
**FINANCIAL
REPORT
JUNE 30, 2012**

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Robert F. McDonnell
Governor

Sean T. Connaughton
Secretary of Transportation

Gregory A. Whirley Sr.
Commissioner of Highways

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**INTRODUCTORY
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COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219 2000

Gregory A. Whirley
Commissioner

March 28, 2013

Letter of Transmittal

The Comprehensive Annual Financial Report (CAFR) of the Virginia Department of Transportation (VDOT) for the fiscal year ended June 30, 2012 is hereby submitted. The report reflects the operation of the Highway Maintenance and Operating Fund, the Transportation Trust Fund, various toll facilities operated by the Department and other funds. This CAFR conforms with generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB) and complies with provisions of the Comptroller's Directive No. 1-12, "Financial Statement Preparation." The statements presented in this report are un-audited. Audited VDOT financial information is included in the Commonwealth Comprehensive Annual Financial Report (CAFR), which is audited by the Auditor of Public Accounts.

The VDOT CAFR has been prepared by VDOT, whose management is responsible for both the integrity and objectivity of the financial statements, as well as other information presented herein. The combined financial statements are considered by management to present fairly, VDOT's financial position and results of operations and changes in fund balances. The data presented is accurate in all material respects and all disclosures necessary to enable the reader to obtain a thorough understanding of our financial activities have been included.

The CAFR is presented in five sections. The Introductory Section includes this transmittal letter, an agency overview and VDOT's organizational chart. The Financial Section includes the Management Discussion and Analysis (MD&A) of VDOT's overall changes in financial position. The Basic Financial Statements Section includes the government-wide and fund financial statements along with accompanying notes. The Required Supplementary Information section contains budgetary comparison schedules. The Combining and Individual Fund Statements and Schedules Section contains combining fund financial statements for nonmajor special revenue funds and the Schedule of Federal Assistance.

Sincerely,

A handwritten signature in cursive script that reads "Janice Long".

Janice Long
Controller, VDOT

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AGENCY OVERVIEW

Virginia Department of Transportation Organization

Virginia Department of Transportation (VDOT) is responsible for building, maintaining and operating the Commonwealth of Virginia's roads, bridges and tunnels. The agency has one central office and nine district offices. The 17-member Commonwealth Transportation Board guides the Department's work, much like a board of directors. The Secretary of Transportation serves as chairman and the Commonwealth Transportation Commissioner of Highways as vice-chairman. Members are appointed by the Governor and approved by the General Assembly.

Transportation System

Virginia has one of the largest state-maintained highway systems in the United States with an annual operating budget of approximately \$4.8 billion (Budget total represents the agency budget approved by the Commonwealth Transportation Board in June 2011, including Special Revenue Fund and Debt Service). VDOT maintains over 58,000 miles of interstate, primary, and secondary roads and distributes state funds to help maintain over 11,000 miles of urban streets. VDOT not only maintains the roads, but also is responsible for more than 12,600 bridges, 4 underwater tunnels, 2 mountain tunnels, 1 toll road, 1 toll bridge, 4 ferry services, numerous rest areas, and over 100 commuter parking lots.

Mission

Our mission is to plan, deliver, operate and maintain a transportation system that is safe, enables easy movement of people and goods, enhances the economy and improves our quality of life.

Shared Values in Public Service

- Be responsive to customer needs, consider what VDOT does in terms of how it benefits our customers, and treat customers with respect, courtesy, and fairness.
- Commit to safety and continuous improvement in everything we do, learning from mistakes and successes alike.
- Trust, respect, support, and encourage each other.
- Respect and protect the public investment.
- Make decisions based on facts and sound judgment and accept accountability for our actions.
- Strengthen our expertise in using information, tools, and technology to achieve high performance and stay on the cutting edge.
- Think ahead, acting and planning creatively for today and tomorrow.

VDOT Accomplishments and Highlights for Fiscal Year 2012

- ***VDOT completes contracts on time and within budget for fiscal year 2012.***

Each year, VDOT administration sets goals for the agency. The primary goals are to complete construction and maintenance projects on time and on budget and improve financial management and business operations. For fiscal year 2012, VDOT continued to demonstrate efficiency with taxpayer dollars. VDOT meet on-time and within budget targets for fiscal year 2012. VDOT performance during fiscal year 2012 compared to target goals, is as follows:

Deadlines

FY 2012 Maintenance and Construction contracts completed on time and within budget:
78 percent (*target of 77 percent*)

FY 2012 Scheduled Construction contracts completed on time:
86 percent (*target of 75 percent*)

FY 2012 Scheduled Maintenance contracts completed on time:
80 percent (*target of 77 percent*)

Budgets

FY 2012 Maintenance contracts completed within budget:
93 percent (*target 90 percent*)

FY 2012 Construction contracts completed within budget:
91 percent (*target 82 percent*)

- ***VDOT continues to improve Virginia highways thru the Stimulus Funding from the American Recovery and Reinvestment Act (Stimulus Act).***

The American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law by President Obama on February 17, 2009. Virginia received a total of \$694.5 million in highway funding from ARRA to invest in improving our transportation system. VDOT 's priorities are to address deficient pavements, structurally deficient bridges and much needed highway capacity to improve the economic competitiveness of the Commonwealth and offer safe reliable transportation options for all Virginians. All of VDOT's ARRA funding of \$694.5 million was obligated prior to fiscal year 2012. ARRA expenditures incurred by VDOT during fiscal year 2012 amounted to \$180.2 million.

- ***Cardinal Project implemented during fiscal year 2012.***

The Cardinal Project is a partnership involving the Department of Accounts (DOA), Virginia Information Technologies Agency (VITA), and the Virginia Department of Transportation (VDOT) to implement a new financial management system. Cardinal is a PeopleSoft (v9.1) product that was implemented at VDOT in December of 2011.

The Cardinal system, a commercial off-the-shelf (COTS) software product has enabled VDOT to stay more current with standard industry and government requirements. It will also make future upgrades less cumbersome. Part one of the Cardinal Project focused on replacing VDOT's FMS II. FMS II served the Department since 1998, but was no longer supported by the vendor community and its customization made upgrades challenging. Part two of the Cardinal Project focuses on implementing Cardinal at the Department of Accounts (DOA). The DOA implementation will serve as a pilot for a future statewide roll-out of Cardinal.

- ***Major VDOT Public-Private Transportation Act Projects continue to move forward .***

Downtown/Midtown Tunnel and MLK Expansion - The Downtown Tunnel/Midtown Tunnel/Martin Luther King Freeway (MLK) Extension, formerly known as the Midtown Tunnel Corridor Project (Project), is located in the cities of Norfolk and Portsmouth. The project is comprised of a new two-lane tunnel under the Elizabeth River parallel to the existing Midtown Tunnel; maintenance and safety improvements to the existing Midtown Tunnel; minor modifications to the interchange at Brambleton Avenue/Hampton Boulevard in Norfolk; maintenance and safety improvements to the existing Downtown Tunnel; and extending the MLK from London Boulevard to Interstate 264 (I-264), with an interchange at High Street. This project continued to move forward during fiscal year 2012 with estimated completion dates of the new tunnel and MLK extension in 2016.

I-495 Capital Beltway High Occupancy Toll Express Lanes – VDOT and Fluor – Transurban are working in partnership to deliver significant improvements to the Capital Beltway. These improvements will include new express lanes. Other improvements include replacement of more than \$250 million of aging infrastructure, including more than 50 bridges and overpasses. The five-year, \$1.3 billion initiative to improve traffic flow along the Capital Beltway was completed in November 2012, and spans a 14-mile stretch of the Beltway.

I -95 High Occupancy Toll Express Lanes - This new project, for which preliminary construction started in fiscal year 2012, will create approximately 29 miles of Express Lanes on I-95. This project will add capacity to the existing HOV Lanes from the Prince William Parkway to the vicinity of Edsall Road; improve the existing two HOV lanes for six miles from Route 234 to the Prince William Parkway. In addition, a nine-mile reversible two-lane extension of the existing HOV lanes from Dumfries to Garrisonville Road in Stafford County is included in the project.

- ***VDOT Starts safety service patrols for interstate highways in western Virginia.***

The Virginia Department of Transportation continued to work in 2012 to reduce roadside surprises and delays for motorists with its launch of safety service patrols on several

portions of interstate highways in western Virginia. The patrols will operate in portions of the VDOT Staunton, Culpeper, Salem and Bristol districts. VDOT's Northwest Regional Operations located in the Staunton Traffic Operations Center will oversee the service in the Staunton and Culpeper districts. Operations began in late May for portions of Interstate 64, I-66 and I-81 in Albemarle, Augusta, Shenandoah, Frederick, Warren, and Rockingham counties. VDOT's Southwestern Regional Operations Center will oversee the service in the Salem and Bristol Districts, including Washington, Wythe, Carroll, Montgomery, Roanoke and Botetourt counties. Limited service started in support of Memorial Day travel for portions of I-81 in Botetourt, Roanoke, Montgomery and Washington counties, I-581/Route 220 Expressway in Roanoke, the I-81/I-77 overlap around Wytheville and a portion of I-77 in Carroll County. The VDOT Safety Service Patrol program also exists on portions of interstate roads in Northern Virginia, Richmond, Hampton Roads and on I-81 at the Rockbridge County at the truck climbing lane project.

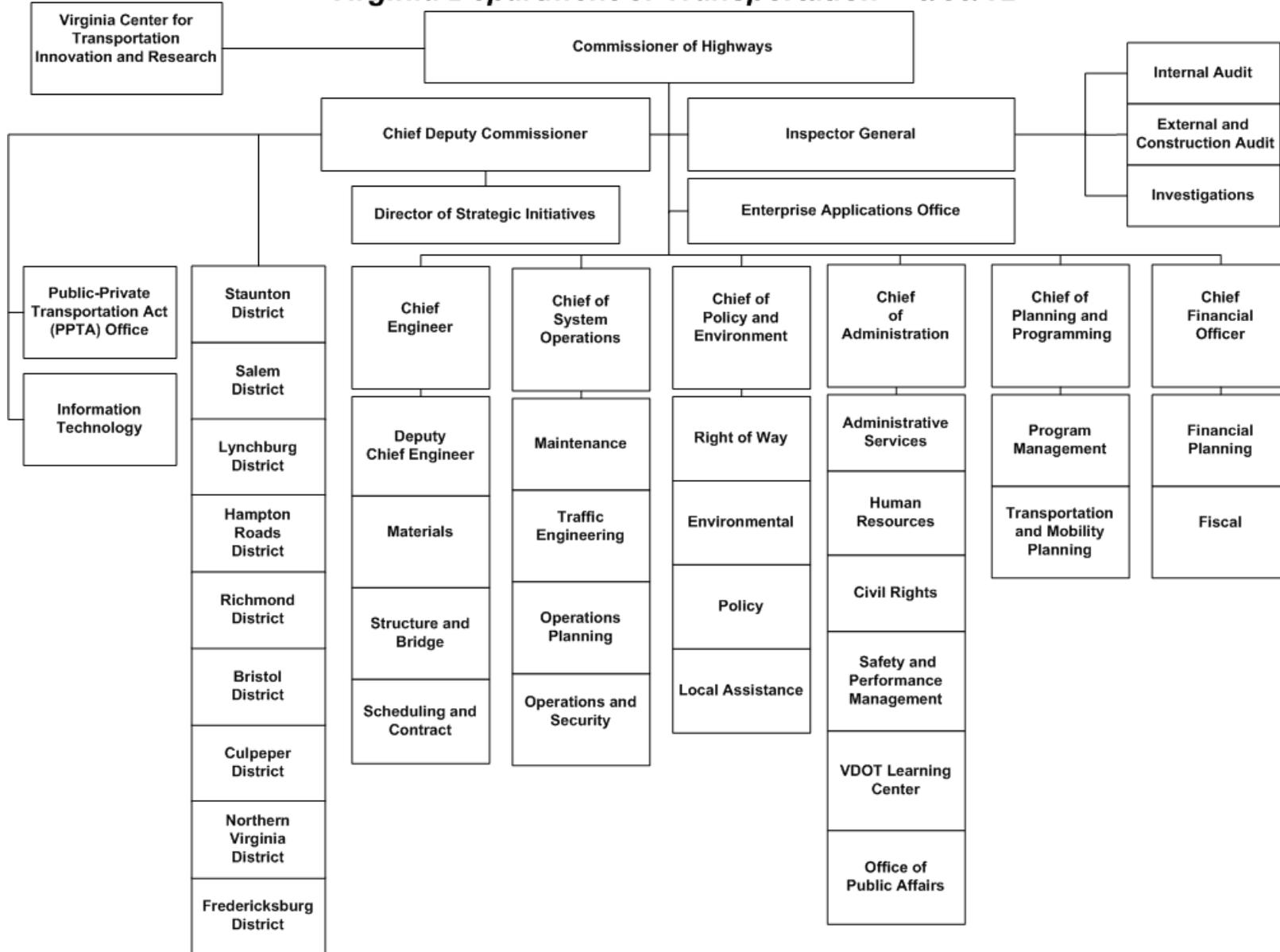
- ***VDOT launches new and improved 511 Traffic Information System.***

Virginia Department of Transportation launched the next generation of 511 traffic information. Motorists can download a free mobile app that will give them real-time traffic information, visit the new 511 website with live streaming video of traffic conditions or call the improved 511 phone system. The new system includes several features and enhancements, all accessed via www.511virginia.org:

- Mobile apps for Android and iPhone featuring real-time traffic cameras, travel times, electronic message signs and traffic maps.
- New and improved 511 phone service with a better voice recognition system.
- Website showing incidents, construction zones, electronic message signs, travel times and traffic cameras.
- The majority of traffic cameras stream video at 15 frames per second, providing sharp and clear images.
- Reach the Beach information that shows the fastest routes to the Virginia Beach Oceanfront and the Outer Banks Expressway.

Since its inception in 2002, 511 Virginia has received more than 11 million calls and 8 million website visits. The 511 Virginia service typically receives 200,000 calls each month. The system can be accessed by calling 511 from any land line or cell phone in Virginia or visiting www.511Virginia.org.

Virginia Department of Transportation - 6/30/12



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**FINANCIAL
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**Management's Discussion
and Analysis**

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Management's Discussion and Analysis

As management of the Virginia Department of Transportation, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Virginia Department of Transportation for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the information presented in our financial statements and the notes to the financial statements. **All amounts in this section, unless otherwise indicated, are expressed in millions of dollars.**

FINANCIAL HIGHLIGHTS

Government-wide Statements

The assets of the Virginia Department of Transportation exceeded its liabilities at the end of the fiscal year 2012 by \$19,100.0 (*net assets*). The Virginia Department of Transportation's total net assets increased by \$786.4 in fiscal year 2012. All of the increase in net assets in fiscal year 2012 came from the governmental activities. The Virginia Department of Transportation did not have any business-type activities in fiscal year 2012.

Fund Statements

At the end of the fiscal year, the special revenue and debt service funds of the Virginia Department of Transportation reported a combined ending fund balance of \$2,526.6, an increase of \$274.7. Of this total fund balance, (\$74.0) represents unassigned fund balance and the remaining \$2,600.6 represents amounts reserved for Nonspendable, Restricted and Committed purposes. The Virginia Department of Transportation did not have any enterprise funds in fiscal year 2012.

Long-term Debt (Bonds and Notes Payable)

The Department's total debt for governmental activities increased by \$718.0 in fiscal year 2012 over that of the fiscal year 2011. The increase in total debt is primarily due to the issuance of new and refunding bonds in fiscal year 2012. The new bonds include the Capital Projects Revenue Bonds for \$600.0 and GARVEE Notes for \$297.6. The refunding bond issuances include \$37.7 from Route 58, \$86.4 from Northern Virginia District and \$50.6 from Route 28. There were also increases of \$2.9 in the accreted bond principal of the Route 28 Capital Appreciation Bond. The increase in long-term debt is reduced by the bonds (\$162.2) and notes (\$3.9) principal payments in fiscal year 2012. The defeased bonds from the refunding bonds also reduced the increase in total debt in fiscal year 2012. They include \$40.2 from Route 58, \$96.5 from Northern Virginia District and \$54.4 from Route 28. The Department has no debt for business type activities in fiscal year 2012 to disclose.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to the Virginia Department of Transportation's basic financial statements. The Virginia Department of Transportation's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This

report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Virginia Department of Transportation's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Virginia Department of Transportation's assets and liabilities, with the differences between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Virginia Department of Transportation is improving or deteriorating.

The *statement of activities* presents information showing how the Department's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Virginia Department of Transportation that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through fees (*business-type activities*). The governmental activities of Virginia Department of Transportation include new highway construction and the maintenance of existing highways. Motor vehicle fuels taxes, motor vehicle sales & use taxes, motor vehicle license fees, state sales & use taxes, and federal transportation revenues finance most of the Department's activities. There were no business-type activities of the Virginia Department of Transportation in fiscal year 2012.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Virginia Department of Transportation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Virginia Department of Transportation can be divided into three categories: governmental funds, fiduciary funds and when there is activity to report, proprietary funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements are prepared on a modified accrual basis and focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

This may help readers better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Virginia Department of Transportation reports the following governmental fund types:

- **Special Revenue Funds:** There are seven individual special revenue funds reported as major funds in the governmental statements. They account for the ordinary operations of the Virginia Department of Transportation and are supported by revenues from specific revenue sources. There are also fifteen non-major funds included, detailed in the form of *combining statements*.
- **Debt Service Funds:** There are nine debt service funds reported as major or non-major funds to account for the accumulation of resources used to pay the principal and interest on long-term obligations recorded in the government-wide statements.

Proprietary Fund: The Virginia Department of Transportation did not have any proprietary fund activity to report in fiscal year 2012.

Fiduciary Funds: Fiduciary funds are used to account for resources held by the Virginia Department of Transportation in a trustee capacity or as a fiscal agent on behalf of others, in a custodial nature and do not involve measurement of results of operations. Fiduciary funds are *not* reflected in the government-wide and fund financial statements because the resources of these funds are *not* available to support the Virginia Department of Transportation's own programs. The Virginia Department of Transportation did not have any fiduciary fund activity to report in fiscal year 2012.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

This section includes budgetary comparison schedules for special revenue funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the Virginia Department of Transportation, assets exceeded liabilities by \$19,100.0 at the close of fiscal year 2012.

By far the largest portion of the Virginia Department of Transportation's net assets, 88.3 percent reflects its investment in capital assets. The Virginia Department of Transportation's capital assets are mainly composed of the highway infrastructure and represent the Department's mission. Although the Virginia Department of Transportation's investment in capital assets are shown in the Net Assets table net of debt, it should be noted that the resources needed to repay

this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Assets:

The following table represents the condensed Statement of Net Assets:

**Virginia Department of Transportation
Net Assets
as of June 30, 2012 and 2011**

	<u>Governmental activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011*</u>	<u>2012</u>	<u>2011*</u>
Current and other assets	\$ 3,274.3	\$ 2,879.2	\$ 3,274.3	\$ 2,879.2
Capital assets	19,877.5	18,528.0	19,877.5	18,528.0
Total assets	<u>23,151.8</u>	<u>21,407.2</u>	<u>23,151.8</u>	<u>21,407.2</u>
Current liabilities	945.5	709.4	945.5	709.4
Non-current liabilities	3,106.3	2,384.3	3,106.3	2,384.3
Total liabilities	<u>4,051.8</u>	<u>3,093.7</u>	<u>4,051.8</u>	<u>3,093.7</u>
Net assets:				
Invested in capital assets				
net of related debt	16,865.5	16,234.2	16,865.5	16,234.2
Restricted	2,308.5	2,159.7	2,308.5	2,159.7
Unrestricted	(74.0)	(80.3)	(74.0)	(80.3)
*Total net assets	<u>\$ 19,100.0</u>	<u>\$ 18,313.5</u>	<u>\$ 19,100.0</u>	<u>\$ 18,313.5</u>

* FY 2011 restated for correction of capital asset balances (note 2).

An additional portion of the Virginia Department of Transportation's net assets, 11.7 percent represents resources that are subject to both internal and external restrictions on how they may be used. The remaining balance of unrestricted net assets of (\$74.0) were attributed to the deficit fund balances reported by Coleman Bridge Fund, Powhite Parkway Extension Fund and ARRA Project Fund.

The Virginia Department of Transportation's net assets for governmental activities increased by \$786.4 or 4.3 percent in fiscal year 2012. The increase was largely the result of the increases in capital assets of \$1,349.4. The increase in capital assets is primarily due to net increases in highway infrastructures of \$708.5 and increases in capitalized restorative maintenance of \$664.8 in fiscal year 2012.

Statement of Changes in Net Assets:

The following table represents the condensed Statement of Changes in Net Assets:

Virginia Department of Transportation Changes in Net Assets For Fiscal Years Ended June 30, 2012 and 2011

	Governmental activities		Total	
	2012	2011*	2012	2011*
Revenues:				
Program revenues:				
Charges for services	\$ 356.1	\$ 360.6	\$ 356.1	\$ 360.6
Capital grants and contributions	1,312.6	1,313.6	1,312.6	1,313.6
General revenues:				
Motor vehicle taxes	1,345.5	1,307.8	1,345.5	1,307.8
Sales and use tax	403.2	379.8	403.2	379.8
Other taxes	150.9	142.5	150.9	142.5
Investment earnings	20.2	19.9	20.2	19.9
Other revenues	22.2	4.7	22.2	4.7
Transfers to/from other state agencies	(88.3)	(130.6)	(88.3)	(130.6)
Other financing sources (uses)	(1.5)	(1.5)	(1.5)	(1.5)
Insurance Recoveries	1.6	1.9	1.6	1.9
Total revenue	<u>3,522.5</u>	<u>3,398.7</u>	<u>3,522.5</u>	<u>3,398.7</u>
Expenses				
Administrative and support services	204.3	183.3	204.3	183.3
Ground Transportation system planning and research	42.6	33.9	42.6	33.9
Highway system acquisition and construction	578.2	625.9	578.2	625.9
Highway system maintenance	1,216.7	1,008.3	1,216.7	1,008.3
Financial assistance to localities	628.5	583.4	628.5	583.4
Environmental monitoring and Compliance	3.8	0.0	3.8	0.0
Toll facilities	21.1	21.7	21.1	21.7
Unallocated depreciation	11.2	11.0	11.2	11.0
Transfers to other state agencies	29.7	28.7	29.7	28.7
Total expenses	<u>2,736.1</u>	<u>2,496.2</u>	<u>2,736.1</u>	<u>2,496.2</u>
Change in net assets	786.4	902.5	786.4	902.5
Net assets - July 1 * as restated	<u>18,313.5</u>	<u>17,411.0</u>	<u>18,313.5</u>	<u>17,411.0</u>
Net assets - June 30	<u>\$ 19,099.9</u>	<u>\$ 18,313.5</u>	<u>\$ 19,099.9</u>	<u>\$ 18,313.5</u>

*FY 12 Beg. Net Assets restated for correction of prior year capital asset balances (note 2).

Governmental activities: Governmental activities increased the Virginia Department of Transportation's net assets by \$786.4. Key elements of this increase are as follows:

- Program revenues decreased by \$5.5, or 0.3 percent over the last fiscal year. This decrease relates to decreases in receipts from charges for services of \$4.5 or 1.3% and \$1.0 or 0.1 percent from capital grants and contributions in fiscal year 2012 over the fiscal year 2011.

- Total general revenues increased by \$87.0 or 4.7 percent in fiscal year 2012 from fiscal year 2011, with increases primarily in motor vehicle sales and use tax \$43.9, sales and use tax, other taxes and premium on insurance, \$8.5, and other revenues \$17.6. The increase is offset by the decreases in motor vehicle fuel tax \$3.7 and road use tax \$3.0.
- Others: For the fiscal year ended June 30, 2012, insurance recoveries decreased by \$0.4. In addition, transfers to other state agencies and general fund decreased by \$51.9 and transfers from other state agencies and general fund decreased by \$9.6 in fiscal year 2012 from the fiscal year 2011.

The Virginia Department of Transportation's expenditures from governmental activities totaled \$2,736.1 for the fiscal year ended June 30, 2012, an increase of \$240.0 from the previous year. Most of the increase is attributable to increases in highway system maintenance \$208.5, financial assistance to localities \$45.1, administrative and support services \$20.9, ground transportation system planning and research \$8.7 and environmental monitoring and compliance \$3.8. The increase in expenditures is offset by the decreases highway system acquisition and construction \$47.7 and toll facilities operations and construction \$0.5.

Business-type activities: Virginia Department of Transportation had no business-type activities in fiscal year 2012.

