BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2020 *Exhibit B-1*

(Dollars in Thousands)

	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 3)	$ 9,044,987	$ 317,555	$ 148,423	$ 1,373,651	$ 10,884,616
Investments (Note 3)	7,872	—	—	300,322	308,194
Securities lending collateral (Note 3)	254,740	5,848	3,385	23,769	287,742
Receivables, net: (Note 4)					
Taxes receivable	3,245,715	207,219	51,936	6,997	3,511,867
Accounts receivable	292,154	24,110	—	25,184	341,448
Intergovernmental receivable	1,194,608	92,104	2,198	2,513	1,291,423
Interest receivable	5,066	280	152	1,079	6,577
Contributions receivable	94	—	—	—	94
Other receivables	—	3,747	—	—	3,747
Due from other funds (Note 10)	33,943	35,077	202,225	28,540	299,785
Due from component units (Note 18)	121,215	—	—	—	121,215
Inventories	83,421	83,189	—	25,048	191,658
Advances to other funds (Note 10)	—	—	820,154	—	820,154
Advances to component units	—	2,647	—	—	2,647
Advances to outside entities	120,330	—	—	—	120,330
Notes receivable, net (Note 4)	15,418	109	20	65,093	80,640
Securities held in trust	15	828	—	48,137	48,980
Restricted/designated cash and cash equivalents (Note 3)	40,853	—	—	375,468	416,321
Restricted investments (Note 3)	1,990	476,369	177,465	651,761	1,307,585
Total Assets	14,462,421	1,249,082	1,405,958	2,927,562	20,045,023
Deferred Outflows of Resources					
Forward funded state aid	162,008	—	—	37,287	199,295
Total Assets and Deferred Outflows	$ 14,624,429	$ 1,249,082	$ 1,405,958	$ 2,964,849	$ 20,244,318
Liabilities					
Accounts payable and accrued liabilities:					
Accounts payable	$ 356,705	$ 348,112	$ 150,665	$ 40,132	$ 895,614
Accrued payroll	1,885	31,029	—	63	32,977
Intergovernmental payable	836,929	146,940	661	15,619	1,000,149
Claims payable	—	—	—	61,000	61,000
Medical claims payable	1,111,170	—	—	—	1,111,170
Tax refunds payable	1,330,878	3,787	888	—	1,335,553
Obligations under securities lending	254,740	5,848	3,385	23,769	287,742
Due to fiduciary funds (Note 10)	118,687	6,141	—	—	124,828
Due to other funds (Note 10)	64,887	203,137	14,601	175	282,800
Due to component units (Note 18)	4,109	—	—	11,017	15,126
Unearned revenue	3,865,679	23,391	13,132	403	3,902,605
Advance from other funds (Note 10)	—	790,300	—	—	790,300
Deposits payable	2,718	—	—	6	2,724
Funds held for others	34,527	13,507	—	48,237	96,271
Total Liabilities	7,982,914	1,572,192	183,332	200,421	9,938,859
Deferred Inflows of Resources					
Unavailable revenue	209,629	7,075	—	7,269	223,973
Fund Balances (Note 11)					
Nonspendable	83,763	83,189	—	145,457	312,409
Restricted	226,008	479,591	177,465	1,542,681	2,425,745
Committed	2,736,561	—	1,045,161	1,065,258	4,846,980
Assigned	1,725,771	—	—	3,763	1,729,534
Unassigned	1,659,783	(892,965)	—	—	766,818
Total Fund Balances	6,431,886	(330,185)	1,222,626	2,757,159	10,081,486
Total Liabilities, Deferred Inflows and Fund Balances	$ 14,624,429	$ 1,249,082	$ 1,405,958	$ 2,964,849	$ 20,244,318

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, 2020 *Exhibit B-1a*

(Dollars in Thousands)

Total fund balances - governmental funds (see Exhibit B-1)		$ 10,081,486
Amounts reported for governmental activities in the Statement of Net Position are different because:		
– **Capital assets** 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)	$ 58,183,236	
Less: Accumulated depreciation (excluding internal service funds)	(828,003)	
Net capital assets		57,355,233
– **Some assets**, 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.		223,973
– **Equity interest in component unit** is not a financial resource and, therefore, is not reported in the funds.		372,174
– **Net OPEB asset** (excluding internal service funds) resulting from contributions in excess of the actuarially determined contribution are not financial resources and, therefore, are not reported in the funds (see Note 14).		7,849
– **Deferred losses on refundings** are reported in the Statement of Net Position (to be amortized as interest expense) but are not reported in the funds.		64,762
– **Deferred outflows for pensions** (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 12).		1,105,577
– **Deferred outflows for OPEB** (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 14).		864,378
– **Long-term debt instruments**, such as bonds and notes from direct borrowings, 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	(2,605,380)	
Limited obligation bonds payable	(1,774,945)	
GARVEE bonds payable	(959,525)	
Unamortized debt premiums (to be amortized as interest expense)	(553,093)	
Notes from direct borrowings	(43,937)	
Capital leases payable	(10,656)	
Net long-term debt		(5,947,536)
– **Other liabilities** 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	(37,077)	
Compensated absences (excluding internal service funds)	(589,493)	
Obligations for workers' compensation (excluding internal service funds)	(715,472)	
Death benefit payable	(37)	
Pollution remediation payable	(7,946)	
Claims and judgments payable	(731,703)	
Pension liability (excluding internal service funds)	(2,579,124)	
Net OPEB liability (excluding internal service funds)	(5,917,305)	
Total other liabilities		(10,578,157)
– **Deferred inflows for pensions** (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 12).		(35,901)
– **Deferred inflows for OPEB** (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 14).		(2,221,236)
– **Internal service funds** 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).		140,819
Total net position - governmental activities (see Exhibit A-1)		$ 51,433,421

