

# ACTUAL FISCAL YEAR 2001 REVENUES AND THE STATE OF THE VIRGINIA ECONOMY



***A presentation to the Senate Finance, House Finance,  
and House Appropriations Committees***

**John W. Forbes**  
Secretary of Finance

August 20, 2001

## *Overview of Commonwealth's fiscal and economic condition -- Fiscal Year 2001...*

---

- Financial condition of the Commonwealth remains sound
- Virginia economy bucking national trend with solid job growth
- Provided over \$600 million of Car Tax relief during Fiscal Year 2001
- General Fund performed very close to expectations
  - ◆ Collections were within 0.5 percent of forecast
- Fall forecasting process will re-evaluate the economic forecast

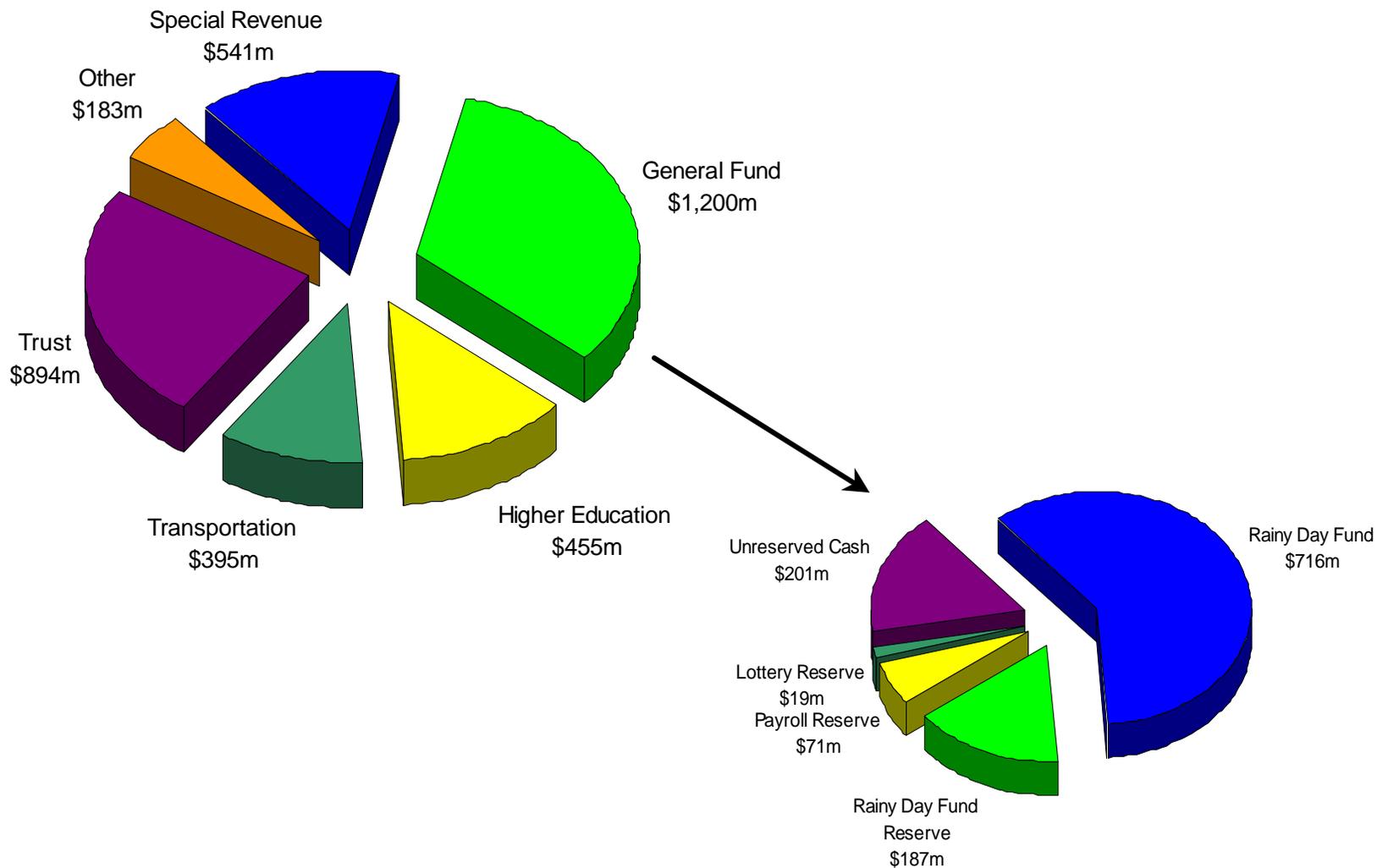
## *Financial condition of the Commonwealth remains sound...*

---

- General Fund increased by \$262 million
  - ◆ Total Tax Revenues increased by \$333 million
- Balance sheet remains very healthy
  - ◆ Total cash and cash equivalents -- \$3.7 billion
    - \$1 billion reserved for known future obligations
    - \$200 million unreserved cash on hand
- Revenue Stabilization Fund approaching \$950 million
  - ◆ Deposited \$103 million into fund this year
  - ◆ Fund earned an additional \$37.7 million in interest
- Maintained coveted “AAA” bond rating on General Obligation debt
- Increased credit rating to highest possible rate on appropriation supported debt

# *\$3.7 billion in cash at year-end...*

---



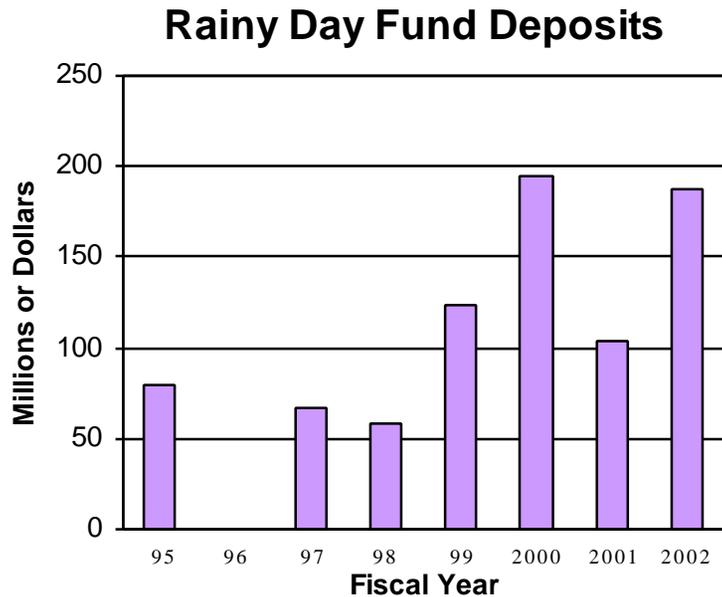
Note: Components may not add to total due to rounding