Financial Analysis of the Department's Funds

As noted earlier, the Virginia Department of Transportation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Virginia Department of Transportation's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Virginia Department of Transportation's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

- The Virginia Department of Transportation ended the fiscal year 2012 with a fund balance of \$2,526.6, an increase of \$274.7 from the prior year. The increase in fund balance was primarily due to the increases in revenues and other financing sources as well as decreases in transfer to other state agencies and general fund (other financing uses). Revenues increased by \$80.2 or 2.3 percent, bond proceeds increased by \$573.9 and transfer to other state agencies and general fund (other financing sources) decreased by \$51.9. The increases in fund balance were reduced by the increases of \$559.1 or 15.4 percent in expenditures, \$194.8 in defeasance payments and decreases of \$9.6 in transfer from other state agencies.
- Three out of the ten reported VDOT's revenue sources increased in fiscal year 2012. They include revenues provided by the general fund of the Commonwealth \$88.7, taxes \$67.2 and other revenues \$1.9. Increases in expenditures included \$220.3 or 17.9 percent in construction expenditures and \$329.8 or 23.2 percent in maintenance expenditures. Of the \$2,526.6 fund balance in fiscal year 2012, (\$74.0) constitutes Unassigned fund balance, and the remaining \$2,600.6 represents amounts reserved for Nonspendable, Restricted and Committed purposes. Note 3 of the notes to the financial statements provide a complete explanation of these amounts.

The Virginia Department of Transportation's main operating funds consist of the Highway Maintenance and Operating Fund (HMOF), and the Transportation Trust Fund (Construction). These funds are reported as major funds in the governmental fund statements along with the Federal Highway Fund, Priority Transportation Fund, Capital Projects Revenue Bonds Special Revenue Fund, Stimulus Fund (American Reinvestment and Recovery Act) and Toll Facilities Revolving Fund. Significant changes in major funds between fiscal years 2012 and 2011 are as follows:

- The fund balance of the Highway Maintenance and Operating Fund decreased by \$325.0 in fiscal year 2012 over the previous year. The increases in expenditures, increases in other financing uses and decreases in other financing sources provided most of the changes in fund balance. In fiscal 2012, total expenditures increased by \$337.8 or 18.7 percent, other financing uses increased by \$7.2 and other financing sources decreased by \$48.0 or 9.6 percent. The impacts of the increases in expenditures and increases in other financing uses and decrease in other financing sources on fund balance were offset by the increases in total revenues of \$28.5 or 2.1 percent. Changes in expenditures included \$325.7 or 27.2 percent increase in maintenance expenditures, a decrease of \$14.2 or 43.9 percent in payments for highway system acquisition and construction, which relates to construction management and an increase of \$14.1 or 4.0 percent in financial assistance to localities. The decrease in other financing sources is primarily due to the decrease in budgeted transfers from Construction Fund (crossover transfer recipient), \$447.8 in fiscal year 2012 compared to \$496.0 in fiscal year 2011. On the other hand, the increases in other financing uses resulted primarily from a transfer of \$13.1 in fiscal 2012 compared to \$5.8 in fiscal year 2011 to Priority Transportation Fund, an increase of \$7.3.
- The fund balance of the Federal Highway Fund ended the fiscal year 2012 with its normal end of the year balance of \$0. Revenues decreased by \$2.0 or 0.2 percent and cash transferred-in from other state agencies and General Fund decreased by \$3.5 or 35.9 percent in fiscal year 2012 from fiscal year 2011. As revenues and cash transfers come into the Federal Highway Fund during the year, they are immediately used to pay for their designated expenditure projects. As a result, the total expenditures and other financing uses of the Federal Highway Fund equal to total revenues and other financing sources in fiscal year 2012.
- The Construction Fund's fund balance decreased by \$474.4 or 79.9 percent in fiscal year 2012 from fiscal year 2011. The decrease in fund balance is related to the decreases in total revenues of \$3.3 or 0.5 percent, increases in total expenditures of \$381.1 or 1,338.7 percent, decreases in total transfers from other state agencies and general fund of \$4.1 or 17.3 percent and increases in total inter-fund transfer-out of \$255.6 or 48.6 percent in fiscal year 2012. The decrease in fund balance is increased by the decreases in total transfers to other state agencies and general fund of \$24.7 or 47.9 percent. The increase in expenditures is related to a significant increase in highway system acquisition and construction of \$369.6 or 7,733.3 percent in fiscal year 2012. The increase in highway system acquisition and construction in the Construction Fund is primarily due to the use of the construction funds to pay for most of the highway system acquisition and construction expenditures in fiscal year 2012. Capital Projects Revenue Bonds for highway system acquisition and construction expenditures were sold towards the end of the fiscal year 2012 and as a result, little of the proceeds were spent as of year-end. The increase in other financing uses is attributable to the increases in

budgeted transfers to Virginia Transportation Infrastructure bank of \$250.0 and \$50.0 to Transportation Partnership Opportunity in fiscal year 2012 compared to \$0 in fiscal year 2011.

- The Priority Transportation Fund balance increased by \$17.0 or 16.9 percent in fiscal year 2012 from fiscal year 2011. The increase in fund balance is primarily due to the increases in total revenues of \$6.7 or 4.4 percent, increases in transfers-in of \$6.2 or 58.2 percent and decreases in transfers-out of \$32.3 or 16.9 percent. The increase in revenues is primarily due to increases of \$7.0 or 4.6 percent from taxes. The increase in transfers-in is related to the \$13.1 transferred-in from HMO Funds in fiscal year 2012 compared to \$5.8 in fiscal year 2011. The decrease in transfers-out is primarily due to the \$50.0 for the stabilization fund transferred out to Capital Projects Fund in fiscal year 2011 but none in fiscal year 2012.
- The fund balance of the Federal Stimulus Fund - American Recovery & Reinvestment Act (ARRA) was a negative balance of \$1.4 in fiscal year 2012 compared to a negative balance of \$1.6 in fiscal year 2011, an increase of \$0.1 or 7.5 percent. The increase in fund balance resulted from the decreases in expenditures (highway system acquisition and construction costs) of \$37.5 or 18.5 percent. The increase in fund balance was reduced by decreases in revenues (Federal Grants and Contracts) of \$34.6 or 17.2 percent.
- The fund balance of the Capital Projects Revenue Bonds Special Revenue Fund increased by \$479.9 in fiscal year 2012 from fiscal year 2011. The increase in fund balance is attributed to the decreases in expenditures (highway system acquisition and construction costs) of \$185.0 or 74.7 percent, increases in proceeds from new bond sales of \$27.3 or 4.2 percent and decreases in other transfers to other state agencies and general fund \$37.3 or 26.3 percent. The decrease in expenditure is primarily attributed to highway system acquisition and construction costs. Capital Projects Revenue Bonds for highway system acquisition and construction expenditures were sold towards the end of the fiscal year 2012 and as a result, little of the proceeds were spent as of year-end. The decrease in transfers-in is primarily due to the \$50.0 for the stabilization fund transferred in from HMO Funds in fiscal year 2011 but none in fiscal year 2012.
- The fund balance of the Toll Facilities Revolving Fund increased by \$9.3 or 2.6 percent in fiscal year 2012. The increase in fund balance is primarily due to a decrease in expenditure in fiscal year 2012 relative to the amount that was raised from revenues in fiscal year 2012. The fund collected \$24.0 in revenues but spent \$24.8 in toll facilities operations and construction in fiscal year 2012. There were no other significant financial activities in any other categories of the funds during the fiscal year 2012.

The Debt Service funds have a total fund balance of \$79.0 in fiscal year 2012, an increase of \$11.1 or 1.3 percent over that of the fiscal year 2011. All of the fund balance amounts are reserved for the debt payment. This increase in fund balance is primarily due to the decreases in expenditures of \$28.5 or 14.3 percent and increases in transfers-in of \$19.2 or 7.9 percent. The decrease in expenditure is mostly related to the decrease in the payment of bonds and notes principal and interest. Debt service payments were \$298.9 in fiscal year 2011 compared to \$270.3 in fiscal year 2012.

Proprietary funds: The Virginia Department of Transportation did not have any proprietary fund activity to report in fiscal year 2012.

Special Revenue Fund Budgetary Highlights

Virginia Department of Transportation Budget Comparison Summary Special Revenue Fund For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,891.8	\$ 1,891.8	\$ 1,889.8	\$ (2.0)
Intergovernmental	1,008.0	1,008.0	1,141.6	133.6
Other	598.9	598.9	551.3	(47.6)
Total	<u>3,498.7</u>	<u>3,498.7</u>	<u>3,582.7</u>	<u>84.0</u>
Expenditures	<u>4,418.5</u>	<u>4,957.2</u>	<u>3,799.6</u>	<u>1,157.6</u>
Revenues over (under) expenditures	(919.8)	(1,458.5)	(216.9)	1,241.6
Other sources	<u>1,020.1</u>	<u>1,192.7</u>	<u>666.4</u>	<u>(526.3)</u>
Revenues and other sources over (under) expenditures	100.3	(265.8)	449.5	715.3
Fund balance - July 1	<u>2,164.2</u>	<u>2,164.2</u>	<u>2,164.2</u>	<u>-</u>
Fund balance - June 30	<u><u>\$ 2,264.5</u></u>	<u><u>\$ 1,898.4</u></u>	<u><u>\$ 2,613.7</u></u>	<u><u>\$ 715.3</u></u>

The Virginia Department of Transportation's programs are authorized through the Commonwealth's biennial budget and annual appropriation process. The appropriation is based on the revenues that are expected to be available to the Virginia Department of Transportation during the given fiscal year. In addition, the Virginia Department of Transportation prepares an internal annual budget that is approved by the Commonwealth Transportation Board.

Capital Assets and Debt Administration

Capital assets: The Virginia Department of Transportation's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$19,877.5 (net of accumulated depreciation.) This investment in capital assets includes land, buildings, improvements, equipment, and highway infrastructure. The total increase in the Virginia Department of Transportation's investment in capital assets for the current fiscal year was 7.3 percent.

Virginia Department of Transportation
Capital Assets
as of June 30, 2012 and 2011
(net of depreciation)

	Governmental activities		Total	
	2012	2011*	2012	2011*
Depreciable Capital Assets:				
Buildings and improvements	\$ 272.8	\$ 197.5	\$ 272.8	\$ 197.5
Equipment	128.7	124.9	128.7	124.9
Total Depreciable Capital Assets	<u>401.5</u>	<u>322.4</u>	<u>401.5</u>	<u>322.4</u>
Non Depreciable Capital Assets:				
Land and improvements	26.5	26.7	26.5	26.7
Construction in process	77.6	142.8	77.6	142.8
Total Non Depreciable Capital Assets	<u>104.1</u>	<u>169.5</u>	<u>104.1</u>	<u>169.5</u>
Infrastructure Assets:				
Highway right-of-way, non-depreciable	2,076.1	1,995.2	2,076.1	1,995.2
Highway system infrastructure	9,484.4	9,155.9	9,484.4	9,155.9
Restorative maintenance	2,581.4	2,017.3	2,581.4	2,017.3
Bridge and tunnel infrastructure	2,396.5	2,434.0	2,396.5	2,434.0
Infrastructure work in process	2,833.5	2,433.8	2,833.5	2,433.8
Total Infrastructure assets	<u>19,371.9</u>	<u>18,036.2</u>	<u>19,371.9</u>	<u>18,036.2</u>
Total Assets	<u>\$ 19,877.5</u> *	<u>\$ 18,528.1</u>	<u>\$ 19,877.5</u> *	<u>\$ 18,528.1</u>

*For Fiscal year 2012, beginning capital asset balances of governmental activities were restated for correction of prior year capital asset balances, (note 2).

Additional information on the Virginia Department of Transportation's capital assets can be found in Note 12 of the financial statements.

Long-term debt – Bonds Payable: At the end of the current fiscal year, the Commonwealth Transportation Board (CTB) had total bonded debt outstanding of \$2,925.0 related to governmental activities. Of this amount, \$23.6 comprises debt backed by the full faith, credit, and taxing power of the Commonwealth. The majority, \$2,901.4 of the Commonwealth Transportation Board's bonds payable, is comprised of revenue bonds and is not backed by the full faith and credit of the Commonwealth.

**Virginia Department of Transportation
Outstanding Bonds
as of June 30, 2012 and 2011**

	<u>Governmental activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General Obligation Bonds:				
Section 9(b) debt	\$ -	\$ -	\$ -	\$ -
Section 9(c) debt	23.6	25.7	23.6	25.7
Total General Obligation Bonds	<u>23.6</u>	<u>25.7</u>	<u>23.6</u>	<u>25.7</u>
Section 9(d) debt				
Transportation Revenue Bonds	2,724.8	1,915.0	2,724.8	1,915.0
Federal Highway Reimbursement				
Anticipation Notes	176.6	262.4	176.6	262.4
Total Section 9(d) debt	<u>2,901.4</u>	<u>2,177.4</u>	<u>2,901.4</u>	<u>2,177.4</u>
Toll Road Revenue Bonds	-	-	-	-
Total Bonds Payable	<u>\$ 2,925.0</u>	<u>\$ 2,203.1</u>	<u>\$ 2,925.0</u>	<u>\$ 2,203.1</u>

The Commonwealth Transportation Board's bonds debt, from governmental activities, increased from \$2,203.1 in fiscal year 2011 to \$2,925.0 in fiscal year 2012, an increase of \$721.9 or 32.8 percent. The increase in bond debt is primarily due to the issuance of the Capital Projects Revenue Bonds for \$600.0 and GARVEE Notes for \$297.6 in fiscal year 2012. Other increases from bond issuances in fiscal year 2012 that contributed to the increase in total debt in fiscal year 2012 include \$37.7 from Route 58, \$86.4 from Northern Virginia District and \$50.6 from Route 28. There were also increases of \$2.9 in the accreted bond principal of the Route 28 Capital Appreciation Bond. The increase in long-term debt is reduced by the bonds (\$162.2) principal payments in fiscal year 2012. Other decreases from defeased bonds in fiscal year 2012 that contributed to the decrease in total debt in fiscal year 2012 include \$40.2 from Route 58, \$96.5 from Northern Virginia District and \$54.4 from Route 28. The Department has no debt for business type activities in fiscal year 2012 to disclose.

Long-term debt-Notes Payable: At the end of the current fiscal year, the Commonwealth Transportation Board (CTB) had total outstanding notes debt balance of \$86.9 from the governmental activities. The entire amount of the debt, \$86.9 which is comprised of the Camp 30 and Chesterfield County notes is not the Commonwealth of Virginia obligations and as a result is not backed by the full faith and credit of the Commonwealth of Virginia.

**Virginia Department of Transportation
Outstanding Notes
as of June 30, 2012 and 2011**

	<u>Governmental activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Section 9(d) debt				
Chesterfield County Notes	\$ 8.0	\$ 8.0	\$ 8.0	\$ 8.0
Camp 30 Notes Payable	78.9	82.8	78.9	82.8
Total Section 9(d) debt	<u>86.9</u>	<u>90.8</u>	<u>86.9</u>	<u>90.8</u>
Toll Road Revenue Notes	-	-	-	-
Total Notes Payable	<u>\$ 86.9</u>	<u>\$ 90.8</u>	<u>\$ 86.9</u>	<u>\$ 90.8</u>

The Commonwealth Transportation Board's notes debt, from governmental activities, decreased by \$3.9 in fiscal year 2012. The decrease was attributed to the retirement of the principal amount of the existing debt. The Commonwealth Transportation Board did not issue any new notes debt in fiscal year 2012.

Additional information on the Virginia Department of Transportation's long-term liabilities can be found in Note 7 of the financial statements.

Economic Factors and Next Year's Budget

The current economic conditions are impacting the budgets and activities of the Virginia Department of Transportation (VDOT) both directly and indirectly. The following are key issues or events that are impacting future fiscal years governmental activities:

- Transportation Department revenues are anticipated to be \$4.2 billion, down 12 percent from the FY 2012 Budget. The decrease is largely driven by the GARVEE bonds programmed in FY 2012. However, state revenue growth over FY 2012 is anticipated to be 2.4 percent; the strongest growth is expected in Motor Vehicle Sales and Use Tax revenue of 8.7 percent.
- Construction fund transfers to cover the Highway Maintenance and Operating Fund's funding deficit will continue in the future years as the growth of the Fund's needs outpaces revenue growth. The transfer is estimated at \$364 million in 2013 and will be \$468 million by 2018.
- The construction program continues to contract as available funding declines from dedicated revenue sources.

The above Economic Factors have been considered in the preparation of the Virginia Department of Transportation's fiscal year 2013-2018 forecasts. The Department continues to focus efforts on opportunities to enhance its financial practices.

Requests for Information

This financial report is designed to provide a general overview of the Virginia Department of Transportation's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided or requests for additional information should be directed to: Virginia Department of Transportation, Controller's Office, 1401 East Broad Street, Richmond, Virginia 23219. This report is also available for download from the World Wide Web. Our Internet address is www.virginiadot.org.

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**BASIC FINANCIAL
STATEMENTS**

**FINANCIAL
REPORT
JUNE 30, 2012**

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**Government-wide
Financial Statements**

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Virginia Department of Transportation
Statement of Net Assets
June 30, 2012

	Primary Government
	Governmental
	Activities
Assets :	
Cash and cash equivalents with the Treasurer of Virginia (Note 14)	\$ 1,290,099,347
Cash and cash equivalents with trustees (Note 14)	1,232,197,552
Investments with trustees (Note 14)	119,610,454
Cash and cash equivalents for	
collateral held for securities lending (Note 14)	304,381,509
Investments for	
collateral held for securities lending (Note 14)	9,410,807
Advance fund	261,479
Receivables: (Net)	
Federal government	58,087,255
Cities, counties, and towns	5,533,086
State agencies	1,443,668
Loans & Other	53,247,348
Taxes	120,648,475
Due from other agencies	1,642,246
Bond interest receivable	5,504,891
Capitalized bond discounts and issue costs	12,539,336
Capitalized notes discounts and issue costs	439,687
Inventory (Note 1- G)	59,285,825
Depreciable Capital Assets, Net (Note 12)	401,438,315
Infrastructure, net (Note 12)	14,462,260,042
Infrastructure non deprec. (Note 12)	2,076,105,784
Infrastructure, Work in Process (Note 12)	2,833,534,401
Non Depreciable Capital Assets (Note 12)	104,121,526
Total Assets	<u>23,151,793,033</u>
Liabilities :	
Accounts payable	300,185,545
Deposits payable	43,810,826
Payable for collateral held for securities lending	313,792,316
Deferred revenue	14,745,258
Premium on bonds payable	236,026,508
Premium on notes payable	2,846,607
Accrued liabilities	31,261,632
Retainage on contracts	2,862,721
Non Current Liabilities	
Bond interest payable	34,922,695
Note interest payable	469,930
Pollution remediation obligations (Note 7)	
Expected to be paid within one year	1,100,543
Expected to be paid after one year	2,327,554
Compensated absences (Note 1- J and Note 7)	
Expected to be paid within one year	30,604,471
Expected to be paid after one year	24,966,466
Bonds Payable (Note 7)	
Portion due within one year	205,210,000
Portion due after one year	2,719,799,232
Notes Payable (Note 7)	
Portion due within one year	4,070,000
Portion due after one year	82,830,000
Total liabilities	<u>4,051,832,304</u>
Net Assets	
Invested in Capital Assets net of related debt	16,865,550,836
Restricted for	
Expendable	
Bond Financed Road	
Construction.	1,336,759,697
Capital Acquisition	27,783,994
Transportation Activities	864,885,812
Debt service	78,954,981
Unrestricted	(73,974,591)
Total Net Assets	<u>\$ 19,099,960,729</u>

The accompanying notes are an integral part of this financial statement

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**VIRGINIA DEPARTMENT OF TRANSPORTATION
STATEMENT OF ACTIVITIES
JUNE 30, 2012**

Functions Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
Primary Government					
Governmental Activities					
Administrative and support services	\$ 204,255,479	\$ -	\$ -	\$ 72,255	\$ (204,183,224)
Ground transportation system planning and research	42,623,602	-	-	-	(42,623,602)
Highway system acquisition and construction	578,168,248	35,804,487	-	1,310,330,698	767,966,937
Highway system maintenance	1,216,688,838	291,893,026	-	2,193,629	(922,602,183)
Financial assistance to localities	628,522,401	-	-	-	(628,522,401)
Environmental monitoring and compliance	3,796,104	-	-	-	(3,796,104)
Toll facilities operations and construction	21,139,074	28,420,758	-	2,828	7,284,512
Unallocated Depreciation (excludes direct depreciation)	11,198,954	-	-	-	(11,198,954)
Transfers to other state agencies (Note 11)	29,662,760	-	-	-	(29,662,760)
Total Governmental Activities	2,736,055,460	356,118,271	-	1,312,599,410	(1,067,337,779)
Total Primary Government	\$ 2,736,055,460	\$ 356,118,271	\$ -	\$ 1,312,599,410	\$ (1,067,337,779)

GENERAL REVENUES

Taxes	
Motor Vehicle Fuel Tax	\$ 823,432,241
Road Use Tax	6,849,291
Sales and Use Tax	403,156,487
MV Sales and Use Tax	507,011,823
MV Rental Tax	6,481,254
Aviation Fuel Tax	1,733,233
Premiums on Insurance	137,296,803
Other Taxes	13,591,845
Investment Earnings	20,250,550
Other Revenues	19,416,364
Gain on sales	2,769,341
Transfers to other State Agencies and Gen Fund (Note 11)	(154,472,013)
Transfers from other State Agencies and Gen Fund (Note 11)	66,171,529
Insurance recoveries	1,556,948
Other Financing Sources (Uses)	(1,483,300)
Total General Revenues, Special Items and Transfers	1,853,762,396
Change in Net Assets	786,424,617
Net Assets July 1	18,291,861,481
Change in Prior Years (Note 2)	21,674,631
Net Assets June 30	\$ 19,099,960,729

The accompanying notes are an integral part of this financial statement

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**Fund Financial Statements
Major Governmental Funds
Special Revenue and Debt Service**

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Governmental Funds

Special Revenue Funds:

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

The Highway Maintenance and Operating Fund accounts for Revenues and Expenditures for the general administration of the Department, maintenance of highways, assistance to localities, and support to other state agencies. Revenues are derived primarily from taxes, and rights and privileges.

The Highway Federal Fund accounts for the revenues and expenditures relating to federal projects and grants.

The Highway Construction Fund accounts for the revenues and expenditures for the acquisition and construction of the state highway systems.

The Priority Transportation Fund provides funding for specified transportation projects throughout the Commonwealth. This fund also provides debt service funding in support of various debt financed projects.

The Toll Facilities Revolving Fund accounts for the interests earned on the Highway Maintenance and Operating Fund and the Highway Construction Fund. Funds are used to provide advance funding for eligible construction projects and support debt service of the toll facilities and other bond funds.

ARRA Projects Fund accounts for the revenue and expenditures related to federal stimulus projects and grants under the American Recovery and Reinvestment Act of 2009.

Capital Projects Revenue Bonds Fund accounts for the bond proceeds, investment revenue, and expenditures related to the transportation projects pursuant to Section 33.1-23.4:01 of the Code of VA under the Commonwealth Transportation Capital Project Bond Act of 2007. This fund was classified as a nonmajor fund in previous years

Debt Service Funds:

The Debt Service Funds account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations recorded in the Governmental Activities column on the Government-wide Statement of Net Assets.

Route 58 accounts for the accumulation of resources for and payment of the general long-term debt principal and interest on bonds of the U.S. Route 58 project.

Route 28 accounts for the accumulation of resources for and payment of the general long-term debt principal and interest on bonds of the State Route 28 project.

Camp 30 accounts for the accumulation of resources for and payment of the general long-term debt principal and interest on the notes payable as a result of the Financing Lease Agreement the Department entered into with Fairfax County Economic Development Authority (FCEDA), known as Camp 30.

Northern Virginia Transportation District accounts for the accumulation of resources for and payment of the general long-term debt principal and interest on bonds of the Northern Virginia Transportation District.

Federal Reimbursement Anticipation Notes (FRAN) accounts for the accumulation of resources for and payment of the general long-term debt principal and interest on bonds of the Federal Reimbursement Anticipation Notes.

Coleman Bridge accounts for the accumulation of resources for and payment of the general long-term debt principal and interest on bonds of the Coleman Bridge.

Capital Projects Revenue Bonds Fund accounts for the accumulation of resources for and payment of the general long-term debt principal and interest on bonds of the Capital Projects Revenue Bonds Funds.

GARVEE accounts for the accumulation of resources for and payment of the general long-term debt principal and interest on GARVEE bonds.

Transportation Set Aside accounts for the accumulation of resources for and payment of the general long-term debt principal and interest on bonds of the City of Chesapeake Oak Grove Connector Transportation Set-aside project.

