352	114,857
Expenditures:			
Current:			
General Government	1,415	27,459	-
Education	1,920	276,104	68,628
Transportation	2,666,782	5,509	-
Resources and Economic Development	1,192	93,858	-
Individual and Family Services	-	2,742,354	-
Administration of Justice	4,985	25,815	-
Capital Outlay	14,823	3,602	-
Payments for Securities Lending Transactions	1,054	3	388
Total Expenditures	2,692,171	3,174,704	69,016
Revenues Over (Under) Expenditures	(117,926)	17,648	45,841
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	68,379	2,540	40,141
Operating Transfers In From Component Units	-	23	8,380
Operating Transfers Out	(110,057)	(13,113)	(9,349)
Operating Transfers Out To Component Units	(26,458)	(8,695)	-
Proceeds from Capital Leases	1,154	560	-
Proceeds from Sale of Bonds	-	-	-
Total Other Financing Sources (Uses)	(66,982)	(18,685)	39,172
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(184,908)	(1,037)	85,013
Fund Balance, July 1, as restated	693,512	2,324	348,327
Fund Balance, June 30	$ 508,604	$ 1,287	$ 433,340

Dedicated	Other	Virginia Public Building Authority	Total June 30, 1999
$ 8,920	$ 13,497	$ -	**$ 1,610,234**
53,540	93,604	-	**504,101**
22	323,116	-	**323,138**
9,036	4,238	1,818	**75,594**
-	527	-	**3,677,851**
362	61	-	**1,933**
40,817	153,544	-	**391,705**
112,697	588,587	1,818	**6,584,556**
13,951	40,865	267	**83,957**
59	17,137	-	**363,848**
5,635	10,070	-	**2,687,996**
78,772	95,473	-	**269,295**
24,520	372,856	-	**3,139,730**
6,679	49,842	-	**87,321**
2,286	5,587	2,172	**28,470**
347	59	-	**1,851**
132,249	591,889	2,439	**6,662,468**
(19,552)	(3,302)	(621)	**(77,912)**
114,047	32,000	-	**257,107**
-	382	-	**8,785**
(8,582)	(21,871)	(73,249)	**(236,221)**
(2,850)	(414)	-	**(38,417)**
-	330	-	**2,044**
-	-	69,439	**69,439**
102,615	10,427	(3,810)	**62,737**
83,063	7,125	(4,431)	**(15,175)**
95,776	156,486	35,207	**1,331,632**
$ 178,839	$ 163,611	$ 30,776	**$ 1,316,457**

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, 1999
(Dollars in Thousands)

	Commonwealth Transportation		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes			
State Sales and Use	$ 336,300	$ 345,101	$ 8,801
Motor Fuel	752,493	781,700	29,207
Motor Vehicle Sales and Use	412,871	458,499	45,628
Other	-	4,958	4,958
Rights and Privileges	210,129	356,126	145,997
Institutional Revenue	-	-	-
Interest, Dividends, Rents, and Other Investment Income	8,617	33,823	25,206
Federal Grants and Contracts	829,525	531,261	(298,264)
Proceeds from Securities Lending Transactions	1,101	1,101	-
Other	93,337	62,056	(31,281)
Total Revenues	2,644,373	2,574,625	(69,748)
Expenditures:			
Current:			
General Government	1,541	1,409	132
Education	2,173	1,920	253
Transportation	3,059,524	2,705,622	353,902
Resources and Economic Development	2,101	1,188	913
Individual and Family Services	-	-	-
Administration of Justice	5,462	4,967	495
Capital Outlay	14,433	14,433	-
Payments for Securities Lending Transactions	1,054	1,054	-
Total Expenditures	3,086,288	2,730,593	355,695
Revenues Over (Under) Expenditures	(441,915)	(155,968)	285,947
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	64,032	68,379	4,347
Operating Transfers In From Component Units	-	-	-
Operating Transfers Out	(13,569)	(110,057)	(96,488)
Operating Transfers Out To Component Units	(26,060)	(26,458)	(398)
Total Other Financing Sources (Uses)	24,403	(68,136)	(92,539)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(417,512)	(224,104)	193,408
Fund Balance, July 1, as restated	772,806	772,806	-
Fund Balance, June 30	$ 355,294	$ 548,702	$ 193,408

Federal Trust			Dedicated		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,654	8,877	223
114	124	10	51,991	51,730	(261)
-	-	-	-	21	21
104	230	126	5,036	9,189	4,153
3,397,659	3,162,967	(234,692)	6,962	-	(6,962)
4	4	-	362	362	-
31,983	37,228	5,245	29,399	40,937	11,538
3,429,864	3,200,553	(229,311)	102,404	111,116	8,712
29,134	27,149	1,985	44,895	13,555	31,340
307,045	272,038	35,007	97	59	38
6,636	5,583	1,053	6,071	5,618	453
118,821	91,590	27,231	131,573	79,035	52,538
2,913,032	2,756,710	156,322	32,494	24,563	7,931
44,723	24,572	20,151	9,729	6,487	3,242
3,663	3,663	-	2,428	2,428	-
3	3	-	347	347	-
3,423,057	3,181,308	241,749	227,634	132,092	95,542
6,807	19,245	12,438	(125,230)	(20,976)	104,254
-	2,540	2,540	128,323	114,247	(14,076)
-	23	23	-	-	-
(6,807)	(13,113)	(6,306)	(19,035)	(8,582)	10,453
-	(8,695)	(8,695)	-	(2,850)	(2,850)
(6,807)	(19,245)	(12,438)	109,288	102,815	(6,473)
-	-	-	(15,942)	81,839	97,781
-	-	-	97,519	97,519	-
$ -	$ -	$ -	$ 81,577	$ 179,358	$ 97,781

(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, 1999
(Dollars in Thousands)

	Other		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes			
State Sales and Use	$ -	$ -	$ -
Motor Fuel	-	-	-
Motor Vehicle Sales and Use	-	-	-
Other	13,119	13,569	450
Rights and Privileges	115,333	95,767	(19,566)
Institutional Revenue	319,134	321,096	1,962
Interest, Dividends, Rents, and Other Investment Income	4,286	4,665	379
Federal Grants and Contracts	179	527	348
Proceeds from Securities Lending Transactions	61	61	-
Other	157,782	153,301	(4,481)
Total Revenues	609,894	588,986	(20,908)
Expenditures:			
Current:			
General Government	47,070	37,886	9,184
Education	23,702	17,034	6,668
Transportation	12,030	9,937	2,093
Resources and Economic Development	110,569	94,231	16,338
Individual and Family Services	396,426	372,660	23,766
Administration of Justice	60,005	47,451	12,554
Capital Outlay	5,301	5,301	-
Payments for Securities Lending Transactions	59	59	-
Total Expenditures	655,162	584,559	70,603
Revenues Over (Under) Expenditures	(45,268)	4,427	49,695
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	7,697	32,000	24,303
Operating Transfers In From Component Units	-	382	382
Operating Transfers Out	(11,022)	(22,121)	(11,099)
Operating Transfers Out To Component Units	-	(414)	(414)
Total Other Financing Sources (Uses)	(3,325)	9,847	13,172
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(48,593)	14,274	62,867
Fund Balance, July 1, as restated	140,226	140,226	-
Fund Balance, June 30	$ 91,633	$ 154,500	$ 62,867

Total Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
$ 336,300	$ 345,101	$ 8,801
752,493	781,700	29,207
412,871	458,499	45,628
21,773	27,404	5,631
377,567	503,747	126,180
319,134	321,117	1,983
18,043	47,907	29,864
4,234,325	3,694,755	(539,570)
1,528	1,528	-
312,501	293,522	(18,979)
6,786,535	6,475,280	(311,255)
122,640	79,999	42,641
333,017	291,051	41,966
3,084,261	2,726,760	357,501
363,064	266,044	97,020
3,341,952	3,153,933	188,019
119,919	83,477	36,442
25,825	25,825	-
1,463	1,463	-
7,392,141	6,628,552	763,589
(605,606)	(153,272)	452,334
200,052	217,166	17,114
-	405	405
(50,433)	(153,873)	(103,440)
(26,060)	(38,417)	(12,357)
123,559	25,281	(98,278)
(482,047)	(127,991)	354,056
1,010,551	1,010,551	-
$ 528,504	$ 882,560	$ 354,056

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, 1999
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 1999
Assets:			
Cash, Cash Equivalents, and Investments	$ 9,874	$ 262	**$ 10,136**
Taxes, Loans, Accounts, and Other Receivables (Net)	-	1	**1**
Total Assets	$ 9,874	$ 263	**$ 10,137**
Liabilities and Fund Balance:			
Liabilities:			
Other Liabilities	$ 41	$ 169	**$ 210**
Total Liabilities	41	169	**210**
Fund Balances:			
Reserved	9,833	94	**9,927**
Total Liabilities and Fund Balance	$ 9,874	$ 263	**$ 10,137**

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 1999
Revenues:			
Interest, Dividends, Rents, and Other Investment Income	$ 566	$ 11	**$ 577**
Total Revenues	566	11	**577**
Expenditures:			
Current:			
Transportation	2	-	**2**
Debt Service:			
Principal Retirement	127,141	49,400	**176,541**
Interest and Charges	87,776	43,669	**131,445**
Total Expenditures	214,919	93,069	**307,988**
Revenues Under Expenditures	(214,353)	(93,058)	**(307,411)**
Other Financing Sources:			
Transfers:			
Operating Transfers In	212,680	92,910	**305,590**
Total Other Financing Sources	212,680	92,910	**305,590**
Revenues and Other Sources			
Under Expenditures	(1,673)	(148)	**(1,821)**
Fund Balance, July 1	11,506	242	**11,748**
Fund Balance, June 30	$ 9,833	$ 94	**$ 9,927**

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, 1999
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 1999
Assets:			
Cash, Cash Equivalents, and Investments	$ 19,469	$ 34,782	**$ 54,251**
Taxes, Loans, Accounts, and Other Receivables (Net)	-	130	**130**
Total Assets	$ 19,469	$ 34,912	**$ 54,381**
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	$ 545	$ 1,377	**$ 1,922**
Due to Component Units	7,671	340	**8,011**
Interfund Payables	149	-	**149**
Total Liabilities	8,365	1,717	**10,082**
Fund Balance:			
Unreserved	11,104	33,195	**44,299**
Total Liabilities and Fund Balance	$ 19,469	$ 34,912	**$ 54,381**

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Primary Government	Virginia Public Building Authority	Total June 30, 1999
Revenues:			
Interest, Dividends, Rents, and Other Investment Income	$ 1,638	$ 2,067	**$ 3,705**
Total Revenues	1,638	2,067	**3,705**
Expenditures:			
Capital Outlay	18,686	80,936	**99,622**
Total Expenditures	18,686	80,936	**99,622**
Revenues Over (Under) Expenditures	(17,048)	(78,869)	**(95,917)**
Other Financing Sources (Uses):			
Transfers:			
Operating Transfers In	-	73,189	**73,189**
Operating Transfers Out	(60,000)	-	**(60,000)**
Operating Transfers Out To Component Units	-	(4,471)	**(4,471)**
Proceeds from Sale of Bonds	60,000	-	**60,000**
Proceeds from Issuance of Bond Anticipation Notes	20,000	-	**20,000**
Total Other Financing Sources (Uses)	20,000	68,718	**88,718**
Revenues and Other Sources			
Over (Under) Expenditures and Other Uses	2,952	(10,151)	**(7,199)**
Fund Balance, July 1, as restated	8,152	43,346	**51,498**
Fund Balance, June 30	$ 11,104	$ 33,195	**$ 44,299**

Enterprise Funds

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

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

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

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

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

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

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

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

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

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

Other includes:

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

Combining Balance Sheet
Enterprise Funds

June 30, 1999
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Assets				
Cash, Cash Equivalents, and Investments	$ 594,197	$ 226	$ 54,609	$ 5,218
Taxes, Loans, Accounts, and Other Receivables (Net)	35,302	1,881	29	12,436
Inventory	1,812	22,908	-	-
Prepaid Items	2,533	912	96	110
Other Assets	5	130	50	-
Property, Plant, and Equipment (Net)	11,769	18,490	-	-
Total Assets	$ 645,618	$ 44,547	$ 54,784	$ 17,764
Liabilities and Equity				
Liabilities:				
Accounts Payable	$ 9,333	$ 11,123	$ 162	$ -
Claims Payable	-	-	6,905	8,529
Obligations Under Securities Lending Program	585	21	4,202	402
Long-Term Liabilities	2,109	6,627	-	-
Other Liabilities	619,563	-	-	-
Due to Other Funds and Primary Government	783	3,909	-	-
Interfund Payables	12,000	23,719	-	-
Deferred Revenue and Deferred Credit	2,004	226	3,482	-
Total Liabilities	646,377	45,625	14,751	8,931
Equity:				
Contributed Capital	-	1,600	-	-
Retained Earnings (Deficit)				
Unreserved	(759)	(2,678)	40,033	8,833
Total Equity	(759)	(1,078)	40,033	8,833
Total Liabilities and Equity	$ 645,618	$ 44,547	$ 54,784	$ 17,764

Virginia Industries for the Blind	Consolidated Laboratory	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway Association	Other	Total June 30, 1999
$ 2,240	$ 2,593	$ 253,940	$ 9,866	$ 296,753	$ 1,738	**$ 1,221,380**
967	56	552	51	1,863	1,138	**54,275**
1,609	37	-	-	-	715	**27,081**
-	-	-	-	44	-	**3,695**
1	-	-	-	14,812	9	**15,007**
664	318	30	-	90,804	11	**122,086**
$ 5,481	$ 3,004	$ 254,522	$ 9,917	$ 404,276	$ 3,611	**$ 1,443,524**
$ 472	$ 92	$ 246	15	$ 11,854	$ 227	**$ 33,524**
-	-	-	-	-	-	**15,434**
-	-	3,222	760	-	50	**9,242**
182	106	68	551	381,706	69	**391,418**
-	-	226,604	-	3,831	46	**850,044**
-	265	-	960	10,144	-	**16,061**
-	-	-	-	-	-	**35,719**
-	889	-	-	-	-	**6,601**
654	1,352	230,140	2,286	407,535	392	**1,358,043**
1,740	340	-	-	-	285	**3,965**
3,087	1,312	24,382	7,631	(3,259)	2,934	**81,516**
4,827	1,652	24,382	7,631	(3,259)	3,219	**85,481**
$ 5,481	$ 3,004	$ 254,522	$ 9,917	$ 404,276	$ 3,611	**$ 1,443,524**

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Operating Revenues:				
Interest, Dividends, Rents, and Other Investment Income	$ -	$ -	$ -	$ -
Charges for Sales and Services	934,521	289,668	5,102	63,134
Other	-	-	-	-
Total Operating Revenues	934,521	289,668	5,102	63,134
Operating Expenses:				
Interest Expense	-	-	-	-
Cost of Sales and Services	55,838	183,867	-	-
Prizes and Claims	497,461	-	3,348	64,757
Personal Services	16,997	44,357	-	-
Contractual Services	35,487	8,897	-	6,233
Supplies and Materials	1,860	1,160	-	-
Depreciation and Amortization	4,957	2,570	-	-
Rent, Insurance, and Other Related Charges	5,997	9,615	1,681	-
Other	96	2,034	7	-
Total Operating Expenses	618,693	252,500	5,036	70,990
Operating Income (Loss)	315,828	37,168	66	(7,856)
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income	8,989	21	2,875	631
Income From Securities Lending Transactions	523	34	133	29
Expenses For Securities Lending Transactions	(500)	(33)	(127)	(28)
Other	1,201	98	-	-
Total Nonoperating Revenues (Expenses)	10,213	120	2,881	632
Income (Loss) Before Transfers	326,041	37,288	2,947	(7,224)
Transfers:				
Operating Transfers Out	(331,314)	(37,539)	(1,948)	-
Total Transfers	(331,314)	(37,539)	(1,948)	-
Net Income (Loss)	(5,273)	(251)	999	(7,224)
Retained Earnings (Deficit), July 1	4,514	(2,427)	39,034	16,057
Retained Earnings (Deficit), June 30	$ (759)	$ (2,678)	$ 40,033	$ 8,833

Virginia Industries for the Blind	Consolidated Laboratory	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway Association	Other	Total June 30, 1999
$ -	$ -	$ 15,637	$ -	$ 18,013	$ -	**$ 33,650**
8,065	2,294	646	9,235	-	3,165	**1,315,830**
-	-	55	-	-	63	**118**
8,065	2,294	16,338	9,235	18,013	3,228	**1,349,598**
-	-	-	-	20,868	-	**20,868**
3,858	-	-	-	-	1,789	**245,352**
-	-	-	-	-	-	**565,566**
3,189	832	664	7,575	-	1,041	**74,655**
536	402	2,595	419	-	165	**54,734**
-	458	9	145	-	207	**3,839**
50	62	10	-	306	11	**7,966**
163	539	43	-	-	-	**18,038**
208	26	4	-	98	27	**2,500**
8,004	2,319	3,325	8,139	21,272	3,240	**993,518**
61	(25)	13,013	1,096	(3,259)	(12)	**356,080**
7	-	-	624	-	147	**13,294**
-	-	79	30	-	2	**830**
-	-	(76)	(29)	-	(2)	**(795)**
27	-	-	-	-	14	**1,340**
34	-	3	625	-	161	**14,669**
95	(25)	13,016	1,721	(3,259)	149	**370,749**
(2)	(7)	(1)	-	-	-	**(370,811)**
(2)	(7)	(1)	-	-	-	**(370,811)**
93	(32)	13,015	1,721	(3,259)	149	**(62)**
2,994	1,344	11,367	5,910	-	2,785	**81,578**
$ 3,087	$ 1,312	$ 24,382	$ 7,631	$ (3,259)	$ 2,934	**$ 81,516**

Combining Statement of Cash Flows
Enterprise Funds

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Cash Flows from Operating Activities:				
Receipts for Sales and Services	$ 925,382	$ 285,229	$ 5,242	$ 62,818
Receipts from Quasi-external Operating Transactions with Other Funds	-	-	30	-
Payments to Suppliers for Goods and Services	(62,956)	(195,743)	(1,638)	-
Payments for Quasi-external Operating Transactions with Other Funds	(1,279)	(1,519)	-	-
Payments for Prizes, Claims, and Loss Control	(551,540)	-	(4,879)	(67,620)
Payments to Employees	(16,840)	(43,968)	-	-
Other Operating Expense	(35,487)	(7,378)	-	(6,233)
Other Operating Revenue	1,201	4,013	-	-
Net Cash Provided by (Used for) Operating Activities	258,481	40,634	(1,245)	(11,035)
Cash Flows from Noncapital Financing Activities:				
Proceeds from Issuance of Bonds and Notes	-	-	-	-
Transfers Out to Other Funds	(331,407)	(120,958)	(1,424)	-
Other Noncapital Financing Activities	12,000	85,650	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(319,407)	(35,308)	(1,424)	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(4,873)	(5,229)	-	-
Payment of Principal and Interest on Bonds and Notes	-	-	-	-
Proceeds from Sale of Bonds and Notes	-	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(4,873)	(5,229)	-	-
Cash Flows from Investing Activities:				
Purchase of Investments	(11,870)	-	-	-
Proceeds from Sales or Maturities of Investments	66,380	-	-	-
Interest on Cash, Cash Equivalents, and Investments	9,012	-	2,881	632
Net Cash Provided by (Used for) Investing Activities	63,522	-	2,881	632
Net Increase (Decrease) in Cash and Cash Equivalents	(2,277)	97	212	(10,403)
Cash and Cash Equivalents, July 1	13,072	238	50,245	15,219
Cash and Cash Equivalents, June 30	$ 10,795	$ 335	$ 50,457	$ 4,816

Virginia Industries for the Blind	Consolidated Laboratory	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway Association	Other	Total June 30, 1999
$ 4,300	$ 2,042	$ 74,257	$ 9,339	$ -	$ 2,744	**$ 1,371,353**
3,775	-	-	-	-	-	**3,805**
(4,134)	(1,278)	(18)	(140)	-	(1,872)	**(267,779)**
-	(21)	(99)	-	-	-	**(2,918)**
-	-	-	-	-	-	**(624,039)**
(3,048)	(822)	(633)	(7,301)	-	(974)	**(73,586)**
(929)	-	(2,492)	(404)	(6,295)	(290)	**(59,508)**
-	-	-	-	14,601	63	**19,878**
(36)	(79)	71,015	1,494	8,306	(329)	**367,206**
-	-	-	-	400	-	**400**
-	(6)	(1)	-	-	-	**(453,796)**
-	-	-	-	-	-	**97,650**
-	(6)	(1)	-	400	-	**(355,746)**
-	-	(6)	-	(77,203)	(1)	**(87,312)**
-	-	-	-	(6,957)	-	**(6,957)**
-	-	-	-	370,657	58	**370,715**
25	-	-	-	-	-	**25**
25	-	(6)	-	286,497	57	**276,471**
-	-	(650,267)	-	(379,164)	(2)	**(1,041,303)**
-	-	611,399	-	91,963	-	**769,742**
-	-	4,895	626	-	92	**18,138**
-	-	(33,973)	626	(287,201)	90	**(253,423)**
(11)	(85)	37,035	2,120	8,002	(182)	**34,508**
2,252	2,678	44,714	6,986	-	1,779	**137,183**
$ 2,241	$ 2,593	$ 81,749	$ 9,106	$ 8,002	$ 1,597	**$ 171,691**

(Continued on next page)