## *Solid growth in fiscal year 2001 General Fund collections...*

---

- General Fund increased by \$262 million
  - ◆ Fiscal Year 2001 -- \$11,487.9 million
  - ◆ Fiscal Year 2000 -- \$11,226.0 million
- Total Tax Revenues increased by \$333 million
  - ◆ Fiscal Year 2001 -- \$11,054.0 million
  - ◆ Fiscal Year 2000 -- \$10,721.5 million
- Lottery Department profits increased by \$19.1 million over budget
  - ◆ Transferred \$310.3 million to education
  - ◆ Fully reserved additional profits for distribution to public schools

*Built a solid financial foundation through responsible management during prosperous times...*



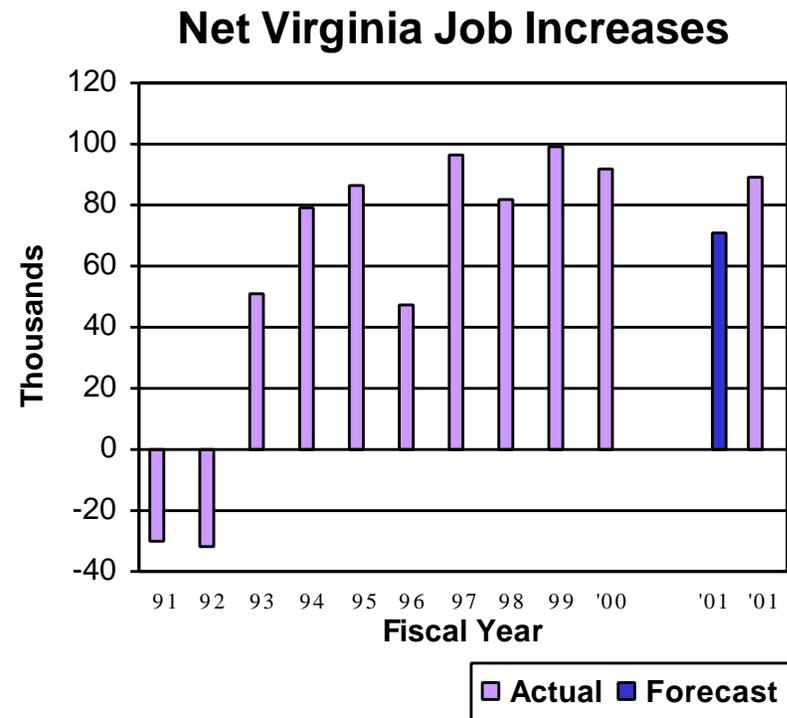
Note: No deposit required in FY96

- The fiscal year 2002 total deposit is projected to be \$187.1 million
- The Revenue Stabilization Fund will have close to \$950 million on deposit by the end of fiscal year 2002
- Deposits since 1997 will approach \$800 million
- Key government services increased to record levels
- Provided over \$1 billion in tax relief
- Virginia is well-prepared in the event of an economic “rainy day”

## *Virginia's economy performed very close to expectations...*

---

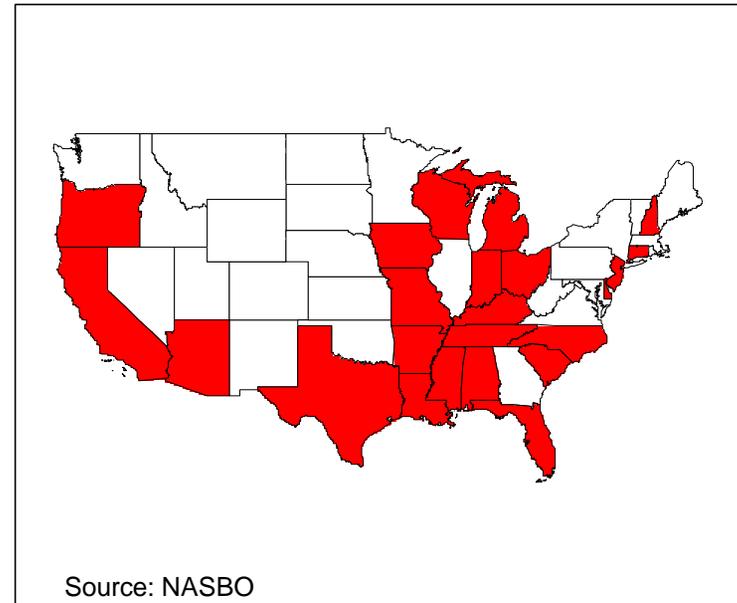
- Over 89,000 new jobs were created in fiscal year 2001
  - ◆ Forecast -- 2.0 percent
  - ◆ Actual -- 2.6 percent
- Unemployment rate far below US rate
  - ◆ Virginia -- 3.1 percent
  - ◆ National -- 4.5 percent
- Northern Virginia remains #1 job market in America
  - ◆ Monthly growth of 4.9 percent
  - ◆ Best rate of growth of any large or small metropolitan area



## Virginia continues to outperform other states in terms of job and revenue growth...

- Latest *State Revenue Report* shows Virginia's performance as one of the best in the nation for the third quarter of FY01
  - ◆ Job growth ranked 8th
  - ◆ Tax revenue growth ranked 4th
- Sluggish revenue growth and other adverse fiscal issues are appearing in numerous other states
- Other state developments/actions
  - ◆ 14 considering tax increases
  - ◆ 6 tapped Rainy Day Funds
  - ◆ 4 laid off state employees

**States Reporting Fiscal Problems  
for Fiscal Year 2002**



*General Fund collections were within one-half percent of forecast...*

---

**Fiscal Year 2001 General Fund**  
Millions of Dollars

	<u>Amount</u>	<u>Percent Growth</u>
Estimated Revenues and Transfers	\$11,540.3	+2.80%
Actual Revenues and Transfers	\$11,487.9	+2.33%
Total Variance	\$ (52.4)	- 0.47%

