

## BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2015

Exhibit B-1

(Dollars in Thousands)

	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents (Note 3).....	\$ 2,512,153	\$ 384,924	\$ 1,121,311	\$ 757,191	\$ 4,775,579
Investments (Note 3).....	5,651	—	—	294,700	300,351
Securities lending collateral (Note 3).....	331,478	38,303	68,852	57,201	495,834
Receivables, net: (Note 4)					
Taxes receivable.....	1,891,382	144,511	50,872	2,486	2,089,251
Accounts receivable.....	198,386	27,633	82	21,423	247,524
Intergovernmental receivable.....	888,871	33,636	710	1,413	924,630
Interest receivable.....	2,674	254	448	611	3,987
Contributions receivable.....	78	—	—	—	78
Other receivables.....	—	3,801	—	—	3,801
Due from other funds (Note 10).....	11,943	11,148	230	8,337	31,658
Due from component units (Note 18).....	8	—	—	—	8
Inventories.....	76,938	83,918	—	25,338	186,194
Advances to other funds (Note 10).....	—	—	25,287	—	25,287
Advances to component units.....	—	4,066	—	—	4,066
Notes receivable.....	34,336	803	51	44,420	79,610
Securities held in trust.....	393	491	—	44,199	45,083
Restricted/designated cash and cash equivalents (Note 3)..	475,412	—	—	238,465	713,877
Restricted investments (Note 3).....	—	193,888	—	480,252	674,140
Total Assets.....	<u>6,429,703</u>	<u>927,376</u>	<u>1,267,843</u>	<u>1,976,036</u>	<u>10,600,958</u>
<b>Deferred Outflows of Resources</b>					
Forward funded state aid.....	39,461	—	—	78,990	118,451
Total Assets and Deferred Outflows.....	<u>\$ 6,469,164</u>	<u>\$ 927,376</u>	<u>\$ 1,267,843</u>	<u>\$ 2,055,026</u>	<u>\$ 10,719,409</u>
<b>Liabilities</b>					
Accounts payable and accrued liabilities:					
Accounts payable.....	\$ 148,554	\$ 281,591	\$ 48,384	\$ 31,901	\$ 510,430
Accrued payroll.....	895	13,971	—	77	14,943
Intergovernmental payable.....	663,511	155,482	8,724	6,217	833,934
Claims payable.....	—	—	—	52,500	52,500
Medical claims payable.....	885,588	—	—	—	885,588
Tax refunds payable.....	965,642	8,974	2,991	—	977,607
Obligations under securities lending.....	331,478	38,303	68,852	57,201	495,834
Due to fiduciary funds (Note 10).....	86,537	18,216	—	—	104,753
Due to other funds (Note 10).....	43,581	3,939	10,754	311	58,585
Due to component units (Note 18).....	230,157	—	—	16,067	246,224
Unearned revenue.....	414,096	14,731	105	8,736	437,668
Deposits payable.....	4,051	—	—	3	4,054
Funds held for others.....	10,428	22,965	—	44,305	77,698
Total Liabilities.....	<u>3,784,518</u>	<u>558,172</u>	<u>139,810</u>	<u>217,318</u>	<u>4,699,818</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue.....	176,103	2,113	—	3,254	181,470
<b>Fund Balances (Note 11)</b>					
Nonspendable.....	83,079	83,918	—	127,965	294,962
Restricted.....	173,575	196,922	—	1,055,811	1,426,308
Committed.....	1,447,011	86,251	1,128,033	649,667	3,310,962
Assigned.....	116,705	—	—	1,011	117,716
Unassigned.....	688,173	—	—	—	688,173
Total Fund Balances.....	<u>2,508,543</u>	<u>367,091</u>	<u>1,128,033</u>	<u>1,834,454</u>	<u>5,838,121</u>
Total Liabilities, Deferred Inflows and Fund Balances.....	<u>\$ 6,469,164</u>	<u>\$ 927,376</u>	<u>\$ 1,267,843</u>	<u>\$ 2,055,026</u>	<u>\$ 10,719,409</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

June 30, 2015

Exhibit B-1a

(Dollars in Thousands)

**Total fund balances - governmental funds (see Exhibit B-1)** \$ 5,838,121

Amounts reported for governmental activities in the Statement of Net Position are different because:

– <b>Capital assets</b> used in governmental activities are not financial resources and, therefore, are not reported in the funds (see Note 5). These consist of:		
Cost of capital assets (excluding internal service funds).....	\$ 46,379,778	
Less: Accumulated depreciation (excluding internal service funds).....	(686,101)	
Net capital assets.....		45,693,677
– <b>Some assets</b> , such as receivables, are not available soon enough to pay for current period expenditures and thus, are offset by unavailable revenue in the governmental funds.		181,470
– <b>Equity interest in component unit</b> is not a financial resource and, therefore, is not reported in the funds.		149,095
– <b>Net pension asset</b> , resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds (see Note 12).		5,633
– <b>Deferred losses on refundings</b> are reported in the Statement of Net Position (to be amortized as interest expense) but are not reported in the funds.		118,999
– <b>Deferred outflows for pensions</b> (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 12).		366,137
– <b>Long-term debt instruments</b> , such as bonds and notes payable, are not due and payable in the current period and, therefore, the outstanding balances are not reported in the funds (see Note 8). Also, unamortized debt premiums are reported in the Statement of Net Position but are not reported in the funds. These balances consist of:		
General obligation bonds payable.....	(3,469,220)	
Lease-purchase revenue bonds payable.....	(2,000)	
Certificates of participation payable.....	(151,745)	
Limited obligation bonds payable.....	(2,095,550)	
GARVEE bonds payable.....	(598,165)	
Unamortized debt premiums (to be amortized as interest expense).....	(550,393)	
Notes payable.....	(34,095)	
Capital leases payable (excluding internal service funds).....	(17,671)	
Net long-term debt.....		(6,918,839)
– <b>Other liabilities</b> not due and payable in the current period and, therefore, not reported in the funds (see Note 8 as applicable) consist of:		
Accrued interest payable.....	(51,581)	
Compensated absences (excluding internal service funds).....	(450,377)	
Obligations for workers' compensation.....	(202,163)	
Death benefit payable.....	(420)	
Pollution remediation payable.....	(6,421)	
Claims and judgments payable.....	(737,303)	
Net pension liability (excluding internal service funds).....	(341,949)	
Total other liabilities.....		(1,790,214)
– <b>Deferred inflows for pensions</b> (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 12).		(1,019,797)
– <b>Internal service funds</b> are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position (see Exhibit B-3).		237,172

**Total net position - governmental activities (see Exhibit A-1)** \$ 42,861,454

The accompanying Notes to the Financial Statements are an integral part of this statement.

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015

Exhibit B-2

(Dollars in Thousands)

	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes:					
Individual income tax.....	\$ 11,288,542	\$ —	\$ —	\$ —	\$ 11,288,542
Corporate income tax.....	1,270,985	—	—	—	1,270,985
Sales and use tax.....	6,858,523	—	—	7,779	6,866,302
Gasoline tax.....	—	1,440,833	478,847	25,268	1,944,948
Franchise tax.....	552,221	—	—	—	552,221
Highway use tax.....	—	—	653,931	—	653,931
Insurance tax.....	529,927	—	—	—	529,927
Beverage tax.....	360,138	—	—	—	360,138
Tobacco products tax.....	277,830	—	—	—	277,830
Other taxes.....	180,823	—	—	106,890	287,713
Federal funds.....	15,293,459	1,125,932	—	89,851	16,509,242
Local funds.....	161,514	27,791	907	5,750	195,962
Investment earnings.....	21,881	4,200	6,973	10,520	43,574
Interest earnings on loans.....	2,192	—	112	560	2,864
Sales and services.....	164,596	3,200	—	150,615	318,411
Rental and lease of property.....	10,486	6,437	2,037	3,440	22,400
Fees, licenses, and fines.....	745,671	624,258	102,875	171,646	1,644,450
Tobacco settlement.....	138,622	—	—	—	138,622
Contributions, gifts, and grants.....	39,088	32,032	52	50,578	121,750
Funds escheated.....	—	—	—	165,062	165,062
Federal recovery funds.....	84,429	125,063	—	—	209,492
Miscellaneous.....	128,690	5,426	368	40,023	174,507
Total revenues.....	<u>38,109,617</u>	<u>3,395,172</u>	<u>1,246,102</u>	<u>827,982</u>	<u>43,578,873</u>
<b>Expenditures</b>					
Current:					
General government.....	1,097,121	—	—	45,042	1,142,163
Primary and secondary education.....	10,213,160	—	—	—	10,213,160
Higher education.....	3,747,699	—	—	102,412	3,850,111
Health and human services.....	18,704,476	—	—	77,317	18,781,793
Economic development.....	393,257	—	—	19,526	412,783
Environment and natural resources.....	306,815	—	—	147,787	454,602
Public safety, corrections, and regulation.....	2,659,020	—	—	272,676	2,931,696
Transportation.....	—	3,209,008	835,524	—	4,044,532
Agriculture.....	157,423	—	—	20,859	178,282
Capital outlay.....	—	—	—	113,689	113,689
Debt service:					
Principal retirement.....	450,120	62,244	46,266	4,190	562,820
Interest and fees.....	270,442	19,434	13,495	62	303,433
Debt issuance costs.....	2,581	—	—	467	3,048
Total expenditures.....	<u>38,002,114</u>	<u>3,290,686</u>	<u>895,285</u>	<u>804,027</u>	<u>42,992,112</u>
Excess revenues over (under) expenditures.....	<u>107,503</u>	<u>104,486</u>	<u>350,817</u>	<u>23,955</u>	<u>586,761</u>
<b>Other Financing Sources (Uses)</b>					
General obligation bonds issued.....	—	—	—	231,360	231,360
GARVEE bonds issued.....	—	264,930	—	—	264,930
Refunding bonds issued.....	299,020	—	—	—	299,020
Other debt issued.....	1,280	64	—	278	1,622
Premium on debt issued.....	52,514	35,611	—	29,381	117,506
Payment to refunded bond escrow agent.....	(349,828)	—	—	—	(349,828)
Sale of capital assets.....	4,543	8,570	158	161	13,432
Insurance recoveries.....	941	8,085	—	13	9,039
Transfers in (Note 10).....	931,364	31,918	—	81,066	1,044,348
Transfers out (Note 10).....	(92,619)	(308,140)	(94,369)	(137,532)	(632,660)
Total other financing sources (uses).....	<u>847,215</u>	<u>41,038</u>	<u>(94,211)</u>	<u>204,727</u>	<u>998,769</u>
Net change in fund balances.....	954,718	145,524	256,606	228,682	1,585,530
Fund balances — July 1, as restated (Note 23).....	1,553,825	221,567	871,427	1,605,772	4,252,591
Fund balances — June 30.....	<u>\$ 2,508,543</u>	<u>\$ 367,091</u>	<u>\$ 1,128,033</u>	<u>\$ 1,834,454</u>	<u>\$ 5,838,121</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2015