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	$ 315,828	$ 37,168	$ 66	$ (7,856)
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization	4,957	2,570	-	-
Interest, Dividends, Rents, and Other Investment Income	(41,910)	-	-	-
Miscellaneous Nonoperating Income	1,200	120	-	-
Other Expenses	-	(238)	-	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(8,611)	(22)	(17)	(3,508)
(Increase) Decrease in Inventory	(794)	266	-	-
(Increase) Decrease in Prepaid Items	(2,180)	66	50	-
Increase (Decrease) in Accounts Payable	2,432	634	(153)	-
Increase (Decrease) in Claims Payable	-	-	(1,360)	329
Increase (Decrease) in Due to Other Funds	-	-	-	-
Increase (Decrease) in Deferred Revenue	(528)	(319)	169	-
Increase (Decrease) in Long-Term Liabilities	346	389	-	-
Increase (Decrease) in Other Liabilities	(12,259)	-	-	-
Net Cash Provided by (Used for)				
Operating Activities	$ 258,481	$ 40,634	$ (1,245)	$ (11,035)
Reconciliation of Cash, Cash				
Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	$ 594,197	$ 226	$ 54,609	$ 5,218
Cash and Travel Advances	5	130	50	-
Less: Investments with Original Maturities				
Greater than Three Months	583,407	21	4,202	402
Cash and Cash Equivalents per the				
Statement of Cash Flows	$ 10,795	$ 335	$ 50,457	$ 4,816

Virginia Industries for the Blind	Consolidated Laboratory	Higher Education Tuition Trust	Department of Environmental Quality	Pocahontas Parkway Association	Other	Total June 30, 1999
$ 61	$ (25)	$ 13,013	$ 1,096	$ (3,259)	$ (12)	**$ 356,080**
50	62	10	-	306	11	**7,966**
-	-	(15,982)	-	-	-	**(57,892)**
7	-	-	-	-	13	**1,340**
-	-	-	77	-	-	**(161)**
2	(43)	244	26	(1,863)	(217)	**(14,009)**
(394)	(7)	-	-	-	(220)	**(1,149)**
-	-	-	-	(44)	-	**(2,108)**
200	(90)	150	(7)	13,166	46	**16,378**
-	-	-	-	-	-	**(1,031)**
-	262	-	-	-	-	**262**
-	(246)	-	-	-	-	**(924)**
38	8	24	302	-	8	**1,115**
-	-	73,556	-	-	42	**61,339**
$ (36)	$ (79)	$ 71,015	$ 1,494	$ 8,306	$ (329)	**$ 367,206**
$ 2,240	$ 2,593	$ 253,940	$ 9,866	$ 296,753	$ 1,738	**$ 1,221,380**
1	-	-	-	-	9	**195**
-	-	172,191	760	288,751	150	**1,049,884**
$ 2,241	$ 2,593	$ 81,749	$ 9,106	$ 8,002	$ 1,597	**$ 171,691**

Internal Service Funds

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

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

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

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

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

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

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

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

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

Other includes:

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

Combining Balance Sheet
Internal Service Funds

June 30, 1999
(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Assets				
Cash, Cash Equivalents, and Investments	$ 3,663	$ 2,387	$ 32,935	$ 2,140
Taxes, Loans, Accounts, and Other Receivables (Net)	15,001	3,937	62,971	2,355
Due from Other Funds and Primary Government	-	-	-	-
Inventory	-	10,294	-	-
Prepaid Items	1,486	-	6,840	-
Other Assets	8	3	-	-
Property, Plant, and Equipment (Net)	24,717	3,860	-	24,419
Total Assets	$ 44,875	$ 20,481	$ 102,746	$ 28,914
Liabilities and Equity				
Liabilities:				
Accounts Payable	$ 7,068	$ 1,193	$ -	$ 1,122
Amounts Due to Other Governments	-	-	-	-
Claims Payable	-	-	53,357	-
Obligations Under Securities Lending Program	-	-	2,536	-
Long-Term Liabilities	14,402	2,750	-	169
Other Liabilities	-	-	-	-
Due to Other Funds and Primary Government	-	-	-	-
Interfund Loans Payable	-	1,518	-	-
Deferred Revenue and Deferred Credit	98	-	-	-
Total Liabilities	21,568	5,461	55,893	1,291
Equity:				
Contributed Capital	251	5,834	-	-
Retained Earnings (Deficit)				
Reserved	-	-	19,220	-
Unreserved	23,056	9,186	27,633	27,623
Total Equity	23,307	15,020	46,853	27,623
Total Liabilities and Equity	$ 44,875	$ 20,481	$ 102,746	$ 28,914

Maintenance and Repair	Central Warehouse	Risk Management	Virginia Sickness and Disability	Other	Total June 30, 1999
$ 9,004	$ 1	$ 84,239	$ 8,511	$ 1,160	**$ 144,040**
1,235	3,541	137	1,463	786	**91,426**
-	-	1,800	349	-	**2,149**
269	4,567	-	-	125	**15,255**
-	-	2,068	-	-	**10,394**
-	-	25	-	1	**37**
179	613	15	-	875	**54,678**
$ 10,687	$ 8,722	$ 88,284	$ 10,323	$ 2,947	**$ 317,979**
$ 1,256	$ 220	$ 2,114	$ 106	$ 222	**$ 13,301**
476	-	-	-	-	**476**
-	-	171,894	-	-	**225,251**
-	-	6,345	390	-	**9,271**
1,044	146	149	7	269	**18,936**
-	-	60	656	84	**800**
-	251	-	756	-	**1,007**
-	-	-	-	-	**1,518**
4,801	-	12,513	-	200	**17,612**
7,577	617	193,075	1,915	775	**288,172**
-	-	-	-	-	**6,085**
-	-	-	-	-	**19,220**
3,110	8,105	(104,791)	8,408	2,172	**4,502**
3,110	8,105	(104,791)	8,408	2,172	**29,807**
$ 10,687	$ 8,722	$ 88,284	$ 10,323	$ 2,947	**$ 317,979**

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Operating Revenues:				
Charges for Sales and Services	$ 93,681	$ 33,997	$ 417,448	$ 10,742
Other	-	710	339	180
Total Operating Revenues	93,681	34,707	417,787	10,922
Operating Expenses:				
Cost of Sales and Services	-	23,081	-	-
Prizes and Claims	-	-	400,267	-
Personal Services	20,947	3,042	-	829
Contractual Services	48,205	1,261	27,197	1,184
Supplies and Materials	769	295	-	2,207
Depreciation and Amortization	9,333	671	-	3,862
Rent, Insurance, and Other Related Charges	7,358	159	-	118
Other	1,977	265	-	251
Total Operating Expenses	88,589	28,774	427,464	8,451
Operating Income (Loss)	5,092	5,933	(9,677)	2,471
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income	(432)	(327)	3,948	-
Income From Securities Lending Transactions	-	-	200	-
Expenses For Securities Lending Transactions	-	-	(191)	-
Other	-	414	87	105
Total Nonoperating Revenues (Expenses)	(432)	87	4,044	105
Income (Loss) Before Transfers	4,660	6,020	(5,633)	2,576
Transfers:				
Operating Transfers In	-	-	16,464	-
Operating Transfers In From Component Units	-	-	2,377	-
Operating Transfers Out	(321)	(9)	-	-
Total Transfers	(321)	(9)	18,841	-
Net Income (Loss)	4,339	6,011	13,208	2,576
Retained Earnings (Deficit), July 1	18,717	3,175	33,645	25,047
Retained Earnings (Deficit), June 30	$ 23,056	$ 9,186	$ 46,853	$ 27,623

Maintenance and Repair	Central Warehouse	Risk Management	Virginia Sickness and Disability	Other	Total June 30, 1999
$ 22,689	$ 41,061	$ 53,782	$ 10,091	$ 4,232	**$ 687,723**
-	-	-	-	-	**1,229**
22,689	41,061	53,782	10,091	4,232	**688,952**
-	37,875	-	-	-	**60,956**
-	-	49,355	1,273	-	**450,895**
6,985	947	836	400	2,611	**36,597**
7,652	2,095	161	265	543	**88,563**
2,189	55	32	-	474	**6,021**
51	55	5	-	115	**14,092**
6,900	378	8,510	7	542	**23,972**
3,766	46	8,652	91	172	**15,220**
27,543	41,451	67,551	2,036	4,457	**696,316**
(4,854)	(390)	(13,769)	8,055	(225)	**(7,364)**
-	-	5,240	359	47	**8,835**
-	-	259	9	-	**468**
-	-	(248)	(8)	-	**(447)**
-	-	-	(7)	-	**599**
-	-	5,251	353	47	**9,455**
(4,854)	(390)	(8,518)	8,408	(178)	**2,091**
320	-	1,160	-	252	**18,196**
-	-	-	-	-	**2,377**
(2,641)	(15)	(5)	-	(854)	**(3,845)**
(2,321)	(15)	1,155	-	(602)	**16,728**
(7,175)	(405)	(7,363)	8,408	(780)	**18,819**
10,285	8,510	(97,428)	-	2,952	**4,903**
$ 3,110	$ 8,105	$ (104,791)	$ 8,408	$ 2,172	**$ 23,722**

Combining Statement of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Information Technology	Correctional Enterprises	Health Care	Fleet Management
Cash Flows from Operating Activities:				
Receipts for Sales and Services	$ 2,080	$ 2,691	$ -	$ -
Receipts from Quasi-external Operating Transactions with Other Funds	87,107	30,545	416,478	10,446
Payments to Suppliers for Goods and Services	(8,046)	(19,593)	-	(802)
Payments for Quasi-external Operating Transactions with Other Funds	(574)	(1,833)	-	(1,373)
Payments for Prizes, Claims, and Loss Control	-	-	(417,673)	-
Payments to Employees	(20,770)	(7,563)	-	(808)
Other Operating Expense	(50,208)	(2,034)	(26,514)	(1,184)
Other Operating Revenue	-	417	427	425
Net Cash Provided by (Used for) Operating Activities	9,589	2,630	(27,282)	6,704
Cash Flows for Noncapital Financing Activities:				
Proceeds from Issuance of Bonds and Notes	-	-	-	-
Operating Transfers In from Other Funds	-	-	16,464	-
Operating Transfers In from Component Units	-	-	2,377	-
Operating Transfers Out to Other Funds	(521)	(9)	-	-
Other Noncapital Financing Activities	-	(500)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(521)	(509)	18,841	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(15,551)	(137)	-	(6,847)
Payment of Principal and Interest on Bonds and Notes	(2,929)	(714)	-	-
Proceeds from Sale of Bonds and Notes	11,502	-	-	-
Proceeds from Sale of Fixed Assets	312	-	-	901
Net Cash Used for Capital and Related Financing Activities	(6,666)	(851)	-	(5,946)
Cash Flows from Investing Activities:				
Purchase of Investments	-	-	-	-
Interest on Cash, Cash Equivalents, and Investments	-	-	3,956	-
Net Cash Provided by (Used for) Investing Activities	-	-	3,956	-
Net Increase (Decrease) in Cash and Cash Equivalents	2,402	1,270	(4,485)	758
Cash and Cash Equivalents, July 1	1,269	1,120	34,883	1,382
Cash and Cash Equivalents, June 30	$ 3,671	$ 2,390	$ 30,398	$ 2,140

Maintenance and Repair	Central Warehouse	Risk Management	Virginia Sickness and Disability	Other	Total June 30, 1999
$ 47	$ 5,232	$ -	$ -	$ 647	**$ 10,697**
21,595	33,611	53,348	8,790	3,029	**664,949**
(12,475)	(38,954)	(17,485)	-	(945)	**(98,300)**
(287)	(878)	(52)	-	(125)	**(5,122)**
-	-	(45,966)	(1,195)	-	**(464,834)**
(6,786)	(919)	(869)	-	(2,554)	**(40,269)**
(7,652)	(2,091)	(161)	-	(543)	**(90,387)**
33	-	-	-	47	**1,349**
(5,525)	(3,999)	(11,185)	7,595	(444)	**(21,917)**
-	250	-	-	-	**250**
320	-	1,035	-	-	**17,819**
-	-	-	-	-	**2,377**
(2,641)	(15)	(195)	-	(720)	**(4,101)**
-	-	-	-	-	**(500)**
(2,321)	235	840	-	(720)	**15,845**
(64)	(164)	-	-	(266)	**(23,029)**
-	-	-	-	-	**(3,643)**
-	-	-	-	-	**11,502**
-	-	-	-	-	**1,213**
(64)	(164)	-	-	(266)	**(13,957)**
-	-	-	(7,888)	-	**(7,888)**
-	-	5,272	293	-	**9,521**
-	-	5,272	(7,595)	-	**1,633**
(7,910)	(3,928)	(5,073)	-	(1,430)	**(18,396)**
16,914	3,929	82,992	-	2,591	**145,080**
$ 9,004	$ 1	$ 77,919	$ -	$ 1,161	**$ 126,684**

(Continued on next page)

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

For the Fiscal Year Ended June 30, 1999
(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)	$ 5,092	$ 5,933	$ (9,677)	$ 2,471
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	9,333	671	-	3,862
Miscellaneous Nonoperating Income	-	417	87	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(4,634)	(1,444)	(16,717)	(476)
(Increase) Decrease in Due From Other Funds	-	-	-	-
(Increase) Decrease in Inventory	-	(3,436)	-	-
(Increase) Decrease in Prepaid Items	(98)	-	-	-
Increase (Decrease) in Accounts Payable	(358)	419	-	823
Increase (Decrease) in Amounts Due to Other Governments	-	-	-	-
Increase (Decrease) in Claims Payable	-	-	(975)	-
Increase (Decrease) in Due to Other Funds	-	-	-	-
Increase (Decrease) in Deferred Revenue	77	(27)	-	-
Increase (Decrease) in Long-Term Liabilities	177	97	-	24
Increase (Decrease) in Other Liabilities	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	$ 9,589	$ 2,630	$ (27,282)	$ 6,704
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	$ 3,663	$ 2,387	$ 32,935	$ 2,140
Cash and Travel Advances	8	3	-	-
Less:				
Investments with Original Maturities Greater than Three Months	-	-	2,537	-
Cash and Cash Equivalents per the Statement of Cash Flows	$ 3,671	$ 2,390	$ 30,398	$ 2,140

Maintenance and Repair	Central Warehouse	Risk Management	Virginia Sickness and Disability	Other	Total June 30, 1999
$ (4,854)	$ (390)	$ (13,769)	$ 8,055	$ (225)	**$ (7,364)**
51	55	5	-	115	**14,092**
33	-	-	-	47	**584**
(593)	(2,218)	127	(951)	(297)	**(27,203)**
-	-	-	(350)	-	**(350)**
-	(951)	-	-	(105)	**(4,492)**
(46)	-	1,068	-	-	**924**
(67)	(765)	498	-	123	**673**
(14)	-	-	-	-	**(14)**
-	-	1,407	78	-	**510**
-	250	-	756	-	**1,006**
(173)	-	(403)	-	-	**(526)**
138	20	17	7	53	**533**
-	-	(135)	-	(155)	**(290)**
$ (5,525)	$ (3,999)	$ (11,185)	$ 7,595	$ (444)	**$ (21,917)**
$ 9,004	$ 1	$ 84,239	$ 8,511	$ 1,160	**$ 144,040**
-	-	25	-	1	**37**
-	-	6,345	8,511	-	**17,393**
$ 9,004	$ 1	$ 77,919	$ -	$ 1,161	**$ 126,684**

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.

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

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

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

Investment Trust Funds

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

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

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

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

Nonexpendable Trust Fund

A Nonexpendable Trust Fund is one whose principal must remain intact.

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

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.

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.

Miscellaneous Funds include:

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

Combining Balance Sheet
All Trust and Agency Funds

June 30, 1999
(Dollars in Thousands)

	Pension Trust Funds						
	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Postemployment Retiree Health Insurance Credit Fund	Postemployment Group Life	Political Appointees	Total
Assets							
Cash, Cash Equivalents, and Investments	$ 36,324,338	$ 459,557	$ 255,520	$ 71,677	$ 1,049,645	$ 840	$ 38,161,577
Taxes, Loans, Accounts, and Other Receivables (Net)	2,321,380	28,261	16,021	4,422	64,215	-	2,434,299
Due from Other Funds and Primary Government	2,004	1,378	1,401	-	-	-	4,783
Inventory	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
Property, Plant, and Equipment (Net)	6,820	-	-	-	-	-	6,820
Total Assets	$ 38,654,542	$ 489,196	$ 272,942	$ 76,099	$ 1,113,860	$ 840	$ 40,607,479
Liabilities and Fund Equity							
Liabilities:							
Accounts Payable	$ 222,549	$ 2,917	$ 2,216	$ 1,786	$ 3,597	$ -	$ 233,065
Amounts Due to Other Governments	-	-	-	-	-	-	-
Claims Payable	-	-	-	-	20,893	-	20,893
Obligations Under Securities Lending Program	1,662,531	21,035	11,696	3,281	48,044	-	1,746,587
Long-Term Liabilities	1,212	5	3	3	21	-	1,244
Other Liabilities	2,800,660	35,431	19,700	5,526	80,926	-	2,942,243
Due to Other Funds and Primary Government	2,954	10	5	498	909	-	4,376
Total Liabilities	4,689,906	59,398	33,620	11,094	154,390	-	4,948,408
Fund Equity:							
Fund Balance:							
Reserved	33,964,636	429,798	239,322	65,005	959,470	840	35,659,071
Unreserved	-	-	-	-	-	-	-
Total Fund Equity	33,964,636	429,798	239,322	65,005	959,470	840	35,659,071
Total Liabilities and Fund Equity	$ 38,654,542	$ 489,196	$ 272,942	$ 76,099	$ 1,113,860	$ 840	$ 40,607,479

Investment Trust Funds							
Local Government Investment Pool	State Non-Arbitrage Pool (SNAP)	SNAP Individual Investment Accounts	Total	Non-Expendable Trust Fund	Expendable Trust Funds	Agency Funds	Total June 30, 1999
$ 1,353,610	$ 974,127	$ 23,221	$ 2,350,958	$ 27,628	$ 1,153,887	$ 410,316	**$ 42,104,366**
7,426	5,584	202	13,212	-	37,908	69,921	**2,555,340**
-	-	-	-	-	7,993	30	**12,806**
-	-	-	-	-	1,521	-	**1,521**
-	61	-	61	-	11	-	**72**
-	-	-	-	-	40	-	**6,860**
$ 1,361,036	$ 979,772	$ 23,423	$ 2,364,231	$ 27,628	$ 1,201,360	$ 480,267	**$ 44,680,965**
$ -	$ -	$ -	$ -	$ 5	$ 21,889	$ 1,169	**$ 256,128**
-	-	-	-	-	1,294	155,731	**157,025**
-	-	-	-	-	18,399	-	**39,292**
-	-	-	-	-	2,148	-	**1,748,735**
-	-	-	-	-	-	-	**1,244**
-	19,193	-	19,193	-	1,103	315,244	**3,277,783**
1,175	-	-	1,175	-	91	8,123	**13,765**
1,175	19,193	-	20,368	5	44,924	480,267	**5,493,972**
1,359,861	960,579	23,423	2,343,863	27,623	2,253	-	**38,032,810**
-	-	-	-	-	1,154,183	-	**1,154,183**
1,359,861	960,579	23,423	2,343,863	27,623	1,156,436	-	**39,186,993**
$ 1,361,036	$ 979,772	$ 23,423	$ 2,364,231	$ 27,628	$ 1,201,360	$ 480,267	**$ 44,680,965**

Combining Statement of Plan Net Assets
Pension Trust Funds

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Postemployment Retiree Health Insurance Credit Fund	Postemployment Group Life	Political Appointees	Total June 30, 1999
Assets							
Cash	$ 2,231	$ 2	$ 1	$ -	$ 4	$ -	**$ 2,238**
Receivables							
Contributions	132,814	579	630	75	991	-	**135,089**
Interest and Dividends	92,445	1,170	650	182	2,671	-	**97,118**
Receivable for Security Transactions	1,948,469	24,653	13,707	3,845	56,307	-	**2,046,981**
Other Receivables	147,652	1,859	1,034	320	4,246	-	**155,111**
Total Receivables	2,321,380	28,261	16,021	4,422	64,215	-	**2,434,299**
Due from Other Funds and Primary Government	2,004	1,378	1,401	-	-	-	**4,783**
Investments							
Bonds and Mortgage Securities	6,339,368	80,207	44,596	12,510	183,196	77	**6,659,954**
Stocks	10,582,786	133,896	74,448	20,884	305,823	763	**11,118,600**
Fixed Income Commingled Funds	1,806,434	22,855	12,708	3,565	52,203	-	**1,897,765**
Index and Pooled Funds	11,558,359	146,238	81,310	22,808	334,014	-	**12,142,729**
Real Estate	1,081,516	13,684	7,608	2,134	31,254	-	**1,136,196**
Venture Capital	1,929,504	24,413	13,574	3,808	55,759	-	**2,027,058**
Short-term Investments	1,361,609	17,227	9,579	2,687	39,348	-	**1,430,450**
Total Investments	34,659,576	438,520	243,823	68,396	1,001,597	840	**36,412,752**
Collateral on Loaned Securities	1,662,531	21,035	11,696	3,281	48,044	-	**1,746,587**
Furniture and Equipment	6,820	-	-	-	-	-	**6,820**
Total Assets	38,654,542	489,196	272,942	76,099	1,113,860	840	**40,607,479**
Liabilities							
Retirement Benefits Payable	97,765	1,358	1,385	-	-	-	**100,508**
Refunds Payable	5,788	65	-	81	184	-	**6,118**
Accounts Payable and Accrued Expenses	118,996	1,494	831	1,705	3,413	-	**126,439**
Compensated Absences Payable	813	-	-	-	-	-	**813**
Insurance Premiums and Claims Payable	-	-	-	-	20,893	-	**20,893**
Payable for Security Transactions	2,800,393	35,431	19,700	5,526	80,926	-	**2,941,976**
Pension Liability	399	5	3	3	21	-	**431**
Other Payables	267	-	-	-	-	-	**267**
Obligations Under Securities Lending Program	1,662,531	21,035	11,696	3,281	48,044	-	**1,746,587**
Due to Other Funds	2,954	10	5	498	909	-	**4,376**
Total Liabilities	4,689,906	59,398	33,620	11,094	154,390	-	**4,948,408**
Net Assets Held in Trust for Pension/Postemployment Benefits	$ 33,964,636	$ 429,798	$ 239,322	$ 65,005	$ 959,470	$ 840	**$ 35,659,071**