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, 2020 *Exhibit B-2*

(Dollars in Thousands)

	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Individual income tax	$ 13,121,892	$ —	$ —	$ —	$ 13,121,892
Corporate income tax	728,989	—	—	—	728,989
Sales and use tax	8,546,796	—	—	8,954	8,555,750
Gasoline tax	—	1,463,703	561,695	25,359	2,050,757
Franchise tax	646,414	—	—	—	646,414
Highway use tax	—	10,000	837,919	—	847,919
Insurance tax	660,905	—	—	—	660,905
Beverage tax	462,403	—	—	—	462,403
Tobacco products tax	289,317	—	—	—	289,317
Other taxes	167,107	—	—	122,552	289,659
Federal funds	17,584,656	1,534,914	—	98,513	19,218,083
Local funds	128,634	19,901	12,590	9,812	170,937
Investment earnings	152,107	13,886	8,183	42,165	216,341
Interest earnings on loans	94	—	538	266	898
Sales and services	161,697	3,954	—	143,036	308,687
Rental and lease of property	16,142	4,259	723	2,289	23,413
Fees, licenses, and fines	761,993	814,151	138,710	220,680	1,935,534
Tobacco settlement	149,194	—	—	—	149,194
Contributions, gifts, and grants	49,517	8,757	—	56,727	115,001
Funds escheated	—	—	—	168,851	168,851
Federal COVID-19 funds	1,156,776	—	—	—	1,156,776
Miscellaneous	145,796	14,951	321	6,929	167,997
Total revenues	44,930,429	3,888,476	1,560,679	906,133	51,285,717
Expenditures					
Current:					
General government	1,287,493	—	—	56,447	1,343,940
Primary and secondary education	11,978,624	—	—	—	11,978,624
Higher education	4,394,575	—	—	422,035	4,816,610
Health and human services	21,534,355	—	—	78,118	21,612,473
Economic development	525,174	—	—	3,941	529,115
Environment and natural resources	461,344	—	—	230,686	692,030
Public safety, corrections, and regulation	3,822,895	—	—	275,071	4,097,966
Transportation	—	3,762,877	1,874,723	—	5,637,600
Agriculture	273,702	—	—	21,647	295,349
Capital outlay	—	—	—	205,341	205,341
Debt service:					
Principal retirement	522,591	89,637	71,837	—	684,065
Interest and fees	200,420	45,533	16,194	34	262,181
Debt issuance costs	448	425	723	986	2,582
Total expenditures	45,001,621	3,898,472	1,963,477	1,294,306	52,157,876
Excess revenues over (under) expenditures	(71,192)	(9,996)	(402,798)	(388,173)	(872,159)
Other Financing Sources (Uses)					
General obligation bonds issued	—	—	—	600,000	600,000
Premium on debt issued	—	—	—	82,392	82,392
Sale of capital assets	7,506	4,465	692	224	12,887
Insurance recoveries	2,045	26,488	—	549	29,082
Transfers in (Note 10)	892,735	301,317	96,459	113,302	1,403,813
Transfers out (Note 10)	(357,611)	(56,828)	(203,904)	(133,684)	(752,027)
Total other financing sources (uses)	544,675	275,442	(106,753)	662,783	1,376,147
Net change in fund balances	473,483	265,446	(509,551)	274,610	503,988
Fund balances — July 1, as restated (Note 23)	5,958,403	(595,631)	1,732,177	2,482,549	9,577,498
Fund balances — June 30	$ 6,431,886	$ (330,185)	$ 1,222,626	$ 2,757,159	$ 10,081,486

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, 2020 *Exhibit B-2a*

(Dollars in Thousands)

Net change in fund balances - total governmental funds (see Exhibit B-2)		$ 503,988
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 and computer soft. in develop.)	$ 3,853,310	
Less: Depreciation expense (excluding internal service funds)	(1,028,752)	
Net capital outlay adjustment		2,824,558
– **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.		(30,486)
– **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.		4,821
– **Pension Contributions** (excluding internal service funds) to defined benefit pension plans in the current fiscal year are not included on the Statement of Activities.		529,079
– **OPEB Contributions** (excluding internal service funds) to defined benefit OPEB plans in the current fiscal year are not included on the Statement of Activities.		244,449
– **Benefit payments** to the special separation allowance defined benefit pension plan in the current fiscal year are not included on the Statement of Activities (see Note 12).		17,860
– **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 and similar debt issued	(600,000)	
Premiums on debt issued	(82,392)	
Principal repayments:		
Bonds, notes, and similar debt	681,459	
Capital leases (excluding internal service funds)	2,606	
Net debt adjustments		1,673
– **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.		(26,214)
– **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.		(7,942)
– **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	(1,738)	
Compensated absences (excluding internal service funds)	(75,103)	
Workers' compensation (excluding internal service funds)	28,256	
Death benefit	3	
Pension expense (excluding internal service funds)	(884,021)	
OPEB expense (excluding internal service funds)	25,845	
Pollution remediation	683	
Amortization of deferred amounts	92,547	
Net expense accruals		(813,528)
– **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).		(9,900)
Change in net position - governmental activities (see Exhibit A-2)		$ 3,238,358

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