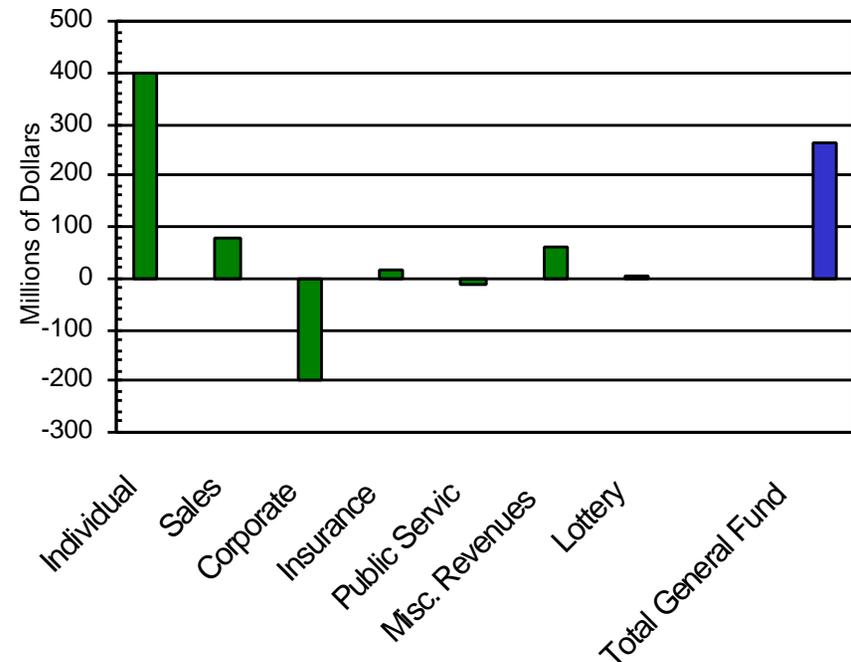
- Over the last 12 years, only 2 other forecasts were more accurate

## *Total General Fund resources had broad-based increases in Fiscal Year 2001...*

---

- Individual and Sales tax collections account for the bulk of the increase
- Wall Street's woes flowed through to Virginia's corporate citizens
- Strong growth in miscellaneous revenue sources, mainly recordation taxes, softened impact of a slowing economy
- Total General Fund increased \$262 million over Fiscal Year 2000 collections.

**Change in General Fund Collections in Fiscal Year 2001**



## *The fall forecasting process will examine the economic outlook and revenue implications...*

- National economic growth expected to rebound after three slow quarters
  - ◆ Fed has cut rates to the lowest level since 1992
    - Rate cuts in pipeline should affect the economy this fall
  - ◆ Tax rebates in consumers' pockets for second half of the year
  - ◆ Declining energy prices will increase consumers' disposable income
  
- Keys to continuing Virginia's economic expansion
  - ◆ Labor force must continue to expand and produce qualified workers
  - ◆ Increased federal defense spending
  - ◆ Solid tourism season
  - ◆ Housing market remains strong in Virginia

*Additional detailed data are attached and are also available on the Web...*

---

- At the Secretary of Finance Web site, w [ww.state.va.us/sfin](http://ww.state.va.us/sfin), the following data are available:
  - ◆ Fiscal Year 2001 General Fund Collection: Actual vs Forecast
  - ◆ June 2001 Revenue Data
  - ◆ July 2001 Revenue Data
  
- At the Department of Accounts Web site, w [ww.state.va.us/doa](http://ww.state.va.us/doa), the following data are available:
  - ◆ Preliminary Annual Report of the Comptroller to the Governor of Virginia, August 15, 2001

**Fiscal Year 2001 General Fund Collections: Actual and Forecast**  
(Dollars in Millions)

	Fiscal Year 2000			Fiscal Year 2001					
	Actual	% Growth	Forecast	Actual	Forecast Variance		% Growth over FY 2000		
					Dollars	Percent	Forecast	Actual	
<b>MAJOR TAX SOURCES</b>									
Corporate Income	\$ 565.9	34.6 %	\$ 476.5	\$ 363.8	\$ (112.7)	(23.7) %	(15.8) %	(35.7) %	
Individual Income									
Gross	7,530.9	10.8	8,159.5	8,061.7	(97.8)	(1.2)	8.3	7.0	
Withholding	5,861.3	10.3	6,337.9	6,254.9	(83.0)	(1.3)	8.1	6.7	
Nonwithholding	1,669.7	12.2	1,821.6	1,806.8	(14.8)	(0.8)	9.1	8.2	
Refunds	(702.0)	(1.4)	(901.1)	(835.4)	65.7	7.3	28.4	19.0	
Net Individual Income	6,828.9	12.2	7,258.4	7,226.3	(32.1)	(0.4)	6.3	5.8	
Insurance Company Premiums	251.1	2.5	259.5	268.1	8.6	3.3	3.4	6.8	
Public Service Gross Receipts	104.2	(6.9)	87.4	93.4	6.0	6.9	(16.1)	(10.3)	
State Sales & Use Tax	2,201.5	6.6	2,297.5	2,273.0	(24.5)	(1.1)	4.4	3.2	
<b>Total Major Tax Sources</b>	<b>\$ 9,951.6</b>	<b>11.4 %</b>	<b>\$ 10,379.3</b>	<b>\$ 10,224.5</b>	<b>\$ (154.8)</b>	<b>(1.5) %</b>	<b>4.3 %</b>	<b>2.7 %</b>	
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>									
Alcoholic Beverages State Tax	\$ 77.3	8.2 %	\$ 81.9	\$ 82.8	\$ 0.9	1.2 %	6.0 %	7.2 %	
Bank Franchise Tax	12.3	(7.8)	3.0	4.6	1.6	54.1	(75.6)	(62.4)	
Beer & Beverage Excise Tax	39.9	2.0	40.2	40.1	(0.1)	(0.1)	0.7	0.6	
Corporate Franchise & Charter Fee:	21.6	(2.1)	20.2	22.9	2.7	13.3	(6.5)	5.9	
Excess & Other Fees From Officers	(10.9)	14.7	(11.4)	(11.1)	0.3	(3.1)	(4.2)	(1.0)	
Estate & Gifts	150.1	(2.6)	125.0	126.8	1.8	1.5	(16.7)	(15.5)	
Institutional Revenues	9.1	9.4	8.6	7.9	(0.7)	(8.3)	(5.9)	(13.7)	
Interest & Rents	131.5	4.0	139.5	133.5	(6.0)	(4.3)	6.1	1.5	
Licenses & Permits	1.5	0.6	1.5	1.6	0.1	9.0	10.5	8.0	
Miscellaneous Taxes & Penalties	124.8	(2.8)	123.7	131.3	7.6	6.2	(0.9)	5.3	
Other Miscellaneous Revenues	51.2	8.4	66.5	106.1	39.6	59.6	29.9	107.3	
Tobacco Products Tax	15.2	(1.1)	14.1	15.1	1.0	6.9	(7.3)	(0.9)	
Wills, Suits, Deeds & Contract Fees	146.3	(7.3)	137.9	167.6	29.7	21.6	(5.7)	14.6	
<b>Total Misc. Taxes &amp; Other Revenue</b>	<b>769.9</b>	<b>(0.3) %</b>	<b>\$ 750.7</b>	<b>829.5</b>	<b>78.8</b>	<b>10.5 %</b>	<b>(2.5) %</b>	<b>7.7 %</b>	
<b>TOTAL REVENUES</b>	<b>\$ 10,721.5</b>	<b>10.5 %</b>	<b>\$ 11,130.0</b>	<b>\$ 11,054.0</b>	<b>\$ (76.0)</b>	<b>(0.7) %</b>	<b>3.8 %</b>	<b>3.1 %</b>	
<b>Tobacco Master Settlement</b>	<b>\$ 66.9</b>	<b>n/a</b>	<b>\$ 48.4</b>	<b>51.3</b>	<b>\$ 2.9</b>	<b>5.9 %</b>	<b>(27.7) %</b>	<b>(23.4) %</b>	
<b>GENERAL FUND REVENUES</b>	<b>\$ 10,788.4</b>	<b>11.2 %</b>	<b>\$ 11,178.4</b>	<b>\$ 11,105.3</b>	<b>\$ (73.1)</b>	<b>(0.7) %</b>	<b>3.6 %</b>	<b>2.9 %</b>	
<b>TRANSFERS</b>									
A.B.C. Profits	\$ 30.2	18.4 %	\$ 24.9	\$ 28.1	\$ 3.2	12.9 %	(17.5) %	(7.0) %	
Lottery Profits	324.3	0.7	313.9	329.4	15.5	4.9	(3.2)	1.6	
Transfers Per Appropriations Act	83.1	69.2	23.1	25.1	2.0	8.7	(72.2)	(69.8)	
<b>Total Transfers</b>	<b>\$ 437.6</b>	<b>10.4 %</b>	<b>\$ 361.9</b>	<b>\$ 382.6</b>	<b>\$ 20.7</b>	<b>5.7 %</b>	<b>(17.3) %</b>	<b>(12.6) %</b>	
<b>TOTAL GENERAL FUND</b>	<b>\$ 11,226.0</b>	<b>11.2 %</b>	<b>\$ 11,540.3</b>	<b>\$ 11,487.9</b>	<b>\$ (52.4)</b>	<b>(0.5) %</b>	<b>2.8 %</b>	<b>2.3 %</b>	