Combining Statement of Plan Net Assets
Investment Trust Funds

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Local Government Investment Pool	State Non-Arbitrage Pool (SNAP)	SNAP Individual Investment Accounts	Total June 30, 1999
Assets				
Cash, Cash Equivalents, and Investments	$ 1,353,610	$ 974,127	$ 23,221	**$ 2,350,958**
Interest and Dividends Receivable	7,426	5,584	202	**13,212**
Other Assets	-	61	-	**61**
Total Assets	1,361,036	979,772	23,423	**2,364,231**
Liabilities				
Other Liabilities	-	19,193	-	**19,193**
Due to Other Funds	1,175	-	-	**1,175**
Total Liabilities	1,175	19,193	-	**20,368**
Net Assets Held in Trust for Pool Participants	$ 1,359,861	$ 960,579	$ 23,423	**$ 2,343,863**

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

Combining Statement of Changes in Assets and Liabilities
All Agency Funds

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Funds for the Collection of Taxes and Fees				
Assets:				
Cash, Cash Equivalents, and Investments	$ 77,873	$ 799,116	$ 787,507	**$ 89,482**
Taxes, Loans, Accounts, and Other Receivables (Net)	64,846	69,186	64,846	**69,186**
Total Assets	$ 142,719	$ 868,302	$ 852,353	**$ 158,668**
Liabilities:				
Amounts Due to Other Governments	$ 141,372	$ 853,358	$ 839,040	**$ 155,690**
Other Liabilities	1,347	14,977	13,346	**2,978**
Total Liabilities	$ 142,719	$ 868,335	$ 852,386	**$ 158,668**
Employee Benefits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 1,535	$ 96,823	$ 97,436	**$ 922**
Total Assets	$ 1,535	$ 96,823	$ 97,436	**$ 922**
Liabilities:				
Accounts Payable	$ 1,535	$ 96,823	$ 97,436	**$ 922**
Total Liabilities	$ 1,535	$ 96,823	$ 97,436	**$ 922**
Mined Land Deposits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 4,989	$ 675	$ 560	**$ 5,104**
Total Assets	$ 4,989	$ 675	$ 560	**$ 5,104**
Liabilities:				
Other Liabilities	$ 4,989	$ 675	$ 560	**$ 5,104**
Total Liabilities	$ 4,989	$ 675	$ 560	**$ 5,104**
Deposits of Insurance Carriers Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 298,917	$ 84,749	$ 93,973	**$ 289,693**
Total Assets	$ 298,917	$ 84,749	$ 93,973	**$ 289,693**
Liabilities:				
Other Liabilities	$ 298,917	$ 84,749	$ 93,973	**$ 289,693**
Total Liabilities	$ 298,917	$ 84,749	$ 93,973	**$ 289,693**
Inmate/Ward Trust Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 2,451	$ 914	$ -	**$ 3,365**
Taxes, Loans, Accounts, and Other Receivables (Net)	697	-	108	**589**
Total Assets	$ 3,148	$ 914	$ 108	**$ 3,954**
Liabilities:				
Accounts Payable	$ 76	$ 70	$ 4	**$ 142**
Other Liabilities	3,072	773	33	**3,812**
Total Liabilities	$ 3,148	$ 843	$ 37	**$ 3,954**

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Child Support Collections Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 14,960	$ 336,666	$ 335,309	**$ 16,317**
Due from Other Funds	-	30	-	**30**
Total Assets	$ 14,960	$ 336,696	$ 335,309	**$ 16,347**
Liabilities:				
Due to Other Funds	$ 7,525	$ 7,812	$ 7,214	**$ 8,123**
Other Liablities	7,435	337,433	336,644	**8,224**
Total Liabilities	$ 14,960	$ 345,245	$ 343,858	**$ 16,347**
Mental Health Patient Trust Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 2,132	$ 13	$ -	**$ 2,145**
Total Assets	$ 2,132	$ 13	$ -	**$ 2,145**
Liabilities:				
Other Liabilities	$ 2,132	$ 13	$ -	**$ 2,145**
Total Liabilities	$ 2,132	$ 13	$ -	**$ 2,145**
Miscellaneous				
Assets:				
Cash, Cash Equivalents, and Investments	$ 2,030	$ 19,644	$ 18,386	**$ 3,288**
Taxes, Loans, Accounts, and Other Receivables (Net)	1,284	-	1,138	**146**
Total Assets	$ 3,314	$ 19,644	$ 19,524	**$ 3,434**
Liabilities:				
Amounts Due to Other Governments	$ 288	$ 617	$ 864	**$ 41**
Other Liabilities	2,914	19,027	18,653	**3,288**
Accounts Payable	112	-	7	**105**
Total Liabilities	$ 3,314	$ 19,644	$ 19,524	**$ 3,434**
Totals-All Agency Funds				
Assets:				
Cash, Cash Equivalents, and Investments	$ 404,887	$ 1,338,600	$ 1,333,171	**$ 410,316**
Taxes, Loans, Accounts, and Other Receivables (Net)	66,827	69,186	66,092	**69,921**
Due from Other Funds	-	30	-	**30**
Total Assets	$ 471,714	$ 1,407,816	$ 1,399,263	**$ 480,267**
Liabilities:				
Accounts Payable	$ 1,723	$ 96,893	$ 97,447	**$ 1,169**
Amounts Due to Other Governments	141,660	853,975	839,904	**155,731**
Due to Other Funds	7,525	7,812	7,214	**8,123**
Other Liabilities	320,806	457,647	463,209	**315,244**
Total Liabilities	$ 471,714	$ 1,416,327	$ 1,407,774	**$ 480,267**

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.

Proprietary Funds

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

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

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

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

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

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

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

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

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

Other includes:

- **The A. L. Philpott Manufacturing Extension Partnership**, which promotes industrial expansion by providing consulting services to manufacturers;
- **The Virginia Equine Center Foundation**, which operates the Equine Center for the benefit of the equine industry; and,
- **The State Education Assistance Authority**, which facilitated the education of residents by guaranteeing student loans provided to residents by financial institutions of the Commonwealth through a program administered by the federal government. In previous years, the Authority was disclosed separately due to the significance of its financial activity.

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, 1999
(Dollars in Thousands)

	Virginia Port Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Totals June 30, 1999
Assets				
Cash, Cash Equivalents, and Investments	$ 79,551	$ 1,847	$ 1,746	**$ 83,144**
Taxes, Loans, Accounts, and Other Receivables (Net)	2,952	7	-	**2,959**
Due from Component Units	4,125	-	-	**4,125**
Prepaid Items	-	37	2	**39**
Other Assets	71	467	-	**538**
Property, Plant, and Equipment	541,461	2,292	6,865	**550,618**
Other Debits:				
Amount Available for Retirement of Long-Term Debt	8,807	-	-	**8,807**
Amount to be Provided for:				
Retirement of Long-Term Debt	199,420	1,185	-	**200,605**
Pension Liability	310	524	-	**834**
Total Assets	$ 836,697	$ 6,359	$ 8,613	**$ 851,669**
Liabilities and Equity				
Liabilities:				
Accounts Payable	$ 10,184	$ 1,257	$ 15	**$ 11,456**
Obligations Under Securities Lending Program	940	-	-	**940**
Long-Term Liabilities	208,528	1,709	-	**210,237**
Other Liabilities	8,430	10	-	**8,440**
Deferred Revenue and Deferred Credit	-	110	-	**110**
Total Liabilities	228,082	3,086	15	**231,183**
Fund Equity:				
Investment in General Fixed Assets	541,461	2,292	6,865	**550,618**
Fund Balances:				
Reserved	61,839	215	-	**62,054**
Unreserved	5,315	766	1,733	**7,814**
Total Fund Equity	608,615	3,273	8,598	**620,486**
Total Liabilities and Equity	$ 836,697	$ 6,359	$ 8,613	**$ 851,669**

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

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	Virginia Port Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Totals June 30, 1999
Revenues:				
Interest, Dividends, Rents and Other Investment Income	$ 28,540	$ 1,490	$ 95	**$ 30,125**
Federal Grants and Contracts	-	1	-	**1**
Proceeds from Securities Lending Transactions	22	-	-	**22**
Other	115	412	291	**818**
Total Revenues	28,677	1,903	386	**30,966**
Expenditures:				
Current:				
General Government	-	-	397	**397**
Transportation	8,989	-	-	**8,989**
Resources and Economic Development	8,504	38,710	-	**47,214**
Capital Outlay	49,166	-	-	**49,166**
Debt Service:				
Principal Retirement	3,563	-	-	**3,563**
Interest and Charges	12,085	-	-	**12,085**
Payments for Securities Lending Transactions	21	-	-	**21**
Total Expenditures	82,328	38,710	397	**121,435**
Revenues Over (Under) Expenditures	(53,651)	(36,807)	(11)	**(90,469)**
Other Financing Sources (Uses):				
Transfers:				
Operating Transfers In From Primary Government	31,866	36,683	-	**68,549**
Operating Transfers In From Component Units	375	-	-	**375**
Operating Transfers Out to Primary Government	(207)	(37)	-	**(244)**
Operating Transfers Out to Component Units	(4,794)	-	-	**(4,794)**
Total Other Financing Sources (Uses)	27,240	36,646	-	**63,886**
Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	(26,411)	(161)	(11)	**(26,583)**
Fund Balance, July 1	93,565	1,142	1,744	**96,451**
Fund Balance, June 30	$ 67,154	$ 981	$ 1,733	**$ 69,868**

Combining Balance Sheet
Component Units - Proprietary Funds

June 30, 1999
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority	Hampton Roads Sanitation District Commission
Assets					
Cash, Cash Equivalents, and Investments	$ 2,306,722	$ 21,084	$ 141,656	$ 1,752,096	$ 90,841
Taxes, Loans, Accounts, and Other Receivables (Net)	4,922,581	18,692	749,578	309,051	15,411
Interfund Loans Receivable	-	-	-	83,110	-
Inventory	29,433	5,772	-	-	-
Restricted Assets	-	1,366	-	-	-
Prepaid Items	-	5,114	18	-	1,097
Other Assets	6,028	227	-	3,295	-
Property, Plant, and Equipment (Net)	18,511	16,745	109	-	424,512
Total Assets	$ 7,283,275	$ 69,000	$ 891,361	$ 2,147,552	$ 531,861
Liabilities and Equity					
Liabilities:					
Accounts Payable	$ 61,840	$ 3,404	$ 62	$ 150	$ 5,693
Amounts Due to Other Governments	-	-	-	73	-
Claims Payable	-	-	-	-	-
Obligations Under Securities Lending Program	-	-	-	-	-
Long-Term Liabilities	5,870,094	2,732	326,641	1,784,280	183,775
Other Liabilities	332,541	7,177	3,786	44,681	4,598
Due to Component Units	-	4,125	-	-	-
Interfund Loans Payable	-	-	-	297,541	-
Deferred Revenue and Deferred Credit	-	-	545	-	-
Total Liabilities	6,264,475	17,438	331,034	2,126,725	194,066
Equity:					
Contributed Capital	-	8,103	435,433	-	223,756
Retained Earnings (Deficit)					
Reserved	801,835	-	100,914	-	59,558
Unreserved	216,965	43,459	23,980	20,827	54,481
Total Equity	1,018,800	51,562	560,327	20,827	337,795
Total Liabilities and Equity	$ 7,283,275	$ 69,000	$ 891,361	$ 2,147,552	$ 531,861

Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 1999
$ 3,591	$ 37,016	$ 24,978	$ 10,350	$ 2,475	**$ 4,390,809**
48,176	117,044	6,885	1,962	189	**6,189,569**
-	-	-	-	-	**83,110**
-	2,200	-	-	13	**37,418**
-	167,188	321	-	-	**168,875**
15	6,407	-	-	6	**12,657**
3,182	8,256	6	-	146	**21,140**
22,650	154,000	-	-	10,359	**646,886**
$ 77,614	$ 492,111	$ 32,190	$ 12,312	$ 13,188	**$ 11,550,464**
$ 73	$ 24,023	$ -	$ -	$ 300	**$ 95,545**
-	-	-	-	-	**73**
-	5,175	-	-	-	**5,175**
-	-	1,677	-	-	**1,677**
64,879	112,324	-	-	7,035	**8,351,760**
98	5,521	327	-	189	**398,918**
-	4,554	-	-	-	**8,679**
-	-	-	-	-	**297,541**
250	-	-	-	50	**845**
65,300	151,597	2,004	-	7,574	**9,160,213**
11,526	311,798	1,000	-	6,748	**998,364**
-	18,539	-	-	-	**980,846**
788	10,177	29,186	12,312	(1,134)	**411,041**
12,314	340,514	30,186	12,312	5,614	**2,390,251**
$ 77,614	$ 492,111	$ 32,190	$ 12,312	$ 13,188	**$ 11,550,464**

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

June 30, 1999
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority	Hampton Roads Sanitation District Commission
Operating Revenues:					
Interest, Dividends, Rents, and Other Investment Income	$ 445,329	$ -	$ 39,848	$ 101,783	$ -
Charges for Sales and Services	2,541	127,663	-	-	82,642
Other	131,324	-	70,968	-	3,823
Total Operating Revenues	579,194	127,663	110,816	101,783	86,465
Operating Expenses:					
Interest Expense	326,359	-	21,090	91,223	-
Cost of Sales and Services	12,832	52,306	-	-	46,381
Prizes and Claims	-	-	-	-	-
Personal Services	17,228	55,700	869	-	6,492
Contractual Services	-	10,066	208	1,531	-
Supplies and Materials	-	3,884	-	-	8,964
Depreciation and Amortization	3,784	4,586	36	-	27,402
Rent, Insurance, and Other Related Charges	10,086	1,703	164	-	-
Other	125,356	148	71,649	1,790	-
Total Operating Expenses	495,645	128,393	94,016	94,544	89,239
Operating Income (Loss)	83,549	(730)	16,800	7,239	(2,774)
Nonoperating Revenues (Expenses):					
Interest, Dividends, Rents, and Other Investment Income	-	-	-	(5)	(4,519)
Income From Securities Lending Transactions	-	-	-	-	-
Expenses For Securities Lending Transactions	-	-	-	-	-
Other	-	-	638	-	5,742
Total Nonoperating Revenues (Expenses)	-	-	638	(5)	1,223
Income (Loss) Before Transfers	83,549	(730)	17,438	7,234	(1,551)
Transfers:					
Operating Transfers In From Primary Government	-	-	12,647	-	-
Operating Transfers In From Component Units	-	4,794	-	-	-
Operating Transfers Out To Primary Government	-	-	-	(8,517)	-
Operating Transfers Out to Component Units	-	(375)	-	-	-
Total Transfers	-	4,419	12,647	(8,517)	-
Net Income (Loss)	83,549	3,689	30,085	(1,283)	(1,551)
Retained Earnings (Deficit), July 1	935,251	39,770	94,809	22,110	115,590
Retained Earnings (Deficit), June 30	$ 1,018,800	$ 43,459	$ 124,894	$ 20,827	$ 114,039

Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 1999
$ 2,129	$ -	$ 537	$ -	$ -	**$ 589,626**
-	451,367	116	12,179	1,637	**678,145**
685	11,176	4	-	3,202	**221,182**
2,814	462,543	657	12,179	4,839	**1,488,953**
-	1,510	-	-	-	**440,182**
-	-	-	-	309	**111,828**
-	16,339	-	-	-	**16,339**
357	213,606	264	1	2,125	**296,642**
150	82,381	274	-	1,395	**96,005**
-	90,987	-	-	109	**103,944**
835	19,810	-	-	422	**56,875**
702	-	6	-	430	**13,091**
96	43,061	80	-	324	**242,504**
2,140	467,694	624	1	5,114	**1,377,410**
674	(5,151)	33	12,178	(275)	**111,543**
(1,952)	17,200	1,132	134	(314)	**11,676**
-	-	47	-	-	**47**
-	-	(45)	-	-	**(45)**
(506)	(4,331)	(1,619)	-	1,500	**1,424**
(2,458)	12,869	(485)	134	1,186	**13,102**
(1,784)	7,718	(452)	12,312	911	**124,645**
-	-	1,292	-	1,035	**14,974**
-	-	-	-	-	**4,794**
-	(1,295)	-	-	-	**(9,812)**
-	-	-	-	-	**(375)**
-	(1,295)	1,292	-	1,035	**9,581**
(1,784)	6,423	840	12,312	1,946	**134,226**
2,572	22,293	28,346	-	(3,080)	**1,257,661**
$ 788	$ 28,716	$ 29,186	$ 12,312	$ (1,134)	**$ 1,391,887**

Combining Statement of Cash Flows
Component Units - Proprietary Funds

June 30, 1999
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority	Hampton Roads Sanitation District Commission
Cash Flows from Operating Activities:					
Receipts for Sales and Services	$ 41,719	$ 130,777	$ -	$ -	$ 81,390
Payments to Suppliers for Goods and Services	(19,429)	(57,195)	(316)	(445)	(34,742)
Payments for Quasi-external Operating Transactions with Other Funds	-	-	-	-	-
Payments for Prizes, Claims, and Loss Control	-	-	-	-	-
Payments to Employees	(18,194)	(55,528)	(1,090)	-	(25,246)
Other Operating Expense	(1,075,566)	(10,066)	(96,267)	(29,334)	-
Other Operating Revenue	1,155,365	-	110,189	253,681	9,565
Net Cash Provided by (Used for) Operating Activities	83,895	7,988	12,516	223,902	30,967
Cash Flows from Noncapital Financing Activities:					
Payment of Principal and Interest on Bonds and Notes	(1,265,536)	-	(81,593)	(220,857)	-
Proceeds from Issuance of Bonds and Notes	1,526,640	-	24,550	259,146	-
Transfers In From Other Funds	-	-	-	-	-
Transfers In From Primary Government	-	-	12,647	-	-
Transfers In From Component Units	-	4,794	-	-	-
Transfers Out To Primary Government	-	-	-	(40,248)	-
Transfers Out to Component Units	-	(375)	-	-	-
Other Noncapital Nonfinancing Activities	-	-	40,476	-	-
Payments of Debt Issuance Costs	(6,925)	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	254,179	4,419	(3,920)	(1,959)	-
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Fixed Assets	(2,176)	(2,137)	(54)	-	(16,616)
Payment of Principal and Interest on Bonds and Notes	(2,313)	-	-	-	(21,092)
Proceeds from Sale of Bonds and Notes	-	-	-	-	926
Proceeds from Sale of Fixed Assets	-	107	1	-	-
Other Capital and Related Financing Activities	-	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,489)	(2,030)	(53)	-	(36,782)
Cash Flows from Investing Activities:					
Purchase of Investments	(1,705,090)	(2,875)	(2,570)	(259,351)	(66,760)
Proceeds from Sales or Maturities of Investments	1,352,334	-	4,920	563	70,521
Interest on Cash, Cash Equivalents, and Investments	97,478	620	7,681	5,734	4,077
Net Cash Provided by (Used for) Investing Activities	(255,278)	(2,255)	10,031	(253,054)	7,838
Net Increase (Decrease) in Cash and Cash Equivalents	78,307	8,122	18,574	(31,111)	2,023
Cash and Cash Equivalents, July 1	764,190	9,333	104,999	76,284	6,322
Cash and Cash Equivalents, June 30	$ 842,497	$ 17,455	$ 123,573	$ 45,173	$ 8,345

Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 1999
$ 1,992	$ 414,413	$ 116	$ 10,217	$ 1,621	**$ 682,245**
(889)	(92,257)	(44)	-	(1,053)	**(206,370)**
-	-	(28)	-	-	**(28)**
-	(15,849)	-	-	-	**(15,849)**
(357)	(213,418)	(264)	(1)	(2,084)	**(316,182)**
(433)	(99,578)	(4,315)	-	(1,550)	**(1,317,109)**
694	8,660	12,058	-	3,224	**1,553,436**
1,007	1,971	7,523	10,216	158	**380,143**
-	-	-	-	-	**(1,567,986)**
-	-	-	-	-	**1,810,336**
-	-	3	-	-	**3**
-	-	1,292	-	1,025	**14,964**
-	-	-	-	-	**4,794**
-	-	-	-	-	**(40,248)**
-	-	-	-	-	**(375)**
(1,100)	-	-	-	-	**39,376**
-	-	-	-	-	**(6,925)**
(1,100)	-	1,295	-	1,025	**253,939**
(3,453)	(30,432)	-	-	(97)	**(54,965)**
(4,003)	(7,061)	-	-	(1,025)	**(35,494)**
6,414	65,080	-	-	-	**72,420**
-	-	-	-	-	**108**
1,000	489	-	-	-	**1,489**
(42)	28,076	-	-	(1,122)	**(16,442)**
-	(623,307)	-	-	(12)	**(2,659,965)**
1,957	576,821	-	-	-	**2,007,116**
-	8,780	1,009	134	110	**125,623**
1,957	(37,706)	1,009	134	98	**(527,226)**
1,822	(7,659)	9,827	10,350	159	**90,414**
1,769	24,074	13,474	-	1,825	**1,002,270**
$ 3,591	$ 16,415	$ 23,301	$ 10,350	$ 1,984	**$ 1,092,684**

(Continued on next page)