Nonmajor Governmental Funds include those Special Revenue Funds listed in the Combining and Individual Fund Statements and Schedules section of this report.

VIRGINIA DEPARTMENT OF TRANSPORTATION
BALANCE SHEET GOVERNMENTAL FUNDS
SPECIAL REVENUE
June 30, 2012

HIGHWAY MAINTENANCE & OPERATING	FEDERAL	CONSTRUCTION
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ASSETS

Cash and cash equivalents with the Treasurer of Virginia (Note 14)	\$ 210,403,254	\$ -	\$ 162,790,337
Cash and cash equivalents with trustees (Note 14)	-	-	488,544
Investments with trustees (Note 14)	-	-	-
Cash and cash equivalents for collateral held for securities lending (Note 14)	-	-	-
Investments for collateral held for securities lending (Note 14)	-	-	-
Advance fund	232,979	-	10,000
Receivables: (net)			
Federal government	-	54,112,752	-
Cities, counties, and towns	589,813	-	4,943,273
State agencies	1,428,686	-	14,982
Loans & other	7,272,518	-	4,677,828
Taxes receivable	68,097,752	-	52,550,723
Due from other funds (Note 10)	-	9,072,370	44,236,854
Due from agencies	-	-	-
Inventory (Note 1 G)	53,374,616	-	1,104,505
Total assets	\$ 341,399,618	\$ 63,185,122	\$ 270,817,046

LIABILITIES AND FUND BALANCES

Liabilities :

Accounts payable	\$ 110,722,781	\$ 50,796,511	\$ 51,937,317
Deposits payable	11,955,286	-	584,784
Payable for collateral held for securities lending	-	-	-
Due to other agencies	-	-	-
Due to other funds (Note 10)	13,095,000	9,874,518	69,055,815
Deferred revenue	10,609,146	2,514,093	23,971,609
Liability for compensated absences	71,577	-	13,014
Accrued liabilities	26,283,668	-	4,887,228
Retainage on contracts	1,563,455	-	1,160,211
Total liabilities	174,300,913	63,185,122	151,609,978

Fund Balances (Note 3)

Nonspendable	60,647,134	-	5,782,333
Restricted	-	-	-
Committed	106,451,571	-	113,424,735
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	167,098,705	-	119,207,068
Total liabilities and fund balances	\$ 341,399,618	\$ 63,185,122	\$ 270,817,046

The accompanying notes are an integral part of this financial statement

**VIRGINIA DEPARTMENT OF TRANSPORTATION
BALANCE SHEET GOVERNMENTAL FUNDS
SPECIAL REVENUE
June 30, 2012**

PRIORITY TRANSPORTATION FUND	TOLL FACILITIES REVOLVING	ARRA PROJECTS
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ASSETS

Cash and cash equivalents with the Treasurer of Virginia (Note 14)	\$ 99,197,847	\$ 201,915,663	\$ 8,764,787
Cash and cash equivalents with trustees (Note 14)	-	10,723,014	-
Investments with trustees (Note 14)	-	-	-
Cash and cash equivalents for collateral held for securities lending (Note 14)	26,172,736	134,129,951	-
Investments for collateral held for securities lending (Note 14)	809,203	4,147,003	-
Advance fund	-	-	-
Receivables: (net)			
Federal government	-	-	3,959,806
Cities, counties, and towns	-	-	-
State agencies	-	-	-
Loans & other	-	41,297,002	-
Taxes receivable	-	-	-
Due from other funds (Note 10)	16,977,702	141,810,174	-
Due from agencies	1,642,246	-	-
Inventory (Note 1 G)	-	4,806,704	-
Total assets	\$ 144,799,734	\$ 538,829,511	\$ 12,724,593

LIABILITIES AND FUND BALANCES

Liabilities :			
Accounts payable	\$ -	\$ 8,129,180	\$ 4,108,094
Deposits payable	-	31,270,756	-
Payable for collateral held for securities lending	26,981,939	138,276,954	-
Due to other agencies	-	-	-
Due to other funds (Note 10)	-	-	10,000,000
Deferred revenue	-	113,127	38,808
Liability for compensated absences	-	-	-
Accrued liabilities	-	-	-
Retainage on contracts	-	-	69,495
Total liabilities	26,981,939	177,790,017	14,216,397
Fund Balances (Note 3)			
Nonspendable	-	46,103,706	-
Restricted	-	-	-
Committed	117,817,795	314,935,788	-
Assigned	-	-	-
Unassigned	-	-	(1,491,804)
Total fund balances	117,817,795	361,039,494	(1,491,804)
Total liabilities and fund balances	\$ 144,799,734	\$ 538,829,511	\$ 12,724,593

The accompanying notes are an integral part of this financial statement

VIRGINIA DEPARTMENT OF TRANSPORTATION
BALANCE SHEET GOVERNMENTAL FUNDS
SPECIAL REVENUE
June 30, 2012

CAPITAL PROJECTS REVENUE BONDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	Totals	
		Special Revenue Funds June 30, 2012	June 30, 2011

ASSETS

Cash and cash equivalents				
with the Treasurer of Virginia (Note 14)	\$ 401,467	\$ 606,359,754	\$ 1,289,833,109	\$ 1,606,319,794
Cash and cash equivalents with trustees (Note 14)	879,109,860	332,798,191	1,223,119,609	451,130,838
Investments with trustees (Note 14)	49,999,654	-	49,999,654	49,999,654
Cash and cash equivalents for collateral held for securities lending (Note 14)	97,957	143,980,865	304,381,509	246,550,685
Investments for collateral held for securities lending (Note 14)	3,029	4,451,572	9,410,807	75,602,422
Advance fund	-	18,500	261,479	154,652
Receivables: (net)				
Federal government	-	14,697	58,087,255	130,669,989
Cities, counties, and towns	-	-	5,533,086	3,793,663
State agencies	-	-	1,443,668	1,308,856
Loans & other	-	-	53,247,348	62,072,743
Taxes receivable	-	-	120,648,475	114,902,041
Due from other funds (Note 10)	-	14,697	212,111,797	166,987,778
Due from agencies	-	-	1,642,246	917,015
Inventory (Note 1 G)	-	-	59,285,825	57,972,812
Total assets	\$ 929,611,967	\$ 1,087,638,276	\$ 3,389,005,867	\$ 2,968,382,942

LIABILITIES AND FUND BALANCES

Liabilities :				
Accounts payable	\$ -	\$ 74,491,662	\$ 300,185,545	\$ 190,023,281
Deposits payable	-	-	43,810,826	38,056,986
Payable for collateral held for securities lending	100,986	148,432,437	313,792,316	322,153,107
Due to other agencies	-	-	-	3,000,000
Due to other funds (Note 10)	-	110,086,464	212,111,797	166,987,778
Deferred revenue	-	-	37,246,783	30,403,435
Liability for compensated absences	-	341	84,932	132,708
Accrued liabilities	-	90,737	31,261,633	27,895,288
Retainage on contracts	-	69,559	2,862,720	5,692,923
Total liabilities	100,986	333,171,200	941,356,552	784,345,506
Fund Balances (Note 3)				
Nonspendable	-	-	112,533,173	120,045,555
Restricted	-	-	-	-
Committed	929,510,981	826,882,916	2,409,023,786	2,144,318,746
Assigned	-	-	-	-
Unassigned	-	(72,415,840)	(73,907,644)	(80,326,865)
Total fund balances	929,510,981	754,467,076	2,447,649,315	2,184,037,436
Total liabilities and fund balances	\$ 929,611,967	\$ 1,087,638,276	\$ 3,389,005,867	\$ 2,968,382,942

The accompanying notes are an integral part of this financial statement

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VIRGINIA DEPARTMENT OF TRANSPORTATION
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	ROUTE 58	ROUTE 28	NORTHERN VA. TRANSP. DISTRICT	COLEMAN BRIDGE	FRAN - DEBT SERVICE FUND	CAPITAL PROJECTS REVENUE BONDS	TRANSPORTATION GARVEE	TRANSPORTATION SET ASIDE	CAMP 30	TOTALS
ASSETS										
Cash with the Treasurer of Virginia	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equivalents with the Treasurer of Virginia	-	-	-	266,238	-	-	-	-	-	266,238
Cash equivalents with trustees	90	10	57	-	5,228	8	9,072,478	4	68	9,077,943
Investment with trustees	-	-	-	-	69,610,800	-	-	-	-	69,610,800
Total assets	\$ 90	\$ 10	\$ 57	\$ 266,238	\$ 69,616,028	\$ 8	\$ 9,072,478	\$ 4	\$ 68	\$ 78,954,981
LIABILITIES AND FUND EQUITY										
Liabilities:										
Deposits payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund equity:										
Fund balances	90	10	57	266,238	69,616,028	8	9,072,478	4	68	78,954,981
Total Liabilities and Fund Equity	\$ 90	\$ 10	\$ 57	\$ 266,238	\$ 69,616,028	\$ 8	\$ 9,072,478	\$ 4	\$ 68	\$ 78,954,981

The accompanying notes are an integral part of this financial statement

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**VIRGINIA DEPARTMENT OF TRANSPORTATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	SPECIAL REVENUE	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS JUNE 30, 2012
ASSETS			
Cash and cash equivalents			
with the Treasurer of Virginia (Note 14)	\$ 1,289,833,109	\$ 266,238	\$ 1,290,099,347
Cash and cash equivalents with trustees (Note 14)	1,223,119,609	9,077,943	1,232,197,552
Investments with Trustees (Note 14)	49,999,654	69,610,800	119,610,454
Cash and cash equivalents for			
collateral held for securities lending (Note 14)	304,381,509	-	304,381,509
Investments for			
collateral held for securities lending (Note 14)	9,410,807	-	9,410,807
Advance fund	261,479	-	261,479
Receivables: (Net)			
Federal government	58,087,255	-	58,087,255
Localities and private sector	5,533,086	-	5,533,086
State agencies	1,443,668	-	1,443,668
Loans & Other	53,247,348	-	53,247,348
Taxes Receivable	120,648,475	-	120,648,475
Due from other funds (Note 10)	212,111,797	-	212,111,797
Due from agencies	1,642,246	-	1,642,246
Inventory (Note 1G)	59,285,825	-	59,285,825
Total Assets	<u>\$ 3,389,005,867</u>	<u>\$ 78,954,981</u>	<u>\$ 3,467,960,848</u>
LIABILITIES AND FUND EQUITY			
Accounts payable	\$ 300,185,545	\$ -	\$ 300,185,545
Deposits payable	43,810,826	-	43,810,826
Payable for collateral held for securities lending	313,792,316	-	313,792,316
Due to other funds (Note 10)	212,111,797	-	212,111,797
Deferred revenue	37,246,783	-	37,246,783
Compensated absences payable	84,932	-	84,932
Accrued liabilities	31,261,633	-	31,261,633
Retainage on contracts	2,862,720	-	2,862,720
Total liabilities	<u>941,356,552</u>	<u>-</u>	<u>941,356,552</u>
Fund Balances (Note 3)			
Nonspendable	112,533,173	-	112,533,173
Restricted	-	78,954,981	78,954,981
Committed	2,409,023,786	-	2,409,023,786
Assigned	-	-	-
Unassigned	(73,907,644)	-	(73,907,644)
Total Fund Equity	<u>2,447,649,315</u>	<u>78,954,981</u>	<u>2,526,604,296</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,389,005,867</u>	<u>\$ 78,954,981</u>	<u>\$ 3,467,960,848</u>

The accompanying notes are an integral part of this financial statement

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**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012**

Total fund balances - governmental funds \$2,526,604,296

Amounts reported for governmental activities in the statement of net assets are different because:

When capital assets (land, buildings, equipment, improvements, construction in progress, and infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of these assets are reported as expenditures in governmental funds. However the Statement of Net Assets includes those capital assets.

Land and Non depreciable capital assets	\$104,121,526	
Equipment and Buildings	737,715,737	
Infrastructure assets	30,898,074,331	
Accumulated Depreciation	<u>(11,862,451,526)</u>	
Total capital assets		19,877,460,068

Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 40,985,439

Long term liabilities applicable to the primary government's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities both current and long term, are reported in the Statement of Net Assets.

Bond and notes payable	(3,011,909,232)	
Interest payable	(35,392,625)	
Premium payable	(238,873,115)	
Pollution remediation obligation	(3,428,097)	
Compensated absences	<u>(55,486,005)</u>	
Total liabilities		<u>(3,345,089,074)</u>

Net assets of governmental activities \$19,099,960,729

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**VIRGINIA DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS-SPECIAL REVENUE
June 30, 2012**

	HIGHWAY MAINTENANCE & OPERATING	FEDERAL	CONSTRUCTION
Revenues			
Revenues provided by the General Fund of the Commonwealth	\$ 950,000	\$ -	\$ -
Taxes	1,091,520,898	-	648,833,307
Rights and privileges	284,708,712	-	25,624,294
Sale of property and commodities	73,970	-	2,858,341
Interest, dividends and rents	38,800	-	5,382,100
Fines, forfeitures, court fees, penalties, and escheats	7,071,544	-	59,471
Federal grants and contracts	-	891,212,557	-
Receipts from localities and private sector	691,723	-	40,300,995
Toll revenue	-	-	-
Other revenue	13,851,144	-	319,768
Total revenue	<u>1,398,906,791</u>	<u>891,212,557</u>	<u>723,378,276</u>
Expenditures			
Current:			
Administrative and support services	200,364,229	6,007,147	1,681,769
Ground transportation system planning and research	10,064,019	17,872,799	19,955,692
Highway system acquisition and construction	18,146,426	623,257,856	374,368,089
Highway system maintenance	1,510,098,144	242,139,842	-
Financial assistance to localities	366,608,044	8,210,638	2,987,904
Environmental monitoring and compliance	7,821,483	-	72,300
Toll facilities operations and construction	-	-	-
Capital Outlay	-	3,683	10,316,176
Transfers to other state agencies (Note 11)	29,522,227	-	140,533
Total expenditures	<u>2,142,624,572</u>	<u>897,491,965</u>	<u>409,522,463</u>
Revenues over (under) expenditures	<u>(743,717,781)</u>	<u>(6,279,408)</u>	<u>313,855,813</u>
Other financing sources (uses)			
Other financing sources (uses)	-	-	-
Bond Proceeds	-	-	-
Insurance recoveries	1,556,948	-	-
Transfers to other state agencies and General Fund (Note 11)	(12,063,180)	-	(26,896,386)
Transfers from other state agencies and General Fund (Note 11)	-	6,279,408	19,607,907
Transfers in (Note 11)	450,129,345	107,596,604	-
Transfers out (Note 11)	(20,923,188)	(107,596,604)	(780,958,397)
Total other financing sources (uses)	<u>418,699,925</u>	<u>6,279,408</u>	<u>(788,246,876)</u>
Net Change in Fund Balance	(325,017,856)	-	(474,391,063)
Beginning fund balance - July 1	492,116,561	-	593,598,131
Ending fund balance - June 30	<u>\$ 167,098,705</u>	<u>\$ -</u>	<u>\$ 119,207,068</u>

The accompanying notes are an integral part of this financial statement

**VIRGINIA DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS-SPECIAL REVENUE
June 30, 2012**

	PRIORITY TRANSPORTATION FUND	TOLL FACILITIES REVOLVING	ARRA PROJECTS
Revenues			
Revenues provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -
Taxes	157,296,801	-	-
Rights and privileges	-	9,608,374	-
Sale of property and commodities	-	-	-
Interest, dividends and rents	2,006,189	12,390,630	-
Fines, forfeitures, court fees, penalties, and escheats	-	2,042,876	-
Federal grants and contracts	-	-	166,908,340
Receipts from localities and private sector	-	-	-
Toll revenue	-	-	-
Other revenue	-	-	-
Total revenue	159,302,990	24,041,880	166,908,340
Expenditures			
Current:			
Administrative and support services	-	-	570,660
Ground transportation system planning and research	-	-	-
Highway system acquisition and construction	538,095	-	165,066,619
Highway system maintenance	-	-	-
Financial assistance to localities	-	-	-
Environmental monitoring and compliance	-	-	-
Toll facilities operations and construction	-	14,791,119	-
Capital Outlay	-	-	-
Transfers to other state agencies (Note 11)	-	-	-
Total expenditures	538,095	14,791,119	165,637,279
Revenues over (under) expenditures	158,764,895	9,250,761	1,271,061
Other financing sources (uses)			
Other financing sources (uses)	(157,312)	(896,110)	-
Bond Proceeds	-	-	-
Insurance recoveries	-	-	-
Transfers to other state agencies and General Fund (Note 11)	-	(4,371)	(1,150,413)
Transfers from other state agencies and General Fund (Note 11)	725,231	-	-
Transfers in (Note 11)	16,978,050	986,088	-
Transfers out (Note 11)	(159,300,028)	-	-
Total other financing sources (uses)	(141,754,059)	85,607	(1,150,413)
Net Change in Fund Balance	17,010,836	9,336,368	120,648
Beginning fund balance - July 1	100,806,959	351,703,126	(1,612,452)
Ending fund balance - June 30	\$ 117,817,795	\$ 361,039,494	\$ (1,491,804)

The accompanying notes are an integral part of this financial statement

**VIRGINIA DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS-SPECIAL REVENUE
June 30, 2012**

	CAPITAL PROJECTS REVENUE BONDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	Totals	
			Special Revenue Funds JUNE 30, 2012	JUNE 30, 2011
Revenues				
Revenues provided by the General Fund of the Commonwealth	\$ -	\$ 100,710,608	\$ 101,660,608	\$ 12,950,000
Taxes	-	-	1,897,651,006	1,830,477,954
Rights and privileges	-	4,858,579	324,799,959	327,401,177
Sale of property and commodities	-	-	2,932,311	2,975,341
Interest, dividends and rents	910,212	8,559,585	29,287,516	29,356,995
Fines, forfeitures, court fees, penalties, and escheats	-	-	9,173,891	10,162,274
Federal grants and contracts	-	8,280,086	1,066,400,983	1,102,834,488
Receipts from localities and private sector	-	1,988,887	42,981,605	80,339,119
Toll revenue	-	16,656,381	16,656,381	16,634,706
Other revenue	-	1,696,160	15,867,072	14,002,873
Total revenue	910,212	142,750,286	3,507,411,332	3,427,134,927
Expenditures				
Current:				
Administrative and support services	-	-	208,623,805	197,444,487
Ground transportation system planning and research	-	-	47,892,510	33,953,345
Highway system acquisition and construction	62,517,949	208,192,836	1,452,087,870	1,231,782,615
Highway system maintenance	-	-	1,752,237,986	1,422,460,323
Financial assistance to localities	-	-	377,806,586	362,626,423
Environmental monitoring and compliance	-	-	7,893,783	10,737,851
Toll facilities operations and construction	-	5,514,529	20,305,648	19,381,430
Capital Outlay	-	1,660,589	11,980,448	13,647,230
Transfers to other state agencies (Note 11)	-	-	29,662,760	28,731,437
Total expenditures	62,517,949	215,367,954	3,908,491,396	3,320,765,141
Revenues over (under) expenditures	(61,607,737)	(72,617,668)	(401,080,064)	106,369,786
Other financing sources (uses)				
Other financing sources (uses)	(12,068)	(417,810)	(1,483,300)	(1,507,755)
Bond Proceeds	674,998,635	350,824,431	1,025,823,066	647,675,556
Insurance recoveries	-	-	1,556,948	1,934,462
Transfers to other state agencies and General Fund (Note 11)	(104,473,237)	(9,884,426)	(154,472,013)	(206,380,812)
Transfers from other state agencies and General Fund (Note 11)	-	39,558,983	66,171,529	75,742,746
Transfers in (Note 11)	-	344,559,691	920,249,778	718,474,689
Transfers out (Note 11)	(28,961,810)	(95,414,038)	(1,193,154,065)	(972,133,761)
Total other financing sources (uses)	541,551,520	629,226,831	664,691,943	263,805,125
Net Change in Fund Balance	479,943,783	556,609,163	263,611,879	370,174,911
Beginning fund balance - July 1	449,567,198	197,857,913	2,184,037,436	1,813,862,525
Ending fund balance - June 30	\$ 929,510,981	\$ 754,467,076	\$ 2,447,649,315	\$ 2,184,037,436

The accompanying notes are an integral part of this financial statement

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VIRGINIA DEPARTMENT OF TRANSPORTATION
 DETAILED COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND STATEMENT OF CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	ROUTE 58	ROUTE 28	NORTHERN VA. TRANSP. DISTRICT	COLEMAN BRIDGE	FRAN - DEBT SERVICE FUND	CAPITAL PROJECTS REVENUE	GARVEE	TRANSPORTATION SET ASIDE	CAMP 30	TOTALS
Revenues										
Interest	\$ 90	\$ 10	\$ 57	\$ 124	\$ 62,865	\$ 10	\$ 108	\$ 4	\$ 53	\$ 63,321
Receipts from Cities, Counties and Towns	-	7,529,625	-	-	-	-	-	-	-	7,529,625
Total revenues	90	7,529,635	57	124	62,865	10	108	4	53	7,592,946
Expenditures										
Debt service:										
Charges Related to New Bonds										
Bond Issuance Costs	86,258	225,098	192,832	-	-	-	-	-	-	504,188
Under Writer's Discount	6,032	246,319	139,076	-	-	-	-	-	-	391,427
Total Charges	92,290	471,417	331,908	-	-	-	-	-	-	895,615
Interest Payment- Bonds	19,825,297	2,104,625	13,273,949	1,113,850	10,659,448	51,431,826	-	924,750	-	99,333,745
Interest Payments - Notes	-	-	-	-	-	-	-	-	3,953,188	3,953,188
Retirement of bonds	30,815,000	5,425,000	19,605,000	2,080,000	85,870,000	17,105,000	-	1,305,000	-	162,205,000
Retirement of Notes	-	-	-	-	-	-	-	-	3,875,000	3,875,000
Total	50,640,297	7,529,625	32,878,949	3,193,850	96,529,448	68,536,826	-	2,229,750	7,828,188	269,366,933
Total expenditures	50,732,587	8,001,042	33,210,857	3,193,850	96,529,448	68,536,826	-	2,229,750	7,828,188	270,262,548
Revenue over (under) expenditures	(50,732,497)	(471,407)	(33,210,800)	(3,193,726)	(96,466,583)	(68,536,816)	108	(2,229,746)	(7,828,135)	(262,669,602)
Other financing sources (uses)										
Bond proceeds - Face Value	37,700,000	50,620,000	86,430,000	-	-	-	-	-	-	174,750,000
Bond proceeds - Bond Premium	3,588,119	4,650,572	12,726,376	-	-	-	-	-	-	20,965,067
Escrow agent defeasance payment	(41,195,829)	(54,799,155)	(98,824,468)	-	-	-	-	-	-	(194,819,452)
Transfers in	50,640,295	-	32,878,856	3,193,810	98,524,234	68,536,784	9,072,370	2,229,750	7,828,188	272,904,287
Total other sources (uses)	50,732,585	471,417	33,210,764	3,193,810	98,524,234	68,536,784	9,072,370	2,229,750	7,828,188	273,799,902
Revenues and other sources over (under) expenditures and other uses	88	10	(36)	84	2,057,651	(32)	9,072,478	4	53	11,130,300
Fund balance - July 1	2	-	93	266,154	67,558,377	40	-	-	15	67,824,681
Fund balance - June 30	\$ 90	\$ 10	\$ 57	\$ 266,238	\$ 69,616,028	\$ 8	\$ 9,072,478	\$ 4	\$ 68	\$ 78,954,981

The accompanying notes are an integral part of this financial statement

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**VIRGINIA DEPARTMENT OF TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
June 30, 2012**

	SPECIAL REVENUE	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS June 30, 2012
Revenues			
Revenues provided by the General Fund of the Commonwealth	\$ 101,660,608	\$ -	\$ 101,660,608
Taxes	1,897,651,006	-	1,897,651,006
Rights and privileges	324,799,959	-	324,799,959
Sales of property and commodities	2,932,311	-	2,932,311
Interest, dividends, and rents	29,287,516	63,321	29,350,837
Fines, forfeitures, court fees, penalties, and escheats	9,173,891	-	9,173,891
Federal grants and contracts	1,066,400,983	-	1,066,400,983
Receipts from localities and private sector	42,981,605	7,529,625	50,511,230
Toll revenue	16,656,381	-	16,656,381
Other revenue	15,867,072	-	15,867,072
Total revenues	3,507,411,332	7,592,946	3,515,004,278
Expenditures			
Current			
Administrative and support services	208,623,805	-	208,623,805
Ground transportation system planning and research	47,892,510	-	47,892,510
Highway system acquisition and construction	1,452,087,870	-	1,452,087,870
Highway system maintenance	1,752,237,986	-	1,752,237,986
Financial assistance to localities	377,806,586	-	377,806,586
Environmental monitoring and compliance	7,893,783	-	7,893,783
Toll facility operations and construction	20,305,648	-	20,305,648
Capital outlay	11,980,448	-	11,980,448
Bond issuance cost	-	895,615	895,615
Debt service:			
Interest (Notes & Bonds)	-	103,286,933	103,286,933
Retirement of bonds & Notes	-	166,080,000	166,080,000
Transfers to other state agencies (Note 11)	29,662,760	-	29,662,760
Total expenditures	3,908,491,396	270,262,548	4,178,753,944
Revenues over (under) expenditures	(401,080,064)	(262,669,602)	(663,749,666)
Other financing sources (uses)			
Other financing sources (uses)	(1,483,300)	-	(1,483,300)
Bond proceeds	1,025,823,066	195,715,067	1,221,538,133
Insurance Recoveries	1,556,948	-	1,556,948
Defeasance payment	-	(194,819,452)	(194,819,452)
Transfers to other state agencies and General fund (Note 11)	(154,472,013)	-	(154,472,013)
Transfers from other state agencies and General fund (Note 11)	66,171,529	-	66,171,529
Transfers in (Note 11)	920,249,778	272,904,287	1,193,154,065
Transfers out (Note 11)	(1,193,154,065)	-	(1,193,154,065)
Total other financing sources (uses)	664,691,943	273,799,902	938,491,845
Net Change in Fund Balance	263,611,879	11,130,300	274,742,179
Fund balance - July 1	2,184,037,436	67,824,681	2,251,862,117
Fund balance - June 30	\$ 2,447,649,315	\$ 78,954,981	\$ 2,526,604,296

The accompanying notes are an integral part of this financial statement

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**Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2012**

Net Change in fund balances - total governmental funds \$ 274,742,179

Amounts reported for governmental activities are different because:

Accrued interest (727,942)

Capital Outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. In the current period these amounts are :

Increase in capital assets over capital outlay 23,714,441

Urban assets not capitalized (257,507,605)

Capital Outlay	\$	11,980,448	
Depreciation expense		(22,057,748)	
Excess of capital outlay over depreciation expense			(10,077,300)

Increase in Infrastructure		2,230,779,146	
Depreciation expense		(637,501,376)	
Excess of increase in infrastructure over depreciation expense			1,593,277,770

Bond proceeds provide current financial resources to governmental funds by issuing debt, which increases long term bonded debt in the Statement of Activities. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Bond proceeds	(1,072,340,000)
Defeasance of bonds	191,092,664
Retirement of bonds	162,205,000
Retirement of notes	3,875,000
Increase in accretion of debt	(2,853,561)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of :

Decrease in compensated absences	(2,645,257)
Amortize bond and note premium	(126,641,556)
Amortize notes and bond discounts	(4,809)
Amortize cost of issuance notes and bonds	4,127,890
Bond interest receivable	4,402,513
Pollution remediation obligations	(685,997)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds 2,471,187

Change in net assets of governmental activities \$ 786,424,617

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**NOTES TO THE
FINANCIAL
STATEMENTS**

**FINANCIAL
REPORT
JUNE 30, 2012**

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VIRGINIA DEPARTMENT OF TRANSPORTATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Virginia Department of Transportation (VDOT or the Department).