The official forecast is based on the October 2000 WEFA U.S. Standard scenario and the corresponding Virginia forecast developed by the Department of Taxation.

Commonwealth of Virginia/Department of Accounts  
Summary Report on General Fund and Lottery Revenue Collections  
For the Fiscal Years 2000 and 2001  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2001 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2001	June FY 2000	% Change	FY 2001	Year-To-Date FY 2000	% Change	% Annual Growth Req By Est
<b>Individual Income Tax:</b>									
Withholding	\$6,337,900	55.15	\$505,871	\$501,182	0.9	\$6,254,891	\$5,861,255	6.7	8.1
Tax Dues/Estimated Payments	1,821,600	15.85	201,505	198,738	1.4	1,806,825	1,669,664	8.2	9.1
Gross Individual Income Tax	\$8,159,500	71.00	\$707,376	\$699,920	1.1	\$8,061,716	\$7,530,919	7.0	8.3
Individual and Fiduciary Income (Refunds)	(901,100)	(7.84)	(26,831)	(30,812)	(12.9)	(835,407)	(702,012)	19.0	28.4
Net Individual Income Tax	\$7,258,400	63.16	\$680,545	\$669,108	1.7	\$7,226,309	\$6,828,907	5.8	6.3
Sales and Use Tax (a)	2,297,500	19.99	190,087	186,638	1.8	2,272,954	2,201,533	3.2	4.4
Corporations Income Tax	476,500	4.15	73,734	86,353	(14.6)	363,757	565,909	(35.7)	(15.8)
Public Service Corporations	87,400	0.76	10,370	27,488	(62.3)	93,427	104,197	(10.3)	(16.1)
Insurance Premiums	259,500	2.26	64,494	60,056	7.4	268,060	251,074	6.8	3.4
Interest Income (b)	139,200	1.21	(18,876)	(3,363)	(461.3)	133,167	131,160	1.5	6.1
Alcoholic Beverage Sales (c)	122,100	1.06	23,636	22,062	7.1	122,987	117,204	4.9	4.2
All Other Revenues	489,400	4.26	82,355	77,071	6.9	573,338	521,559	9.9	(6.2)
General Fund Revenues Excluding Tobacco Master Settlement	\$11,130,000	96.85	\$1,106,345	\$1,125,413	(1.7)	\$11,053,999	\$10,721,543	3.1	3.8
Tobacco Master Settlement	\$48,400	0.42	\$48	\$0	-	\$51,276	\$66,939	(23.4)	(27.7)
<b>Total General Fund Revenues</b>	<b>\$11,178,400</b>	<b>97.27</b>	<b>\$1,106,393</b>	<b>\$1,125,413</b>	<b>(1.7)</b>	<b>\$11,105,275</b>	<b>\$10,788,482</b>	<b>2.9</b>	<b>3.6</b>
<b>Gross Lottery Revenue</b>	<b>\$979,516</b>	<b>8.52</b>	<b>\$88,820</b>	<b>\$82,680</b>	<b>7.4</b>	<b>\$1,002,829</b>	<b>\$972,972</b>	<b>3.1</b>	<b>0.7</b>
<b>Less: Expenses</b>	<b>(665,516)</b>	<b>(5.79)</b>	<b>(57,811)</b>	<b>(60,233)</b>	<b>(4.0)</b>	<b>(673,614)</b>	<b>(649,497)</b>	<b>3.7</b>	<b>2.5</b>
<b>Net Lottery Profits</b>	<b>\$314,000</b>	<b>2.73</b>	<b>\$31,009</b>	<b>\$22,447</b>	<b>38.1</b>	<b>\$329,215</b>	<b>\$323,475</b>	<b>1.8</b>	<b>(2.9)</b>
<b>Total General Fund Revenues and Net Lottery Profits</b>	<b>\$11,492,400</b>	<b>100.00</b>	<b>\$1,137,402</b>	<b>\$1,147,860</b>	<b>(0.9)</b>	<b>\$11,434,490</b>	<b>\$11,111,957</b>	<b>2.9</b>	<b>3.4</b>
<b>Local Portion of State Sales/Use Tax</b>	<b>\$767,800</b>	<b>6.68</b>	<b>\$64,238</b>	<b>\$63,023</b>	<b>1.9</b>	<b>\$767,970</b>	<b>\$735,246</b>	<b>4.5</b>	<b>4.4</b>

# Percentage is greater than 1,000%.

(a) Includes Local Portion of State Sales and Use Tax.

(b) Interest income for the April - June quarter attributable to nongeneral funds was transferred in June resulting in negative interest income for the general fund.

(c) Includes Beer and Beverage Excise Tax and Alcoholic Beverage State Tax.