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

June 30, 1999
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Port Authority	Virginia Resources Authority	Virginia Public School Authority	Hampton Roads Sanitation District Commission
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	$ 83,549	$ (730)	$ 16,800	$ 7,239	$ (2,774)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:					
Depreciation and Amortization	3,784	4,586	36	-	27,402
Interest on Bonds and Notes	326,359	-	20,243	90,945	-
Interest, Dividends, Rents, and Other Investment Income	(84,773)	(620)	(7,136)	(5,728)	-
Payment of Bond Issuance Expenses	-	-	-	896	-
Loss (Gain) on Sale of Fixed Assets	4	67	9	-	-
Miscellaneous Nonoperating Income (Expense)	(61)	-	638	159,533	5,742
Other Expenses	-	442	-	1,550	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(266,632)	3,885	(17,719)	(1,508)	(574)
(Increase) Decrease in Inventory	1,817	257	-	-	-
(Increase) Decrease in Restricted Assets	-	(121)	-	-	-
(Increase) Decrease in Prepaid Items	-	(975)	11	-	(152)
Increase (Decrease) in Accounts Payable	(5,581)	1,117	(219)	92	708
Increase (Decrease) in Amounts Due to Other Governments	-	-	-	(29,117)	-
Increase (Decrease) in Claims Payable	-	-	-	-	-
Increase (Decrease) in Deferred Revenue	-	-	(140)	-	-
Increase (Decrease) in Long-Term Liabilities	151	76	-	-	113
Increase (Decrease) in Other Liabilities	25,278	4	(7)	-	502
Net Cash Provided by (Used for) Operating Activities	$ 83,895	$ 7,988	$ 12,516	$ 223,902	$ 30,967
Reconciliation of Cash, Cash Equivalents, and Investments:					
Per the Balance Sheet:					
Cash, Cash Equivalents, and Investments	$ 2,306,722	$ 21,084	$ 141,656	$ 1,752,096	$ 90,841
Less:					
Investments with Original Maturities Greater than Three Months	1,464,225	3,629	18,083	1,706,923	82,496
Cash and Cash Equivalents per the Statement of Cash Flows	$ 842,497	$ 17,455	$ 123,573	$ 45,173	$ 8,345
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	$ 43,895	$ -	$ -	$ -	$ -
Trade-ins of Used Equipment on New Equipment	-	5	-	-	-
Contributions of Fixed Assets	-	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	$ 43,895	$ 5	$ -	$ -	$ -

Virginia Biotechnology Research Park Authority	Medical College of Virginia Hospitals Authority	Small Business Financing Authority	Wireless E-911 Service Board	Other	Total June 30, 1999
$ 674	$ (5,151)	$ 33	$ 12,178	$ (275)	**$ 111,543**
835	19,810	-	-	422	**56,875**
-	1,510	-	-	-	**439,057**
-	829	-	-	-	**(97,428)**
-	-	-	-	-	**896**
-	92	-	-	-	**172**
-	-	-	-	-	**165,852**
54	21,132	(3,598)	-	-	**19,580**
32	(36,953)	11,088	(1,962)	17	**(310,326)**
-	570	-	-	2	**2,646**
-	-	-	-	-	**(121)**
(10)	(3,855)	-	-	1	**(4,980)**
(414)	(539)	-	-	(16)	**(4,852)**
-	-	-	-	-	**(29,117)**
-	490	-	-	-	**490**
(164)	-	-	-	(11)	**(315)**
-	1,483	-	-	42	**1,865**
-	2,553	-	-	(24)	**28,306**
$ 1,007	$ 1,971	$ 7,523	$ 10,216	$ 158	**$ 380,143**
$ 3,591	$ 37,016	$ 24,978	$ 10,350	$ 2,475	**$ 4,390,809**
-	20,601	1,677	-	491	**3,298,125**
$ 3,591	$ 16,415	$ 23,301	$ 10,350	$ 1,984	**$ 1,092,684**
$ -	$ -	$ -	$ -	$ -	**$ 43,895**
-	-	-	-	-	**5**
-	5,357	-	-	-	**5,357**
$ -	$ 5,357	$ -	$ -	$ -	**$ 49,257**

Combining Balance Sheet
Higher Education Fund

June 30, 1999
(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	$ 83,613	$ 1,808,132	$ 171,583	$ 22,727
Taxes, Loans, Accounts, and Other				
Receivables (Net)	5,824	161,814	44,594	1,676
Due from Other Funds and Primary Government	224	-	228	104
Due from Component Units	2	7,122	8,839	60
Inventory	534	11,304	5,199	2,160
Prepaid Items	-	5,429	8,618	394
Other Assets	111	303	209	-
Property, Plant, and Equipment	336,781	1,610,144	790,438	96,025
Total Assets	$ 427,089	$ 3,604,248	$ 1,029,708	$ 123,146
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 15,797	$ 90,866	$ 66,808	$ 524
Obligations Under Securities Lending Program	851	3,082	872	83
Long-Term Liabilities	55,706	344,908	199,820	6,353
Other Liabilities	546	37,298	3,914	2,337
Due to Component Units	-	-	-	-
Interfund Loans Payable	700	175	-	-
Deferred Revenue and Deferred Credit	3,859	50,144	7,761	703
Total Liabilities	77,459	526,473	279,175	10,000
Fund Equity:				
Unrestricted	(803)	114,172	(1,786)	1,300
Restricted	8,203	118,349	16,925	194
U.S. Government Grants Refundable	2,394	15,086	13,602	1,051
University Funds--Restricted	444	11,477	336	284
Life Income and Annuity	-	30,035	77	-
Endowment	34,912	471,867	357	1,263
Quasi-endowment--Unrestricted	2,967	336,980	489	2,002
Quasi-endowment--Restricted	4,503	441,681	45,998	15,045
Unexpended	30,437	189,298	2,511	-
Renewals and Replacements	415	34,882	2,537	(120)
Retirement of Indebtedness	101	535	31,559	-
Net Investment in Plant	266,057	1,313,413	637,928	92,127
Total Fund Equity	349,630	3,077,775	750,533	113,146
Total Liabilities and Fund Equity	$ 427,089	$ 3,604,248	$ 1,029,708	$ 123,146

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
$ 20,006	$ 5,910	$ 25,982	$ 34,444	$ 27,713	$ 56,890	$ 119,261
3,558	3,353	1,076	6,274	3,527	14,850	35,870
104	261	101	55	128	317	1,741
120	126	182	1,592	363	3,262	9,248
168	5	633	1,037	545	541	284
20	20	-	2,541	-	90	1,957
72	18	931	55	-	36	46,296
132,604	135,655	100,316	339,686	126,062	283,630	487,661
$ 156,652	$ 145,348	$ 129,221	$ 385,684	$ 158,338	$ 359,616	$ 702,318
$ 4,193	$ 789	$ 3,424	$ 19,245	$ 11,184	$ 5,515	$ 37,555
446	130	101	1,515	1,585	1,952	364
18,093	35,954	18,530	85,573	8,313	57,917	150,684
1,374	3,414	2,847	2,033	415	196	919
-	-	-	-	-	-	-
-	-	500	-	-	-	145
2,639	235	1,505	4,000	2,458	7,433	7,677
26,745	40,522	26,907	112,366	23,955	73,013	197,344
2,739	(3,112)	(669)	(3,964)	(1,739)	26,267	24,919
1,263	462	3,028	1,069	(183)	2,345	15,376
724	1,377	635	2,367	2,818	3,773	19,276
338	637	237	639	620	1,110	3,822
-	-	-	-	-	-	-
2,298	-	14,910	272	-	7,575	2,971
320	-	-	-	-	4,822	10,833
1,768	-	1,316	-	-	531	16,142
37	624	2,738	21,360	2,707	61,044	18,054
9,244	783	-	10,306	11,427	1,944	-
43	391	29	5	-	317	(786)
111,133	103,664	80,090	241,264	118,733	176,875	394,367
129,907	104,826	102,314	273,318	134,383	286,603	504,974
$ 156,652	$ 145,348	$ 129,221	$ 385,684	$ 158,338	$ 359,616	$ 702,318

(Continued on next page)

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

June 30, 1999
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 1999
Assets				
Cash, Cash Equivalents, and Investments	$ 33,997	$ 64,346	$ 112,554	**$ 2,587,158**
Taxes, Loans, Accounts, and Other				
Receivables (Net)	11,508	7,846	8,581	**310,351**
Due from Other Funds and Primary Government	1,911	2,451	1,211	**8,836**
Due from Component Units	212	2,215	127	**33,470**
Inventory	169	1,433	328	**24,340**
Prepaid Items	575	221	242	**20,107**
Other Assets	1,047	150	385	**49,613**
Property, Plant, and Equipment	427,983	522,200	221,698	**5,610,883**
Total Assets	$ 477,402	$ 600,862	$ 345,126	**$ 8,644,758**
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 8,909	$ 19,848	$ 7,812	**$ 292,469**
Obligations Under Securities Lending Program	1,305	9	674	**12,969**
Long-Term Liabilities	122,976	72,244	228,317	**1,405,388**
Other Liabilities	16,390	3,824	4,614	**80,121**
Due to Component Units	-	-	28,917	**28,917**
Interfund Loans Payable	2,174	308	1,029	**5,031**
Deferred Revenue and Deferred Credit	12,539	11,417	7,302	**119,672**
Total Liabilities	164,293	107,650	278,665	**1,944,567**
Fund Equity:				
Unrestricted	(12,816)	(10,946)	(1,342)	**132,220**
Restricted	504	1,614	813	**169,962**
U.S. Government Grants Refundable	2,611	3,182	1,900	**70,796**
University Funds--Restricted	-	1,164	350	**21,458**
Life Income and Annuity	-	-	-	**30,112**
Endowment	-	14	2,519	**538,958**
Quasi-endowment--Unrestricted	-	199	229	**358,841**
Quasi-endowment--Restricted	-	165	-	**527,149**
Unexpended	23,182	56,201	2,605	**410,798**
Renewals and Replacements	526	4,502	4,164	**80,610**
Retirement of Indebtedness	839	-	1,231	**34,264**
Net Investment in Plant	298,263	437,117	53,992	**4,325,023**
Total Fund Equity	313,109	493,212	66,461	**6,700,191**
Total Liabilities and Fund Equity	$ 477,402	$ 600,862	$ 345,126	**$ 8,644,758**

Combining Statement of Changes in Fund Balances
Higher Education Fund

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	College of William and Mary	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Military Institute
Revenues and Other Additions:				
Unrestricted Current Funds Revenues	$ 110,694	$ 792,261	$ 287,450	$ 22,919
Federal Grants and Contracts--Restricted	15,644	179,619	147,439	3,183
State Grants and Contracts--Restricted	3,093	5,273	10,763	32
Local Grants and Contracts--Restricted	280	-	10,638	-
Investment Income	3,212	166,604	3,290	2,026
Endowment Income	1,788	20,464	1,654	735
Interest on Loans Receivable	81	766	271	18
U.S. Government Advances	29	36	-	59
Expended for Plant Facilities (including $ 106,567 charged to current funds)	12,825	88,221	45,489	4,275
Retirement of Indebtedness (including $ 4,426 charged to current funds)	4,887	15,574	14,903	648
Proceeds from Securities Lending Transactions	-	-	-	-
Other Sources	13,666	159,240	51,751	7,569
Total Revenues and Other Additions	166,199	1,428,058	573,648	41,464
Expenditures and Other Deductions:				
Educational and General Expenditures	149,972	640,726	593,070	29,787
Auxiliary Enterprise Expenditures	40,966	78,286	91,127	14,096
Hospital and Independent Operations	-	447,617	-	-
Indirect Costs Recovered	3,332	33,091	13,537	21
Refunded to Grantors	18	1,879	-	24
Loan Cancellations	17	410	23	30
Administrative and Collection Costs	51	158	131	1
Expended for Plant Facilities (including non-capitalized expenditures of $36,166)	6,912	42,261	23,592	3,822
Retirement of Plant Facilities	2,911	21,074	43,759	488
Retirement of Indebtedness	4,424	15,574	14,762	648
Interest on Indebtedness	2,305	14,882	7,451	176
Payment for Securities Lending Transactions	23	94	28	3
Other	2,327	3,181	-	437
Total Expenditures and Other Deductions	213,258	1,299,233	787,480	49,533
Transfers Among Funds:				
Operating Transfers In from Primary Government	63,454	158,421	228,116	14,937
Operating Transfers Out to Primary Government	(4)	(390)	(305)	(30)
Operating Transfers In from Component Units	-	480	4,519	-
Operating Transfers Out to Component Units	-	-	-	-
Total Transfers	63,450	158,511	232,330	14,907
Extraordinary Item:				
Gain/(Loss) on Early Extinguishment of Debt	-	(2,926)	-	-
Total Extraordinary Items	-	(2,926)	-	-
Net Increase (Decrease) for the Year	16,391	284,410	18,498	6,838
Fund Balance, July 1, as restated	333,239	2,793,365	732,035	106,308
Fund Balance, June 30	$ 349,630	$ 3,077,775	$ 750,533	$ 113,146

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
$ 29,559	$ 39,975	$ 32,155	$ 135,291	$ 51,697	$ 92,070	$ 226,394
27,478	38,360	1,224	6,891	5,844	57,986	167,071
826	1,407	180	3,452	432	6,017	11,766
90	48	5	-	-	-	994
1,184	9	1,919	135	8	1,586	929
42	-	494	12	-	-	616
53	53	18	61	75	102	496
-	-	-	18	3	-	-
3,413	2,979	8,017	22,257	7,143	12,743	31,949
1,477	1,914	1,749	5,646	920	4,926	8,327
-	-	-	-	-	-	-
1,339	438	1,178	1,963	970	8,703	24,131
65,461	85,183	46,939	175,726	67,092	184,133	472,673
64,725	90,710	32,373	119,067	64,862	208,851	477,661
12,475	13,437	15,090	69,079	25,094	17,954	34,547
-	-	630	-	-	-	45,963
261	550	39	343	200	-	15,100
-	2	-	25	-	155	-
8	106	2	7	54	5	677
20	27	-	24	22	65	52
3,008	1,466	6,688	17,508	5,112	7,566	20,202
694	-	1,225	743	731	459	20,313
1,515	1,986	1,629	5,646	920	4,926	7,673
704	1,406	840	3,332	197	2,286	6,125
11	4	8	68	51	59	20
-	1,828	968	3,985	-	7,907	-
83,421	111,522	59,492	219,827	97,243	250,233	628,333
25,524	34,551	16,601	64,811	36,325	80,808	158,800
(826)	(941)	(50)	(129)	(89)	(65)	(242)
1,034	59	4,962	2,975	190	6,396	2,962
-	-	-	-	-	-	-
25,732	33,669	21,513	67,657	36,426	87,139	161,520
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,772	7,330	8,960	23,556	6,275	21,039	5,860
122,135	97,496	93,354	249,762	128,108	265,564	499,114
$ 129,907	$ 104,826	$ 102,314	$ 273,318	$ 134,383	$ 286,603	$ 504,974

(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, 1999
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 1999
Revenues and Other Additions:				
Unrestricted Current Funds Revenues	$ 140,423	$ 157,320	$ 53,647	**$ 2,171,855**
Federal Grants and Contracts--Restricted	65,154	73,103	5,589	**794,585**
State Grants and Contracts--Restricted	1,000	4,500	852	**49,593**
Local Grants and Contracts--Restricted	1,218	4,300	305	**17,878**
Investment Income	463	954	1,203	**183,522**
Endowment Income	-	2	-	**25,807**
Interest on Loans Receivable	56	77	7,460	**9,587**
U.S. Government Advances	101	259	33	**538**
Expended for Plant Facilities (including $ 106,567 charged to current funds)	16,108	30,806	5,933	**292,158**
Retirement of Indebtedness (including $ 4,426 charged to current funds)	11,614	9,362	2,103	**84,050**
Proceeds from Securities Lending Transactions	-	-	15	**15**
Other Sources	16,985	5,132	7,446	**300,511**
Total Revenues and Other Additions	253,122	285,815	84,586	**3,930,099**
Expenditures and Other Deductions:				
Educational and General Expenditures	252,641	473,169	87,094	**3,284,708**
Auxiliary Enterprise Expenditures	40,553	8,378	23,582	**484,664**
Hospital and Independent Operations	-	-	-	**494,210**
Indirect Costs Recovered	4,892	1,054	109	**72,529**
Refunded to Grantors	38	304	33	**2,478**
Loan Cancellations	13	124	89	**1,565**
Administrative and Collection Costs	59	-	51	**661**
Expended for Plant Facilities (including non-capitalized expenditures of $36,166)	11,785	30,798	41,037	**221,757**
Retirement of Plant Facilities	3,971	7,029	2,453	**105,850**
Retirement of Indebtedness	11,332	4,771	3,818	**79,624**
Interest on Indebtedness	4,088	920	5,443	**50,155**
Payment for Securities Lending Transactions	47	1	19	**436**
Other	-	12,096	6,435	**39,164**
Total Expenditures and Other Deductions	329,419	538,644	170,163	**4,837,801**
Transfers Among Funds:				
Operating Transfers In from Primary Government	93,011	263,142	63,458	**1,301,959**
Operating Transfers Out to Primary Government	(75)	(216)	(288)	**(3,650)**
Operating Transfers In from Component Units	2,120	15,416	440	**41,553**
Operating Transfers Out to Component Units	-	-	(41,553)	**(41,553)**
Total Transfers	95,056	278,342	22,057	**1,298,309**
Extraordinary Item:				
Gain/(Loss) on Early Extinguishment of Debt	-	-	-	**(2,926)**
Total Extraordinary Items	-	-	-	**(2,926)**
Net Increase (Decrease) for the Year	18,759	25,513	(63,520)	**387,681**
Fund Balance, July 1, as restated	294,350	467,699	129,981	**6,312,510**
Fund Balance, June 30	$ 313,109	$ 493,212	$ 66,461	**$ 6,700,191**

Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Unrestricted Higher Education Fund

For the Fiscal Year Ended June 30, 1999
(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	$ 54,505	$ 157,062	$ 154,402	$ 9,470
Federal Grants and Contracts	2,495	29,069	11,042	-
State Grants and Contracts	517	195	66	-
Local Grants and Contracts	9	33	122	-
Endowment Income	187	10,101	44	121
Sales and Services of Educational Departments	20	6,756	8,050	25
Sales and Services of Auxiliary Enterprises	45,889	98,108	104,659	10,175
Sales and Services of Hospitals	-	465,898	-	-
Sales and Services of Independent Operations	-	-	-	325
Sales and Services of Vending Commissions	-	-	-	243
Investment Income	575	-	1,172	55
Proceeds from Securities Lending Transactions	24	4	29	3
Other Sources	6,473	25,035	7,864	2,502
Total Current Revenues	110,694	792,261	287,450	22,919
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	54,536	145,172	181,748	9,318
Research	10,688	12,477	35,911	45
Public Service	8	7,508	34,322	1,037
Academic Support	18,189	67,120	39,228	2,655
Student Services	4,270	15,305	13,092	1,381
Institutional Support	14,779	44,431	34,447	3,390
Operation and Maintenance of Plant	8,552	28,839	30,655	2,084
Scholarships and Fellowships	7,905	18,341	14,310	286
Other	-	-	-	-
Total Educational and General	118,927	339,193	383,713	20,196
Mandatory Transfers for Debt Service and Other	136	5,059	2,744	42
Total Educational and General Expenditures and Mandatory Transfers	119,063	344,252	386,457	20,238
Auxiliary Enterprises:				
Operating Expenditures	38,664	78,021	91,127	14,091
Payment for Securities Lending Transactions	23	94	28	3
Mandatory Transfers for Debt Service	5,480	6,534	10,616	-
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	44,167	84,649	101,771	14,094
Hospital and Independent Operations:				
Operating Expenditures	-	447,365	-	-
Mandatory Transfers for Debt Service	-	21,361	-	-
Total Hospital and Independent Operations, Expenditures and Mandatory Transfers	-	468,726	-	-
Operating Transfers In From Primary Government	(54,784)	(128,545)	(200,684)	(12,734)
Operating Transfers Out To Primary Government	4	390	34	-
Total Expenditures, Mandatory and Other Transfers	108,450	769,472	287,578	21,598
Other Additions (Deductions):				
Refunded to Grantors	-	-	-	(26)
Nonmandatory Transfers	(251)	(33,176)	(5,139)	1,147
Net Increase (Decrease) in Fund Balance	$ 1,993	$ (10,387)	$ (5,267)	$ 2,442

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
$ 13,149	$ 19,958	$ 14,680	$ 52,641	$ 22,287	$ 56,063	$ 91,811
261	507	40	183	189	44	13,167
-	25	-	72	7	-	135
-	-	-	-	-	-	5
52	-	-	13	-	-	251
26	-	96	3	23	-	6,722
15,101	18,410	17,119	81,675	28,669	30,745	38,908
-	-	-	-	-	-	46,643
-	-	-	-	-	-	-
-	-	-	-	91	-	-
181	11	100	-	144	-	(756)
11	4	8	68	53	62	20
778	1,060	112	636	234	5,156	29,488
29,559	39,975	32,155	135,291	51,697	92,070	226,394
14,136	24,540	15,285	57,908	32,721	70,129	154,256
335	402	351	231	-	370	10,773
792	385	264	310	36	399	3,400
3,180	3,171	3,316	16,944	5,945	25,819	42,059
2,569	3,567	2,569	4,854	3,439	6,253	7,387
5,139	10,730	4,415	12,051	6,682	16,982	28,128
7,289	5,144	2,970	10,509	6,082	9,352	28,129
345	508	17	654	399	2,880	6,593
-	-	-	-	-	-	-
33,785	48,447	29,187	103,461	55,304	132,184	280,725
160	42	325	401	104	355	3,773
33,945	48,489	29,512	103,862	55,408	132,539	284,498
12,249	13,284	15,073	69,079	25,094	17,954	34,547
11	4	8	68	51	59	20
1,406	2,813	1,880	7,728	484	5,130	6,667
13,666	16,101	16,961	76,875	25,629	23,143	41,234
-	-	-	-	-	-	45,963
-	-	-	-	-	-	(589)
-	-	-	-	-	-	45,374
(20,370)	(31,445)	(13,617)	(49,890)	(32,009)	(72,027)	(147,128)
186	-	-	-	-	-	242
27,427	33,145	32,856	130,847	49,028	83,655	224,220
-	-	-	-	-	-	-
128	(815)	(248)	(6,268)	(3,331)	(1,689)	164
$ 2,260	$ 6,015	$ (949)	$ (1,824)	$ (662)	$ 6,726	$ 2,338