A. Basis of Presentation

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

B. Reporting Entity

The Department provides a surface transportation system for the safe and efficient movement of people and goods throughout the Commonwealth of Virginia (the Commonwealth).

A separate report is prepared for the Commonwealth, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The Department is an agency of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth, specifically the Comprehensive Annual Financial Report issued by the State's Comptroller.

For financial reporting purposes, the Department's reporting entity consists of all funds under VDOT control.

C. Government-wide and Fund Financial Statements

The government-wide financial statements including the Statement of Net Assets and the Statement of Activities report information on all non-fiduciary activities of VDOT. The effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a specific function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function, segment, or component unit.

Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items properly excluded from program revenues are reported instead as general revenues.

Net assets are restricted when constraints are placed on them that are imposed by external parties, constitutional provisions or enabling legislation. Designations solely imposed by the Commonwealth's management are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, VDOT's policy is to use the restricted resources first.

Separate financial statements are provided for governmental funds and fiduciary funds. However, fiduciary funds are not included in the government-wide statements. Major governmental funds are reported as separate columns in the fund financial statements. For fiscal year 2012, the Department did not have any fiduciary fund activity.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Significant revenues subject to accrual include federal grants and sales taxes. Revenues that VDOT earns by incurring obligations are recognized in the same period as when the obligations are recognized. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when the payment is due.

The Department reports the following major governmental funds:

Special Revenue Funds – account for transactions related to resources received and used for restricted or specific purposes. These include highway maintenance and construction and other transportation purposes.

Debt Service Funds - account for the accumulation of resources used to pay the principal and interest on long-term obligations.

Additionally, VDOT reports the following fund type:

Fiduciary Funds (Agency Fund) - accounts for the assets held by the Department in a trustee capacity or as a fiscal agent on behalf of others, which is custodial in nature and does not involve measurement of results of operations.

The financial statements of the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting. As with the government-wide statements, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. For fiscal year 2012, the Department did not have any fiduciary fund activity to report.

E. Budgetary Process

Budgetary amounts shown in the Required Supplementary Information section represent the total of the original budgeted amounts and all supplemental appropriations. The VDOT 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 re-appropriated 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.

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. Investments

Investments in money market funds are reported at amortized cost. All other investments are reported at fair market value.

G. Inventory

The Department records inventory in the Special Revenue Funds. Inventories are valued at weighted average cost and are recorded as expenditure at the time individual items are used (consumption method). Inventory in the Special Revenue Funds consist mainly of road materials, sign stock, fuels, materials and supplies and work-in-process. Reported inventories are equally offset by a fund balance reserve, which indicates they do not constitute available spendable resources although they are a component of net assets.

H. Property, Plant, and Equipment

Capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are carried at estimated market value at the date of contribution. The agency elected to use the historical approach in determining infrastructure value.

Capital assets are depreciated on a straight-line basis over the estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10-50 years
Equipment	From 2 to 25 years
Infrastructure, excluding bridges and tunnels	30 years
Bridges and tunnels	75 years

I. Deferred Revenue

Deferred revenue represents monies received or revenues accrued but not yet earned or available as of June 30 of the reported fiscal year. This amount was reported in the Special Revenue Funds and was composed of receipts from cities, counties and towns for advanced funding of construction project participation and federal and other receivables that were expected to be collected after August 31 of the reported fiscal year.

J. Compensated Absences

Compensated absences are recorded as current and long-term debt in the Government – wide statements. This represents the amounts of vacation, sick, compensatory leave and disability credits earned by the employees of the Department, but not yet taken at June 30 of the reported fiscal year. The amount reflects all earned vacation, sick and compensatory leave payable under the Commonwealth of Virginia's leave payout policy upon employment termination. Also included in the liability is the Department's share of the FICA taxes on leave balances for which employees will be compensated.

2. RESTATEMENT OF BEGINNING BALANCES

Capital Asset balances were restated on the government wide statements for a \$21.7 million correction to increase the prior year balance for restorative maintenance included with VDOT capitalized infrastructure.

3. FUND BALANCE CLASSIFICATION

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, became effective for the Commonwealth beginning with fiscal year 2012. The purpose of GASB Statement 54 is to improve the reporting of fund balance. This Statement also clarifies certain terms used in the definition of existing governmental fund types so that classifications are more easily understood and can be applied consistently between information reported in the government-wide financial statements and the governmental fund financial statements. The new governmental fund balance classifications introduced in GASB Statement 54 are: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

The Department's governmental fund balance classifications and amounts at June 30, 2012 are presented in the balance sheets of major governmental funds of special revenue and debt service and the combining individual fund statements and schedules for non major funds.

Nonspendable fund balance includes inventories, prepaid items, long-term loans and notes receivable and the principal of a permanent fund. These funds are not available for expenditure in the current or following period. At June 30, 2012, the Department's nonspendable fund balances were attributed to \$59,285,825 of inventories and \$53,247,348 of long term loan receivables.

Restricted fund balances include amounts that have constraints placed on the use of resources by the *Constitution of Virginia* or a party external to the Commonwealth. At June 30, 2012, the Department's restricted fund balances were attributed to those reported in the debt service funds.

Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the General Assembly and Governor. The distinction between restricted and committed fund balances is the source and strength of the constraints placed on them. At June 30, 2012, the Department's committed fund balances represented the amounts that were committed to highway construction and maintenance by the Commonwealth of Virginia. The Committed Fund balances included \$50 million of Revenue Stabilization Fund authorized by the Commonwealth Transportation Board (CTB) to provide additional funding support for repayment of Capital Project Revenue (CPR) Bonds sold in May, 2012; CPR Bond Fund accounts for bond proceeds, investment revenue and expenditures related to the transportation projects pursuant to Section 33.1-23.4.01 of the *Code of Virginia*. The fund accounts for the

accumulation of resources for and the payment of general long-term debt principal and interest of such projects. The Stabilization Fund authorized by the CTB was to provide additional funding support for the repayment of the CPR bond principal and interest.

Assigned fund balances are those that the government intends to use for a specific purpose, but for which the use is not legislatively mandated. The distinction between these classifications results from whether there is a statutory restriction on certain amounts contained within the fund. At June 30, 2012, the Department reported no assigned fund balances.

Unassigned fund balances are the residual classification for the General Fund. A negative amount indicates that restricted and committed amounts exceed the available modified accrual basis fund balance. At June 30, 2012, the Department's unassigned fund balances represented the deficit fund balances reported by Coleman Bridge Fund, Powhite Parkway Extension Fund and ARRA Project Fund. Additional disclosure for these deficit fund balances are provided in note 6 Deficit Fund Balances.

4. TOLL FACILITIES

The Department operated two major toll facilities. Its responsibilities, as established by the respective trust indentures, are to construct, improve, operate and maintain the Powhite Parkway Extension Toll Road located in Chesterfield County, and the George P. Coleman Bridge across the York River connecting Gloucester and York Counties. The tolls and other revenues arising from the operation of these facilities are used to operate and maintain them, and satisfy bond interest and principal payment requirements. The activities for construction, maintenance and operation, maintenance repair and improvement of these toll facilities are accounted for in the Special Revenue Funds. The principal and interest payments for any related debt issues are accounted for in the Debt Service Funds.

5. COMMITMENTS

Operating Leases

VDOT is committed under various operating leases for land, floor space and equipment. In general, the leases are for three to four years with renewal options for another three to four year term. In most cases, VDOT expects these leases to be replaced by similar leases. Rental expense for the fiscal year ending June 30, 2012 was \$1,749,427. VDOT had, as of June 30, 2012, the following future minimum rental payments due under the above leases:

2013	\$ 1,446,431
2014	860,772
2015	522,709
2016	393,240
2017	199,051
Subsequent To 2017	<u>154,327</u>
	<u><u>\$ 3,576,530</u></u>

Right of Way Obligations

The Department exercises its right of eminent domain to acquire property necessary to construct and improve highway systems. At the time of condemnation, the Department prepares a right of way certificate for payment to the applicable owner based on its assessment of fair market value. Owners involved in condemnation procedures may contest the Department's assessment of fair market value. Contested assessments result in a right of way certificate being released into the custody of the applicable court.

The Department has estimated that the right of way obligations, as of June 30, 2012, were \$480,268. This amount was not recorded in the accompanying financial statements because the Department is unable to determine the extent to which the total amounts ultimately awarded to the landowners may exceed the amount of right of way certificates payable. Additionally, title does not pass to the Department until acceptance of the certificate by the landowner. And likewise the Department may revoke their certificates prior to this passage.

Contractual Commitments

At June 30, 2012, the Department of Transportation had the following contractual commitments for various construction projects, maintenance contracts, and consultant services:

Construction Projects	\$ 1,179,403,240
Maintenance Contracts	670,206,398
Consultant Services	<u>859,617,861</u>
	<u><u>\$ 2,709,227,499</u></u>

Services on these contractual commitments have not been rendered; therefore, a liability has not been recognized in the financial statements.

6. DEFICIT FUND BALANCES

Powwhite Parkway Extension Fund:

The Powwhite Parkway Extension Fund had a deficit fund balance of \$41,808,749 at June 30, 2012. This cumulative deficit is attributable to construction costs and revenue shortfalls caused by a lower traffic volume than projected in the past.

The Department has incurred interfund obligations to meet both bond debt service payments and construction costs. At June 30, 2012, the Powwhite Parkway Extension had the following interfund obligations:

Due to Toll Facilities Revolving Fund	\$ 34,298,431
Due to Construction Fund	<u>14,671,100</u>
Total Interfund Obligations	<u>\$ 48,969,531</u>

In addition to its interfund obligations, the Powwhite Parkway Extension had a note payable to Chesterfield County for \$8,000,000 at June 30, 2012. These obligations and the interfund liabilities listed above are to be paid from toll revenues.

Coleman Bridge Fund:

The Coleman Bridge Fund had a deficit fund balance of 30,607,091 at June 30, 2012. The original financing plan included an interfund loan from the Toll Facilities Revolving Fund for construction.

The Department incurred the following interfund obligations for construction costs and operating expenses at June 30, 2012:

Due to Toll Facilities Revolving Fund	\$ 39,411,000
Due to Construction Fund	<u>110,000</u>
Total Interfund Obligations	<u>\$ 39,521,000</u>

In addition to its interfund obligations, the Coleman Bridge Fund had bonds payable for \$23,605,000 at June 30, 2012. This obligation and the interfund liabilities listed above are to be paid from toll revenues.

ARRA Projects Fund:

The ARRA Projects Fund had a deficit fund balance of \$1,491,804 at June 30, 2012. This fund accounts for revenues and expenditures related to federal stimulus projects and grants. Funding for these projects is on a reimbursement basis from the federal government as part of the American Recovery and Reinvestment Act of 2009.

7. LONG-TERM LIABILITIES

The following schedules present the long-term liabilities of the Department as reported in the Government-wide Statement of Net Assets.

Governmental Activities	June 30, 2011	Increases	Decreases	June 30, 2012
Bonds Payable	\$2,203,113,335	\$1,075,193,561	(\$353,297,664)	\$2,925,009,232
Capital Leases	-	-	-	-
Notes Payable	90,775,000	-	(3,875,000)	86,900,000
Pollution Obligations	2,742,100	685,997	-	3,428,097
Compensated Absences	52,973,456	34,108,111	(31,510,630)	55,570,937
Totals	\$2,349,603,891	\$1,109,987,669	(\$388,683,294)	\$3,070,908,266

Commonwealth bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(b) bonds have been issued to redeem previous debt obligations 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(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. 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.

Transportation Facilities Debt - Bonds Payable

At June 30, 2012, Transportation Facilities Bonds included \$23,605,000 of 9(c) general obligation bonds and \$2,901,404,232 of 9(d) revenue bonds. Principal and interest requirements for the current year totaled \$269,366,933.

The Section 9(c) transportation facilities bonds represent Coleman Bridge General Obligation Refunding Bonds, Series 2006A which were issued to partially refund Series 1996(A) 9(c) Transportation Facilities Bonds. The Section 9(d) Transportation Facilities Bonds were issued to fund construction of State Route 28, U.S. Route 58, the Northern Virginia Transportation District Program, Capital Projects Revenue Bonds and the Oak Grove Connector (City of Chesapeake).

The Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes, also a Section 9(d) debt, was issued to finance various capital transportation projects throughout

the Commonwealth pursuant to the Virginia Transportation Act of 2000. Repayment of the Highway Reimbursement Anticipation Notes will be from appropriations of future cost reimbursements and payments received from the Federal Highway Administration for federal-aid projects.

On February 23, 2012, the Commonwealth Transportation Board of the Commonwealth of Virginia issued \$86,430,000 of Northern Virginia Transportation District Program Commonwealth Transportation Revenue Refunding Bonds, Series 2012A. Series 2012A will be maturing in annual installments on May 15 in the years 2013 to 2027 and interests are payable on May 15 and November 15 at rates varying from 2.000% to 5.000%. The proceeds of the series 2012A bonds will be used to refund a portion of the Northern Virginia Transportation District Program Commonwealth Transportation Board Transportation Revenue New Money and Refunding Bonds, Series 2001A and 2002A. The refunded bonds, series 2001A and 2002A had carrying interest rates varying from 4.500% to 5.250%.

On February 23, 2012, the Commonwealth Transportation Board of the Commonwealth of Virginia issued \$37,700,000 of U.S. Route 58 Corridor Development Program Commonwealth Transportation Revenue Refunding Bonds, Series 2012B. Series 2012B will be maturing in annual installments on May 15 in the years 2013 to 2018 and interests are payable on May 15 and November 15 at rates varying from 2.000% to 5.000%. The proceeds of the series 2012B bonds will be used to refund a portion of the U.S. Route 58 Corridor Development Program Commonwealth Transportation Board Transportation Revenue New Money and Refunding Bonds, Series 2001B and 2002B. The refunded bonds, series 2001B and 2002B had carrying interest rates varying from 5.000% to 5.250%.

On March 1, 2012, the Commonwealth Transportation Board issued \$297,590,000 of Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2012A. Series 2012A will be maturing in semi-annual installments on September 15 and March 15 in the years 2012 to 2027 and interests are payable on March 15 and September 15 at rates varying from 2.000 to 5.000 percent. The proceeds of the Series 2012A bonds will be used to pay for the costs of certain eligible transportation projects in the Commonwealth and costs related to the issuance of the 2012 Notes.

On May 23, 2012, the Commonwealth Transportation Board of the Commonwealth of Virginia issued \$50,620,000 of U.S. Route 28 Project of the Commonwealth of Virginia Transportation Contract Revenue Refunding Bonds, Series 2012. Series 2012 will be maturing in annual installments on April 1 in the years 2013 to 2032 and interests are payable on April 1 and October 1 at rates varying from 2.000% to 5.000%. The proceeds of the series 2012 bonds will be used to refund a portion of the Route 28 Project Commonwealth Transportation Board, Commonwealth of Virginia Transportation Contract Revenue Refunding Bonds, Series 2002 CABs New Money and Series 2002 Current Interest Refunding Bond. The refunded bonds, Series 2002 CABs New Money and Series 2002 Current Interest Refunding Bond had carrying interest rates varying from 4.000% to 5.320%.

On June 14, 2012, the Commonwealth Transportation Board issued \$600,000,000 of

Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012. Series 2012 will be maturing in annual installments on May 15 in the years 2013 to 2037 and interests are payable on May 15 and November 15 at rates varying from 3.000 percent to 5.000 percent. The proceeds of the Series 2012 bonds will be used to pay for the costs of certain transportation projects in the Commonwealth of Virginia and costs related to the issuance of the bonds.

The following schedule details the annual funding requirements necessary to repay the Department's combined bonds issues:

Maturity	Principal	Interest	Total
2013	\$ 205,210,000	\$ 131,107,579	\$ 336,317,579
2014	149,135,000	125,709,723	274,844,723
2015	155,915,000	118,815,391	274,730,391
2016	163,300,000	111,230,491	274,530,491
2017	139,050,000	104,053,476	243,103,476
2018-2022	667,140,000	425,550,151	1,092,690,151
2023-2027	549,025,000	287,340,201	836,365,201
2028-2032	504,410,000	165,183,890	669,593,890
2033-2035	421,205,000	49,990,460	471,195,460
Subtotal	2,954,390,000	1,518,981,363	4,473,371,363
Less Unaccrued Capital Appreciation Bonds	(29,380,768)	-	(29,380,768)
Total	\$ 2,925,009,232	\$ 1,518,981,363	\$ 4,443,990,595

Detail of Bonds Payable

Series	Amount Issued	Outstanding June 30, 2011	Issued- (Retired) During Year	Outstanding June 30, 2012	Maturity
Section 9(c) Debt General					
Obligation Bonds					
Coleman Bridge					
Series 2006 Refunding	\$ 31,880,000	\$ 25,685,000	\$ (2,080,000)	\$ 23,605,000	06/01/12-21
Section 9(d) Debt-					
Transportation Revenue Bonds					
Route 28 Corridor					
Series 2002 Refunding	83,820,000	43,815,000	(43,815,000)	-	04/01/12
Series 2002A CAB	36,823,667	56,688,335	(13,134,103)	43,554,232	04/01/12-27
Series 2012A	50,620,000	-	50,620,000	50,620,000	04/01/12-32
Capital Project Revenue Bonds					
Series 2010(A-1)	85,515,000	72,155,000	(13,320,000)	58,835,000	05/15/12-16
Series 2010(A-2)	407,150,000	407,150,000	-	407,150,000	05/15/12-35
Series 2011	600,000,000	600,000,000	(3,785,000)	596,215,000	05/15/12-36
Series 2012	600,000,000	-	600,000,000	600,000,000	05/15/12-36
U.S. Route 58 Corridor Development					
Series 2001(B)	102,165,000	6,950,000	(6,950,000)	0	05/15/12
Series 2002(B)	70,670,000	41,770,000	(41,770,000)	0	05/15/12
Series 2003(A)	66,255,000	9,395,000	(9,395,000)	0	05/15/12
Series 2004(B)	232,260,000	205,860,000	(12,905,000)	192,955,000	05/15/12-22
Series 2006(C)	63,460,000	63,460,000	-	63,460,000	05/15/12-26
Series 2007(B)	83,955,000	83,955,000	-	83,955,000	05/15/12-19
Series 2012(B)	37,700,000	-	37,700,000	37,700,000	05/15/11-18

Detail Bonds Payable Continues

Series	Amount Issued	Outstanding June 30, 2011	Issued- (Retired) During Year	Outstanding June 30, 2012	Maturity
Northern Virginia Transportation District Program					
Series 2001(A)	58,650,000	17,325,000	(17,325,000)	0	05/15/12-24
Series 2002(A)	153,035,000	89,015,000	(89,015,000)	0	05/15/12-27
Series 2004(A)	89,400,000	78,545,000	(4,730,000)	73,815,000	05/15/12-22
Series 2006(B)	20,020,000	20,020,000	-	20,020,000	05/15/12-26
Series 2007(A)	39,115,000	33,190,000	(3,025,000)	30,165,000	05/15/12-20
Series 2009(A-1)	11,245,000	6,245,000	(2,020,000)	4,225,000	05/15/12-14
Series 2009(A-2)	60,950,000	60,950,000	-	60,950,000	05/15/12-34
Series 2012(A)	86,430,000	-	86,430,000	86,430,000	05/15/12-27
Oak Grove Connector (Chesapeake)					
Series 2006(A)	23,160,000	18,495,000	(1,305,000)	17,190,000	05/15/12-22
Section 9(d) Debt- Federal					
Highway/Transportation Reimbursement					
Anticipation Notes					
Series 2002	523,320,000	124,440,000	(60,730,000)	63,710,000	10/01/12-13
Series 2005	250,000,000	138,005,000	(25,140,000)	112,865,000	10/01/12-16
GARVEE Revenue Bonds					
Series 2012(A-1)	297,590,000	-	297,590,000	297,590,000	09/15/12-28
Total Bonds Payable		\$ 2,203,113,335	\$ 721,895,897	\$ 2,925,009,232	

Detail of Bonds Payable - Interest Rates

<u>Series</u>	<u>Interest Rates</u>
Coleman Bridge	
Series 2006 Revenue Refunding Bonds	3.875%-5.000%
Route 28 Corridor	
Series 2002 Capital Appreciating Bond	4.630%-5.050%
Series 2012 Revenue Refunding Bonds	2.000%-5.000%
Capital Project Revenue Bonds	
Series 2010(A-1)	2.500%-5.000%
Series 2010(A-2)	3.850%-5.350%
Series 2011	2.250%-5.250%
Series 2012	3.000%-5.000%
U.S. Route 58 Corridor Development	
Series 2004(B)	4.75%-5.25%
Series 2006(C)	5.0%
Series 2007(B)	5.00%
Series 2012(B)	2.000%-5.000%
Northern Virginia Transportation District Program	
Series 2004(A)	4.0%-5.0%
Series 2006(B)	4.250%-5.0%
Series 2007(A)	4.00%-5.00%
Series 2009(A-1)	3.000%
Series 2009(A-2)	3.900%-5.950%
Series 2012(A)	2.500%-5.000%
Oak Grove Connector (Chesapeake)	
Series 2006(A)	4.250%-5.000%
Federal Highway Reimbursement Anticipation Notes	
Series 2000	4.45%-5.75%
Series 2002	2.00%-5.00%
Series 2005	3.000%-5.000%
GARVEE Revenue Notes	
Series 2012(A)	2.000%-5.000%

The following schedules detail the annual funding requirements necessary to repay the Department's individual bonds issues:

**Coleman Bridge General Obligation Refunding Bonds, Series 2006
Debt Service Requirement to Maturity**

Maturity	Principal	Interest	Total
2013	\$ 2,185,000	\$ 1,009,850	\$ 3,194,850
2014	2,290,000	900,600	3,190,600
2015	2,405,000	786,100	3,191,100
2016	2,520,000	665,850	3,185,850
2017	2,620,000	568,200	3,188,200
2018-2021	11,585,000	1,180,800	12,765,800
Total	\$ 23,605,000	\$ 5,111,400	\$ 28,716,400

**Route 28 Transportation Contract Revenue Refunding Current
Interest Bonds Series 2012 (CIB)
Debt Service Requirement to Maturity**

Maturity	Principal	Interest	Total
2013	\$ 5,640,000	\$ 1,619,155	\$ 7,259,155
2014	5,430,000	1,779,719	7,209,719
2015	5,600,000	1,616,819	7,216,819
2016	5,820,000	1,392,819	7,212,819
2017	6,055,000	1,160,019	7,215,019
2018-2022	6,355,000	3,015,344	9,370,344
2023-2027	-	2,697,594	2,697,594
2028-2032	15,720,000	1,691,694	17,411,694
Total	\$ 50,620,000	\$ 14,973,161	\$ 65,593,161

**Route 28 Transportation Contract Revenue Capital Appreciation
New Money Bonds Series 2012
Debt Service Requirement to Maturity**

Maturity	Principal	Interest	Total
2013	\$ -	\$ -	\$ -
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018-2022	32,410,000	-	32,410,000
2023-2027	-	-	-
2028-2032	40,525,000	-	40,525,000
Total	72,935,000	-	72,935,000
Less			
Unaccreted			
Capital			
Appreciation			
Bonds	(29,380,768)	-	(29,380,768)
Total	\$ 43,554,232	\$ -	\$ 43,554,232

Transportation Capital Revenue Bonds, Series 2010A-1

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 13,855,000	\$ 2,941,750	\$ 16,796,750
2014	14,410,000	2,249,000	16,659,000
2015	14,985,000	1,528,500	16,513,500
2016	15,585,000	779,250	16,364,250
Total	\$ 58,835,000	\$ 7,498,500	\$ 66,333,500

Transportation Capital Revenue Bonds, Series 2010A-2

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ -	\$ 20,351,593	\$ 20,351,593
2014	-	20,351,593	20,351,593
2015	-	20,351,593	20,351,593
2016	-	20,351,593	20,351,593
2017	15,945,000	20,351,593	36,296,593
2018-2022	86,640,000	91,624,888	178,264,888
2023-2027	101,080,000	70,614,085	171,694,085
2028-2032	120,160,000	42,038,963	162,198,963
2033-2035	83,325,000	9,024,380	92,349,380
Total	\$ 407,150,000	\$ 315,060,278	\$ 722,210,278

Transportation Capital Revenue Bonds, Series 2011

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 13,965,000	\$ 28,143,863	\$ 42,108,863
2014	14,665,000	27,445,613	42,110,613
2015	15,400,000	26,712,363	42,112,363
2016	16,170,000	25,942,363	42,112,363
2017	16,975,000	25,133,863	42,108,863
2018-2022	96,380,000	114,169,313	210,549,313
2023-2027	120,490,000	90,054,925	210,544,925
2028-2032	151,875,000	58,677,600	210,552,600
2033-2036	150,295,000	18,143,325	168,438,325
Total	\$ 596,215,000	\$ 414,423,225	\$ 1,010,638,225

Transportation Capital Revenue Bonds, Series 2012

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 14,365,000	\$ 25,033,346	\$ 39,398,346
2014	13,485,000	26,795,650	40,280,650
2015	14,020,000	26,256,250	40,276,250
2016	14,725,000	25,555,250	40,280,250
2017	15,460,000	24,819,000	40,279,000
2018-2022	89,690,000	111,698,250	201,388,250
2023-2027	114,230,000	87,158,050	201,388,050
2028-2032	144,715,000	56,682,750	201,397,750
2033-2037	179,310,000	22,079,600	201,389,600
Total	\$ 600,000,000	\$ 406,078,146	\$ 1,006,078,146

Federal Transportation Grants Anticip Revenue Notes, Series 2012

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 13,305,000	\$ 13,907,762	\$ 27,212,762
2014	14,200,000	13,008,963	27,208,963
2015	14,735,000	12,476,863	27,211,863
2016	15,470,000	11,742,688	27,212,688
2017	16,170,000	11,044,488	27,214,488
2018-2022	92,910,000	43,147,263	136,057,263
2023-2027	117,520,000	18,544,688	136,064,688
2028-2032	13,280,000	325,706	13,605,706
Total	\$ 297,590,000	\$ 124,198,418	\$ 421,788,418

U.S. Route 58 Transportation Revenue Bonds, Series 2004B

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 13,585,000	\$ 9,505,750	\$ 23,090,750
2014	18,015,000	8,826,500	26,841,500
2015	18,925,000	7,925,750	26,850,750
2016	19,865,000	6,979,500	26,844,500
2017	20,860,000	5,986,250	26,846,250
2018-2022	101,705,000	13,645,275	115,350,275
Total	\$ 192,955,000	\$ 52,869,025	\$ 245,824,025

U.S. Route 58 Transportation Revenue Bonds, Series 2006C

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ -	\$ 3,173,000	\$ 3,173,000
2014	-	3,173,000	3,173,000
2015	-	3,173,000	3,173,000
2016	-	3,173,000	3,173,000
2017	-	3,173,000	3,173,000
2018-2022	10,970,000	15,597,500	26,567,500
2023-2026	52,490,000	5,272,750	57,762,750
Total	\$ 63,460,000	\$ 36,735,250	\$ 100,195,250

U.S. Route 58 Transportation Revenue Bonds, Series 2007B

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 7,660,000	\$ 4,197,750	\$ 11,857,750
2014	11,215,000	3,814,750	15,029,750
2015	11,780,000	3,254,000	15,034,000
2016	12,365,000	2,665,000	15,030,000
2017	12,985,000	2,046,750	15,031,750
2018-2019	27,950,000	2,113,250	30,063,250
Total	\$ 83,955,000	\$ 18,091,500	\$ 102,046,500

U.S. Route 58 Transportation Revenue Bonds, Series 2012B

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 8,845,000	\$ 1,298,250	\$ 10,143,250
2014	5,350,000	1,032,900	6,382,900
2015	5,505,000	872,400	6,377,400
2016	5,730,000	652,200	6,382,200
2017	6,015,000	365,700	6,380,700
2018-2022	6,255,000	125,100	6,380,100
Total	\$ 37,700,000	\$ 4,346,550	\$ 42,046,550

**Northern Virginia Transportation Program
Transportation Revenue Bonds Series 2004A**

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 4,970,000	\$ 3,322,750	\$ 8,292,750
2014	7,375,000	3,074,250	10,449,250
2015	7,740,000	2,705,500	10,445,500
2016	8,130,000	2,318,500	10,448,500
2017	8,540,000	1,912,000	10,452,000
2018-2022	37,060,000	3,815,800	40,875,800
Total	\$ 73,815,000	\$ 17,148,800	\$ 90,963,800

**Northern Virginia Transportation Program
Transportation Revenue Bonds Series 2006B
Debt Service Requirements to Maturity**

Maturity	Principal	Interest	Total
2013	\$ -	\$ 973,363	\$ 973,363
2014	-	973,363	973,363
2015	1,805,000	973,363	2,778,363
2016	1,880,000	896,650	2,776,650
2017	-	816,750	816,750
2018-2022	4,215,000	3,348,750	7,563,750
2023-2026	12,120,000	1,683,500	13,803,500
Total	\$ 20,020,000	\$ 9,665,738	\$ 29,685,738

**Northern Virginia Transportation Program
Transportation Revenue Bonds Series 2007A
Debt Service Requirements to Maturity**

Maturity	Principal	Interest	Total
2013	\$ 3,155,000	\$ 1,389,600	\$ 4,544,600
2014	3,290,000	1,263,400	4,553,400
2015	3,465,000	1,098,900	4,563,900
2016	3,650,000	925,650	4,575,650
2017	3,845,000	743,150	4,588,150
2018-2022	12,760,000	1,077,100	13,837,100
Total	\$ 30,165,000	\$ 6,497,800	\$ 36,662,800

**Northern Virginia Transportation Program
Transportation Revenue Bonds Series 2009A-1
Debt Service Requirements to Maturity**

Maturity	Principal	Interest	Total
2013	\$ 2,080,000	\$ 126,750	\$ 2,206,750
2014	2,145,000	64,350	2,209,350
Total	\$ 4,225,000	\$ 191,100	\$ 4,416,100

**Northern Virginia Transportation Program
Transportation Revenue Bonds (Taxable Bonds) Series 2009A-2
Debt Service Requirements to Maturity**

Maturity	Principal	Interest	Total
2013	\$ -	\$ 3,305,799	\$ 3,305,799
2014	-	3,305,799	3,305,799
2015	2,210,000	3,305,799	5,515,799
2016	2,265,000	3,219,609	5,484,609
2017	2,325,000	3,126,178	5,451,178
2018-2022	12,710,000	13,961,833	26,671,833
2023-2027	15,030,000	10,392,398	25,422,398
2028-2032	18,135,000	5,767,178	23,902,178
2033-2035	8,275,000	743,155	9,018,155
Total	\$ 60,950,000	\$ 47,127,745	\$ 108,077,745

**Northern Virginia Transportation Program
Transportation Revenue Bonds Series 2012A
Debt Service Requirements to Maturity**

Maturity	Principal	Interest	Total
2013	\$ 10,240,000	\$ 3,558,788	\$ 13,798,788
2014	8,345,000	3,302,788	11,647,788
2015	7,000,000	2,885,538	9,885,538
2016	7,280,000	2,605,538	9,885,538
2017	9,590,000	2,241,538	11,831,538
2018-2022	27,910,000	5,537,938	33,447,938
2023-2027	16,065,000	922,213	16,987,213
Total	\$ 86,430,000	\$ 21,054,338	\$ 107,484,338

**Transportation Improvement Program Set-aside Fund
Oak Grove Connector (City of Chesapeake)
Transportation Program Revenue Bonds Series 2006A
Debt Service Requirements to Maturity**

Maturity	Principal	Interest	Total
2013	\$ 1,365,000	\$ 859,500	\$ 2,224,500
2014	1,435,000	791,250	2,226,250
2015	1,505,000	719,500	2,224,500
2016	1,585,000	644,250	2,229,250
2017	1,665,000	565,000	2,230,000
2018-2022	9,635,000	1,491,750	11,126,750
Total	\$ 17,190,000	\$ 5,071,250	\$ 22,261,250

**Federal Highway Reimbursement Anticipation Notes
Series 2002**

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 63,710,000	\$ 1,557,356	\$ 65,267,356
Total	\$ 63,710,000	\$ 1,557,356	\$ 65,267,356

**Federal Highway Reimbursement Anticipation Notes
Series 2005**

Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2013	\$ 26,285,000	\$ 4,831,608	\$ 31,116,608
2014	27,485,000	3,556,238	31,041,238
2015	28,835,000	2,173,156	31,008,156
2016	30,260,000	720,783	30,980,783
Total	\$ 112,865,000	\$ 11,281,785	\$ 124,146,785

Bond Defeasance

In prior years, the Department defeased certain general obligation and revenue bonds by placing the surplus trust funds and refunding bond proceeds in irrevocable trusts to provide for all future debt service payments on refunded bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds were not reported in the Department's financial statements. For the fiscal year ending June 30, 2012, the Virginia Department of Transportation did not have any outstanding balances of defeased bonds.

Arbitrage Rebate

The Internal Revenue Code of 1986 requires that governmental entities issuing debt subsequent to August 1986, calculate arbitrage rebate earnings to the federal government. Rebate payments, if required, are due at least once every five years until the bond proceeds have been fully used for their intended purpose. Governmental entities must comply with the regulations in order for their bonds to maintain a tax-exempt status.

The regulations require the excess of the aggregate amounts earned on investments purchased with bond proceeds over a rate equal to the bond yield be rebated to the federal government. Income earned on amounts reserved for the arbitrage rebate is also subject to rebate.

During the year, the Virginia Department of Transportation did not incur or make any payments associated with the rebate liability to the federal government on Transportation Facilities Bonds.

Notes Payable

At June 30, 2012, Transportation Facilities Notes included \$78,900,000 of 9(d) Camp 30 revenue notes and \$8,000,000 of 9(d) Chesterfield County revenue notes. Principal and interest requirements for the current year totaled \$7,828,188.

Camp 30

The 9(d) Camp 30 revenue notes represent the Camp 30 Notes, Series 2006 which were issued to finance the construction and building of the Department's leased projects on West Ox Road, Fairfax, Virginia, known as Camp 30. Funds for the repayment of Camp 30 note are transferred from the Highway Maintenance & Operating Fund.

Powhite Parkway Extension

The bond legislation permits the Treasury Board, with the consent of the Governor, to provide for repayment of \$22,000,000 to Chesterfield County for costs of the Powhite Parkway Extension Toll Road from surplus net revenues of the project prior to retirement of all the bonds issued.

Subsequent to completion of the Powhite Parkway Extension, Chesterfield County determined an urgent need for construction of a ramp and loop at the interchange of Route 76 and Route 288, which was a part of the Toll Road. The General Assembly passed legislation amending the legal description of the Toll Road removing the Route 288 section. In consideration of these

actions Chesterfield County agreed to treat the two mile portion of Route 288 between Powhite Parkway Extension (Route 76) and Route 360 as having been built with \$14 million of its \$22 million contribution and released its claim to be reimbursed for the \$14 million including any associated interest which might be permitted by law. Based on the foregoing discussion, Chesterfield's claim from the Treasury Board is now \$8,000,000 (\$22,000,000 less \$14,000,000).

The following schedule details the annual funding requirements necessary to repay the Department's combined note issues:

Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2013	\$ 4,070,000	\$ 3,759,438	\$ 7,829,438
2014	4,270,000	3,555,938	7,825,938
2015	4,485,000	3,342,438	7,827,438
2016	4,710,000	3,118,188	7,828,188
2017	4,945,000	2,882,688	7,827,688
2018-2022	28,480,000	10,663,500	39,143,500
2023-2026	27,940,000	3,375,050	31,315,050
Unknown	8,000,000	-	8,000,000
Total	\$ 86,900,000	\$ 30,697,238	\$ 117,597,238

Detail of Notes Payable

Series	Amount Issued	Outstanding June 30, 2011	Issued- (Retired) During Year	Outstanding June 30, 2012	Maturity
Section 9(b) Debt					
Chesterfield County Notes, Series 1986 - Powhite	\$ 22,000,000	\$ 8,000,000	\$ -	\$ 8,000,000	Unknown
Section 9(d) Debt-					
Camp 30 Notes Payable, Series 2006	96,515,000	82,775,000	(3,875,000)	78,900,000	05/15/12-26
Total Notes Payable		\$ 90,775,000	\$ (3,875,000)	\$ 86,900,000	

Detail of Notes Payable - Interest Rates

Series	Interest Rates
Chesterfield County Notes, Series 1986 - Powhite	0.0%-0.0%
Camp 30 Notes Payable Series 2006	4.250%-5.000%

The following schedule details the annual funding requirements necessary to repay the Department's individual notes issues:

**Powhite Parkway Extension
Chesterfield County Notes Series 1986
Debt Service Requirement to Maturity**

Maturity	Principal	Interest	Total
2013	\$ -	\$ -	\$ -
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018-2022	-	-	-
2023-2026	-	-	-
Unknown	8,000,000	-	8,000,000
Total	\$ 8,000,000	\$ -	\$ 8,000,000

**Camp 30 Notes, Series 2006
Debt Service Requirements to Maturity**

Maturity	Principal	Interest	Total
2013	\$ 4,070,000	\$ 3,759,438	\$ 7,829,438
2014	4,270,000	3,555,938	7,825,938
2015	4,485,000	3,342,438	7,827,438
2016	4,710,000	3,118,188	7,828,188
2017	4,945,000	2,882,688	7,827,688
2018-2022	28,480,000	10,663,500	39,143,500
2023-2026	27,940,000	3,375,050	31,315,050
Total	\$ 78,900,000	\$ 30,697,238	\$ 109,597,238

Compensated Absences

Compensated absences represent the amounts of vacation, sick, compensatory leave and

disability credits earned by the employees of the Department, but not yet taken at June 30 of the reported fiscal year. The amount reflects all earned vacation, sick and compensatory leave payable under the Commonwealth of Virginia's leave payout policy upon employment termination. Also included in the liability is the Department's share of the FICA taxes on leave balances for which employees will be compensated. Compensated absences are recorded as current and long-term debt in the Government-wide statements.

At June 30, 2012, the reported balances for compensated absences were as follows:

Due Within One Year	\$	30,604,471
Due Greater Than One Year		24,966,466
	\$	<u>55,570,937</u>

Pollution Remediation Obligations

At June 30, 2012 the Department reported \$3,428,097 of pollution remediation obligations of which \$1,100,543 was due within one year. This estimated future obligation is based on professional consultant estimates and/or historical project expenses of similar projects; however, there is the potential for change in estimates due to price increase or reductions, technology, or applicable laws and regulations. The estimated pollution remediation liability relates to the anticipated cost of waste investigation and removal, cleanup activities relating to leakage of underground storage tanks, soil and groundwater contamination investigation and cleanup and asbestos abatement. Some groundwater contamination pollution remediation outlays could not reasonably be estimated by the Department as of June 30, 2012.

8. FUND EQUITY RESERVES

At June 30, 2012, the Department's fund balances restricted for debt financed road construction were as follows:

	Balance at June 30, 2012	
	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>
Restricted for:		
Construction	\$ 1,264,343,857	\$ -
Capital Acquisition (Camp 30)	27,783,994	-
Bond interest and sinking fund	-	78,954,981
	<u>\$ 1,292,127,851</u>	<u>\$ 78,954,981</u>

9. CONTINGENCIES

Grants and Contracts

Federal programs in which the Department participates are audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments (Circular). Pursuant to the provisions of Circular A-133, all major programs and certain other programs are tested for compliance with applicable grant requirements. The provisions of this Circular do not limit the authority of federal agencies or other federal audit officials to make, or contract for, audits and evaluations of federal financial assistance programs. As a result, final expenditure reports of grants and contracts submitted to granting agencies in current and prior years are subject to audit and adjustment by such agencies. The effect of such adjustments, if any, is not determinable at this time.

Litigation

The Department is involved in continuing litigation related to construction of roadways, repairs to roadways and transportation facilities damaged by outside parties, and accident claims involving state operated and privately owned motor vehicles. The Department is named as a party in legal proceedings and investigations that occur in the normal course of its operations, some involving substantial amounts. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Department in respect to the various proceedings. However, it is believed that any ultimate liability resulting from these suits or investigations will not have any material, adverse effect on the financial condition of the Department.

Risk Management

The Department is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Department participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. VDOT pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the state-wide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

10. INTERFUND ASSETS/LIABILITIES

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

Fund	Due To	Due From
<u>Highway Maintenance and Operating Fund</u>		
To Priority Transportation Fund	\$ 13,095,000	\$ -
	<u>13,095,000</u>	<u>-</u>
<u>Construction Fund</u>		
To Toll Facilities Revolving	56,100,743	-
To Federal Fund	9,072,370	-
To Priority Transportation Fund	3,882,702	-
From Powhite	-	14,671,100
From ARRA	-	10,000,000
From Route 58	-	9,581,236
From Federal Fund	-	9,874,518
From Coleman Bridge	-	110,000
	<u>69,055,815</u>	<u>44,236,854</u>
<u>Toll Facilities Revolving Fund</u>		
From Coleman	-	39,411,000
From GARVEE	-	12,000,000
From Construction	-	56,100,743
From Powhite	-	34,298,431
	<u>-</u>	<u>141,810,174</u>
<u>Federal Fund</u>		
From Construction	-	9,072,370
To Construction	9,874,518	-
	<u>9,874,518</u>	<u>9,072,370</u>
<u>Priority Transportation Fund</u>		
From Construction	-	3,882,702
From HMO Fund	-	13,095,000
	<u>-</u>	<u>16,977,702</u>
<u>Build America Bonds</u>		
To NVTD	14,697	-
	<u>14,697</u>	<u>-</u>
<u>Northern Virginia Transportation District (NVTD)</u>		
From Build America Bonds	-	14,697
	<u>-</u>	<u>14,697</u>

Fund	Due To	Due From
<u>Coleman Bridge Fund</u>		
To Toll Facilities Revolving	39,411,000	-
To Construction	110,000	-
	39,521,000	-
<u>Powhite Fund</u>		
To Toll Facilities Revolving	34,298,431	-
To Construction	14,671,100	-
	48,969,531	-
<u>GARVEE Fund</u>		
To Construction	12,000,000	-
	12,000,000	-
<u>U.S.Route 58 Fund</u>		
To Construction	9,581,236	-
	9,581,236	-
<u>ARRA Projects Fund (ARRA)</u>		
To Construction	10,000,000	-
	10,000,000	-
Special Revenue Fund		
Total Interfund Receivables	\$ 212,111,797	\$ 212,111,797

11. TRANSFERS

Transfer To (From) Other State Agencies

In accordance with the Acts of Assembly, certain state agencies collect revenue or provide services for the benefit of the Department. The Department is required by law to transfer funds to other agencies for those services. The cost of these services is recorded as either a direct expenditure to the Department's programs or as a program expenditure of the agency providing the service. When an agency treats the cost as its program expenditure, the Department shows the cost of such service as a "transfer to other state agencies" in the Other Financing Sources (Uses) category. The schedules below listed the expenditures and transfers for the fiscal year ending June 30, 2012.