Commonwealth of Virginia/Department of Accounts  
General Fund Statement of Revenue Collections and Estimates  
For the Fiscal Years 2000 and 2001  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2001 Estimate	As a % of Total Gen Fund Rev	FY 2001	June FY 2000	% Change	FY 2001	Year-To-Date FY 2000	% Change	% Annual Growth Req By Est
<b>Taxes:</b>									
Individual Income Tax - Withholding	\$6,337,900	56.70	\$505,871	\$501,182	0.9	\$6,254,891	\$5,861,255	6.7	8.1
Tax Dues/Estimated Payments	1,821,600	16.29	201,505	198,738	1.4	1,806,825	1,669,664	8.2	9.1
Gross Individual Income Tax	\$8,159,500	72.99	\$707,376	\$699,920	1.1	\$8,061,716	\$7,530,919	7.0	8.3
Individ and Fiduc Income (Refunds)	(901,100)	(8.06)	(26,831)	(30,812)	(12.9)	(835,407)	(702,012)	19.0	28.4
Net Individual Income Tax	\$7,258,400	64.93	\$680,545	\$669,108	1.7	\$7,226,309	\$6,828,907	5.8	6.3
Sales and Use Tax	2,297,500	20.55	190,087	186,638	1.8	2,272,954	2,201,533	3.2	4.4
Corporations Income	476,500	4.26	73,734	86,353	(14.6)	363,757	565,909	(35.7)	(15.8)
Public Service Corporations	87,400	0.78	10,370	27,488	(62.3)	93,427	104,197	(10.3)	(16.1)
Insurance Premiums	259,500	2.32	64,494	60,056	7.4	268,060	251,074	6.8	3.4
Alcoholic Beverage Excise	81,900	0.73	19,700	18,100	8.8	82,842	77,289	7.2	6.0
Beer and Beverage Excise	40,200	0.36	3,936	3,962	(0.7)	40,145	39,915	0.6	0.7
Wills, Suits, Deeds, Contracts	137,900	1.24	18,766	17,586	6.7	167,622	146,288	14.6	(5.7)
Inheritance, Gift, and Estate	125,000	1.12	8,091	14,946	(45.9)	126,839	150,121	(15.5)	(16.7)
Tobacco Products	14,100	0.13	1,371	1,429	(4.1)	15,074	15,208	(0.9)	(7.3)
Bank Franchise	3,000	0.03	9,323	8,411	10.8	4,624	12,304	(62.4)	(75.6)
Other Taxes	(4,900)	(0.04)	369	(247)	249.4	(2,814)	(2,509)	(12.2)	(95.3)
<b>Total Taxes</b>	<b>\$10,776,500</b>	<b>96.41</b>	<b>\$1,080,786</b>	<b>\$1,093,830</b>	<b>(1.2)</b>	<b>\$10,658,839</b>	<b>\$10,390,236</b>	<b>2.6</b>	<b>3.7</b>
<b>Rights and Privileges:</b>									
Licenses and Permits	\$1,500	0.01	\$254	\$152	67.1	\$1,635	\$1,514	8.0	(0.9)
Corp. Franchise and Charters	20,200	0.18	16,258	15,007	8.3	22,882	21,606	5.9	(6.5)
Fees for Practice of Prof	1,000	0.01	23	21	9.5	1,144	1,040	10.0	(3.8)
Fees for Misc. Privileges & Services	9,900	0.09	1,554	607	156.0	11,266	9,938	13.4	(0.4)
<b>Total Rights and Privileges</b>	<b>\$32,600</b>	<b>0.29</b>	<b>\$18,089</b>	<b>\$15,787</b>	<b>14.6</b>	<b>\$36,927</b>	<b>\$34,098</b>	<b>8.3</b>	<b>(4.4)</b>
<b>Other Revenues:</b>									
Sales of Property & Commodities	\$100	0.00	\$0	\$143	(100.0)	\$66	\$1,146	(94.2)	(91.3)
Assessmts & Rcpts for Support of Special Svces	300	0.00	71	87	(18.4)	399	170	134.7	76.5
Institutional Revenue	8,600	0.08	560	1,185	(52.7)	7,888	9,142	(13.7)	(5.9)
Interest (a)	139,200	1.24	(18,876)	(3,363)	(461.3)	133,167	131,160	1.5	6.1
Dividends and Rent	300	0.00	36	37	(2.7)	364	359	1.4	(16.4)
Fines, Forfeitures & Fees	128,600	1.15	12,988	12,844	1.1	134,163	127,280	5.4	1.0
Other Revenue	46,700	0.42	13,154	4,699	179.9	84,438	29,522	186.0	58.2
Excess Fees	(11,400)	(0.10)	(1,328)	(806)	(64.8)	(11,051)	(10,943)	(1.0)	(4.2)
Private Donations, Gifts & Cont.	0	0.00	0	0	-	(5)	5	(200.0)	(100.0)
Cities, Counties, and Towns	8,500	0.08	865	970	(10.8)	8,804	9,368	(6.0)	(9.3)
<b>Total Other Revenues</b>	<b>\$320,900</b>	<b>2.87</b>	<b>\$7,470</b>	<b>\$15,796</b>	<b>(52.7)</b>	<b>\$358,233</b>	<b>\$297,209</b>	<b>20.5</b>	<b>8.0</b>
General Fund Revenues Excluding Tobacco Master Settlement	\$11,130,000	99.57	\$1,106,345	\$1,125,413	(1.7)	\$11,053,999	\$10,721,543	3.1	3.8
Tobacco Master Settlement	\$48,400	0.43	\$48	\$0	-	\$51,276	\$66,939	(23.4)	(27.7)
<b>Total General Fund Revenues</b>	<b>\$11,178,400</b>	<b>100.00</b>	<b>\$1,106,393</b>	<b>\$1,125,413</b>	<b>(1.7)</b>	<b>\$11,105,275</b>	<b>\$10,788,482</b>	<b>2.9</b>	<b>3.6</b>

# Percentage is greater than 1,000%.

(a) Interest income for the April - June quarter attributable to nongeneral funds was transferred in June resulting in negative interest income for the general fund.