Exhibit B-2a

(Dollars in Thousands)

**Net change in fund balances - total governmental funds (see Exhibit B-2)** \$ 1,585,530

Amounts reported for governmental activities in the Statement of Activities are different because:

- **Capital outlays** are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:
 

Capital outlays (including construction-in-progress) .....	\$ 2,278,559	
Less: Depreciation expense (excluding internal service funds) .....	(818,693)	
Net capital outlay adjustment .....		1,459,866
  
- **Proceeds from the sale of capital assets** increase financial resources in the funds, whereas in the Statement of Activities only the gain or loss on the sale is reported. This adjustment reduces the proceeds by the book value of the capital assets sold. (57,899)
  
- **Donations of capital assets** do not appear in the governmental funds because they are not financial resources, but increase net position in the Statement of Activities. 5,282
  
- **Retirement Contributions** (excluding internal service funds) to defined benefit pension plans in the current fiscal year are not included on the Statement of Activities. 350,982
  
- **Long-term debt** proceeds provide current financial resources to governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, have no effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In the current period, these amounts consist of:
 

Debt issued or incurred:		
Bonds, notes, similar debt, and capital leases issued .....	(497,912)	
Refunding bonds issued .....	(299,020)	
Premiums on debt issued .....	(117,506)	
Principal repayments:		
Bonds, notes, and similar debt .....	561,342	
Capital leases (excluding internal service funds) .....	1,478	
Payments to escrow agent for refundings .....	349,828	
Net debt adjustments .....		(1,790)
  
- **Some revenues** in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment. (997)
  
- **Change in equity interest** of component unit resulting from changes in stockholder's equity are not current financial resources, and therefore, are not recognized in the funds. 2,127
  
- **Some expenses** reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not recognized in the funds. Also, some payments related to prior periods are recognized in the funds but are eliminated in the Statement of Activities. In the current period, the net adjustments consist of:
 

Accrued interest .....	3,154	
Compensated absences (excluding internal service funds) .....	(35,654)	
Workers' compensation .....	(24,449)	
Death benefit .....	70	
Pension expense (excluding internal service funds) .....	(140,707)	
Pollution remediation .....	583	
Claims and judgments .....	4,400	
Amortization of deferred amounts .....	83,783	
Net expense accruals .....		(108,820)
  
- **Internal service funds** are used by management to charge the costs of certain activities to individual funds. The net revenues of internal service funds are included with governmental activities in the Statement of Activities (see Exhibit B-4). 24,551

**Change in net position - governmental activities (see Exhibit A-2)** \$ 3,258,832

The accompanying Notes to the Financial Statements are an integral part of this statement.