The cost of services provided by other agencies and recorded as an expenditure of the Department's programs:

Agency	Total
Department of Motor Vehicles	\$ 12,724,108
Department of State Police	8,049,817
Department of Rail and Public Transportation	5,169,161
Department of Minority Business Enterprise	1,497,323
Department of Emergency Management	933,251
Secretary of Transportation	809,357
Department of Education	239,210
Governor's Office	140,533
Department of Historic Resources	100,000
Total Program Expenditures	\$ 29,662,760

General fund budget transfers, cost of services provided by other agencies recorded as a transfer by the Department, and transfers from other agencies:

General Fund:	
Indirect Costs	\$ 522,453
General Fund Transfer	(38,562,713)
Department of Rail and Public Transportation	128,966,461
DMV-Chesapeake Bay Initiatives	7,416,469
Virginia Port Authority	3,656,880
Department of Aviation	632,490
Department of General Services	362,854
Marine Resources Commission	313,768
Department of Conservation & Recreation	1,150,412
Department of the Treasury	182,934
Department of Agriculture & Consumer Services	97,586
Department of Minority Business Enterprise	15,522
Department of Historic Resources	40,998
Department of Accounts	(10,043,709)
Department of Emergency Management	(2,557,104)
Department of Motor Vehicles	(3,894,317)
Virginia Tech	(500)
Total	\$ 88,300,484

Interfund Transfers

The Department recorded the following interfund transfers for the fiscal year 2012:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Special Revenue Funds		
<u>Highway Maintenance & Operating (HMO)</u>		
From Surplus	\$ 1,446,200	\$ -
From Recycle	248,383	-
From Powhite (State Police)	667,599	-
From Construction	447,767,163	-
To Priority Transportation	-	13,095,000
To Camp 30 Debt Service	-	7,828,188
Totals	<u>450,129,345</u>	<u>20,923,188</u>
<u>Federal Fund</u>		
To FRAN Debt Service	-	98,524,234
To GARVEE Debt Service	-	9,072,370
From Construction	9,072,370	-
From Priority Transportation	98,524,234	-
Totals	<u>107,596,604</u>	<u>107,596,604</u>
<u>Transportation Partnership Opportunity</u>		
From Construction	50,000,000	-
From Capital Projects	28,323,877	-
Totals	<u>78,323,877</u>	<u>-</u>
<u>Construction Fund</u>		
To Priority Transportation	-	3,883,050
To Highway Maintenance and Operating	-	447,767,163
To Transportation Partnership Opportunity	-	50,000,000
To Virginia Transp. Infrastructure Bank	-	250,000,000
To Northern Va. Transp. District	-	16,000,000
To Route 58	-	4,000,000
To Camp 30 Special Revenue	-	235,814
To Federal Special Revenue	-	9,072,370
Totals	<u>-</u>	<u>780,958,397</u>
<u>Toll Facilities Revolving</u>		
From Coleman Bridge	252,669	-
From Powhite	733,419	-
Totals	<u>986,088</u>	<u>-</u>

Fund	Transfers In	Transfers Out
<u>Virginia Transp. Infrastructure Bank</u>		
From Construction	250,000,000	-
Totals	<u>250,000,000</u>	<u>-</u>
<u>Recyclable Materials</u>		
To Highway Maintenance and Operating	-	248,383
Totals	<u>-</u>	<u>248,383</u>
<u>Surplus Property</u>		
To Highway Maintenance and Operating	-	1,446,200
Totals	<u>-</u>	<u>1,446,200</u>
<u>Route 58</u>		
To Route 58 Debt Service	-	46,640,295
Totals	<u>-</u>	<u>46,640,295</u>
<u>Transportation Set Aside</u>		
To Transp. Set Aside Debt Service	-	2,229,750
Totals	<u>-</u>	<u>2,229,750</u>
<u>Capital Projects</u>		
To Transportation Partnership Opportunity	-	28,323,877
To Capital Projects Debt Service	-	637,933
Totals	<u>-</u>	<u>28,961,810</u>
<u>Coleman Bridge</u>		
To Coleman Bridge Debt Service	-	3,193,810
To Toll Facility Revolving	-	252,669
Totals	<u>-</u>	<u>3,446,479</u>
<u>Camp 30</u>		
From Construction	235,814	-
Totals	<u>235,814</u>	<u>-</u>
<u>Priority Transportation (PTF)</u>		
From Construction	3,883,050	-
From Highway Maintenance and Operating	13,095,000	-
To Federal Special Revenue	-	98,524,234
To Capital Projects Debt Service	-	60,775,794
Totals	<u>16,978,050</u>	<u>159,300,028</u>
<u>ARRA Grants</u>		
To Northern Va. Transp. Dist. Debt Service	-	1,157,029
To Capital Projects Debt Service	-	7,123,057
Totals	<u>-</u>	<u>8,280,086</u>

Fund	Transfers In	Transfers Out
<u>Northern Virginia Transportation District (NVTD)</u>		
To Northern Va. Transp. Dist. Debt Service	-	31,721,827
To Route 58	16,000,000	-
Totals	<u>16,000,000</u>	<u>31,721,827</u>
<u>Powhite Parkway Extension</u>		
To Powhite Debt Service	-	733,419
To Toll Facility Revolving	-	-
To HMO (State Police Patrol)	-	667,599
Totals	<u>-</u>	<u>1,401,018</u>
Total Special Revenue Funds	<u>\$ 920,249,778</u>	<u>\$ 1,193,154,065</u>

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Debt Service Funds		
<u>Route 58</u>		
From Route 58 Special Revenue	\$ 46,640,295	\$ -
From Construction	4,000,000	-
Totals	<u>50,640,295</u>	<u>-</u>
<u>Transportation Set Aside</u>		
From Transp. Set Aside Special Revenue	2,229,750	-
Totals	<u>2,229,750</u>	<u>-</u>
<u>Coleman Bridge</u>		
From Coleman Bridge Special Revenue	3,193,810	-
Totals	<u>3,193,810</u>	<u>-</u>
<u>Camp 30</u>		
From HMO Special Revenue	7,828,188	-
Totals	<u>7,828,188</u>	<u>-</u>
<u>FRAN</u>		
From Federal Special Revenue	98,524,234	-
Totals	<u>98,524,234</u>	<u>-</u>
<u>Capital Projects Revenue Bonds</u>		
From Capital Projects Special Revenue	637,933	-
From ARRA Grants	7,123,057	-
From Priority Transp. Special Revenue	60,775,794	-
Totals	<u>68,536,784</u>	<u>-</u>
<u>Northern Virginia Transportation District</u>		
From NVTD Special Revenue	31,721,827	-
From ARRA Grants	1,157,029	-
Totals	<u>32,878,856</u>	<u>-</u>
<u>GARVEE</u>		
From Federal Special Revenue	9,072,370	-
Totals	<u>9,072,370</u>	<u>-</u>
Total Debt Service Funds	<u>272,904,287</u>	<u>-</u>
Total Special Revenue and Debt Service Funds	<u>\$ 1,193,154,065</u>	<u>\$ 1,193,154,065</u>

12. PROPERTY, PLANT AND EQUIPMENT

The following presents governmental capital activity for the year ended June 30, 2012:

	As restated (1)	Governmental Activities		June 30, 2012
	June 30, 2011	Increases	Decreases	
Non-depreciable capital assets				
Land and improvements	\$ 26,728,164	\$ -	\$ (193,200)	\$ 26,534,964
Construction in progress	142,753,782	31,648,944	(96,816,164)	77,586,562
Total nondepreciable capital assets	<u>169,481,946</u>	<u>31,648,944</u>	<u>(97,009,364)</u>	<u>104,121,526</u>
Depreciable capital assets:				
Buildings	232,642,401	54,298,396	(3,686,865)	283,253,932
Improvements	114,292,336	36,088,475	(262,788)	150,118,023
Equipment	289,725,691	18,811,254	(4,193,163)	304,343,782
Total depreciable capital assets	<u>636,660,428</u>	<u>109,198,125</u>	<u>(8,142,816)</u>	<u>737,715,737</u>
Less accumulated depreciation for:				
Buildings	(83,645,728)	(6,721,277)	282,448	(90,084,557)
Improvements	(65,747,612)	(4,861,377)	101,252	(70,507,737)
Equipment	(164,826,334)	(14,358,168)	3,499,374	(175,685,128)
Total accumulated depreciation	<u>(314,219,674)</u>	<u>(25,940,822)</u>	<u>3,883,074</u>	<u>(336,277,422)</u>
Total depreciable capital assets, net	<u>322,440,754</u>	<u>83,257,303</u>	<u>(4,259,742)</u>	<u>401,438,315</u>
Infrastructure assets not being depreciated				
Highway system right-of-way	1,995,153,995	130,943,309	(49,991,520)	2,076,105,784
Total nondepreciable infrastructure	<u>1,995,153,995</u>	<u>130,943,309</u>	<u>(49,991,520)</u>	<u>2,076,105,784</u>
Other depreciable infrastructure assets:				
Highway system infrastructure	17,884,657,403	1,012,089,854	(224,116,647)	18,672,630,610
Restorative maintenance	2,366,692,604	664,786,930	-	3,031,479,534
Bridge and tunnel infrastructure	4,244,534,411	39,789,592	-	4,284,324,003
Total road system infrastructure	<u>24,495,884,418</u>	<u>1,716,666,376</u>	<u>(224,116,647)</u>	<u>25,988,434,147</u>
Less accumulated depreciation for:				
Highway system infrastructure	(9,078,166,565)	(571,298,829)	11,134,410	(9,638,330,984)
Bridge and tunnel infrastructure	(1,810,506,164)	(77,336,957)	-	(1,887,843,121)
Total accumulated depreciation	<u>(10,888,672,729)</u>	<u>(648,635,786)</u>	<u>11,134,410</u>	<u>(11,526,174,105)</u>
Total infrastructure, net	<u>15,602,365,684</u>	<u>1,198,973,899</u>	<u>(262,973,757)</u>	<u>16,538,365,826</u>
Infrastructure, work in process				
Road and bridge	2,209,970,182	1,375,119,825	(938,771,395)	2,646,318,612
Right-of-way	223,794,199	94,049,453	(130,627,863)	187,215,789
Total Infrastructure, work in process	<u>2,433,764,381</u>	<u>1,469,169,278</u>	<u>(1,069,399,258)</u>	<u>2,833,534,401</u>
Total governmental activities capital assets, net	<u>\$18,528,052,765</u>	<u>\$ 2,783,049,424</u>	<u>\$ (1,433,642,121)</u>	<u>\$19,877,460,068</u>
Depreciation expense was charged to programs as follows:				
Governmental activities:				
Highway system acquisition and construction		\$ 648,635,786		
Administrative and support services		1,202,431		
Highway system maintenance		13,155,737		
Unallocated		11,582,654		
Total governmental activities depreciation expense		<u>\$ 674,576,608</u>		

Note (1) Beginning balance has been restated by an increase of \$21,674,631 due to correction of prior year errors for restorative maintenance totals. Restatement also made for a reclass to bridge infrastructure beginning balance from road infrastructure beginning balance for \$408,499,976 of donated assets (no net change to beginning balances).

13. SPECIAL REVENUE FUNDS RECONCILIATION OF BUDGETARY FUND BALANCE TO ACCRUAL BASIS FUND BALANCE

The accompanying Budget Comparison Schedule - Special Revenue Funds present comparisons of the legally adopted budget prepared on the cash basis with actual data prepared on the cash basis. To enhance this comparison, actual data on the cash basis is reconciled with actual data on the modified accrual basis as follows:

Total Budgetary (Cash) Basis Fund Balance at June 30, 2012	\$ 2,613,657,138
Accrued revenues	166,402,835
Accrued expenditures	(330,109,116)
Accrued transfers	(2,301,542)
Total Modified Accrual (GAAP) Basis Fund Balance at June 30, 2012	<u>\$ 2,447,649,315</u>

14. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, Cash Equivalents and Investments with the Treasurer of Virginia

All state funds of the Department are held by the Treasurer of Virginia who is responsible for the collection, disbursement, custody, and investment of the state funds, pursuant to Section 2.2-1800 (formerly 2.1-177), *et seq.*, Code of Virginia (1950). Each fund's equity in pooled state funds is reported as "Cash and Cash Equivalents with the Treasurer of Virginia" or "Investments with the Treasurer of Virginia." In addition, cash whose use is limited by the bond agreements is held by the Treasurer of Virginia in a trustee capacity.

The bank balance of cash held by the Treasurer is covered by federal depository insurance or collateralized in accordance with the Virginia Securities for Public Deposits Act. At June 30, 2012, the Department reported \$1,252,865,431 for Cash with the Treasurer of Virginia. The Department's investments with the Treasurer included investments in Local Government Investment Pool (LGIP) and Short Term Investment Funds (STIF), which were \$28,163,204 and \$9,070,712 respectively at June 30, 2012.

The Department maintains cash with the Treasurer in the state Treasurer's General Account. During the fiscal year 2012, the state Treasurer's General Account participated in securities lending transactions. The Treasurer used this cash to purchase investments that were loaned out under the securities lending program. The securities on loan are reported as Cash and Investments with the Treasurer of Virginia. The Treasurer receives both cash and non-cash collateral of securities lent. The Department's share of cash collateral as re-invested at June 30, 2012 was \$313,792,231. Both collateral held and payable for collateral held for securities

lending are reported in the Balance Sheet.

The information on LGIP, STIF and the investments of the General Account securities lending program is available in the Commonwealth's Comprehensive Annual Financial Report.

Cash, Cash Equivalents and Investments with Trustees

Cash and investments held by trustees other than the Treasurer of Virginia whose use is limited by bond or other agreements are reported as "Cash and Cash Equivalents with Trustees" or "Investments with Trustees".

The deposits held by the Department with banks and savings institutions are covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. At June 30, 2012, the Department's carrying amount of cash with trustees was \$11,211,558 and the bank balance was \$11,334,091.

Cash equivalents represent short-term investments with original maturities of less than three months, whereas, investments represent securities with maturities in excess of three months and for which management intends to hold the securities to maturity.

At June 30, 2012, the reported balance for Cash, Cash Equivalents and Investments with Trustees were as follows:

	Cash and Cash Equivalents	Investments
Construction Fund	\$ 488,544	\$ -
Toll Facilities Revolving Fund	10,723,014	-
Capital Projects Revenue Bonds	879,109,860	49,999,654
GARVEE Notes	289,376,616	-
Route 58	802,828	-
Northern Virginia Transportation District	14,703,053	-
Route 28	131,700	-
Federal Reimbursement Anticipation Notes	-	69,610,800
Camp 30	27,783,994	-
Total	\$ 1,223,119,609	\$ 119,610,454

The Department follows the General Account investment guidelines adopted by the Treasury Board of Virginia. Details of the investment policy of the State Treasurer are available in the Commonwealth's Comprehensive Annual Financial Report.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department may not be able to recover the value of its investment or collateral securities that are in possession of an outside party. As of June 30, 2012, the Department had no investments

with trustees that were exposed to custodial risk.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Department has elected the Segmented Time Distribution method of disclosure. As of June 30, 2012, the Department had no investment with trustees with a maturity of greater than five years.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of credit risk is related to the risk of loss that may be attributed to the magnitude of the Department's investments in a single issuer. As of June 30, 2012, the Department had no more than five percent of the value of the fund invested in the securities of any single issuer.

At June 30, 2012, the Department had the following investments with trustees:

Investment	Fair Value	Rating Agency	Credit Rating	Investment Maturities	
				Less Than 1 Year	1-5 Years
U.S. Treasury and Agency Securities	\$ 119,610,454		N/A	\$ 69,610,800	\$ 49,999,654
Mutual and Money Market Funds	9,587,159	Standard & Poor's	AAA	9,587,159	-
Mutual and Money Market Funds (Include SNAP)	1,211,398,835	Standard & Poor's	AAA	1,211,398,835	-
Total	\$ 1,340,596,448			\$ 1,290,596,794	\$ 49,999,654

15. PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS

Employees of the Virginia Department of Transportation are employees of the Commonwealth. The employees participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health related plans for retired employees. Information related to these plans is available at the state-wide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth, not VDOT, has the overall responsibility for contributions to these plans.

16. SUBSEQUENT EVENTS

After June 30, but before financial statements are issued, information may become available indicating that an asset was impaired or a material liability was incurred. Adjustments to financial statements to reflect this information are required for amounts relating to conditions existing as of June 30, 2012. An example of an adjustment is a loss on trade receivable, which is confirmed by the bankruptcy of a customer. Disclosure is necessary for events that do not relate to conditions at the balance sheet date, but make the financial statements misleading. This disclosure should indicate the nature of the loss or loss contingency and give an estimate of the amount, or range, of loss or possible loss, or state that such an estimate can not be made. An example of a subsequent event requiring disclosure would be the issuance of long-term debt after the balance sheet date but before the statements were issued.

In July 2012, the Commonwealth Transportation Board issued \$120.6 million Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes Series 2012B. The 2012B bonds will provide funding costs associated with the Interstate 95 HOV/Express Lanes Project in Northern Virginia and the Downtown/Midtown Tunnel - Martin Luther King Freeway Extension Project in Hampton Roads.

Virginia Department of Transportation (VDOT) moved forward on the U.S Route 460 Corridor Improvement Project. In September 2012, the department released a detailed financial structure to design, build and finance a new Route 460 that would stretch 55 miles from Prince George County to the city of Suffolk and includes seven interchanges to provide access to local communities along the corridor. The new road would be financed through a combination of public dollars and tolls, while the existing Route 460 remains free. VDOT, in coordination with the Office of Transportation Public-Private Partnerships, is procuring the project under Virginia's Public-Private Transportation Act, which allows VDOT to partner with the private sector to finance, design and build transportation improvements. A not-for-profit corporation (Route 460 Corridor Funding Corporation of Virginia) was created to issue debt, contract with the design-builder and be responsible for the repayment of the tax-exempt debt. Construction and acquisition of right of way is scheduled to begin in 2013 with the new Route 460 scheduled to open in 2018.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

**FINANCIAL
REPORT
JUNE 30, 2012**

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**Major Governmental Funds
Budget Comparison Schedules
Special Revenue Funds**

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VIRGINIA DEPARTMENT OF TRANSPORTATION
BUDGET COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	TOTAL			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ 101,950,000	\$ 101,950,000	\$ 101,660,608	\$ (289,392)
Taxes	1,891,797,287	1,891,797,287	1,889,848,055	(1,949,232)
Rights and privileges	330,254,978	330,254,978	324,895,142	(5,359,836)
Sale of property and commodities	204,073	204,073	2,932,311	2,728,238
Interest, dividends, and rents	38,092,166	38,092,166	29,287,517	(8,804,649)
Fines, forfeitures, court fees				
Penalties, and escheats	9,899,117	9,899,117	9,009,614	(889,503)
Receipts from localities and private sector	92,476,159	92,476,159	48,227,030	(44,249,129)
Federal grants and contracts	1,007,978,609	1,007,978,609	1,141,551,317	133,572,708
Toll revenues	16,549,384	16,549,384	16,656,381	106,997
Other	9,491,758	9,491,758	18,647,712	9,155,954
Total revenues	<u>3,498,693,531</u>	<u>3,498,693,531</u>	<u>3,582,715,687</u>	<u>84,022,156</u>
Expenditures				
Current				
Administrative and support services	215,656,062	225,209,103	207,651,351	17,557,752
Ground transportation system planning and research	65,395,932	66,183,296	46,691,197	19,492,099
Highway system acquisition and construction	2,254,451,973	2,251,982,084	1,382,551,431	869,430,653
Highway acq. and const. - bond proceeds	-	-	-	-
Highway system maintenance	1,412,550,772	1,942,552,717	1,717,695,912	224,856,805
Ground transportation system safety	-	-	-	-
Financial assistance to localities	379,714,477	379,714,477	377,631,458	2,083,019
Environmental monitoring and compliance	11,803,292	12,619,165	8,018,005	4,601,160
Land management	-	-	-	-
Toll facility operations and construction	46,544,605	46,550,855	20,093,385	26,457,470
Capital outlay	2,500,000	2,500,000	9,589,363	(7,089,363)
Transfers to other state agencies	29,925,126	29,925,126	29,662,760	262,366
Total expenditures	<u>4,418,542,239</u>	<u>4,957,236,823</u>	<u>3,799,584,862</u>	<u>1,157,651,961</u>
Revenues over (under) expenditures	<u>(919,848,708)</u>	<u>(1,458,543,292)</u>	<u>(216,869,175)</u>	<u>1,241,674,117</u>
Other financing sources (uses)				
Other financing uses	-	-	(1,497,997)	(1,497,997)
Other financing sources	76,670,953	249,246,286	-	(249,246,286)
Bond proceeds	1,137,180,049	1,137,180,049	1,025,823,066	(111,356,983)
Note proceeds	-	-	-	-
Transfers to other state agencies and General Fund	(26,579,218)	(26,579,218)	(154,472,013)	(127,892,795)
Transfers from other state agencies and General Fund	-	-	69,404,783	69,404,783
Transfers in	703,424,868	703,424,868	914,007,535	210,582,667
Transfers out	(870,545,747)	(870,545,747)	(1,186,911,822)	(316,366,075)
Total other financing sources (uses)	<u>1,020,150,905</u>	<u>1,192,726,238</u>	<u>666,353,552</u>	<u>(526,372,686)</u>
Revenues and other sources over (under) expenditures and other uses	<u>100,302,197</u>	<u>(265,817,054)</u>	<u>449,484,377</u>	<u>715,301,431</u>
Fund balance - July 1	<u>2,164,172,761</u>	<u>2,164,172,761</u>	<u>2,164,172,761</u>	<u>-</u>
Fund balance - June 30	<u>\$ 2,264,474,958</u>	<u>\$ 1,898,355,707</u>	<u>\$ 2,613,657,138</u>	<u>\$ 715,301,431</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	FEDERAL			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	-	-
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	1,006,821,579	1,006,821,579	951,799,305	(55,022,274)
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,006,821,579</u>	<u>1,006,821,579</u>	<u>951,799,305</u>	<u>(55,022,274)</u>
Expenditures				
Current				
Administrative and support services	5,571,130	5,571,130	6,065,376	(494,246)
Ground transportation system planning and research	21,471,372	21,871,372	17,303,605	4,567,767
Highway system acquisition and construction	760,745,817	760,745,817	652,847,689	107,898,128
Highway system maintenance	167,306,247	384,400,542	274,955,700	109,444,842
Ground transportation system safety	-	-	-	-
Financial assistance to localities	6,738,879	6,738,879	6,902,660	(163,781)
Environmental monitoring and compliance	-	-	-	-
Land management	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	3,683	(3,683)
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>961,833,445</u>	<u>1,179,327,740</u>	<u>958,078,713</u>	<u>221,249,027</u>
Revenues over (under) expenditures	<u>44,988,134</u>	<u>(172,506,161)</u>	<u>(6,279,408)</u>	<u>166,226,753</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	172,506,161	-	(172,506,161)
Bond proceeds	-	-	-	-
Note proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	6,279,408	6,279,408
Transfers in	167,120,879	167,120,879	107,596,604	(59,524,275)
Transfers out	(167,120,879)	(167,120,879)	(107,596,604)	59,524,275
Total other financing sources (uses)	<u>-</u>	<u>172,506,161</u>	<u>6,279,408</u>	<u>(166,226,753)</u>
Revenues and other sources over (under) expenditures and other uses	<u>44,988,134</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30	<u>\$ 44,988,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

HIGHWAY MAINTENANCE & OPERATING				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ 950,000	\$ 950,000	\$ 950,000.00	\$ -
Taxes	1,087,210,912	1,087,210,912	1,088,609,360	1,398,448
Rights and privileges	283,889,186	283,889,186	284,708,712	819,526
Sale of property and commodities	204,073	204,073	73,970	(130,103)
Interest, dividends, and rents	26,596	26,596	38,800	12,204
Fines, forfeitures, court fees				
Penalties, and escheats	8,499,117	8,499,117	7,071,544	(1,427,573)
Receipts from localities and private sector	1,407,317	1,407,317	678,487	(728,830)
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	9,491,758	9,491,758	16,631,784	7,140,026
Total revenues	<u>1,391,678,959</u>	<u>1,391,678,959</u>	<u>1,398,762,657</u>	<u>7,083,698</u>
Expenditures				
Current				
Administrative and support services	209,351,152	217,404,193	199,340,373	18,063,820
Ground transportation system planning and research	14,337,864	14,407,864	9,756,396	4,651,468
Highway system acquisition and construction	18,787,433	18,853,633	18,726,101	127,532
Highway system maintenance	1,245,244,525	1,558,152,175	1,442,740,212	115,411,963
Financial assistance to localities	366,583,238	366,583,238	366,608,044	(24,806)
Environmental monitoring and compliance	11,803,292	12,619,165	8,018,005	4,601,160
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	29,784,593	29,784,593	29,522,227	262,366
Total expenditures	<u>1,895,892,097</u>	<u>2,217,804,861</u>	<u>2,074,711,358</u>	<u>143,093,503</u>
Revenues over (under) expenditures	<u>(504,213,138)</u>	<u>(826,125,902)</u>	<u>(675,948,701)</u>	<u>150,177,201</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	(11,932,259)	(11,932,259)	(12,063,180)	(130,921)
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	447,767,163	447,767,163	450,129,345	2,362,182
Transfers out	-	-	(13,654,188)	(13,654,188)
Total other financing sources (uses)	<u>435,834,904</u>	<u>435,834,904</u>	<u>424,411,977</u>	<u>(11,422,927)</u>
Revenues and other sources over (under) expenditures and other uses	<u>(68,378,234)</u>	<u>(390,290,998)</u>	<u>(251,536,724)</u>	<u>138,754,274</u>
Fund balance - July 1	<u>504,004,626</u>	<u>504,004,626</u>	<u>504,004,626</u>	<u>-</u>
Fund balance - June 30	<u>\$ 435,626,392</u>	<u>\$ 113,713,628</u>	<u>\$ 252,467,902</u>	<u>\$ 138,754,274</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	648,586,375	648,586,375	643,941,894	(4,644,481)
Rights and privileges	29,165,200	29,165,200	25,624,294	(3,540,906)
Sale of property and commodities	-	-	2,858,341	2,858,341
Interest, dividends, and rents	4,458,002	4,458,002	5,382,100	924,098
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	59,471	59,471
Receipts from localities and private sector	91,068,842	91,068,842	45,732,543	(45,336,299)
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	319,768	319,768
Total revenues	773,278,419	773,278,419	723,918,411	(49,360,008)
Expenditures				
Current				
Administrative and support services	733,780	2,233,780	1,674,942	558,838
Ground transportation system planning and research	29,586,696	29,904,060	19,631,196	10,272,864
Highway system acquisition and construction	286,245,317	283,646,306	334,238,214	(50,591,908)
Highway system maintenance	-	-	-	-
Financial assistance to localities	6,392,360	6,392,360	4,120,754	2,271,606
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	2,500,000	2,500,000	7,576,418	(5,076,418)
Transfers to other state agencies	140,533	140,533	140,533	-
Total expenditures	325,598,686	324,817,039	367,382,057	(42,565,018)
Revenues over (under) expenditures	447,679,733	448,461,380	356,536,354	(91,925,026)
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	(14,642,453)	(14,642,453)	(26,896,386)	(12,253,933)
Transfers from other state agencies and General Fund	-	-	23,566,392	23,566,392
Transfers in	-	-	-	-
Transfers out	(467,767,163)	(467,767,163)	(781,985,154)	(314,217,991)
Total other financing sources (uses)	(482,409,616)	(482,409,616)	(785,315,148)	(302,905,532)
Revenues and other sources over (under) expenditures and other uses	(34,729,883)	(33,948,236)	(428,778,794)	(394,830,558)
Fund balance - July 1	571,433,772	571,433,772	571,433,772	-
Fund balance - June 30	\$ 536,703,889	\$ 537,485,536	\$ 142,654,978	\$ (394,830,558)