(Continued on next page)

Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Unrestricted
Higher Education Fund *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 1999
Revenues:				
Student Tuition and Fees	$ 77,133	$ 135,845	$ 22,058	**$ 881,064**
Federal Grants and Contracts	3,368	1,022	-	**61,387**
State Grants and Contracts	33	32	-	**1,082**
Local Grants and Contracts	59	1,489	6	**1,723**
Endowment Income	-	-	-	**10,769**
Sales and Services of Educational Departments	214	735	43	**22,713**
Sales and Services of Auxiliary Enterprises	53,923	12,245	26,126	**581,752**
Sales and Services of Hospitals	-	-	-	**512,541**
Sales and Services of Independent Operations	-	-	-	**325**
Sales and Services of Vending Commissions	-	3,359	-	**3,693**
Investment Income	4	682	3,279	**5,447**
Proceeds from Securities Lending Transactions	49	1	4	**340**
Other Sources	5,640	1,910	2,131	**89,019**
Total Current Revenues	140,423	157,320	53,647	**2,171,855**
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	93,680	190,988	28,746	**1,073,163**
Research	2,007	-	12,875	**86,465**
Public Service	1,128	2,175	814	**52,578**
Academic Support	19,976	43,226	7,581	**298,409**
Student Services	8,952	31,434	4,357	**109,429**
Institutional Support	26,101	82,043	12,180	**301,498**
Operation and Maintenance of Plant	12,368	30,893	7,123	**189,989**
Scholarships and Fellowships	3,621	1,626	303	**57,788**
Other	-	-	59	**59**
Total Educational and General	167,833	382,385	74,038	**2,169,378**
Mandatory Transfers for Debt Service and Other	1,352	86	393	**14,972**
Total Educational and General Expenditures and Mandatory Transfers	169,185	382,471	74,431	**2,184,350**
Auxiliary Enterprises:				
Operating Expenditures	40,511	8,378	23,317	**481,389**
Payment for Securities Lending Transactions	47	1	4	**421**
Mandatory Transfers for Debt Service	11,215	-	1,271	**61,224**
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	51,773	8,379	24,592	**543,034**
Hospital and Independent Operations:				
Operating Expenditures	-	-	-	**493,328**
Mandatory Transfers for Debt Service	-	-	-	**20,772**
Total Hospital and Independent Operations, Expenditures and Mandatory Transfers	-	-	-	**514,100**
Operating Transfers In From Primary Government	(79,079)	(237,911)	(45,564)	**(1,125,787)**
Operating Transfers Out To Primary Government	-	216	4	**1,076**
Total Expenditures, Mandatory and Other Transfers	141,879	153,155	53,463	**2,116,773**
Other Additions (Deductions):				
Refunded to Grantors	(3)	-	-	**(29)**
Nonmandatory Transfers	(1,397)	(2,542)	(98)	**(53,515)**
Net Increase (Decrease) in Fund Balance	$ (2,856)	$ 1,623	$ 86	**$ 1,538**

Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Restricted Higher Education Fund

For the Fiscal Year Ended June 30, 1999
(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	$ -	$ 9,850	$ -	$ -
Federal Grants and Contracts	13,608	150,852	136,717	3,207
State Grants and Contracts	2,704	5,074	10,240	22
Local Grants and Contracts	278	-	10,734	-
Endowment Income	732	27,150	2,406	415
Sales and Services of Educational Departments	-	-	-	5
Sales and Services of Independent Operations	-	-	-	-
Investment Income	-	-	-	2
Other Sources	11,828	92,543	37,310	5,423
Total Current Revenues	29,150	285,469	197,407	9,074
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	4,278	47,743	6,681	615
Research	16,671	124,876	72,311	130
Public Service	-	16,657	29,340	19
Academic Support	348	10,446	1,707	331
Student Services	58	934	730	448
Institutional Support	152	1,418	4,700	60
Operation and Maintenance of Plant	1	311	14	36
Scholarships and Fellowships	9,537	99,148	93,874	7,952
Total Educational and General	31,045	301,533	209,357	9,591
Mandatory Transfers for Debt Service and Other	-	4	119	-
Total Educational and General Expenditures and Mandatory Transfers	31,045	301,537	209,476	9,591
Auxiliary Enterprises:				
Operating Expenditures	2,302	265	-	5
Total Auxiliary Enterprise Expenditures	2,302	265	-	5
Hospital and Independent Operations:				
Operating Expenditures	-	252	-	-
Total Hospital and Independent Operations Expenditures	-	252	-	-
Operating Transfers In From Primary Government	(4,197)	(16,585)	(12,069)	(522)
Total Expenditures, Mandatory and Other Transfers	29,150	285,469	197,407	9,074
Other Additions (Deductions):				
Excess Restricted Receipts Over Transfers to Revenues	(547)	12,415	(908)	442
Refunded to Grantors	(18)	-	-	(2)
Nonmandatory Transfers	138	2,931	2,428	(265)
Net Increase (Decrease) in Fund Balance	$ (427)	$ 15,346	$ 1,520	$ 175

Virginia State University	Norfolk State University	Mary Washington College	James Madison University	Radford University	Old Dominion University	Virginia Commonwealth University
$ -	$ -	$ -	$ -	$ -	$ -	$ -
27,510	38,227	1,236	6,893	5,697	58,273	153,964
828	943	189	2,669	424	6,208	11,760
40	23	5	-	-	-	851
22	-	493	8	-	-	692
-	-	-	-	-	-	-
-	-	428	-	-	-	-
8	-	438	-	-	-	-
433	179	174	2,581	388	11,624	19,840
28,841	39,372	2,963	12,151	6,509	76,105	187,107
243	2,155	89	1,879	244	2,814	22,480
2,800	3,162	156	2,041	-	1,974	59,665
2,980	1,156	494	3,075	12	619	1,187
572	1,918	156	1,998	2,646	394	1,661
507	895	16	160	47	671	268
315	153	-	-	44	1,308	642
205	9	-	-	-	3	16
23,318	32,815	2,275	6,453	6,565	68,884	111,017
30,940	42,263	3,186	15,606	9,558	76,667	196,936
-	-	(24)	-	-	(75)	(415)
30,940	42,263	3,162	15,606	9,558	76,592	196,521
226	153	17	-	-	-	-
226	153	17	-	-	-	-
-	-	630	-	-	-	-
-	-	630	-	-	-	-
(2,325)	(3,044)	(846)	(3,455)	(3,049)	(487)	(9,414)
28,841	39,372	2,963	12,151	6,509	76,105	187,107
326	602	47	(240)	(111)	(2,049)	2,739
-	(1)	-	-	-	(155)	-
140	7	(49)	-	(89)	1,191	167
$ 466	$ 608	$ (2)	$ (240)	$ (200)	$ (1,013)	$ 2,906

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Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Restricted
Higher Education Fund *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

	George Mason University	Virginia Community College System	Non-Major Component Units	Total June 30, 1999
Revenues:				
Student Tuition and Fees	$ -	$ -	$ 113	**$ 9,963**
Federal Grants and Contracts	62,345	71,916	5,827	**736,272**
State Grants and Contracts	959	3,723	940	**46,683**
Local Grants and Contracts	1,140	285	121	**13,477**
Endowment Income	-	4	-	**31,922**
Sales and Services of Educational Departments	-	-	-	**5**
Sales and Services of Independent Operations	-	-	-	**428**
Investment Income	-	-	109	**557**
Other Sources	13,687	4,065	1,723	**201,798**
Total Current Revenues	78,131	79,993	8,833	**1,041,105**
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	6,583	22,533	234	**118,571**
Research	21,718	-	1,402	**306,906**
Public Service	1,867	240	2,111	**59,757**
Academic Support	124	29	379	**22,709**
Student Services	154	2,750	118	**7,756**
Institutional Support	24	1,160	380	**10,356**
Operation and Maintenance of Plant	-	-	145	**740**
Scholarships and Fellowships	54,338	64,072	8,287	**588,535**
Total Educational and General	84,808	90,784	13,056	**1,115,330**
Mandatory Transfers for Debt Service and Other	385	-	165	**159**
and Mandatory Transfers	85,193	90,784	13,221	**1,115,489**
Auxiliary Enterprises:				
Operating Expenditures	42	-	265	**3,275**
Total Auxiliary Enterprise Expenditures	42	-	265	**3,275**
Hospital and Independent Operations:				
Operating Expenditures	-	-	-	**882**
Total Hospital and Independent Operations Expenditures	-	-	-	**882**
Operating Transfers In From Primary Government	(7,104)	(10,791)	(4,653)	**(78,541)**
Total Expenditures, Mandatory and Other Transfers	78,131	79,993	8,833	**1,041,105**
Other Additions (Deductions):				
Excess Restricted Receipts Over Transfers to Revenues	201	1,213	(646)	**13,484**
Refunded to Grantors	(34)	(254)	(33)	**(497)**
Nonmandatory Transfers	(402)	1	314	**6,512**
Net Increase (Decrease) in Fund Balance	$ (235)	$ 960	$ (365)	**$ 19,499**

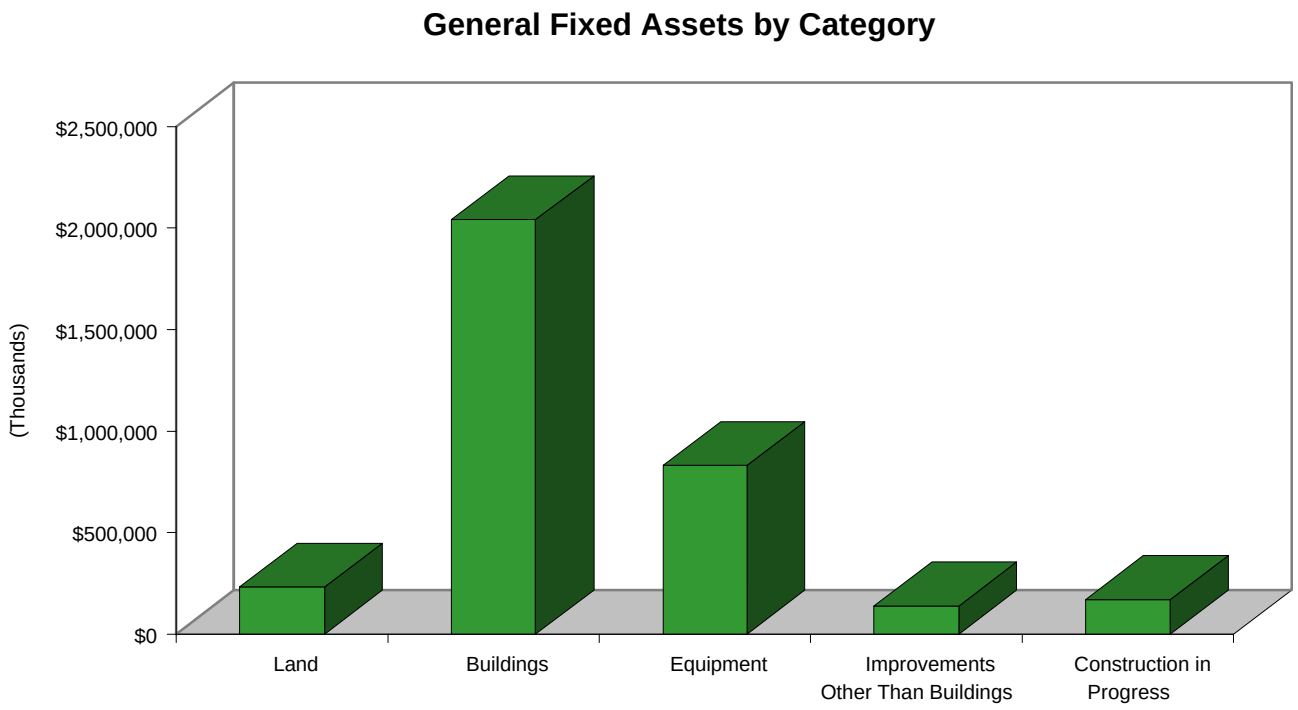
General Fixed Assets Account Group Schedules

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, 1999
(Dollars in Thousands)

General Fixed Assets:		
Land	$	230,968
Buildings		2,039,962
Equipment		831,146
Improvements Other Than Buildings		138,911
Construction in Progress		170,038
Total General Fixed Assets	$	3,411,025
Investments in General Fixed Assets From:		
Capital Lease Obligations	$	240,309
General Obligation Bonds		130,366
Federal Grants		72,682
General Fund Revenues		919,403
Special Revenue Fund Revenues		860,389
Gifts and Donations		47,508
Local Funds		4,761
Other Funds		1,135,607
Total Investment in General Fixed Assets, at Cost	$	3,411,025



Schedule of General Fixed Assets by Function

June 30, 1999
(Dollars in Thousands)

Function	Land	Buildings	Improvements Other Than Buildings	Equipment	Total
General Government	$ 11,070	$ 76,424	$ 237	$ 25,126	$ 112,857
Education	6,153	113,854	907	28,118	149,032
Transportation	26,603	259,807	70	423,065	709,545
Resources and Economic Development	69,365	67,300	25,509	66,578	228,752
Individual and Family Services	17,186	288,462	9,052	96,399	411,099
Administration of Justice	30,877	156,880	6,600	160,065	354,422
Capital Projects	69,714	1,077,235	96,536	31,795	1,275,280
Total General Fixed Assets Allocated to Projects	$ 230,968	$ 2,039,962	$ 138,911	$ 831,146	3,240,987
Construction in Progress					170,038
Total General Fixed Assets					$ 3,411,025

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1999
(Dollars in Thousands)

Function	General Fixed Assets July 1, 1998	Acquisitions	Deductions	General Fixed Assets June 30, 1999
General Government	$ 111,527	$ 2,805	$ (1,475)	$ 112,857
Education	137,149	12,998	(1,115)	149,032
Transportation	685,113	48,982	(24,550)	709,545
Resources and Economic Development	224,574	7,113	(2,935)	228,752
Individual and Family Services	399,454	16,750	(5,105)	411,099
Administration of Justice	326,672	36,826	(9,076)	354,422
Capital Projects	980,486	295,084	(290)	1,275,280
Construction in Progress	399,176	87,010	(316,148)	170,038
Total General Fixed Assets	$ 3,264,151	$ 507,568	$ (360,694)	$ 3,411,025

Debt Schedules

Summary Schedule - Total Debt of the Commonwealth

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	1999	1998	1997	1996	1995
Tax-Supported Debt:					
Primary Government:					
General Obligation Bonds (4):					
Section 9(a) Bonds	$ -	$ 67,215	$ 70,460	$ 71,155	$ 71,825
Section 9(b) Bonds	534,765	441,265	468,650	399,180	367,470
Section 9(c) Bonds (1)	153,201	160,887	167,808	176,675	130,196
Bond Anticipation Notes Payable	20,000	60,000	-	-	-
Subtotal - General Obligation Bonds	707,966	729,367	706,918	647,010	569,491
Non-General Obligation Bonds:					
Section 9(d) Bonds (1)	1,702,846	1,699,356	1,635,839	1,344,831	1,185,299
Other Long-Term Debt (2)	736,981	667,201	541,466	614,099	575,395
Total Primary Government	3,147,793	3,095,924	2,884,223	2,605,940	2,330,185
Component Units:					
General Obligation Bonds (4):					
Section 9(c) Bonds (1)	387,963	406,560	433,944	407,295	393,813
Bond Anticipation Notes Payable	13,000	4,000	-	-	-
Subtotal - General Obligation Bonds	400,963	410,560	433,944	407,295	393,813
Non-General Obligation Bonds:					
Section 9(d) Bonds (1)	397,305	369,335	304,110	178,090	180,537
Other Long-Term Debt (2)	275,896	247,862	192,567	158,616	163,057
Total Component Units	1,074,164	1,027,757	930,621	744,001	737,407
Total Tax-Supported Debt	4,221,957	4,123,681	3,814,844	3,349,941	3,067,592
Debt Not Supported by Taxes:					
Primary Government:					
Pocahontas Parkway Association Bonds	381,706	-	-	-	-
Total Primary Government	381,706	-	-	-	-
Component Units:					
Section 9(d) Moral Obligation Bonds	2,345,038	2,238,614	2,256,673	1,955,056	1,607,511
Section 9(d) Other Debt	390,738	325,725	334,835	385,730	409,634
Other Long-Term Debt (3)	6,157,445	5,473,070	4,685,240	4,144,496	4,586,553
Total Component Units	8,893,221	8,037,409	7,276,748	6,485,282	6,603,698
Total Debt Not Supported by Taxes	9,274,927	8,037,409	7,276,748	6,485,282	6,603,698
Total Debt of the Commonwealth	$ 13,496,884	$ 12,161,090	$ 11,091,592	$ 9,835,223	$ 9,671,290

(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:

	1999	1998	1997	1996	1995
Section 9(a) Debt:					
Transportation Facilities Bonds	$ -	$ 67,215	$ 70,460	$ 71,155	$ 71,825
Section 9(b) Debt:					
Transportation Facilities Bonds	63,835	-	-	-	-
Public Facilities Bonds	470,930	441,265	468,650	399,180	367,470
Subtotal 9(b) Debt	534,765	441,265	468,650	399,180	367,470
Section 9(c) Debt:					
Higher Educational Institution Bonds	387,963	406,560	433,944	407,295	393,813
Transportation Facilities Bonds	141,541	148,607	154,948	163,265	119,931
Parking Facilities Bonds	11,660	12,280	12,860	13,410	10,265
Subtotal 9(c) Debt	541,164	567,447	601,752	583,970	524,009
Bond Anticipation Notes Payable	33,000	64,000	-	-	-
Total General Obligation Debt	$ 1,108,929	$ 1,139,927	$ 1,140,862	$ 1,054,305	$ 963,304

Tax-Supported Debt

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	1999	1998	1997	1996	1995
Primary Government:					
General Obligation Debt (4):					
Section 9(a) Debt					
Transportation Facilities	$ -	$ 67,215	$ 70,460	$ 71,155	$ 71,825
Section 9(b) Debt					
Transportation Facilities	63,835	-	-	-	-
Public Facilities	470,930	441,265	468,650	399,180	367,470
Subtotal Section 9(b) Debt	534,765	441,265	468,650	399,180	367,470
Section 9(c) Debt					
Parking Facilities	11,660	12,280	12,860	13,410	10,265
Transportation Facilities (1)	141,541	148,607	154,948	163,265	119,931
Subtotal Section 9(c) Debt	153,201	160,887	167,808	176,675	130,196
Bond Anticipation Notes Payable	20,000	60,000	-	-	-
Subtotal General Obligation Debt	707,966	729,367	706,918	647,010	569,491
Non-General Obligation Debt:					
Section 9(d) Debt:					
Transportation Debt (1)	736,960	756,700	733,235	567,100	579,765
Virginia Public Building Authority (1)	965,886	942,656	902,604	777,731	605,534
Subtotal Section 9(d) Debt	1,702,846	1,699,356	1,635,839	1,344,831	1,185,299
Other Long-Term Obligations:					
Transportation Notes Payable	12,325	12,325	12,325	12,325	12,325
Liability for Federal Retiree Taxes	-	-	66,006	128,700	183,570
Regional Jail Construction	62,635	65,510	102,897	106,799	98,214
Long-Term Capital Lease Obligations	221,999	225,941	97,647	112,160	21,459
Installment Purchase Obligations (2)	27,457	9,514	11,486	10,964	20,493
Compensated Absences (3)	271,576	266,117	251,105	243,151	235,766
Pension Liability	138,107	87,794	-	-	-
Other Liabilities	2,882	-	-	-	3,568
Subtotal Other Long-Term Obligations	736,981	667,201	541,466	614,099	575,395
Total Primary Government	3,147,793	3,095,924	2,884,223	2,605,940	2,330,185
Component Units:					
General Obligation Bonds (4):					
Section 9(c) Debt					
Higher Educational Institutions (1)	387,963	406,560	433,944	407,295	393,813
Bond Anticipation Notes Payable	13,000	4,000	-	-	-
Subtotal General Obligation Debt	400,963	410,560	433,944	407,295	393,813
Non-General Obligation Debt:					
Section 9(d) Debt:					
Virginia Port Authority	106,805	108,085	114,025	97,180	105,125
Innovative Technology Authority	12,195	12,630	13,055	12,100	12,300
Virginia College Building Authority	248,190	217,620	146,030	68,810	63,112
Virginia Biotechnology Research Park Authority	30,115	31,000	31,000	-	-
Subtotal Section 9(d) Debt	397,305	369,335	304,110	178,090	180,537
Other Long-Term Obligations:					
Long-Term Capital Lease Obligations	24,216	26,016	23,256	3,791	4,350
Installment Purchase Obligations (2)	26,714	25,687	26,018	20,721	21,737
Compensated Absences (3)	152,177	148,488	143,293	134,104	136,970
Pension Liability	72,789	47,671	-	-	-
Subtotal Other Long-Term Obligations	275,896	247,862	192,567	158,616	163,057
Total Component Units	1,074,164	1,027,757	930,621	744,001	737,407
Total Tax-Supported Debt	$ 4,221,957	$ 4,123,681	$ 3,814,844	$ 3,349,941	$ 3,067,592

(1) Net of unamortized discounts.

(2) Reflected as Notes Payable in Footnote 19, Long-Term Liabilities.

(3) Compensated Absence balances were reflected as a separate line item on the Balance Sheet for fiscal years 1995-98.
The June 30, 1999, amounts are reflected as Long-Term Liabilities on the fiscal year 1999 Balance Sheet.