**Commonwealth of Virginia/Department of Lottery  
Summary Report on Lottery Collections  
For the Fiscal Years 2000 and 2001  
(Dollars in Thousands)**

	<u>FY 2001 Estimate</u>	<u>June</u>			<u>Year-To-Date</u>			<u>% Annual Growth Required By Estimate</u>
		<u>FY 2001</u>	<u>FY 2000</u>	<u>% Change</u>	<u>FY 2001</u>	<u>FY 2000</u>	<u>% Change</u>	
Lottery Collections								
Lotto Virginia (c)	\$84,346	\$9,323	\$5,717	63.1	\$81,078	\$90,601	(10.5)	(6.9)
Cash 5	24,660	2,111	2,228	(5.3)	25,888	28,391	(8.8)	(13.1)
Pick 4	125,930	10,632	10,438	1.9	131,361	119,428	10.0	5.4
Pick 3	228,960	18,387	19,718	(6.8)	230,037	235,689	(2.4)	(2.9)
Multi-State (Big Game)	76,620	5,195	5,800	(10.4)	74,431	96,604	(23.0)	(20.7)
Scratch	<u>439,000</u>	<u>43,172</u>	<u>38,779</u>	<u>11.3</u>	<u>460,034</u>	<u>402,259</u>	<u>14.4</u>	<u>9.1</u>
Gross Lottery Revenue	979,516	88,820	82,680	7.4	1,002,829	972,972	3.1	0.7
Expenses (b)	<u>665,516</u>	<u>57,811 (a)</u>	<u>60,233</u>	<u>(4.0)</u>	<u>673,614 (a)</u>	<u>649,497</u>	<u>3.7</u>	<u>2.5</u>
Net Lottery Ticket Profits	<u>\$314,000</u>	<u>\$31,009 (a)</u>	<u>\$22,447</u>	<u>38.1</u>	<u>\$329,215 (a)</u>	<u>\$323,475</u>	<u>1.8</u>	<u>(2.9)</u>

(a) Current month includes actual operating expenses (unaudited closing).

(b) "Expenses" includes prizes to winners, compensation to retailers, instant ticket printing costs, and Lottery operating expenses, and net other income/expense.

(c) Includes Kicker. The Lottery stopped selling Kicker on September 16, 2000 concurrent with the introduction of Lotto Virginia.

**Commonwealth of Virginia/Department of Accounts**  
**Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues**  
**Summary Statement of Revenue Estimates & Collections**  
**For the Fiscal Years 2000 and 2001**  
**(Dollars in Thousands)**

Revenue	FY 2001 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Estimate
			FY 2001	FY 2000	% Change	FY 2001	FY 2000	% Change	
Motor Fuel Taxes	\$768,665	27.77	\$107,937	\$118,901	(9.2)	\$778,191	\$784,434	(0.8)	(2.0)
Priority Transportation Fund	35,232	1.27	26,667	0	-	33,334	0	-	-
Motor Vehicle Sales and Use Tax	486,146	17.57	48,568	47,542	2.2	502,403	498,098	0.9	(2.4)
State Sales and Use Tax	390,200	14.10	32,367	31,763	1.9	387,637	372,473	4.1	4.8
Motor Vehicle License Fees	141,989	5.12	14,503	14,967	(3.1)	147,105	144,800	1.6	(1.9)
International Registration Plan	57,880	2.09	5,152	8,533	(39.6)	51,095	54,804	(6.8)	5.6
Interest Earnings	6,843	0.25	3,140	3,346	(6.2)	12,915	10,658	21.2	(35.8)
Misc. Taxes, Fees, and Revenues	13,317	0.48	623	1,958	(68.2)	18,311	17,640	3.8	(24.5)
<b>Total State Taxes and Fees</b>	<b>\$1,900,272</b>	<b>68.65</b>	<b>\$238,957</b>	<b>\$227,010</b>	<b>5.3</b>	<b>\$1,930,991</b>	<b>\$1,882,907</b>	<b>2.6</b>	<b>0.9</b>

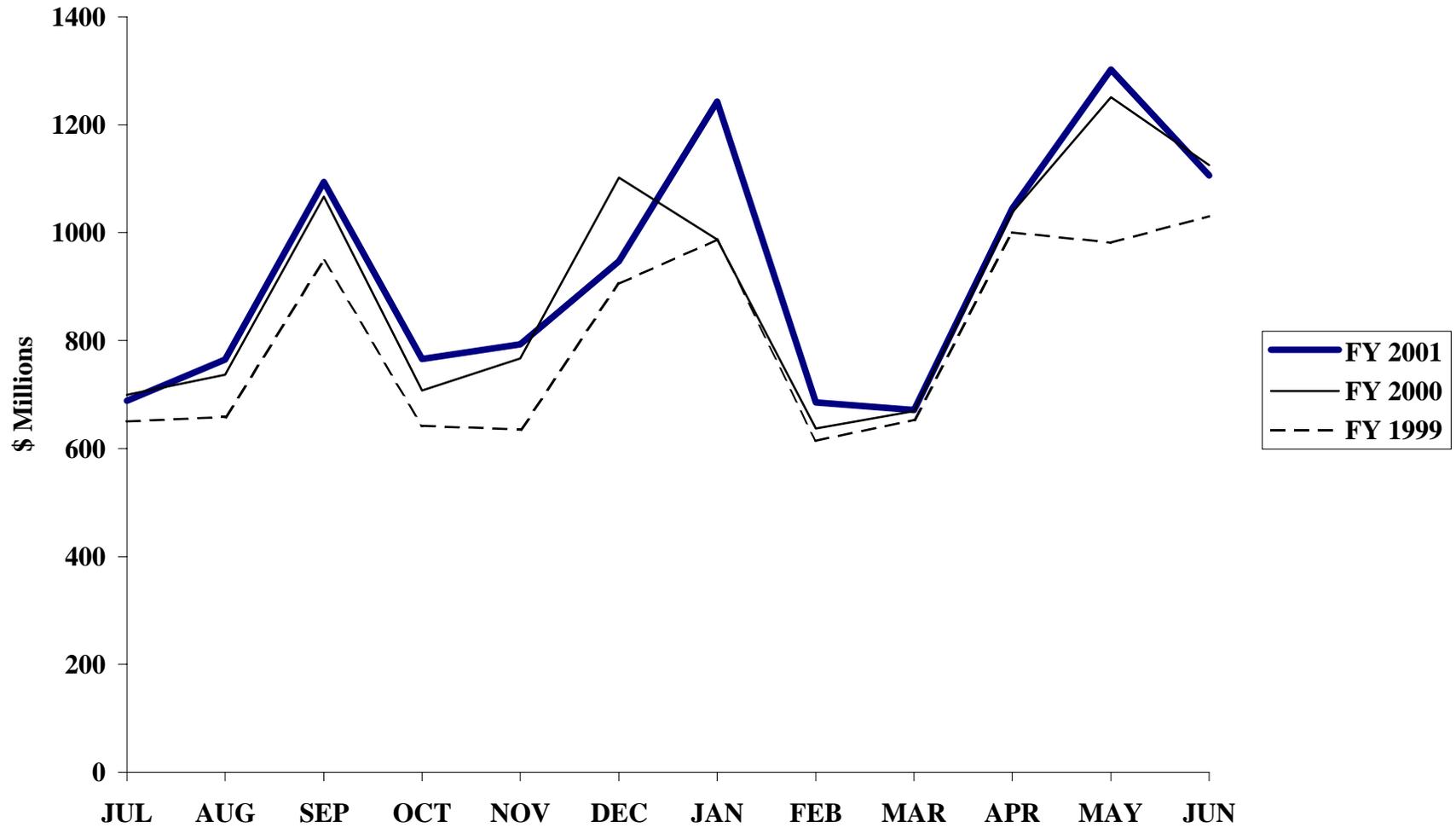
# Percentage is greater than 1,000%.