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

PRIORITY TRANSPORTATION FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	156,000,000	156,000,000	157,296,801	1,296,801
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	4,047,000	4,047,000	2,006,189	(2,040,811)
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>160,047,000</u>	<u>160,047,000</u>	<u>159,302,990</u>	<u>(744,010)</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	538,095	(538,095)
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>538,095</u>	<u>(538,095)</u>
Revenues over (under) expenditures	<u>160,047,000</u>	<u>160,047,000</u>	<u>158,764,895</u>	<u>(1,282,105)</u>
Other financing sources (uses)				
Other financing uses	-	-	(157,312)	(157,312)
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	10,735,807	10,735,807
Transfers out	(235,657,705)	(235,657,705)	(159,300,028)	76,357,677
Total other financing sources (uses)	<u>(235,657,705)</u>	<u>(235,657,705)</u>	<u>(148,721,533)</u>	<u>86,936,172</u>
Revenues and other sources over (under) expenditures and other uses	<u>(75,610,705)</u>	<u>(75,610,705)</u>	<u>10,043,362</u>	<u>85,654,067</u>
Fund balance - July 1	<u>89,154,485</u>	<u>89,154,485</u>	<u>89,154,485</u>	<u>-</u>
Fund balance - June 30	<u>\$ 13,543,780</u>	<u>\$ 13,543,780</u>	<u>\$ 99,197,847</u>	<u>\$ 85,654,067</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

TOLL FACILITIES REVOLVING				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	11,000,000	11,000,000	9,703,557	(1,296,443)
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	20,793,568	20,793,568	12,390,630	(8,402,938)
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	1,400,000	1,400,000	1,878,599	478,599
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>33,193,568</u>	<u>33,193,568</u>	<u>23,972,786</u>	<u>(9,220,782)</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	-	-
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	33,189,071	33,189,071	14,806,739	18,382,332
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>33,189,071</u>	<u>33,189,071</u>	<u>14,806,739</u>	<u>18,382,332</u>
Revenues over (under) expenditures	<u>4,497</u>	<u>4,497</u>	<u>9,166,047</u>	<u>9,161,550</u>
Other financing sources (uses)				
Other financing uses	-	-	(896,110)	(896,110)
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	(4,497)	(4,497)	(4,371)	126
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	986,088	986,088
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>(4,497)</u>	<u>(4,497)</u>	<u>85,607</u>	<u>90,104</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>9,251,654</u>	<u>9,251,654</u>
Fund balance - July 1	<u>352,704,311</u>	<u>352,704,311</u>	<u>352,704,311</u>	<u>-</u>
Fund balance - June 30	<u>\$ 352,704,311</u>	<u>\$ 352,704,311</u>	<u>\$ 361,955,965</u>	<u>\$ 9,251,654</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

CAPITAL PROJECTS REVENUE BONDS				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	910,212	910,212
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	910,212	910,212
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	513,875,049	513,875,049	62,517,949	451,357,100
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	513,875,049	513,875,049	62,517,949	451,357,100
Revenues over (under) expenditures	(513,875,049)	(513,875,049)	(61,607,737)	452,267,312
Other financing sources (uses)				
Other financing uses	-	-	(12,068)	(12,068)
Other financing sources	-	-	-	-
Bond proceeds	513,875,049	513,875,049	674,998,635	161,123,586
Transfers to other state agencies and General Fund	-	-	(104,473,237)	(104,473,237)
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	68,536,826	68,536,826	-	(68,536,826)
Transfers out	-	-	(28,961,810)	(28,961,810)
Total other financing sources (uses)	582,411,875	582,411,875	541,551,520	(40,860,355)
Revenues and other sources over (under) expenditures and other uses	68,536,826	68,536,826	479,943,783	411,406,957
Fund balance - July 1	449,567,198	449,567,198	449,567,198	-
Fund balance - June 30	\$ 518,104,024	\$ 518,104,024	\$ 929,510,981	\$ 411,406,957

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

ARRA PROJECTS				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	-	-
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	181,471,926	181,471,926
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>181,471,926</u>	<u>181,471,926</u>
Expenditures				
Current				
Administrative and support services	-	-	570,660	(570,660)
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	62,922	179,605,484	(179,542,562)
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>-</u>	<u>62,922</u>	<u>180,176,144</u>	<u>(180,113,222)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(62,922)</u>	<u>1,295,782</u>	<u>1,358,704</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	1,380,582	1,443,504	-	(1,443,504)
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	(1,150,413)	(1,150,413)
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,380,582</u>	<u>1,443,504</u>	<u>(1,150,413)</u>	<u>(2,593,917)</u>
Revenues and other sources over (under) expenditures and other uses	<u>1,380,582</u>	<u>1,380,582</u>	<u>145,369</u>	<u>(1,235,213)</u>
Fund balance - July 1	<u>(1,380,582)</u>	<u>(1,380,582)</u>	<u>(1,380,582)</u>	<u>-</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,235,213)</u>	<u>\$ (1,235,213)</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	NONMAJOR FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ 101,000,000	\$ 101,000,000	\$ 100,710,608	\$ (289,392)
Taxes	-	-	-	-
Rights and privileges	6,200,592	6,200,592	4,858,579	(1,342,013)
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	8,767,000	8,767,000	8,559,586	(207,414)
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	1,816,000	1,816,000
Federal grants and contracts	1,157,030	1,157,030	8,280,086	7,123,056
Toll revenues	16,549,384	16,549,384	16,656,381	106,997
Other	-	-	1,696,160	1,696,160
Total revenues	<u>133,674,006</u>	<u>133,674,006</u>	<u>142,577,400</u>	<u>8,903,394</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	674,798,357	674,798,357	134,077,899	540,720,458
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	13,355,534	13,361,784	5,286,646	8,075,138
Capital outlay	-	-	2,009,262	(2,009,262)
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>688,153,891</u>	<u>688,160,141</u>	<u>141,373,807</u>	<u>546,786,334</u>
Revenues over (under) expenditures	<u>(554,479,885)</u>	<u>(554,486,135)</u>	<u>1,203,593</u>	<u>555,689,728</u>
Other financing sources (uses)				
Other financing uses	-	-	(432,507)	(432,507)
Other financing sources	75,290,371	75,296,621	-	(75,296,621)
Bond proceeds	623,305,000	623,305,000	350,824,431	(272,480,569)
Transfers to other state agencies and General Fund	(9)	(9)	(9,884,426)	(9,884,417)
Transfers from other state agencies and General Fund	-	-	39,558,983	39,558,983
Transfers in	20,000,000	20,000,000	344,559,691	324,559,691
Transfers out	-	-	(95,414,038)	(95,414,038)
Total other financing sources (uses)	<u>718,595,362</u>	<u>718,601,612</u>	<u>629,212,134</u>	<u>(89,389,478)</u>
Revenues and other sources over (under) expenditures and other uses	<u>164,115,477</u>	<u>164,115,477</u>	<u>630,415,727</u>	<u>466,300,250</u>
Fund balance - July 1	<u>198,688,951</u>	<u>198,688,951</u>	<u>198,688,951</u>	<u>-</u>
Fund balance - June 30	<u>\$ 362,804,428</u>	<u>\$ 362,804,428</u>	<u>\$ 829,104,678</u>	<u>\$ 466,300,250</u>

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**COMBINING AND
INDIVIDUAL FUND
STATEMENTS AND
SCHEDULES**

**FINANCIAL
REPORT
JUNE 30, 2012**

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**Nonmajor Governmental Funds
Budget Comparison Schedules
Special Revenue Funds**

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VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

TRANSPORTATION PARTNERSHIP OPPORTUNITY				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	1,017,000	1,017,000	1,064,440	47,440
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,017,000</u>	<u>1,017,000</u>	<u>1,064,440</u>	<u>47,440</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	1,016,991	1,016,991	37,212,401	(36,195,410)
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>1,016,991</u>	<u>1,016,991</u>	<u>37,212,401</u>	<u>(36,195,410)</u>
Revenues over (under) expenditures	<u>9</u>	<u>9</u>	<u>(36,147,961)</u>	<u>(36,147,970)</u>
Other financing sources (uses)				
Other financing uses	-	-	(69,071)	(69,071)
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	(9)	(9)	-	9
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	78,323,877	78,323,877
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>(9)</u>	<u>(9)</u>	<u>78,254,806</u>	<u>78,254,815</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>42,106,845</u>	<u>42,106,845</u>
Fund balance - July 1	<u>19,188,886</u>	<u>19,188,886</u>	<u>19,188,886</u>	<u>-</u>
Fund balance - June 30	<u>\$ 19,188,886</u>	<u>\$ 19,188,886</u>	<u>\$ 61,295,731</u>	<u>\$ 42,106,845</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	CONCESSION FUNDS FOR PROJECTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	2,263,000	2,263,000	571,570	(1,691,430)
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>2,263,000</u>	<u>2,263,000</u>	<u>571,570</u>	<u>(1,691,430)</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	2,263,000	2,263,000	20,112,817	(17,849,817)
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>2,263,000</u>	<u>2,263,000</u>	<u>20,112,817</u>	<u>(17,849,817)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(19,541,247)</u>	<u>(19,541,247)</u>
Other financing sources (uses)				
Other financing uses	-	-	(48,714)	(48,714)
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(48,714)</u>	<u>(48,714)</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>(19,589,961)</u>	<u>(19,589,961)</u>
Fund balance - July 1	<u>35,700,755</u>	<u>35,700,755</u>	<u>35,700,755</u>	<u>-</u>
Fund balance - June 30	<u>\$ 35,700,755</u>	<u>\$ 35,700,755</u>	<u>\$ 16,110,794</u>	<u>\$ (19,589,961)</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

VIRGINIA TRANSPORTATION INFRASTRUCTURE BANK				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	4,217,721	4,217,721
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>4,217,721</u>	<u>4,217,721</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	136,064	(136,064)
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>136,064</u>	<u>(136,064)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4,081,657</u>	<u>4,081,657</u>
Other financing sources (uses)				
Other financing uses	-	-	(219,309)	(219,309)
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	(9,884,426)	(9,884,426)
Transfers from other state agencies and General Fund	-	-	38,562,713	38,562,713
Transfers in	-	-	250,000,000	250,000,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>278,458,978</u>	<u>278,458,978</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>282,540,635</u>	<u>282,540,635</u>
Fund balance - July 1	<u>32,711,586</u>	<u>32,711,586</u>	<u>32,711,586</u>	<u>-</u>
Fund balance - June 30	<u>\$ 32,711,586</u>	<u>\$ 32,711,586</u>	<u>\$ 315,252,221</u>	<u>\$ 282,540,635</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	RECYCLABLE MATERIALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	-	-
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	248,383	248,383
Total revenues	<u>-</u>	<u>-</u>	<u>248,383</u>	<u>248,383</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	-	-
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>248,383</u>	<u>248,383</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(248,383)	(248,383)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(248,383)</u>	<u>(248,383)</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

SURPLUS PROPERTY				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	-	-
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	1,446,200	1,446,200
Total revenues	<u>-</u>	<u>-</u>	<u>1,446,200</u>	<u>1,446,200</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	-	-
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,446,200</u>	<u>1,446,200</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(1,446,200)	(1,446,200)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,446,200)</u>	<u>(1,446,200)</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	CAMP 30			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	72,202	72,202
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>72,202</u>	<u>72,202</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	-	-
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	2,009,262	(2,009,262)
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,009,262</u>	<u>(2,009,262)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,937,060)</u>	<u>(1,937,060)</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	235,814	235,814
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>235,814</u>	<u>235,814</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>(1,701,246)</u>	<u>(1,701,246)</u>
Fund balance - July 1	<u>29,485,240</u>	<u>29,485,240</u>	<u>29,485,240</u>	<u>-</u>
Fund balance - June 30	<u>\$ 29,485,240</u>	<u>\$ 29,485,240</u>	<u>\$ 27,783,994</u>	<u>\$ (1,701,246)</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

NORTHERN VIRGINIA TRANSPORTATION DISTRICT				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ 32,000,000	\$ 32,000,000	\$ 32,710,608	\$ 710,608
Taxes	-	-	-	-
Rights and privileges	6,200,592	6,200,592	4,858,579	(1,342,013)
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	3,809,000	3,809,000	2,103,364	(1,705,636)
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	816,000	816,000
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>42,009,592</u>	<u>42,009,592</u>	<u>40,488,551</u>	<u>(1,521,041)</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	25,486,104	25,486,104	2,060,810	23,425,294
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>25,486,104</u>	<u>25,486,104</u>	<u>2,060,810</u>	<u>23,425,294</u>
Revenues over (under) expenditures	<u>16,523,488</u>	<u>16,523,488</u>	<u>38,427,741</u>	<u>21,904,253</u>
Other financing sources (uses)				
Other financing uses	-	-	(92,822)	(92,822)
Other financing sources	-	-	-	-
Bond proceeds	-	-	192,832	192,832
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	16,000,000	16,000,000	16,000,000	-
Transfers out	-	-	(31,721,827)	(31,721,827)
Total other financing sources (uses)	<u>16,000,000</u>	<u>16,000,000</u>	<u>(15,621,817)</u>	<u>(31,621,817)</u>
Revenues and other sources over (under) expenditures and other uses	<u>32,523,488</u>	<u>32,523,488</u>	<u>22,805,924</u>	<u>(9,717,564)</u>
Fund balance - July 1	<u>149,374,997</u>	<u>149,374,997</u>	<u>149,374,997</u>	<u>-</u>
Fund balance - June 30	<u>\$ 181,898,485</u>	<u>\$ 181,898,485</u>	<u>\$ 172,180,921</u>	<u>\$ (9,717,564)</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	ROUTE 58			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ 68,000,000	\$ 68,000,000	\$ 68,000,000	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	1,678,000	1,678,000	121,021	(1,556,979)
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>69,678,000</u>	<u>69,678,000</u>	<u>68,121,021</u>	<u>(1,556,979)</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	22,313,012	22,313,012	980,775	21,332,237
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>22,313,012</u>	<u>22,313,012</u>	<u>980,775</u>	<u>21,332,237</u>
Revenues over (under) expenditures	<u>47,364,988</u>	<u>47,364,988</u>	<u>67,140,246</u>	<u>19,775,258</u>
Other financing sources (uses)				
Other financing uses	-	-	(2,424)	(2,424)
Other financing sources	-	-	-	-
Bond proceeds	-	-	86,258	86,258
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	4,000,000	4,000,000	-	(4,000,000)
Transfers out	-	-	(46,640,295)	(46,640,295)
Total other financing sources (uses)	<u>4,000,000</u>	<u>4,000,000</u>	<u>(46,556,461)</u>	<u>(50,556,461)</u>
Revenues and other sources over (under) expenditures and other uses	<u>51,364,988</u>	<u>51,364,988</u>	<u>20,583,785</u>	<u>(30,781,203)</u>
Fund balance - July 1	<u>8,276,287</u>	<u>8,276,287</u>	<u>8,276,287</u>	<u>-</u>
Fund balance - June 30	<u>\$ 59,641,275</u>	<u>\$ 59,641,275</u>	<u>\$ 28,860,072</u>	<u>\$ (30,781,203)</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

TRANSPORTATION SET ASIDE				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	28,066	28,066
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	1,000,000	1,000,000
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,028,066</u>	<u>28,066</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	410,250	410,250	920	409,330
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>410,250</u>	<u>410,250</u>	<u>920</u>	<u>409,330</u>
Revenues over (under) expenditures	<u>589,750</u>	<u>589,750</u>	<u>1,027,146</u>	<u>437,396</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	996,270	996,270
Transfers in	-	-	-	-
Transfers out	-	-	(2,229,750)	(2,229,750)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,233,480)</u>	<u>(1,233,480)</u>
Revenues and other sources over (under) expenditures and other uses	<u>589,750</u>	<u>589,750</u>	<u>(206,334)</u>	<u>(796,084)</u>
Fund balance - July 1	<u>1,217,229</u>	<u>1,217,229</u>	<u>1,217,229</u>	<u>-</u>
Fund balance - June 30	<u>\$ 1,806,979</u>	<u>\$ 1,806,979</u>	<u>\$ 1,010,895</u>	<u>\$ (796,084)</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

ROUTE 28				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	16,185	16,185
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>16,185</u>	<u>16,185</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	268,564	(268,564)
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>268,564</u>	<u>(268,564)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(252,379)</u>	<u>(252,379)</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	225,098	225,098
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>225,098</u>	<u>225,098</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>(27,281)</u>	<u>(27,281)</u>
Fund balance - July 1	<u>1,104,341</u>	<u>1,104,341</u>	<u>1,104,341</u>	<u>-</u>
Fund balance - June 30	<u>\$ 1,104,341</u>	<u>\$ 1,104,341</u>	<u>\$ 1,077,060</u>	<u>\$ (27,281)</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

COLEMAN BRIDGE				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	2,639	2,639
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	6,689,048	6,689,048	6,351,839	(337,209)
Other	-	-	-	-
Total revenues	<u>6,689,048</u>	<u>6,689,048</u>	<u>6,354,478</u>	<u>(334,570)</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	-	-
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	3,495,198	3,501,448	1,959,864	1,541,584
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>3,495,198</u>	<u>3,501,448</u>	<u>1,959,864</u>	<u>1,541,584</u>
Revenues over (under) expenditures	<u>3,193,850</u>	<u>3,187,600</u>	<u>4,394,614</u>	<u>1,207,014</u>
Other financing sources (uses)				
Other financing uses	-	-	(63)	(63)
Other financing sources	28,154,175	28,160,425	-	(28,160,425)
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(3,446,479)	(3,446,479)
Total other financing sources (uses)	<u>28,154,175</u>	<u>28,160,425</u>	<u>(3,446,542)</u>	<u>(31,606,967)</u>
Revenues and other sources over (under) expenditures and other uses	<u>31,348,025</u>	<u>31,348,025</u>	<u>948,072</u>	<u>(30,399,953)</u>
Fund balance - July 1	<u>(31,348,025)</u>	<u>(31,348,025)</u>	<u>(31,348,025)</u>	<u>-</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,399,953)</u>	<u>\$ (30,399,953)</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL REIMBURSEMENT ANTICIPATION NOTES				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	5,463	5,463
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>5,463</u>	<u>5,463</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	4,000	4,000	5,071	(1,071)
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>5,071</u>	<u>(1,071)</u>
Revenues over (under) expenditures	<u>(4,000)</u>	<u>(4,000)</u>	<u>392</u>	<u>4,392</u>
Other financing sources (uses)				
Other financing uses	-	-	(104)	(104)
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(104)</u>	<u>(104)</u>
Revenues and other sources over (under) expenditures and other uses	<u>(4,000)</u>	<u>(4,000)</u>	<u>288</u>	<u>4,288</u>
Fund balance - July 1	<u>113,851</u>	<u>113,851</u>	<u>113,851</u>	<u>-</u>
Fund balance - June 30	<u>\$ 109,851</u>	<u>\$ 109,851</u>	<u>\$ 114,139</u>	<u>\$ 4,288</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	GARVEE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	356,850	356,850
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>356,850</u>	<u>356,850</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	623,305,000	623,305,000	73,300,477	550,004,523
Highway system maintenance	-	-	-	-
Ground transportation system safety	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Land management	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>623,305,000</u>	<u>623,305,000</u>	<u>73,300,477</u>	<u>550,004,523</u>
Revenues over (under) expenditures	<u>(623,305,000)</u>	<u>(623,305,000)</u>	<u>(72,943,627)</u>	<u>550,361,373</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	623,305,000	623,305,000	350,320,243	(272,984,757)
Note proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>623,305,000</u>	<u>623,305,000</u>	<u>350,320,243</u>	<u>(272,984,757)</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>277,376,616</u>	<u>277,376,616</u>
Fund balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,376,616</u>	<u>\$ 277,376,616</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	POWHITE PARKWAY EXTENSION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	65	65
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	-	-	-	-
Toll revenues	9,860,336	9,860,336	10,304,542	444,206
Other	-	-	1,577	1,577
Total revenues	<u>9,860,336</u>	<u>9,860,336</u>	<u>10,306,184</u>	<u>445,848</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	-	-
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	9,860,336	9,860,336	3,326,782	6,533,554
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>9,860,336</u>	<u>9,860,336</u>	<u>3,326,782</u>	<u>6,533,554</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>6,979,402</u>	<u>6,979,402</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	47,136,196	47,136,196	-	(47,136,196)
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(1,401,018)	(1,401,018)
Total other financing sources (uses)	<u>47,136,196</u>	<u>47,136,196</u>	<u>(1,401,018)</u>	<u>(48,537,214)</u>
Revenues and other sources over (under) expenditures and other uses	<u>47,136,196</u>	<u>47,136,196</u>	<u>5,578,384</u>	<u>(41,557,812)</u>
Fund balance - July 1	<u>(47,136,196)</u>	<u>(47,136,196)</u>	<u>(47,136,196)</u>	<u>-</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,557,812)</u>	<u>\$ (41,557,812)</u>

VIRGINIA DEPARTMENT OF TRANSPORTATION
 BUDGET COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	ARRA GRANTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Rights and privileges	-	-	-	-
Sale of property and commodities	-	-	-	-
Interest, dividends, and rents	-	-	-	-
Fines, forfeitures, court fees	-	-	-	-
Penalties, and escheats	-	-	-	-
Receipts from localities and private sector	-	-	-	-
Federal grants and contracts	1,157,030	1,157,030	8,280,086	7,123,056
Toll revenues	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,157,030</u>	<u>1,157,030</u>	<u>8,280,086</u>	<u>7,123,056</u>
Expenditures				
Current				
Administrative and support services	-	-	-	-
Ground transportation system planning and research	-	-	-	-
Highway system acquisition and construction	-	-	-	-
Highway system maintenance	-	-	-	-
Financial assistance to localities	-	-	-	-
Environmental monitoring and compliance	-	-	-	-
Toll facility operations and construction	-	-	-	-
Capital outlay	-	-	-	-
Transfers to other state agencies	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,157,030</u>	<u>1,157,030</u>	<u>8,280,086</u>	<u>7,123,056</u>
Other financing sources (uses)				
Other financing uses	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Transfers to other state agencies and General Fund	-	-	-	-
Transfers from other state agencies and General Fund	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(8,280,086)	(8,280,086)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(8,280,086)</u>	<u>(8,280,086)</u>
Revenues and other sources over (under) expenditures and other uses	<u>1,157,030</u>	<u>1,157,030</u>	<u>-</u>	<u>(1,157,030)</u>
Fund balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30	<u>\$ 1,157,030</u>	<u>\$ 1,157,030</u>	<u>\$ -</u>	<u>\$ (1,157,030)</u>

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**Nonmajor Governmental Funds
Special Revenue**

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Nonmajor Governmental Funds

Special Revenue Funds:

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

The Transportation Partnership Opportunity Fund is provided by transfers from the Toll Facilities Revolving Fund and the Highway Construction Fund. Disbursements from this fund are mainly in the form of grants and loans to external entities.

The Concession Fund accounts for the outstanding debt owed by the Pocahontas Parkway. As part of the sale, these funds were received to transfer the rights to the purchaser, Transurban LLC. Also accounted for in this fund are amounts provided by private developers for construction work on the I-495 Capital Beltway High Occupancy Toll Lanes.

Virginia Transportation Infrastructure Bank Fund This fund accounts for a special non-reverting or revolving loan appropriated by the General Assembly and deposited to the Bank. The Commonwealth Transportation Board has the right to determine the projects for which loans or other financial assistance may be provided by the bank.

Recyclable Materials Fund accounts for the proceeds from the sale of materials purchased from the highway maintenance and construction funds.

Surplus Property Fund accounts for the proceeds from the sale of property purchased from the Highway Maintenance and Operating Fund.

The Camp 30 Fund accounts for the expenditures for the construction of the leased projects in Fairfax, Virginia, known as Camp 30.

The Northern Virginia Transportation District Fund accounts for revenues and expenditures for the construction of an adequate, modern, safe and efficient transportation network in Northern Virginia. The revenues are derived from bond sales and a portion of the state recordation taxes. This fund was classified as major fund in previous years.

Route 58 Fund accounts for the revenues and expenditures for the construction of Route 58. Revenues are derived from bond sales and legislative appropriations.

The Transportation Set Aside Fund accounts for the receipt of interest, recordation taxes, and bond proceeds and the disbursements for construction costs and debt payment relating to the City of Chesapeake Oak Grove Connector Transportation Set-aside project.