(4) 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,				
	1999	1998	1997	1996	1995
Primary Government:					
Other Long-Term Debt:					
Pocahontas Parkway Association Bonds	$ 381,706	$ -	$ -	$ -	$ -
Total Primary Government	381,706	-	-	-	-
Component Units:					
Section 9(d) Moral Obligation Debt: (1)					
Virginia Housing Development Authority	1,503,910	1,333,427	1,179,782	1,094,525	932,484
Virginia Public School Authority					
(1991 Resolution)	514,487	542,373	739,140	536,900	352,625
Virginia Resources Authority	326,641	362,814	337,751	323,631	322,402
Subtotal Section 9(d) Moral Obligation Debt	2,345,038	2,238,614	2,256,673	1,955,056	1,607,511
Section 9(d) Other Debt:					
Higher Educational Institutions:					
Auxiliary Enterprise Revenue Bonds	295,458	229,675	235,515	136,477	119,182
Teaching Hospitals Revenue Bonds	95,280	96,050	99,320	148,480	158,395
Virginia Housing Development Authority	-	-	-	100,773	132,057
Subtotal Section 9(d) Other Debt	390,738	325,725	334,835	385,730	409,634
Other Long-Term Debt:					
Virginia Housing Development Authority (1) (2)	4,364,424	3,953,095	3,514,719	3,095,781	3,076,467
Virginia Education Loan Authority (1) (2)	-	-	-	-	442,035
Hampton Roads Sanitation District	179,752	191,012	197,346	151,452	144,215
Virginia Equine Center	6,930	7,530	8,090	8,625	8,725
Virginia Biotechnology Research Park Authority	16,750	-	-	-	-
Virginia Public School Authority (1) (2) (3)	1,269,793	1,113,206	812,162	831,635	865,114
Virginia Port Authority	96,555	98,065	98,065	-	-
Medical College of Virginia Hospitals Authority	93,040	33,705	39,605	-	-
Notes Payable	112,187	76,457	15,253	57,003	49,997
Other Long-Term Debt	18,014	-	-	-	-
Subtotal Other Long-Term Debt	6,157,445	5,473,070	4,685,240	4,144,496	4,586,553
Subtotal Section 9(d) and Other Debt	6,548,183	5,798,795	5,020,075	4,530,226	4,996,187
Total Component Units	8,893,221	8,037,409	7,276,748	6,485,282	6,603,698
Total Debt Not Supported by Taxes	$ 9,274,927	$ 8,037,409	$ 7,276,748	$ 6,485,282	$ 6,603,698

(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

(Dollars in Thousands)

	As of July 1, 1998	New Debt Authorized	Debt Issued (1)	Other Adjust-ments	As of June 30, 1999
Section 9(b) Debt (Primary Government):					
Higher Educational Institution Bonds	$ 54,161	$ -	$ 23,545	$ -	$ 30,616
Mental Health Facilities Bonds	6,223	-	3,950	-	2,273
Park and Recreational Facilities Bonds	41,840	-	31,740	-	10,100
Subtotal Section 9(b) Debt	102,224	-	59,235	-	42,989
Section 9(c) Debt (Primary Government):					
Higher Educational Institution Bonds	81,997	-	13,685	(4,000)	64,312
Subtotal Section 9(c) Debt	81,997	-	13,685	(4,000)	64,312
Section 9(d) Debt:					
Primary Government:					
Transportation Contract Revenue Bonds (Route 28)	54,092	-	-	-	54,092
Transportation Contract Revenue Bonds (Route 58)	203,073	104,300	-	-	307,373
Transportation Contract Revenue Bonds (Northern Virginia Transportation District Fund Program)	105,900	104,300	-	-	210,200
Component Units:					
Virginia Public Building Authority (Projects)	87,150	-	17,478	(4,841)	64,831
Virginia Public Building Authority (Jails)	169,408	2,170	51,442	-	120,136
Virginia College Building Authority (21st Century)	55,519	-	17,856	-	37,663
Virginia College Building Authority (Equipment Lease Program)	84,930	5,000	42,386	-	47,544
Subtotal Section 9(d) Debt	760,072	215,770	129,162	(4,841)	841,839
Total Authorized and Unissued Tax-Supported Debt	$ 944,293	$ 215,770	$ 202,082	$ (8,841)	$ 949,140

(1) Exclusive of financing expenses and capitalized interest costs.

Tax-Supported Debt - Annual Debt Service Requirements (1)

June 30, 1999
(Dollars in Thousands)

Fiscal Year Ending	General Obligation Debt Sections 9(b), and 9(c) (2)			Other Tax-Supported Debt Sections 9(d) (3)		
June 30	Principal	Interest	Total	Principal	Interest	Total
2000	$ 76,812	$ 51,753	$ 128,565	$ 112,770	$ 103,092	$ 215,862
2001	78,906	48,263	127,169	124,830	98,725	223,555
2002	77,821	44,552	122,373	129,560	92,522	222,082
2003	76,196	41,026	117,222	119,485	86,062	205,547
2004	75,761	37,537	113,298	116,050	79,778	195,828
2005	71,845	34,011	105,856	99,055	74,392	173,447
2006	70,675	30,574	101,249	103,380	69,920	173,300
2007	70,430	27,174	97,604	108,105	65,159	173,264
2008	71,800	23,749	95,549	112,990	60,242	173,232
2009	67,534	20,597	88,131	122,395	55,018	177,413
2010	63,505	17,528	81,033	111,885	49,870	161,755
2011	60,627	14,346	74,973	109,290	44,775	154,065
2012	56,095	11,321	67,416	115,245	39,352	154,597
2013	49,005	8,679	57,684	107,155	33,777	140,932
2014	38,480	6,229	44,709	95,485	28,474	123,959
2015	34,110	4,402	38,512	94,695	23,432	118,127
2016	24,880	2,658	27,538	99,655	18,335	117,990
2017	11,495	1,398	12,893	94,790	13,139	107,929
2018	4,305	830	5,135	81,275	8,518	89,793
2019	3,620	614	4,234	52,310	4,599	56,909
2020	3,800	428	4,228	23,555	2,040	25,595
2021	3,995	233	4,228	14,755	875	15,630
2022	555	29	584	2,210	116	2,326
Subtotal	1,092,252	427,931	1,520,183	2,150,925	1,052,212	3,203,137
Less:						
Unamortized Discount	(16,323)	-	(16,323)	(38,449)	-	(38,449)
Total	$ 1,075,929	$ 427,931	$ 1,503,860	$ 2,112,476	$ 1,052,212	$ 3,164,688

(1) Does not include debt service on capital lease, installment purchase obligations, and bond anticipation notes payable.
(2) Does not include the interest amount of $3,832 for component units.
(3) Includes principal amount of $1,715,171, which includes Transportation Notes Payable of $12,325 for the primary government.

Total		
Principal	Interest	Total
$ 189,582	$ 154,845	$ 344,427
203,736	146,988	350,724
207,381	137,074	344,455
195,681	127,088	322,769
191,811	117,315	309,126
170,900	108,403	279,303
174,055	100,494	274,549
178,535	92,333	270,868
184,790	83,991	268,781
189,929	75,615	265,544
175,390	67,398	242,788
169,917	59,121	229,038
171,340	50,673	222,013
156,160	42,456	198,616
133,965	34,703	168,668
128,805	27,834	156,639
124,535	20,993	145,528
106,285	14,537	120,822
85,580	9,348	94,928
55,930	5,213	61,143
27,355	2,468	29,823
18,750	1,108	19,858
2,765	145	2,910
3,243,177	1,480,143	4,723,320
(54,772)	-	(54,772)
$ 3,188,405	$ 1,480,143	$ 4,668,548

Tax-Supported Debt - Detail of Long-Term Indebtedness

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
General Obligation Debt					
Section 9(b) Debt (Primary Government):					
Transportation Facilities Bonds					
Series 1993 Refunding	$ 74,255	$ 67,215	$ (3,380)	$ 63,835	07/01/00-11
Total Transportation Facilities Bonds	74,255	67,215	(3,380)	63,835	
Public Facilities Bonds					
Series 1993	200,000	125,000	(10,000)	115,000	12/01/00-13
Series 1994	163,900	65,560	(8,195)	57,365	06/01/00-06
Series 1996 Refunding	64,390	63,415	(2,485)	60,930	06/01/00-15
Series 1996	49,775	44,805	(350)	44,455	06/01/00-16
Series 1997	97,045	91,940	(5,105)	86,835	06/01/00-16
Series 1998 Refunding	50,990	50,545	(315)	50,230	06/01/00-13
Series 1998	59,235	-	56,115	56,115	06/01/00-17
Total Public Facilities Bonds	685,335	441,265	29,665	470,930	
Total Section 9(b) Debt	759,590	508,480	26,285	534,765	
Section 9(c) Debt					
Higher Educational Institution Bonds (Component Units)					
Series 1979 Bonds					
James Madison University					
Dormitory Complex	875	65	(65)	-	
Dormitory Complex	3,695	1,780	(140)	1,640	06/01/00-09
Subtotal Series 1979 Bonds	4,570	1,845	(205)	1,640	
Series 1981 Bonds					
Virginia Commonwealth University					
Low-Rise Dormitory	4,932	2,677	(170)	2,507	06/01/00-11
Subtotal Series 1981 Bonds	4,932	2,677	(170)	2,507	
Series 1983 Bonds					
Old Dominion University					
Powhatan Field Apartments, Phase II	3,636	2,220	(120)	2,100	06/01/00-13
Mid-Rise Dormitory	3,500	2,135	(115)	2,020	06/01/00-13
Virginia Commonwealth University					
Low-Rise Dormitory	4,050	2,470	(135)	2,335	06/01/00-13
Subtotal Series 1983 Bonds	11,186	6,825	(370)	6,455	
Series 1984 Bonds					
Virginia Commonwealth University					
Dormitory Renovation	2,890	1,050	(160)	890	06/01/00-04
Subtotal Series 1984 Bonds	2,890	1,050	(160)	890	
Series 1989 Bonds					
George Mason University					
Residence Hall III	10,697	7,545	(487)	7,058	06/01/00-09
Humanities III	9,400	6,630	(428)	6,202	06/01/00-09
Parking C	950	126	(126)	-	
West Campus Parking	587	77	(77)	-	
Longwood College					
Parking Facility	1,100	574	(82)	492	06/01/00-04
Parapet Wall Repairs	370	193	(27)	166	06/01/00-04
Air Conditioning Repairs	125	65	(9)	56	06/01/00-04
Telecommunications	1,500	782	(111)	671	06/01/00-04
University of Virginia					
Student Health Center	1,300	916	(58)	858	06/01/00-09
Virginia Polytechnic Institute and State University					
Telecommunications	16,000	8,340	(1,177)	7,163	06/01/00-04
Subtotal Series 1989 Bonds	42,029	25,248	(2,582)	22,666	

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1990 Bonds					
George Mason University					
Residence Hall IV	11,145	480	(480)	-	
Parking Lots	100	15	(15)	-	
James Madison University					
Gibbons Hall Renovation	2,700	115	(115)	-	
Longwood College					
Housing Repairs	440	20	(20)	-	
Mary Washington College					
Residence Hall	2,995	130	(130)	-	
Norfolk State University					
Student Housing	4,005	175	(175)	-	
Old Dominion University					
Multi-Level Parking	4,785	205	(205)	-	
Athletic Facility, Phase I	6,090	265	(265)	-	
University of Virginia					
Heater/Chiller Replacement	1,200	50	(50)	-	
Judge Advocate General School	6,265	4,905	(240)	4,665	06/01/00-10
Virginia Polytechnic Institute and State University					
Student Center Renovation	1,410	60	(60)	-	
College of William and Mary					
Telecommunications System	410	30	(30)	-	
Subtotal Series 1990 Bonds	41,545	6,450	(1,785)	4,665	
Series 1991 Bonds					
George Mason University					
Parking Lots	550	200	(65)	135	06/01/00-01
Norfolk State University					
Cafeteria	4,055	740	(170)	570	06/01/00-02
Residence Hall	9,320	1,695	(390)	1,305	06/01/00-02
Old Dominion University					
Webb Center	6,855	1,215	(280)	935	06/01/00-02
University of Virginia					
Student Housing	13,760	2,505	(575)	1,930	06/01/00-02
Virginia Commonwealth University					
Student Commons	3,040	1,115	(350)	765	06/01/00-01
Virginia Polytechnic Institute and State University					
Dormitory and Dining	5,015	890	(205)	685	06/01/00-02
Parking	4,220	745	(170)	575	06/01/00-02
Student Center	3,260	575	(130)	445	06/01/00-02
College of William and Mary					
Graduate Dormitory	7,075	1,285	(295)	990	06/01/00-02
Subtotal Series 1991 Bonds	57,150	10,965	(2,630)	8,335	
Series 1992 Bonds					
College of William and Mary					
Dormitory Renovations	1,365	495	(50)	445	06/01/00-06
University Center	10,455	2,655	(385)	2,270	06/01/00-04

Tax-Supported Debt - Detail of Long-Term Indebtedness *(Continued from Previous Page)*

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1992 Bonds (continued)					
University of Virginia					
Central Grounds Parking	11,595	4,320	(450)	3,870	06/01/00-06
Clinch Valley Dormitory	705	185	(25)	160	06/01/00-04
Dining Facility	4,795	3,365	(275)	3,090	06/01/00-12
HSC Parking	1,635	590	(60)	530	06/01/00-06
West Scott Stadium Parking	1,195	430	(45)	385	06/01/00-06
Virginia Polytechnic Institute and State University					
Dormitory	2,680	965	(100)	865	06/01/00-06
Dormitory Repairs	2,790	1,005	(105)	900	06/01/00-06
Residence Hall	4,990	1,270	(185)	1,085	06/01/00-04
Longwood College					
Student Housing	4,755	1,030	(185)	845	06/01/00-03
Mary Washington College					
Residence Hall	3,305	840	(120)	720	06/01/00-04
James Madison University					
Student Activities	7,275	1,855	(270)	1,585	06/01/00-04
Virginia Commonwealth University					
Dormitory Renovations	3,180	1,150	(120)	1,030	06/01/00-06
Housing Repairs	1,320	355	(50)	305	06/01/00-04
MCV Parking Deck	8,205	2,080	(300)	1,780	06/01/00-04
Christopher Newport University					
Dormitory Project	7,970	1,030	(150)	880	06/01/00-04
George Mason University					
Parking Structure	5,045	2,840	(510)	2,330	06/01/00-03
Student Union II Addition	2,535	550	(100)	450	06/01/00-03
VCCS/Northern Virginia Community College					
NVCC Parking Deck	3,010	655	(115)	540	06/01/00-03
Subtotal Series 1992 Bonds	88,805	27,665	(3,600)	24,065	
Series 1992 Refunding Bonds					
University of Virginia					
Clinch Valley Student Union	410	201	(46)	155	06/01/00-02
Student Housing	3,626	1,962	(368)	1,594	06/01/00-03
Student Activity Center	428	316	(39)	277	06/01/00-05
Observatory Dining Hall	672	487	(56)	431	06/01/00-05
Newcomb Hall Addition	2,030	1,099	(208)	891	06/01/00-03
Sponsor's Hall Addition	1,399	1,020	(123)	897	06/01/00-05
Virginia Military Institute					
Auditorium and Athletic Facility	3,119	1,527	(355)	1,172	06/01/00-02
Longwood College					
French Dormitory	479	236	(52)	184	06/01/00-02
James Madison University					
Convocation Center	5,074	2,749	(517)	2,232	06/01/00-03
Warren Campus Center	2,582	1,875	(219)	1,656	06/01/00-05
Radford University					
Recreation and Convocation Center	2,427	1,188	(278)	910	06/01/00-02
Old Dominion University					
Powhatan Field Apartments	384	192	(42)	150	06/01/00-02
Gresham Dormitory Renovation	880	477	(90)	387	06/01/00-03
Mid-Rise Dormitory	4,352	2,357	(447)	1,910	06/01/00-03

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1992 Refunding Bonds (continued)					
Virginia Commonwealth University					
VCU Parking Deck E	1,926	1,399	(168)	1,231	06/01/00-05
MCV Gymnasium	591	290	(67)	223	06/01/00-02
Academic Campus Parking	3,188	1,562	(365)	1,197	06/01/00-02
George Mason University					
University Union	4,679	2,289	(531)	1,758	06/01/00-02
Residence Halls	5,498	2,686	(628)	2,058	06/01/00-02
Field House	3,401	1,665	(386)	1,279	06/01/99-02
Physical Education Project	9,757	7,053	(855)	6,198	06/01/00-05
Parking Lot IX	644	471	(56)	415	06/01/00-05
Residence Hall II	1,538	1,119	(134)	985	06/01/00-05
Subtotal Series 1992 Refunding Bonds	59,084	34,220	(6,030)	28,190	
Series 1993 Bonds					
College of William and Mary					
Graduate Dormitory	205	110	(20)	90	06/01/00-03
Graduate University Center	205	175	(10)	165	06/01/00-13
Graduate Dormitory Renovation	610	505	(25)	480	06/01/00-13
Mary Washington College					
Telecommunications	4,340	3,700	(175)	3,525	06/01/00-13
James Madison University					
Primary Electrical Upgrade	405	220	(40)	180	06/01/00-03
Residence Facility	5,260	4,345	(205)	4,140	06/01/00-13
George Mason University					
University Center	21,460	19,345	(760)	18,585	06/01/00-15
Subtotal Series 1993 Bonds	32,485	28,400	(1,235)	27,165	
Series 1993 Refunding Bonds					
College of William and Mary					
Tyler Hall Renovation	819	777	(60)	717	06/01/00-08
Randolph Residences 89B Refunded Portion	1,412	1,359	(16)	1,343	06/01/00-09
Telecommunications 89B Refunded Portion	1,148	1,096	(15)	1,081	06/01/00-04
Randolph Residences 89R Refunded Portion	1,133	801	(269)	532	06/01/00-01
Graduate Housing	4,424	4,302	(33)	4,269	06/01/00-11
Cary Field	380	267	(88)	179	06/01/00-01
Telecommunications 90B Refunded Portion	162	155	(2)	153	06/01/00-05
University of Virginia					
Clinch Valley Housing	253	236	(43)	193	06/01/00-03
Clinch Valley Housing	176	164	(32)	132	06/01/00-03
Clinch Valley Housing	106	51	-	51	06/01/99-04
Heater/Chiller Replacement	795	771	(6)	765	06/01/00-10
North Grounds Recreation Center	1,504	679	(220)	459	06/01/00-01
Executive Center Housing	308	55	(55)	-	
Clinch Valley Housing 89R Refunded Portion	264	215	(36)	179	06/01/00-03
Medical Center	850	622	(194)	428	06/01/00-01
Food Service	392	288	(89)	199	06/01/00-01
Copley Hall Graduate Housing	298	55	(55)	-	
Hospital Parking Garage	3,520	2,858	(307)	2,551	06/01/00-06
Student Housing	8,592	8,356	(64)	8,292	06/01/00-11

Tax-Supported Debt - Detail of Long-Term Indebtedness *(Continued from Previous Page)*

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1993 Refunding Bonds (continued)					
Virginia Polytechnic Institute and State University					
Student Activities Center	10,885	10,365	(840)	9,525	06/01/00-08
Parking Renovations	2,569	2,498	(19)	2,479	06/01/00-11
Special Purpose Housing	4,763	2,150	(690)	1,460	06/01/00-01
Squires Student Center	1,988	1,933	(15)	1,918	06/01/00-11
Dormitory and Dining Renovation	3,050	2,967	(23)	2,944	06/01/00-11
Squires Center Renovation	942	914	(8)	906	06/01/00-10
Norfolk State University					
Health and ROTC Building	506	242	-	242	06/01/00-04
Residence Hall 90B Refunded Portion	2,668	2,589	(22)	2,567	06/01/00-10
Student Housing	725	119	(119)	-	
Cafeteria Renovation	2,530	2,461	(19)	2,442	06/01/00-11
Residence Hall 91A Refunded Portion	5,813	5,653	(43)	5,610	06/01/00-11
Health and ROTC Bldg. 89R Refunded Portion	1,219	983	(183)	800	06/01/00-03
Longwood College					
Residence Halls Renovation	155	71	-	71	06/01/00-04
Physical Education Building	258	190	(61)	129	06/01/00-01
Housing Repairs	294	285	(2)	283	06/01/00-10
Renovation	370	298	(54)	244	06/01/00-03
Mary Washington College					
Student Activity Center	2,170	1,760	(190)	1,570	06/01/00-06
Residence Hall	1,998	1,939	(16)	1,923	06/01/00-10
Willard Hall	722	530	(167)	363	06/01/00-01
James Madison University					
Dormitory	516	253	-	253	06/01/00-04
Student Residence Hall	2,789	2,645	(215)	2,430	06/01/00-08
Dormitory - 138 Bed	431	207	-	207	06/01/00-04
Stadium Seating	484	232	-	232	06/01/00-04
Dormitory 89R Refunded Portion	2,297	1,861	(357)	1,504	06/01/00-03
Stadium Seating	1,168	941	(177)	764	06/01/00-03
Gibbons Hall Renovation	1,802	1,749	(15)	1,734	06/01/00-10
Theatre Addition Warren Center	534	94	(94)	-	
Telecommunications	2,321	1,046	(335)	711	06/01/00-01
Radford University					
Norwood Hall Renovation	1,144	927	(100)	827	06/01/00-06
Old Dominion University					
Athletic Renovation	836	404	(1)	403	06/01/00-04
Property at 43rd and Hampton	297	282	(24)	258	06/01/00-08
Life Science Building Parking	282	136	-	136	06/01/99-04
Rogers Hall Renovation	314	152	-	152	06/01/99-04
Webb Center Addition	4,174	4,060	(31)	4,029	06/01/00-11
Powhatan Field	940	689	(216)	473	06/01/00-01
Rogers Hall	764	617	(113)	504	06/01/00-03
Student Center Addition	842	94	(94)	-	
Athletic Renovation	2,027	1,637	(306)	1,331	06/01/00-03
Life Science Park	685	554	(106)	448	06/01/00-03
Athletic Facility	4,062	3,941	(33)	3,908	06/01/00-10
Multi-Level Parking	3,196	3,101	(26)	3,075	06/01/00-10