Commonwealth of Virginia/Department of Accounts  
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues  
Statement of Revenue Estimates & Collections  
For the Fiscal Years 2000 and 2001  
(Dollars in Thousands)

Revenue	FY 2001 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Est
			FY 2001	FY 2000	% Change	FY 2001	FY 2000	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$664,096	23.99	\$89,224	\$103,077	(13.4)	\$662,794	\$676,009	(2.0)	(1.8)
Motor Vehicle Sales and Use Tax	312,900	11.31	30,831	30,077	2.5	320,485	318,580	0.6	(1.8)
Motor Vehicle License Fees	123,564	4.46	12,602	13,071	(3.6)	127,764	126,097	1.3	(2.0)
International Registration Plan	57,880	2.09	5,152	8,533	(39.6)	51,095	54,804	(6.8)	5.6
Misc. Taxes, Fees, and Revenues	13,317	0.48	623	1,958	(68.2)	18,311	17,640	3.8	(24.5)
<b>Total State Taxes and Fees</b>	<b>\$1,171,757</b>	<b>42.33</b>	<b>\$138,432</b>	<b>\$156,716</b>	<b>(11.7)</b>	<b>\$1,180,449</b>	<b>\$1,193,130</b>	<b>(1.1)</b>	<b>(1.8)</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$5,697	0.20	\$1,905	\$951	100.3	\$11,505	\$8,989	28.0	(36.6)
<b>Transfer (to) / from Transportation Trust Fund</b>									
	(4,008)	(0.14)	(4,218)	(317)	#	(42,349)	(1,274)	#	(214.6)
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,173,446</b>	<b>42.39</b>	<b>\$136,119</b>	<b>\$157,350</b>	<b>(13.5)</b>	<b>\$1,149,605</b>	<b>\$1,200,845</b>	<b>(4.3)</b>	<b>(2.3)</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$104,569	3.78	\$18,713	\$15,824	18.3	\$115,397	\$108,425	6.4	(3.6)
Priority Transportation Fund	35,232	1.27	26,667	0	-	33,334	0	-	-
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	173,246	6.26	17,737	17,465	1.6	181,918	179,518	1.3	(3.5)
State Sales and Use Tax	390,200	14.10	32,367	31,763	1.9	387,637	372,473	4.1	4.8
Motor Vehicle License Fees	18,425	0.66	1,901	1,896	0.3	19,341	18,703	3.4	(1.5)
Interest Earnings	6,843	0.25	3,140	3,346	(6.2)	12,915	10,658	21.2	(35.8)
<b>Total State Taxes and Fees</b>	<b>\$728,515</b>	<b>26.32</b>	<b>\$100,525</b>	<b>\$70,294</b>	<b>43.0</b>	<b>\$750,542</b>	<b>\$689,777</b>	<b>8.8</b>	<b>5.6</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$765,713	27.66	\$35,288	\$58,694	(39.9)	\$537,888	\$504,791	6.6	51.7
Receipts from Cities/Counties	39,022	1.41	(1,505)	(26,301)	94.3	17,605	44,994	(60.9)	(13.3)
Toll Revenues (Includes Route 28)	57,389	2.08	6,423	4,984	28.9	63,610	57,813	10.0	(0.7)
Miscellaneous Revenues	0	0.00	3,570	31	#	19,063	8,074	136.1	(100.0)
<b>Total Other Revenues</b>	<b>\$862,124</b>	<b>31.15</b>	<b>\$43,776</b>	<b>\$37,408</b>	<b>17.0</b>	<b>\$638,166</b>	<b>\$615,672</b>	<b>3.7</b>	<b>40.0</b>
<b>Transfer (to) / from Highway Maintenance and Operating Fund</b>									
	\$4,008	0.14	\$4,218	\$317	#	\$42,349	\$1,274	#	214.6
<b>Total Transportation Trust Fund</b>	<b>\$1,594,647</b>	<b>57.61</b>	<b>\$148,519</b>	<b>\$108,019</b>	<b>37.5</b>	<b>\$1,431,057</b>	<b>\$1,306,723</b>	<b>9.5</b>	<b>22.0</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>									
	<b>\$2,768,093</b>	<b>100.00</b>	<b>\$284,638</b>	<b>\$265,369</b>	<b>7.3</b>	<b>\$2,580,662</b>	<b>\$2,507,568</b>	<b>2.9</b>	<b>10.4</b>