The Route 28 Project Fund accounts for revenues and expenditures for improvement to Route 28 in Fairfax and Loudoun Counties. The revenues are derived from bond sales and a special improvements tax levied by the boards of supervisors of Loudon and Fairfax at the request of HTID.

The Coleman Bridge Fund accounts for the operations and construction of the Coleman Bridge.

Federal Reimbursement Anticipation Notes Fund (FRAN) accounts for the funding of the various capital transportation projects throughout the Commonwealth pursuant to the Virginia Transportation Act of 2000.

GARVEE Fund accounts for the funding of projects supported by proceeds from GARVEE bonds.

The Powhite Parkway Extension Fund accounts for the operations and construction of the Powhite Parkway Extension.

ARRA Grants Fund accounts for Federal revenues received for participation in the Build America bond program.

**VIRGINIA DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET GOVERNMENTAL FUNDS
NON MAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
June 30, 2012**

TRANSPORTATION PARTNERSHIP OPPORTUNITY	CONCESSION FUNDS FOR PROJECTS	VA TRANSPORTATION INFRASTRUCTURE BANK
-------------------------------------------------------	----------------------------------------------	------------------------------------------------------

ASSETS

Cash and cash equivalents with the Treasurer of Virginia (Note 14)	\$ 61,295,731	\$ 16,110,794	\$ 315,252,221
Cash and cash equivalents with trustees (Note 14)	-	-	-
Investments with trustees (Note 14)	-	-	-
Cash and cash equivalents for collateral held for securities lending (Note 14)	14,956,010	3,930,995	76,920,780
Investments for collateral held for securities lending (Note 14)	462,407	121,538	2,378,221
Advance fund	-	-	-
Receivables: (net)			
Federal government	-	-	-
Cities, counties, and towns	-	-	-
State agencies	-	-	-
Loans & other	-	-	-
Taxes receivable	-	-	-
Due from other funds (Note 10)	-	-	-
Due from agencies	-	-	-
Inventory (Note 1 G)	-	-	-
Total assets	\$ 76,714,148	\$ 20,163,327	\$ 394,551,222

LIABILITIES AND FUND BALANCES

Liabilities :			
Accounts payable	\$ 808,540	\$ -	\$ -
Deposits payable	-	-	-
Payable for collateral held for securities lending	15,418,417	4,052,533	79,299,001
Due to other agencies	-	-	-
Due to other funds (Note 10)	-	-	-
Deferred revenue	-	-	-
Liability for compensated absences	-	-	-
Accrued liabilities	-	-	-
Retainage on contracts	-	-	-
Total liabilities	16,226,957	4,052,533	79,299,001
Fund Balances (Note 3)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	60,487,191	16,110,794	315,252,221
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	60,487,191	16,110,794	315,252,221
Total liabilities and fund balances	\$ 76,714,148	\$ 20,163,327	\$ 394,551,222

The accompanying notes are an integral part of this financial statement

VIRGINIA DEPARTMENT OF TRANSPORTATION
 COMBINING BALANCE SHEET GOVERNMENTAL FUNDS
 NON MAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
 June 30, 2012

RECYCLABLE MATERIALS	SURPLUS PROPERTY	CAMP 30
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ASSETS

Cash and cash equivalents				
with the Treasurer of Virginia (Note 14)	\$	-	\$	-
Cash and cash equivalents with trustees (Note 14)		-		27,783,994
Investments with trustees (Note 14)		-		-
Cash and cash equivalents for				
collateral held for securities lending (Note 14)		-		-
Investments for				
collateral held for securities lending (Note 14)		-		-
Advance fund		-		-
Receivables: (net)				
Federal government		-		-
Cities, counties, and towns		-		-
State agencies		-		-
Loans & other		-		-
Taxes receivable		-		-
Due from other funds (Note 10)		-		-
Due from agencies		-		-
Inventory (Note 1 G)		-		-
Total assets	\$	-	\$	27,783,994

LIABILITIES AND FUND BALANCES

Liabilities :				
Accounts payable	\$	-	\$	-
Deposits payable		-		-
Payable for collateral held for securities lending		-		-
Due to other agencies		-		-
Due to other funds (Note 10)		-		-
Deferred revenue		-		-
Liability for compensated				
absences		-		-
Accrued liabilities		-		-
Retainage on contracts		-		-
Total liabilities		-		-
Fund Balances (Note 3)				
Nonspendable		-		-
Restricted		-		-
Committed		-		27,783,994
Assigned		-		-
Unassigned		-		-
Total fund balances		-		27,783,994
Total liabilities and fund balances	\$	-	\$	27,783,994

The accompanying notes are an integral part of this financial statement

VIRGINIA DEPARTMENT OF TRANSPORTATION
 COMBINING BALANCE SHEET GOVERNMENTAL FUNDS
 NON MAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
 June 30, 2012

NORTHERN VIRGINIA		
TRANSPORTATION DISTRICT	ROUTE 58	TRANSPORTATION SET ASIDE

ASSETS

Cash and cash equivalents with the Treasurer of Virginia (Note 14)	\$ 157,477,868	\$ 37,638,480	\$ 1,010,895
Cash and cash equivalents with trustees (Note 14)	14,703,053	802,828	-
Investments with trustees (Note 14)	-	-	-
Cash and cash equivalents for collateral held for securities lending (Note 14)	38,424,219	9,183,698	246,656
Investments for collateral held for securities lending (Note 14)	1,187,992	283,940	7,626
Advance fund	-	-	-
Receivables: (net)			
Federal government	-	-	-
Cities, counties, and towns	-	-	-
State agencies	-	-	-
Loans & other	-	-	-
Taxes receivable	-	-	-
Due from other funds (Note 10)	14,697	-	-
Due from agencies	-	-	-
Inventory (Note 1 G)	-	-	-
Total assets	\$ 211,807,829	\$ 47,908,946	\$ 1,265,177

LIABILITIES AND FUND BALANCES

Liabilities :			
Accounts payable	\$ -	\$ 316,015	\$ -
Deposits payable	-	-	-
Payable for collateral held for securities lending	39,612,211	9,467,638	254,282
Due to other agencies	-	-	-
Due to other funds (Note 10)	-	9,581,236	-
Deferred revenue	-	-	-
Liability for compensated absences	54	56	-
Accrued liabilities	-	-	-
Retainage on contracts	19,303	50,256	-
Total liabilities	39,631,568	19,415,201	254,282

Fund Balances (Note 3)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	172,176,261	28,493,745	1,010,895
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	172,176,261	28,493,745	1,010,895
Total liabilities and fund balances	\$ 211,807,829	\$ 47,908,946	\$ 1,265,177

The accompanying notes are an integral part of this financial statement

VIRGINIA DEPARTMENT OF TRANSPORTATION
 COMBINING BALANCE SHEET GOVERNMENTAL FUNDS
 NON MAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
 June 30, 2012

	ROUTE 28	COLEMAN BRIDGE	FEDERAL REIMBURSEMENT ANTICIPATION NOTES
ASSETS			
Cash and cash equivalents			
with the Treasurer of Virginia (Note 14)	\$ 945,360	\$ 9,113,547	\$ 114,139
Cash and cash equivalents with trustees (Note 14)	131,700	-	-
Investments with trustees (Note 14)	-	-	-
Cash and cash equivalents for			
collateral held for securities lending (Note 14)	230,666	59,991	27,850
Investments for			
collateral held for securities lending (Note 14)	7,132	1,855	861
Advance fund	-	7,500	-
Receivables: (net)			
Federal government	-	-	-
Cities, counties, and towns	-	-	-
State agencies	-	-	-
Loans & other	-	-	-
Taxes receivable	-	-	-
Due from other funds (Note 10)	-	-	-
Due from agencies	-	-	-
Inventory (Note 1 G)	-	-	-
Total assets	\$ 1,314,858	\$ 9,182,893	\$ 142,850
LIABILITIES AND FUND BALANCES			
Liabilities :			
Accounts payable	\$ -	\$ 182,038	\$ -
Deposits payable	-	-	-
Payable for collateral held for securities lending	237,798	61,846	28,711
Due to other agencies	-	-	-
Due to other funds (Note 10)	-	39,521,000	-
Deferred revenue	-	-	-
Liability for compensated			
absences	-	72	-
Accrued liabilities	-	25,028	-
Retainage on contracts	-	-	-
Total liabilities	237,798	39,789,984	28,711
Fund Balances (Note 3)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	1,077,060	-	114,139
Assigned	-	-	-
Unassigned	-	(30,607,091)	-
Total fund balances	1,077,060	(30,607,091)	114,139
Total liabilities and fund balances	\$ 1,314,858	\$ 9,182,893	\$ 142,850

The accompanying notes are an integral part of this financial statement

VIRGINIA DEPARTMENT OF TRANSPORTATION
 COMBINING BALANCE SHEET GOVERNMENTAL FUNDS
 NON MAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
 June 30, 2012

	GARVEE	POWHITE PARKWAY EXTENSION	ARRA GRANTS
ASSETS			
Cash and cash equivalents			
with the Treasurer of Virginia (Note 14)	\$ -	\$ 7,400,719	\$ -
Cash and cash equivalents with trustees (Note 14)	289,376,616	-	-
Investments with trustees (Note 14)	-	-	-
Cash and cash equivalents for			
collateral held for securities lending (Note 14)	-	-	-
Investments for			
collateral held for securities lending (Note 14)	-	-	-
Advance fund	-	11,000	-
Receivables: (net)			
Federal government	-	-	14,697
Cities, counties, and towns	-	-	-
State agencies	-	-	-
Loans & other	-	-	-
Taxes receivable	-	-	-
Due from other funds (Note 10)	-	-	-
Due from agencies	-	-	-
Inventory (Note 1 G)	-	-	-
Total assets	\$ 289,376,616	\$ 7,411,719	\$ 14,697
LIABILITIES AND FUND BALANCES			
Liabilities :			
Accounts payable	\$ 73,000,000	\$ 185,069	\$ -
Deposits payable	-	-	-
Payable for collateral held for securities lending	-	-	-
Due to other agencies	-	-	-
Due to other funds (Note 10)	12,000,000	48,969,531	14,697
Deferred revenue	-	-	-
Liability for compensated			
absences	-	159	-
Accrued liabilities	-	65,709	-
Retainage on contracts	-	-	-
Total liabilities	85,000,000	49,220,468	14,697
Fund Balances (Note 3)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	204,376,616	-	-
Assigned	-	-	-
Unassigned	-	(41,808,749)	-
Total fund balances	204,376,616	(41,808,749)	-
Total liabilities and fund balances	\$ 289,376,616	\$ 7,411,719	\$ 14,697

The accompanying notes are an integral part of this financial statement

**VIRGINIA DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
June 30, 2012**

	TRANSPORTATION PARTNERSHIP OPPORTUNITY	CONCESSION FUNDS FOR PROJECTS	VIRGINIA TRANSPORTATION INFRASTRUCTURE BANK
Revenues			
Revenues provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -
Taxes	-	-	-
Rights and privileges	-	-	-
Sale of property and commodities	-	-	-
Interest, dividends and rents	1,064,440	571,570	4,217,721
Fines, forfeitures, court fees, penalties, and escheats	-	-	-
Federal grants and contracts	-	-	-
Receipts from localities and private sector	-	-	-
Toll revenue	-	-	-
Other revenue	-	-	-
Total revenue	1,064,440	571,570	4,217,721
Expenditures			
Current:			
Administrative and support services	-	-	-
Ground transportation system planning and research	-	-	-
Highway system acquisition and construction	38,020,941	20,112,817	136,064
Highway system maintenance	-	-	-
Financial assistance to localities	-	-	-
Environmental monitoring and compliance	-	-	-
Toll facilities operations and construction	-	-	-
Capital Outlay	-	-	-
Transfers to other state agencies (Note 11)	-	-	-
Total expenditures	38,020,941	20,112,817	136,064
Revenues over (under) expenditures	(36,956,501)	(19,541,247)	4,081,657
Other financing sources (uses)			
Other financing sources (uses)	(69,071)	(48,714)	(219,309)
Bond Proceeds	-	-	-
Insurance recoveries	-	-	-
Transfers to other state agencies and General Fund (Note 11)	-	-	(9,884,426)
Transfers from other state agencies and General Fund (Note 11)	-	-	38,562,713
Transfers in (Note 11)	78,323,877	-	250,000,000
Transfers out (Note 11)	-	-	-
Total other financing sources (uses)	78,254,806	(48,714)	278,458,978
Net Change in Fund Balance	41,298,305	(19,589,961)	282,540,635
Beginning fund balance - July 1	19,188,886	35,700,755	32,711,586
Ending fund balance - June 30	\$ 60,487,191	\$ 16,110,794	\$ 315,252,221

The accompanying notes are an integral part of this financial statement

VIRGINIA DEPARTMENT OF TRANSPORTATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
 June 30, 2012

	RECYCLABLE MATERIALS	SURPLUS PROPERTY	CAMP 30
Revenues			
Revenues provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -
Taxes	-	-	-
Rights and privileges	-	-	-
Sale of property and commodities	-	-	-
Interest, dividends and rents	-	-	72,202
Fines, forfeitures, court fees, penalties, and escheats	-	-	-
Federal grants and contracts	-	-	-
Receipts from localities and private sector	-	-	-
Toll revenue	-	-	-
Other revenue	248,383	1,446,200	-
Total revenue	<u>248,383</u>	<u>1,446,200</u>	<u>72,202</u>
Expenditures			
Current:			
Administrative and support services	-	-	-
Ground transportation system planning and research	-	-	-
Highway system acquisition and construction	-	-	-
Highway system maintenance	-	-	-
Financial assistance to localities	-	-	-
Environmental monitoring and compliance	-	-	-
Toll facilities operations and construction	-	-	-
Capital Outlay	-	-	1,660,589
Transfers to other state agencies (Note 11)	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,660,589</u>
Revenues over (under) expenditures	<u>248,383</u>	<u>1,446,200</u>	<u>(1,588,387)</u>
Other financing sources (uses)			
Other financing sources (uses)	-	-	-
Bond Proceeds	-	-	-
Insurance recoveries	-	-	-
Transfers to other state agencies and General Fund (Note 11)	-	-	-
Transfers from other state agencies and General Fund (Note 11)	-	-	-
Transfers in (Note 11)	-	-	235,814
Transfers out (Note 11)	(248,383)	(1,446,200)	-
Total other financing sources (uses)	<u>(248,383)</u>	<u>(1,446,200)</u>	<u>235,814</u>
Net Change in Fund Balance	-	-	(1,352,573)
Beginning fund balance - July 1	-	-	29,136,567
Ending fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,783,994</u>

The accompanying notes are an integral part of this financial statement

VIRGINIA DEPARTMENT OF TRANSPORTATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
 June 30, 2012

	NORTHERN VIRGINIA TRANSPORTATION DISTRICT	ROUTE 58	TRANSPORTATION SET ASIDE
Revenues			
Revenues provided by the General Fund of the Commonwealth	\$ 32,710,608	\$ 68,000,000	\$ -
Taxes	-	-	-
Rights and privileges	4,858,579	-	-
Sale of property and commodities	-	-	-
Interest, dividends and rents	2,103,364	121,021	28,066
Fines, forfeitures, court fees, penalties, and escheats	-	-	-
Federal grants and contracts	-	-	-
Receipts from localities and private sector	816,000	-	1,000,000
Toll revenue	-	-	-
Other revenue	-	-	-
Total revenue	40,488,551	68,121,021	1,028,066
Expenditures			
Current:			
Administrative and support services	-	-	-
Ground transportation system planning and research	-	-	-
Highway system acquisition and construction	2,060,804	1,287,178	920
Highway system maintenance	-	-	-
Financial assistance to localities	-	-	-
Environmental monitoring and compliance	-	-	-
Toll facilities operations and construction	-	-	-
Capital Outlay	-	-	-
Transfers to other state agencies (Note 11)	-	-	-
Total expenditures	2,060,804	1,287,178	920
Revenues over (under) expenditures	38,427,747	66,833,843	1,027,146
Other financing sources (uses)			
Other financing sources (uses)	(78,125)	(2,424)	-
Bond Proceeds	192,832	86,258	-
Insurance recoveries	-	-	-
Transfers to other state agencies and General Fund (Note 11)	-	-	-
Transfers from other state agencies and General Fund (Note 11)	-	-	996,270
Transfers in (Note 11)	16,000,000	-	-
Transfers out (Note 11)	(31,721,827)	(46,640,295)	(2,229,750)
Total other financing sources (uses)	(15,607,120)	(46,556,461)	(1,233,480)
Net Change in Fund Balance	22,820,627	20,277,382	(206,334)
Beginning fund balance - July 1	149,355,634	8,216,363	1,217,229
Ending fund balance - June 30	\$ 172,176,261	\$ 28,493,745	\$ 1,010,895

The accompanying notes are an integral part of this financial statement

VIRGINIA DEPARTMENT OF TRANSPORTATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
 June 30, 2012

	ROUTE 28	COLEMAN BRIDGE	FEDERAL REIMBURSEMENT ANTICIPATION NOTES
Revenues			
Revenues provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -
Taxes	-	-	-
Rights and privileges	-	-	-
Sale of property and commodities	-	-	-
Interest, dividends and rents	16,184	2,639	5,463
Fines, forfeitures, court fees, penalties, and escheats	-	-	-
Federal grants and contracts	-	-	-
Receipts from localities and private sector	172,887	-	-
Toll revenue	-	6,351,839	-
Other revenue	-	-	-
Total revenue	189,071	6,354,478	5,463
Expenditures			
Current:			
Administrative and support services	-	-	-
Ground transportation system planning and research	-	-	-
Highway system acquisition and construction	268,564	-	5,071
Highway system maintenance	-	-	-
Financial assistance to localities	-	-	-
Environmental monitoring and compliance	-	-	-
Toll facilities operations and construction	-	2,065,056	-
Capital Outlay	-	-	-
Transfers to other state agencies (Note 11)	-	-	-
Total expenditures	268,564	2,065,056	5,071
Revenues over (under) expenditures	(79,493)	4,289,422	392
Other financing sources (uses)			
Other financing sources (uses)	-	(63)	(104)
Bond Proceeds	225,098	-	-
Insurance recoveries	-	-	-
Transfers to other state agencies and General Fund (Note 11)	-	-	-
Transfers from other state agencies and General Fund (Note 11)	-	-	-
Transfers in (Note 11)	-	-	-
Transfers out (Note 11)	-	(3,446,479)	-
Total other financing sources (uses)	225,098	(3,446,542)	(104)
Net Change in Fund Balance	145,605	842,880	288
Beginning fund balance - July 1	931,455	(31,449,971)	113,851
Ending fund balance - June 30	\$ 1,077,060	\$ (30,607,091)	\$ 114,139

The accompanying notes are an integral part of this financial statement

**VIRGINIA DEPARTMENT OF TRANSPORTATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
 June 30, 2012**

	GARVEE	POWHITE PARKWAY EXTENSION	ARRA GRANTS
Revenues			
Revenues provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -
Taxes	-	-	-
Rights and privileges	-	-	-
Sale of property and commodities	-	-	-
Interest, dividends and rents	356,850	65	-
Fines, forfeitures, court fees, penalties, and escheats	-	-	-
Federal grants and contracts	-	-	8,280,086
Receipts from localities and private sector	-	-	-
Toll revenue	-	10,304,542	-
Other revenue	-	1,577	-
Total revenue	356,850	10,306,184	8,280,086
Expenditures			
Current:			
Administrative and support services	-	-	-
Ground transportation system planning and research	-	-	-
Highway system acquisition and construction	146,300,477	-	-
Highway system maintenance	-	-	-
Financial assistance to localities	-	-	-
Environmental monitoring and compliance	-	-	-
Toll facilities operations and construction	-	3,449,473	-
Capital Outlay	-	-	-
Transfers to other state agencies (Note 11)	-	-	-
Total expenditures	146,300,477	3,449,473	-
Revenues over (under) expenditures	(145,943,627)	6,856,711	8,280,086
Other financing sources (uses)			
Other financing sources (uses)	-	-	-
Bond Proceeds	350,320,243	-	-
Insurance recoveries	-	-	-
Transfers to other state agencies and General Fund (Note 11)	-	-	-
Transfers from other state agencies and General Fund (Note 11)	-	-	-
Transfers in (Note 11)	-	-	-
Transfers out (Note 11)	-	(1,401,018)	(8,280,086)
Total other financing sources (uses)	350,320,243	(1,401,018)	(8,280,086)
Net Change in Fund Balance	204,376,616	5,455,693	-
Beginning fund balance - July 1	-	(47,264,442)	-
Ending fund balance - June 30	\$ 204,376,616	\$ (41,808,749)	\$ -

The accompanying notes are an integral part of this financial statement

**Schedule of Federal
Assistance**

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VIRGINIA DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FEDERAL ASSISTANCE
FISCAL YEAR 2012

Federal/State Grantor Agency	CFDA Number	Federal Program Name	FEDERAL CASH BALANCE July 1, 2011	FEDERAL CASH BASIS RECEIPTS	FEDERAL CASH BASIS DISBURSEMENTS	FEDERAL CASH BALANCE June 30, 2012
United States Dept of Transportation	20.205	Highway Planning and Construction	\$ -	\$ 951,799,305	\$ 951,799,305	\$ -
		TOTAL FEDERAL REVENUE:	<u>\$ -</u>	<u>\$ 951,799,305</u>	<u>\$ 951,799,305</u>	<u>\$ -</u>
United States Dept of Transportation/DMV	20.607	Alcohol Open Container requirements	-	5,372,874	5,372,874	-
United States Dept of Transportation/VDEM	97.056	Public Safety Interoperable Communications Grant Program	-	158,652	158,652	-
United States Dept of Transportation/DMV	97.036	Safety Incentive Grant for Use of Seatbelts	-	335,095	335,095	-
United States Dept of Transportation/DMV	12.607	Safety Incentive to Prevent Operation of Motor	-	187,138	187,138	-
United States Dept of Transportation/VDEM	97.111	Community Economic Adjustment Assistance for Establishment	-	225,649	225,649	-
		TOTAL TRANSFERS FROM OTHER STATE AGENCIES:	<u>\$ -</u>	<u>\$ 6,279,408</u>	<u>\$ 6,279,408</u>	<u>\$ -</u>
		GRAND TOTAL OF FEDERAL ASSISTANCE	<u><u>\$ -</u></u>	<u><u>\$ 958,078,713</u></u>	<u><u>\$ 958,078,713</u></u>	<u><u>\$ -</u></u>

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FINANCIAL REPORT

JUNE 30, 2012



The Virginia Department of Transportation (VDOT) is responsible for building, maintaining and operating the state's roads, bridges, tunnels and ferries. Through the Commonwealth Transportation Board, it also provides funding for airports, sea ports, rail and public transportation.

Virginia's Highway System

The 58,321-mile system is divided into the following categories:

Interstate

1,119 miles of four-to-10 lane highways connect states and major cities

Primary

8,010 miles of two-to-six lane roads connect cities and towns with each other and with interstates

Secondary

48,864 miles of local connector or county roads

Frontage

328 miles of frontage roads

A separate system includes 11,598 miles of urban streets, maintained by cities and towns with the help of state funds. Virginia's cities are independent of its counties. Henrico County (1,346 miles) and Arlington County (363 miles) maintain their own roads with state financial assistance. There also an additional 39 miles of toll roads maintained by others.

Other Transportation Services

The transportation system comprises more than roads. VDOT also is responsible for:

- More than 12,603 bridges
- Four underwater crossings in the Hampton Roads area
- Two mountain tunnels on Interstate 77 in Southwest Virginia
- Traffic Operations Centers
- Two toll roads or bridges
- Four ferry services
- Rest areas along major highways
- Commuter parking lots

VDOT Organization

VDOT has about 7,500 employees, making it one of the largest state agencies in Virginia.

VDOT is divided into nine geographic districts (Bristol, Culpeper, Fredericksburg, Hampton Roads, Lynchburg, Northern Virginia, Richmond, Salem and Staunton) 29 residencies, two district satellite offices responsible for one to four counties each, and 183 local area headquarters and maintenance facilities and a central office in Richmond. VDOT also has several traffic operations centers that keep traffic flowing along major travel corridors.

The 17-member Commonwealth Transportation Board guides the department's work, much like a board of directors. The Secretary of Transportation serves as a chairman and the Commissioner of Highways as vice-chairman. Members are appointed by the Governor and approved by the General Assembly. The director of the Department of Rail and Public Transportation serves as a non-voting member of the board.

A limited number of copies of this report are available. For additional copies, contact:

Virginia Department of Transportation . Fiscal Division . 1401 East Broad Street . Richmond, VA 23219 . 804-786-6373