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1993 Refunding Bonds (continued)					
Virginia Commonwealth University					
Low-Rise Dormitory, Phase II	304	147	-	147	06/01/00-04
Student Commons	1,443	687	(1)	686	06/01/00-04
VCU Low Rise Dormitory	213	154	(50)	104	06/01/00-01
Student Commons	3,447	2,786	(529)	2,257	06/01/00-03
Low Rise Dormitory	719	580	(111)	469	06/01/00-03
Christopher Newport University					
Campus Center	463	228	-	228	06/01/00-04
Christopher Newport Track	80	35	-	35	06/01/00-04
Dormitory Project	3,570	3,545	(10)	3,535	06/01/00-22
Campus Center	1,117	904	(171)	733	06/01/00-03
Christopher Newport Track 89R Refunded Portion	185	152	(29)	123	06/01/00-03
George Mason University					
Parking Lot VIII	176	86	-	86	06/01/00-04
Student Housing	1,778	283	(283)	-	
Parking Lot #10	367	300	(33)	267	06/01/00-06
Residence Halls II	4,249	3,454	(368)	3,086	06/01/00-06
Security Information Building	211	171	(17)	154	06/01/00-06
Parking Lot	427	345	(65)	280	06/01/00-03
Residence Halls IV	7,449	7,227	(60)	7,167	06/01/00-10
Subtotal Series 1993 Refunding Bonds	128,264	107,760	(8,025)	99,735	
Series 1994 Bonds					
Christopher Newport University					
Dormitory/Dining	2,435	475	(50)	425	06/01/00-06
College of William and Mary					
Dormitory Renovation	230	80	(10)	70	06/01/00-06
Dormitory Phase II	3,165	1,005	(100)	905	06/01/00-06
George Mason University					
Telecommunications	3,770	2,860	(340)	2,520	06/01/00-05
James Madison University					
Primary Electric	890	615	(90)	525	06/01/00-04
Tidewater Community College					
VCCS-TCC Parking Project	1,685	1,170	(170)	1,000	06/01/00-04
Subtotal Series 1994 Bonds	12,175	6,205	(760)	5,445	
Series 1995 Bonds					
College of William and Mary					
Underground Utility	1,535	1,435	(50)	1,385	06/01/00-16
George Mason University					
Prince William Site and Parking	2,115	1,765	(190)	1,575	06/01/00-06
University of Virginia					
Student Residence Facility	4,890	4,580	(165)	4,415	06/01/00-16
Newcomb Hall Expansion	10,855	10,160	(370)	9,790	06/01/00-16
Virginia State University					
Foster Hall	2,305	2,000	(130)	1,870	06/01/00-10
Langston Hall	2,575	2,230	(145)	2,085	06/01/00-10
Dorm Renovation	2,685	2,325	(150)	2,175	06/01/00-10
Subtotal Series 1995 Bonds	26,960	24,495	(1,200)	23,295	

Tax-Supported Debt - Detail of Long-Term Indebtedness *(Continued from Previous Page)*

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1996 Bonds					
College of William and Mary					
Dormitory Repairs	1,650	1,550	(55)	1,495	06/01/00-16
Longwood College					
Dining Hall	5,485	5,310	(185)	5,125	06/01/00-16
Virginia Commonwealth University					
Visitors Deck	3,350	3,155	(110)	3,045	06/01/00-16
Virginia State University					
Jones Dining Hall	2,525	2,350	(80)	2,270	06/01/00-16
Subtotal Series 1996 Bonds	13,010	12,365	(430)	11,935	
Series 1996 Refunding Bonds					
Christopher Newport University					
Dormitory and Dining 1994	1,892	1,863	(9)	1,854	06/01/00-21
College of William and Mary					
Dormitory 1994	118	116	(1)	115	06/01/00-14
Dormitory Phase II 1994	1,751	1,721	(9)	1,712	06/01/00-15
Graduate Housing 1991A	395	387	(3)	384	06/01/00-03
Randolph Residence 1989B	203	198	(97)	101	06/1/00
Telecommunication 1989B	452	442	(214)	228	06/1/00
Telecommunication 1990B	69	67	(1)	66	06/01/00-01
George Mason University					
Residence Hall IV 1990B	1,117	1,086	(12)	1,074	06/01/00-01
Parking Lot 1990B	16	16	-	16	06/1/00
James Madison University					
Gibbons Hall Renovation 1990B	270	263	(3)	260	06/01/00-01
Longwood College					
Housing Repairs 1990B	42	41	-	41	06/01/00-01
Mary Washington College					
Residence Hall 1990B	302	293	(3)	290	06/01/00-01
Norfolk State University					
Cafeteria Renovation 1991A	230	225	(2)	223	06/01/00-03
Residence Hall 1990B	402	391	(4)	387	06/01/00-01
Residence Hall 1991A	523	513	(5)	508	06/01/00-03
Old Dominion University					
Athletic Facility, Phase I 1990B	614	597	(7)	590	06/01/00-01
Webb Center Addition 1991A	374	366	(3)	363	06/01/00-03
Multilevel Parking 1990B	482	468	(5)	463	06/01/00-01
University of Virginia					
Heater/ Chiller Replacement 1990B	122	119	(2)	117	06/01/00-01
Student Housing 1991A	774	759	(7)	752	06/01/00-03
Virginia Polytechnic Institute and State University					
Dormitory and Dining Renovation 1991A	272	267	(2)	265	06/01/00-03
Parking Renovation 1991A	230	225	(2)	223	06/01/00-03
Squire Center Renovation 1990B	143	139	(2)	137	06/01/00-01
Squire Student Center 1991A	176	173	(2)	171	06/01/00-03
Subtotal Series 1996 Refunding Bonds	10,969	10,735	(395)	10,340	

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1997 Bonds					
College of William and Mary					
Utility System	2,000	1,940	(65)	1,875	06/01/00-17
Dormitory Repairs	3,390	3,290	(105)	3,185	06/01/00-17
Dormitory Renovation Phase II	760	735	(25)	710	06/01/00-17
Virginia Polytechnic Institute and State University					
Parking Auxiliary Project	1,550	1,505	(50)	1,455	06/01/00-17
Residence Hall	15,895	15,895	(520)	15,375	06/01/00-17
James Madison University					
Dining Hall Renovation	1,330	1,290	(40)	1,250	06/01/00-17
Residence Hall	11,625	11,275	(370)	10,905	06/01/00-17
Student Services	6,200	6,010	(195)	5,815	06/01/00-17
Virginia Commonwealth University					
Academic Parking Deck	12,280	12,280	(400)	11,880	06/01/00-17
Subtotal Series 1997 Bonds	55,030	54,220	(1,770)	52,450	
Series 1998 Refunding Bonds					
Christopher Newport University					
Dormitory and Dining 1994	170	169	(2)	167	06/01/00-08
Dormitory and Dining 1992C	3,260	3,233	(25)	3,208	06/01/00-15
College of William and Mary					
University Center 1992C	6,617	6,564	(41)	6,523	06/01/00-13
Dormitory 1992D	701	695	(3)	692	06/01/00-13
Dormitory 1994	33	33	(1)	32	06/01/00-08
Dormitory Phase II 1994	362	359	(3)	356	06/01/00-08
George Mason University					
Student Union II 1992A	1,572	1,560	(9)	1,551	06/01/00-12
James Madison University					
Student Activities 1992C	4,599	4,562	(28)	4,534	06/01/00-13
Longwood College					
Student Housing 1992A	2,949	2,926	(16)	2,910	06/01/00-12
Mary Washington College					
Residence Hall 1992C	2,094	2,077	(12)	2,065	06/01/00-13
Northern Virginia Community College					
NVCC Parking Deck 1992A	1,869	1,854	(10)	1,844	06/01/00-12
University of Virginia					
Central Ground Parking 1992D	6,146	6,096	(31)	6,065	06/01/00-13
HSC Parking 1992D	843	836	(5)	831	06/01/00-13
CVC Dormitory 1992C	409	406	(3)	403	06/01/00-12
West Scott Stadium 1992D	614	609	(3)	606	06/01/00-13
Virginia Commonwealth University					
MCV Parking 1992C	5,198	5,156	(32)	5,124	06/01/00-13
Dormitory Renovations 1992D	1,636	1,622	(8)	1,614	06/01/00-13
Housing Repairs 1992C	755	749	(5)	744	06/01/00-12
Virginia Polytechnic Institute and State University					
Dormitory 1992D	1,380	1,369	(7)	1,362	06/01/00-13
Residence Hall 1992C	3,158	3,132	(19)	3,113	06/01/00-13
Dormitory Repairs 1992C	1,440	1,428	(7)	1,421	06/01/00-13
Subtotal Series 1998 Refunding Bonds	45,805	45,435	(270)	45,165	

Tax-Supported Debt - Detail of Long-Term Indebtedness *(Continued from Previous Page)*

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution Bonds (Component Units) (continued)					
Series 1998 Bonds					
College of William and Mary					
Dormitory Renovation	6,390	-	6,125	6,125	06/01/00-18
Virginia Polytechnic Institute and State University					
Dining Hall	3,255	-	3,120	3,120	06/01/00-18
Virginia State University					
Jones Dining Hall	1,045	-	1,000	1,000	06/01/00-18
James Madison University					
Dining Facilities Renovation	1,080	-	1,035	1,035	06/01/00-18
George Mason University					
Arl-Metro Parking	1,915	-	1,740	1,740	06/01/00-18
Subtotal Series 1998 Bonds	13,685	-	13,020	13,020	
Subtotal Higher Educational Institution Bonds	650,574	406,560	(18,597)	387,963	
Transportation Facilities Bonds (Primary Government)					
Series 1987, Dulles Refunding	57,100	2,750	(2,750)	-	
Series 1989, Dulles Toll Road	34,348	23,937	(1,546)	22,391	06/01/00-09
Series 1993, Dulles Refunding	24,845	24,065	(200)	23,865	06/01/00-07
Series 1994, Coleman Bridge	43,315	8,605	(870)	7,735	06/01/00-06
Series 1996, Dulles Toll Road	45,235	42,535	(1,460)	41,075	06/01/00-16
Series 1996, Coleman Bridge Refunding	34,750	34,300	(155)	34,145	06/01/00-21
Series 1996, Dulles Refunding	9,475	9,305	(65)	9,240	06/01/00-01
Series 1998, Coleman Bridge Refunding	3,135	3,110	(20)	3,090	06/01/00-08
Subtotal Transportation Facilities Bonds	252,203	148,607	(7,066)	141,541	
Parking Facilities Bonds (Primary Government)					
Series 1991 A	10,895	1,410	(445)	965	06/01/00-01
Series 1993 Refunding	6,630	6,450	(50)	6,400	06/01/00-11
Series 1996	3,495	3,290	(115)	3,175	06/01/00-16
Series 1996 Refunding	1,160	1,130	(10)	1,120	06/01/00-03
Subtotal Parking Facilities Bonds	22,180	12,280	(620)	11,660	
Total Section 9(c) Debt	924,957	567,447	(26,283)	541,164	
Bond Anticipation Notes Payable (BANS)					
Primary Government	60,000	60,000	(40,000)	20,000	
Higher Education Institutions	4,000	4,000	9,000	13,000	
Subtotal BANS	64,000	64,000	(31,000)	33,000	
Total General Obligation Debt	1,748,547	1,139,927	(30,998)	1,108,929	

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
Non-General Obligation Debt					
Section 9(d) Debt					
Virginia Public Building Authority Bonds (Primary Government)					
Series 1988 A (1)	163,445	20,870	(10,080)	10,790	08/01/99-02/01/00
Series 1991 A	70,065	11,255	(2,575)	8,680	08/01/99-01
Series 1992 A Refunding	112,870	66,295	(9,620)	56,675	08/01/99-03
Series 1992 B	94,335	88,947	(670)	88,277	08/01/99-10
Accreted Principal	-	17,874	3,710	21,584	08/01/99-10
Series 1992 C	173,865	44,275	(6,545)	37,730	08/01/99-03
Series 1993 A	60,995	52,305	(2,440)	49,865	08/01/99-13
Series 1994 A	79,220	23,845	(2,430)	21,415	08/01/99-05
Series 1995	187,410	180,285	(7,485)	172,800	08/01/99-16
Series 1996 A	97,430	96,395	(655)	95,740	08/01/99-15
Series 1997 A	152,885	152,885	(4,570)	148,315	08/01/99-17
Series 1998 A Refunding	147,000	147,000	(2,330)	144,670	08/01/99-13
Series 1998 B	40,425	40,425	-	40,425	08/01/99-18
Series 1999 A	68,920	-	68,920	68,920	08/01/99-19
Total Virginia Public Building Authority Bonds	1,448,865	942,656	23,230	965,886	
Virginia College Building Authority Bonds (Component Unit)					
Equipment Leasing Program					
Series 1994	20,040	4,190	(4,190)	-	
Series 1995	24,680	15,725	(5,100)	10,625	08/01/99-00
Series 1996	25,150	20,620	(4,815)	15,805	08/01/99-01
Series 1997	38,905	30,845	(7,155)	23,690	02/01/00-02
Series 1998	38,875	38,875	(5,950)	32,925	02/01/00-03
21st Century College Program					
Series 1996	53,160	52,580	(1,715)	50,865	08/01/99-16
Series 1998	54,785	54,785	-	54,785	08/01/99-17
Series 1999	59,495	-	59,495	59,495	02/01/00-19
Total Virginia College Building Authority Bonds	315,090	217,620	30,570	248,190	
Transportation Debt (Primary Government)					
Route 28 Refunding Bonds	111,680	98,240	(2,665)	95,575	
Transportation Revenue Bonds (U.S. Route 58)	504,455	382,050	(10,085)	371,965	
Northern Virginia Transportation District Program	265,760	244,785	(6,285)	238,500	
Oak Grove Connector (Chesapeake)	33,075	31,625	(705)	30,920	
Total Section 9(d) Transportation Debt	914,970	756,700	(19,740)	736,960	
Virginia Port Authority Debt (Component Unit)					
Series 1996	38,300	37,070	(1,280)	35,790	
Refunding Series 1998	71,015	71,015	-	71,015	
Total Virginia Port Authority Debt	109,315	108,085	(1,280)	106,805	
Innovative Technology Authority Debt (Component Unit)					
Series 1989	13,300	300	(300)	-	
Series 1997	13,300	12,330	(135)	12,195	
Total Innovative Technology Authority Debt	26,600	12,630	(435)	12,195	

Tax-Supported Debt - Detail of Long-Term Indebtedness *(Continued from Previous Page)*

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 1998	Issued (Retired) During Year	Outstanding June 30, 1999	Maturity
Non-General Obligation Debt (continued)					
Section 9(d) Debt (continued)					
Virginia Biotechnology Research Park					
Authority (Component Unit)					
Series 1996	-	31,000	(885)	30,115	
Total Section 9(d) Debt	2,814,840	2,068,691	31,460	2,100,151	
Other Long-Term Obligations					
Capital Leases	-	251,957	(5,742)	246,215	
Installment Purchase Obligations	-	35,201	18,970	54,171	
Transportation Notes Payable	-	12,325	-	12,325	
Regional Jail Construction Liability	-	65,510	(2,875)	62,635	
Compensated Absences (2)	-	414,605	9,148	423,753	
Pension Liability	-	135,465	75,431	210,896	
Other	-	-	2,882	2,882	
Total Other Long-Term Obligations	-	915,063	97,814	1,012,877	
Total Non-General Obligation Debt	2,814,840	2,983,754	129,274	3,113,028	
Total Tax-Supported Debt	$ 4,563,387	$ 4,123,681	$ 98,276	$ 4,221,957	

(1) As restated per GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.*

(2) Compensated Absence balances were reflected as a separate line item on the Balance Sheet for fiscal years 1995-98.
The June 30, 1999, amounts are reflected as Long-Term Liabilities on the fiscal year 1999 Balance Sheet.

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

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Tax Revenues:										
Individual and Fiduciary Income	$ 6,088	$ 5,405	$ 4,736	$ 4,301	$ 4,028	$ 3,812	$ 3,585	$ 3,321	$ 3,236	$ 3,082
Sales and Use	2,410	2,240	2,134	2,010	1,935	1,795	1,680	1,574	1,560	1,585
Motor Fuels	806	775	752	729	688	695	659	640	632	606
Corporation Income	420	451	432	402	376	312	371	276	279	310
Public Service Corporations	112	102	126	116	109	119	98	102	96	102
Payroll-Unemployment Compensation	138	155	224	260	287	256	203	157	126	140
Motor Vehicle Sales and Use	436	394	384	370	354	321	267	238	230	257
Gross Premiums of Insurance Companies	245	237	219	218	208	196	180	175	158	179
Alcoholic Beverage-Sales Tax	64	61	59	59	57	57	59	59	59	57
Deeds, Contracts,Wills, and Suits	158	127	103	95	85	115	100	84	72	91
Beer and Beverage Excise	40	39	38	39	38	39	36	38	39	39
Estate	154	122	92	69	78	83	49	49	47	63
Tobacco Products	16	16	16	16	16	15	15	15	15	16
Bank Stock	13	8	9	8	7	6	5	4	5	5
Wine and Spirits/ABC Liter	7	7	7	7	6	6	5	5	5	5
Other Taxes	84	77	61	34	59	55	46	42	37	70
Total Tax Revenues	11,191	10,216	9,392	8,733	8,331	7,882	7,358	6,779	6,596	6,607
Other Revenues:										
Federal and Other Grants, Donations, and Federal Revenue Sharing	3,657	3,412	3,178	3,055	3,024	2,806	2,683	2,466	2,137	1,900
Institutional Revenue	2,472	2,330	2,554	2,445	2,348	2,219	2,154	1,954	1,720	1,578
Sales of Property and Commodities	946	870	905	807	780	787	767	770	810	508
Rights and Privileges	569	544	515	488	510	486	471	470	440	423
Interest, Dividends, and Rents	444	425	391	362	317	235	235	217	287	308
Fines, Forfeitures, Costs, Penalties, and Escheats	217	197	181	159	166	152	145	103	98	86
Assessments-Special Services	632	580	508	509	541	567	97	47	42	37
Other Revenues	752	671	866	621	544	501	460	624	650	414
Total Other Revenues	9,689	9,029	9,098	8,446	8,230	7,753	7,012	6,651	6,184	5,254
Total Revenues	$ 20,880	$ 19,245	$ 18,490	$ 17,179	$ 16,561	$ 15,635	$ 14,370	$ 13,430	$ 12,780	$ 11,861
Percentage Increase Over Previous Year	8.5%	4.1%	7.6%	3.7%	5.9%	8.8%	7.0%	5.1%	7.7%	4.1%

Includes all Governmental, Proprietary, and Higher Education Funds

Source: Department of Accounts

Ten-Year Schedule of Expenditures - Budgetary Basis
All Funds by Function and Object

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Expenditures By Function:										
Education	$ 6,622	$ 5,941	$ 5,568	$ 5,195	$ 5,067	$ 4,758	$ 4,599	$ 4,325	$ 4,333	$ 4,169
Administration of Justice	1,745	1,550	1,387	1,326	1,250	1,143	1,070	1,034	1,020	964
Individual and Family Services	5,888	5,594	5,562	5,445	5,316	5,047	4,860	4,439	3,989	3,389
Resources and Economic Development	624	539	482	480	501	419	381	389	405	402
Transportation	2,867	2,573	2,449	2,330	2,265	1,833	1,670	1,812	1,907	1,913
General Government	1,514	1,174	1,088	1,008	1,037	893	398	382	397	416
Enterprises	1,198	1,140	1,085	1,065	1,034	1,012	957	941	885	765
Capital Projects	444	553	460	332	355	277	167	208	190	280
Total Expenditures	$ 20,902	$ 19,064	$ 18,081	$ 17,181	$ 16,825	$ 15,382	$ 14,102	$ 13,530	$ 13,126	$ 12,298
Expenditures By Object:										
Personal Services	$ 4,818	$ 4,418	$ 4,197	$ 4,241	$ 4,274	$ 4,053	$ 3,781	$ 3,776	$ 3,826	$ 3,567
Medical and Other Contractual Services	4,482	4,142	3,975	3,698	3,495	3,034	2,847	2,503	2,288	2,030
Supplies and Materials	841	826	920	820	776	785	736	692	662	661
Grants and Distributions to Localities	7,781	6,818	6,368	6,025	5,857	5,477	5,309	5,014	4,811	4,425
Debt Service	336	309	306	255	244	203	157	173	141	133
Rent, Insurance, and Other Related Charges	924	886	821	816	842	781	367	346	351	352
Land, Equipment, and Other Fixed Assets	1,716	1,662	1,488	1,320	1,332	1,028	884	1,005	1,070	1,151
Other	4	3	6	6	5	21	21	21	(23)	(21)
Total Expenditures	$ 20,902	$ 19,064	$ 18,081	$ 17,181	$ 16,825	$ 15,382	$ 14,102	$ 13,530	$ 13,126	$ 12,298
Percentage Increase Over Previous Year	9.6%	5.4%	5.2%	2.1%	9.4%	9.1%	4.2%	3.1%	6.7%	8.0%

Includes all Governmental, Proprietary, and Higher Education Funds

Source: Department of Accounts

Ten-Year Schedule of Revenues - Budgetary Basis
General Governmental Revenues by Source

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Tax Revenues:										
Individual and Fiduciary Income	$ 6,088	$ 5,405	$ 4,736	$ 4,301	$ 4,028	$ 3,812	$ 3,585	$ 3,321	$ 3,236	$ 3,082
Sales and Use	2,410	2,240	2,134	2,010	1,935	1,795	1,680	1,574	1,560	1,585
Motor Fuels	778	759	722	715	679	686	650	633	624	599
Corporation Income	420	451	432	402	376	312	371	276	279	310
Public Service Corporations	112	102	126	116	109	119	98	102	96	102
Motor Vehicle Sales and Use	- 436	394	384	370	354	321	267	238	230	257
Gross Premiums of Insurance Companies	245	237	219	218	208	196	180	175	158	179
Alcoholic Beverage Sales Tax	64	61	59	59	57	57	59	59	59	57
Deeds, Contracts,Wills, and Suits	158	127	4	95	85	115	100	84	72	92
Beer and Beverage Excise	40	39	38	39	38	39	38	38	39	39
Estate	154	122	92	69	78	83	48	49	47	63
Tobacco Products	16	16	16	16	16	15	15	15	15	16
Bank Stock	13	8	9	8	7	6	5	4	5	5
Wine and Spirits/ABC Liter	7	7	7	7	6	6	5	5	5	5
Other Taxes	52	44	142	16	41	41	33	34	29	62
Total Tax Revenues	10,993	10,012	9,120	8,441	8,017	7,603	7,134	6,607	6,454	6,453
Other Revenues:										
Federal and Other Grants, Donations, and Federal Revenue Sharing	3,264	3,035	2,821	2,705	2,664	2,374	2,194	2,074	1,872	1,642
Institutional Revenue	376	331	309	346	331	312	306	287	271	251
Sales of Property and Commodities	91	71	103	7	9	8	8	9	80	8
Rights and Privileges	541	516	499	475	486	463	452	451	422	406
Interest, Dividends, and Rents	166	136	149	116	104	75	66	61	61	130
Fines, Forfeitures, Costs, Penalties and Escheats	163	148	135	122	121	116	109	64	62	55
Assessments-Special Services	48	37	34	34	33	33	30	40	35	30
Other Revenues	589	536	671	505	394	383	366	537	549	335
Total Other Revenues	5,238	4,810	4,721	4,310	4,142	3,764	3,531	3,523	3,352	2,857
Total Revenues	$ 16,231	$ 14,822	$ 13,841	$ 12,751	$ 12,159	$ 11,367	$ 10,665	$ 10,130	$ 9,806	$ 9,310
Percentage Increase Over Previous Year	9.5%	7.1%	8.5%	4.9%	7.0%	6.6%	5.3%	3.3%	5.3%	1.4%

Includes all Governmental Funds.

Source: Department of Accounts

Ten-Year Schedule of Expenditures - Budgetary Basis
General Governmental Expenditures by Function and Object

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Expenditures by Function:										
Education	$ 4,125	$ 3,614	$ 3,432	$ 3,145	$ 3,056	$ 2,852	$ 2,800	$ 2,614	$ 2,647	$ 2,523
Administration of Justice	1,730	1,537	1,377	1,318	1,241	1,135	1,062	1,026	1,012	957
Individual and Family Services	5,105	4,800	4,541	4,413	4,319	3,970	3,747	3,380	3,129	2,722
Resources and Economic Development	574	502	447	445	461	396	367	375	391	394
Transportation	2,634	2,377	2,272	2,124	2,070	1,736	1,587	1,683	1,796	1,828
General Government	791	525	498	459	463	408	352	345	372	393
Enterprises	92	81	76	69	71	43	35	30	33	32
Capital Projects	363	477	378	267	289	223	125	155	127	207
Total Expenditures	$ 15,414	$ 13,913	$ 13,021	$ 12,240	$ 11,970	$ 10,763	$ 10,075	$ 9,608	$ 9,507	$ 9,056
Expenditures by Object:										
Personal Services	$ 2,472	$ 2,255	$ 2,042	$ 2,103	$ 2,150	$ 2,035	$ 1,913	$ 1,946	$ 2,066	$ 1,914
Medical and Other Contractual Services	3,802	3,517	3,352	3,105	2,929	2,515	2,363	2,049	1,864	1,632
Supplies and Materials	366	375	404	340	324	314	262	237	239	253
Grants and Distributions to Localities	6,979	6,010	5,700	5,337	5,187	4,820	4,622	4,347	4,290	4,117
Debt Service	260	235	225	181	166	120	81	57	70	65
Rent, Insurance, and Other Related Charges	216	209	186	222	212	188	182	188	191	196
Land, Equipment and Other Fixed Assets	1,322	1,315	1,114	953	1,003	769	651	783	827	915
Other	(3)	(3)	(2)	(1)	(1)	2	1	1	(40)	(36)
Total Expenditures	$ 15,414	$ 13,913	$ 13,021	$ 12,240	$ 11,970	$ 10,763	$ 10,075	$ 9,608	$ 9,507	$ 9,056
Percentage Increase Over Previous Year	10.8%	6.9%	6.4%	2.3%	11.2%	6.8%	4.9%	1.1%	5.0%	7.8%

Includes all Governmental Funds.

Source: Department of Accounts

Computation of Legal Debt Limit and Margin

For Revenues Collected Through June 30, 1999
(Dollars in Thousands)

	Fiscal Year Ended June 30,		
	1999	1998	1997
Tax Revenues Required for Computation			
Taxes on Income and Retail Sales:			
Individual and Fiduciary Income Tax and Estate Tax [1]	$ 6,087,888	$ 5,405,850	$ 4,728,088
Corporate Income Tax [2]	420,421	450,780	432,298
State Sales and Use Tax [3]	2,065,265	1,919,216	1,826,761
Total	$ 8,573,574	$ 7,775,846	$ 6,987,147
Average Tax Revenues for the Three Fiscal Years			$ 7,778,856
Section 9(a)(2) General Obligation Debt Limit [4]			
Debt Limit (30% of 1.15 times annual tax revenues for fiscal year 1999)			$ 2,957,883
Less Bonds Outstanding:			-
Debt Margin for Section 9(a)(2) General Obligation Bonds			$ 2,957,883
Section 9(b) General Obligation Debt Limit			
Debt Limit (1.15 times average tax revenues for three fiscal years as calculated above)			$ 8,945,684
Less Bonds Outstanding:**			
Public Facilities Bonds		$ 470,930	
Transportation Facilities Refunding Bonds [6]		63,835	
Bond Anticipation Notes		20,000	554,765
Debt Margin for Section 9(b) General Obligation Bonds			$ 8,390,919
Additional Section 9(b) Debt Borrowing Restriction:			
Four-year Authorization Restriction (25% of 9(b) Debt Limit)			$ 2,236,421
Less 9(b) Debt authorized in past three fiscal years			-
Maximum Additional Borrowing Restriction (amount that could be authorized by the General Assembly)			$ 2,236,421
Section 9(c) General Obligation Debt Limit			
Debt Limit (1.15 times average tax revenues for three fiscal years as calculated above)			$ 8,945,684
Less Bonds Outstanding:**			
Parking Facilities Bonds		$ 11,660	
Transportation Facilities Bonds [5]		141,541	
Higher Educational Institution Bonds [5]		387,963	
Bond Anticipation Notes		13,000	554,164
Debt Margin for Section 9(c) General Obligation Bonds			$ 8,391,520

**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) This Section 9(a)(3) debt refinanced 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 Margin.
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
1999	6,827	$ 1,108,929	$ 162
1998	6,817	1,139,927	167
1997	6,739	1,140,862	169
1996	6,663	1,054,305	158
1995	6,596	963,304	146
1994	6,522	791,842	121
1993	6,421	816,883	127
1992	6,259	582,713	93
1991	6,218	542,629	87
1990	6,162	501,432	81

(1) Includes 9(a), 9(b) and 9(c) debt, net of unamortized discounts and bond anticipation notes payable.
Sources: U. S. Department of Commerce, Bureau of the Census
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
1999	$ 323,634	$ 15,431,118	2.10 %
1998	287,971	14,167,795	2.03
1997	271,140	13,636,962	1.99
1996	206,885	12,103,923	1.71
1995	150,513	11,873,282	1.27
1994	146,972	10,809,573	1.36
1993	107,078	10,422,319	1.03
1992	96,308	9,480,167	1.02
1991	101,816	9,268,998	1.10
1990	99,258	9,121,271	1.08

(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, 1999 was $2.5 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 Nine 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	1999	$ 29,381	$ 372,266	$ 358,473	$ 43,174	4,209	10.26
	1998	30,849	336,835	334,318	33,366	3,563	9.36
	1997	180,008	728,116	699,581	208,543	957	217.91
	1996	156,136	673,639	637,376	192,399	6,079	31.65
	1995	150,564	644,391	631,785	163,170	8,831	18.48
	1994	156,818	633,457	632,316	157,959	10,069	15.69
	1993	122,158	629,163	576,710	174,611	10,069	17.34
	1992	100,488	603,092	569,410	134,170	10,068	13.33
	1991	83,498	558,570	522,570	119,498	10,066	11.87
University of Virginia	1999	$ 134,601	$ 921,043	$ 861,269	$ 194,375	$ 14,061	13.82
	1998	133,683	904,027	832,901	204,809	14,051	14.58
	1997	153,000	830,731	771,806	211,925	14,057	15.08
	1996	147,556	783,722	728,665	202,613	13,834	14.65
	1995	124,076	742,152	666,479	199,749	13,559	14.73
	1994	101,930	712,071	648,479	165,522	13,197	12.54
	1993	83,494	684,552	613,380	154,666	11,806	13.10
	1992	61,490	650,955	579,517	132,928	11,946	11.13
	1991	49,741	602,446	554,696	97,491	11,972	8.14
Virginia Polytechnic Institute and State University	1999	$ 11,892	$ 488,100	$ 471,574	$ 28,418	$ 7,413	3.83
	1998	12,280	453,227	437,879	27,628	5,709	4.84
	1997	18,118	421,073	407,384	31,807	2,110	15.07
	1996	756	396,893	367,269	30,380	1,531	19.84
	1995	7,668	388,410	382,017	14,061	1,554	9.05
	1994	13,321	377,546	373,109	17,758	3,034	5.85
	1993	14,334	355,781	344,370	25,745	2,935	8.77
	1992	11,885	353,426	344,132	21,179	1,652	12.82
	1991	147	350,301	332,507	17,941	1,674	10.72
Norfolk State University	1999	$ (7,801)	$ 71,392	$ 61,250	$ 2,341	$ 902	2.60
	1998	(5,289)	63,094	60,596	(2,791)	902	(3.09)
	1997	(1,370)	61,787	62,841	(2,424)	552	(4.39)
	1996	349	59,097	58,750	696	174	4.00
	1995	2,773	55,870	54,751	3,892	174	22.37
	1994	5,630	56,098	55,109	6,619	174	38.04
	1993	5,548	79,202	73,776	10,974	174	63.07
	1992	5,675	51,708	49,936	7,447	279	26.67
	1991	4,829	55,688	51,450	9,067	363	24.99

	For the Fiscal Year Ended June 30,	Current Unrestricted Beginning Balance (2)	Current Unrestricted Gross Revenues (2)	Current Unrestricted Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements	Coverage
James Madison University	1999	$ 130	$ 185,181	$ 171,850	$ 13,461	$ 1,708	7.88
	1998	(2,971)	163,018	149,244	10,803	1,712	6.31
	1997	1,868	149,340	142,846	8,362	1,714	4.88
	1996	1,114	132,593	121,341	12,366	1,712	7.22
	1995	2,216	125,028	115,890	11,354	1,712	6.63
	1994	5,144	115,625	107,242	13,527	247	54.77
	1993	4,178	109,708	103,116	10,770	248	43.43
	1992	3,753	106,700	100,706	9,747	248	39.33
	1991	1,873	102,914	94,684	10,103	247	40.82
Virginia College Building Authority(3)	1999	$ 937	$ 9,597	$ 537	$ 9,997	$ 8,764	1.14
	1998	141	8,017	7,174	984	4,637	0.21
	1997	138	3,622	3,619	141	2,408	0.06
	1996	264	2,401	125	2,540	2,226	1.14
	1995	797	2,239	406	2,630	2,365	1.11
	1994	411	2,591	212	2,790	2,378	1.17
	1993	(1,808)	4,979	3	3,168	2,749	1.15
	1992	14,682	8,372	788	22,266	2,353	9.46
	1991	11,073	9,319	576	19,816	5,134	3.86

(1) Coverage relates to Higher Education 9(d) Revenue Bonds. The outstanding principal of this debt at June 30, 1999, was $638,927,807 and the outstanding interest was $310,472,403.

(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	1999	$ 935,251	$ 579,194	$ 169,286	$ 1,345,159	$ 927,030	1.45
	1998	839,564	565,345	161,631	1,243,278	800,168	1.55
	1997	745,233	514,345	158,700	1,100,878	350,348	3.14
	1996	667,221	493,305	155,575	1,004,951	318,092	3.16
	1995	600,086	335,697	33,664	902,119	272,342	3.31
	1994	543,590	311,782	28,186	827,186	846,695	0.98
	1993	488,321	325,475	24,316	789,480	710,527	1.11
	1992	440,045	331,160	282,884	488,321	88,515	5.52
	1991	392,328	330,929	283,212	440,045	91,200	4.83
	1990	342,711	317,288	267,671	392,328	88,645	4.43
Virginia Education Loan Authority (3)	1999	$ -	$ -	$ -	$ -	$ N/A	N/A
	1998	-	-	-	-	N/A	N/A
	1997	-	769	-	769	N/A	N/A
	1996	70,259	16,922	6,576	80,605	80,532	1.00
	1995	75,433	39,721	19,477	95,677	66,739	1.43
	1994	77,924	35,724	14,270	99,378	54,426	1.83
	1993	80,333	34,631	11,467	103,497	97,269	1.06
	1992	82,689	38,756	41,112	80,333	49,280	1.63
	1991	90,294	47,406	55,011	82,689	33,810	2.45
	1990	86,252	54,594	50,552	90,294	51,545	1.75
Virginia Resources Authority	1999	$ 94,809	$ 110,816	$ 72,926	$ 132,699	$ 45,259	2.93
	1998	72,478	117,222	78,950	110,750	34,885	3.17
	1997	58,481	85,837	51,443	92,875	33,915	2.74
	1996	46,209	97,125	63,584	79,750	37,189	2.14
	1995	37,290	31,658	1,196	67,752	33,716	2.01
	1994	30,915	29,929	1,545	59,299	26,813	2.21
	1993	23,161	27,730	1,401	49,490	22,457	2.20
	1992	17,718	22,905	17,462	23,161	4,565	5.07
	1991	11,467	23,246	16,995	17,718	4,330	4.09
	1990	7,051	20,431	16,015	11,467	3,230	3.55

(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.

Source: Department of the Treasury; Department of Accounts.

Schedule of Revenue Bond Coverage
Other Section 9(d) Long-Term Debt

Last Nine 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	1999	$ 78,795	$ 3,896	$ 83,375	$ (684)	$ 93,069	(0.01)
(Series 1988A, 1989A, 1991A, 1992A-C,	1998	150,464	7,460	136,914	21,010	83,301	0.25
1993A, 1994A, 1995, 1996A, 1997A,	1997	182,702	79,218	192,723	69,197	121,101	0.57
1998A Refunding, 1998B, and 1999A)	1996	108,552	73,678	124,522	57,708	59,431	0.97
	1995	106,103	60,138	82,972	83,269	53,785	1.55
	1994	134,523	142,779	85,900	191,402	50,788	3.77
	1993	60,640	148,840	106,753	102,727	36,061	2.85
	1992	89,702	147,015	149,615	87,102	26,462	3.29
	1991	58,614	113,764	54,327	118,051	28,349	4.16
Transportation Facilities	1999	$ 283,203	$ 25,066	$ 156,691	$ 151,578	$ 60,470	2.51
Route 28, Route 58, Northern Virginia	1998	345,299	28,042	129,493	243,848	57,916	4.21
Transportation District, and Oak Grove	1997	236,711	21,169	104,183	153,697	56,186	2.74
Connector (Chesapeake)	1996	177,162	147,547	110,651	214,058	45,146	4.74
	1995	163,484	15,913	33,904	145,493	31,068	4.68
	1994	187,357	36,735	30,362	193,730	31,070	6.24
	1993	108,176	26,399	35,947	98,628	24,074	4.10
	1992	188,849	33,104	47,236	174,717	27,335	6.39
	1991	260,218	69,756	78,815	251,159	27,333	9.19
Pocahontas Parkway Association (4)	1999	$ -	$ 18,013	$ 15,544	$ 2,469	$ 5,728	0.43
(Series 1998A-D)							
Component Units:							
Innovative Technology Authority	1999	$ 3,388	$ 2,732	$ -	$ 6,120	$ 1,364	4.49
(Series 1989 and 1997)	1998	2,224	2,528	-	4,752	1,391	3.42
	1997	1,808	1,807	-	3,615	1,544	2.34
	1996	1,596	1,756	-	3,352	1,464	2.29
	1995	1,304	1,756	-	3,060	1,484	2.06
	1994	1,031	1,757	-	2,788	1,504	1.85
	1993	750	1,785	-	2,535	1,478	1.72
	1992	467	1,826	-	2,293	1,543	1.49
	1991	-	1,827	-	1,827	1,360	1.34
Virginia Port Authority(5)	1999	$ 93,565	$ 28,677	$ 66,680	$ 55,562	$ 15,648	3.55
(Series 1992A, 1993, 1996, 1997,	1998	130,870	19,434	59,387	90,917	21,279	4.27
1997 Refunding, and 1998 Refunding)	1997	40,727	16,498	68,094	(10,869)	15,921	(0.68)
	1996	42,666	6,633	35,198	14,101	16,192	0.87
	1995	41,615	6,162	28,236	19,541	17,858	1.09
	1994	45,589	6,217	32,454	19,352	18,277	1.06
	1993	83,140	36,911	24,765	95,286	43,699	2.18
	1992	73,503	43,317	28,744	88,076	13,360	6.59
	1991	86,521	49,639	41,343	94,817	20,128	4.71

(1) Gross Revenues include loan principal collections.
(2) Operating Expenditures are exclusive of principal and interest.
(3) Includes principal and interest of revenue bonds only. It does not include debt defeasance transactions.
(4) Nine 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,	Bank Deposits
1998	$ 71,317
1997	68,568
1996	65,061
1995	61,204
1994	57,549
1993	56,034
1992	55,272
1991	55,059
1990	53,308
1989	50,074

(1) Includes only amounts deposited in insured commercial banks by corporations, governments, and individuals. Deposit information is not available for 1999.
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
1999	$ 48,186,240	$ 14,563,124	$ 2,923,116	$ 30,700,000
1998	38,533,882	8,202,961	3,330,921	27,000,000
1997	55,166,195	8,205,998	3,760,197	43,200,000
1996	33,985,781	5,551,113	2,934,668	25,500,000
1995	32,673,816	5,378,659	2,295,157	25,000,000
1994	24,270,294	3,740,568	2,529,726	18,000,000
1993	27,613,422	6,369,882	1,743,540	19,500,000
1992	27,327,523	8,487,808	1,839,715	17,000,000
1991	26,348,389	4,658,492	1,689,897	20,000,000
1990	18,561,132	5,020,054	1,541,078	12,000,000
1989	19,371,920	3,371,612	1,500,308	14,500,000
1962-1988	77,055,675	8,424,811	6,808,641	61,822,223
	$ 429,094,269	$ 81,975,082	$ 32,896,964	$ 314,222,223

(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, 1999, securities with a market value of approximately $49 million and 8,699 inventoried lots of unappraised tangible property were in the Treasurer's custody. The Treasurer is custodian of these items until claimed by the rightful owners or heirs, except that the Treasurer can and does periodically convert these items into cash.
(2) Total available funds represent the beginning balance plus receipts minus amounts carried forward into the next fiscal year.

Source: Department of the Treasury

Application of Escheat Receipts

Last Ten Fiscal Years

Year Ending June 30,	Total Receipts	Expenses (1)	Transfers to Literary Fund
1999	$ 126,589	$ 149,071	$ (22,482)
1998	502,972	460,267	42,705
1997	1,227,184	499,171	728,013
1996	781,712	868,652	(86,940)
1995	1,238,000	676,000	562,000
1994	967,000	537,000	430,000
1993	1,222,000	961,000	261,000
1992	1,078,000	976,000	102,000
1991	887,000	745,000	142,000
1990	943,000	832,000	111,000
Total	$ 8,973,457	$ 6,704,161	$ 2,269,296

(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
1999	6,827	$ 28,000	1,110,843	2.8 %
1998	6,771	26,700	1,110,815	3.4
1997	6,739	25,400	1,092,090	4.4
1996	6,663	24,400	1,076,653	4.4
1995	6,596	23,062	1,067,669	4.6
1994	6,522	22,021	1,047,222	5.1
1993	6,421	21,624	996,241	5.3
1992	6,259	20,560	1,014,570	6.2
1991	6,218	20,047	998,463	5.1
1990	6,162	19,343	985,031	3.9

(1) Population figures for 1997-99 are estimates.
(2) Per capita income has been revised and is reflected in current dollars.

Sources: U.S. Department of Commerce, Bureau of the Census
Virginia Department of Taxation
Virginia Employment Commission
Center for Public Service, University of Virginia

Schedule of Miscellaneous Statistics

June 30, 1999

Adoption of Virginia Constitution	1776
Form of Government	Legislative, Executive, Judicial
Land Area (square miles)	40,767
Miles of State Highways	67,914
State Police Protection:	
Number of Stations	71
Number of State Police	1,850
Higher Education (Universities, Colleges, and Community Colleges):	
Number of Separate Institutions	81
Number of Educators	11,610
Number of Students	362,079
Recreation:	
Number of State Parks, Natural Areas, and Historic Sites	60
Area of State Parks, Natural Areas, and Historic Sites (acres)	71,986
Number of State Forests	15
Area of State Forests (acres)	50,869
Classified State Employees	99,639

Sources: Department of Forestry
Department of Personnel and Training
Department of State Police
Department of Transportation
Library of Virginia
State Council of Higher Education
Virginia Department of Conservation and Recreation, Division of Parks and Recreation

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