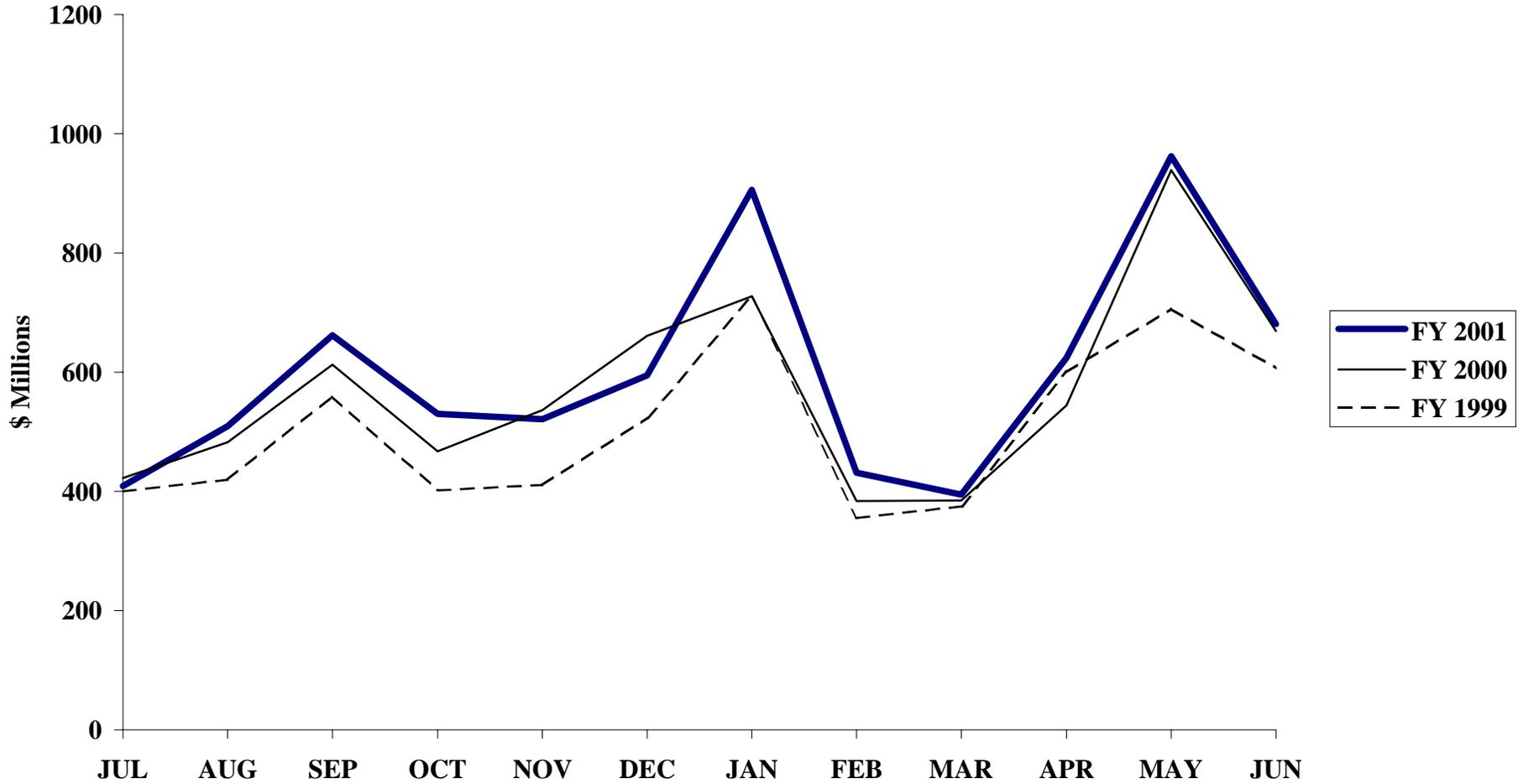
# Percentage is greater than 1,000%.

## Total General Fund Revenues



**FY 1999 Actual = \$9,702.7 Million**  
**FY 2000 Actual = \$10,788.5 Million**  
**FY 2001 Actual = \$11,105.3 Million**

# Net Individual Income Tax

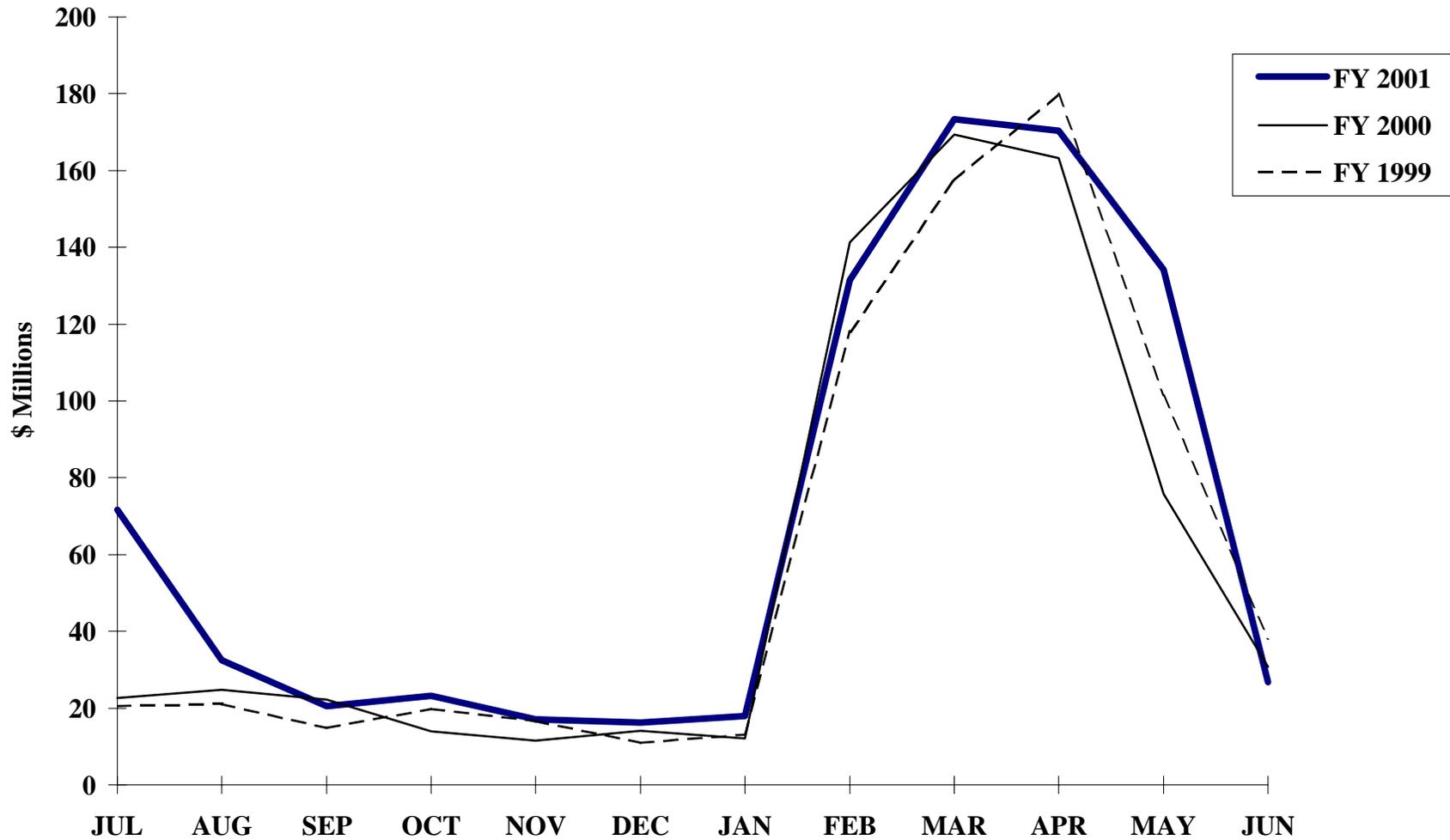


**FY 1999 Actual = \$6,087.8 Million**

**FY 2000 Actual = \$6,828.9 Million**

**FY 2001 Actual = \$7,226.3 Million**

## Individual and Fiduciary Income Tax Refunds



**FY 1999 Actual = \$711.9 Million**

**FY 2000 Actual = \$702.0 Million**

**FY 2001 Actual = \$835.4 Million**

## DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2001

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION <sup>1,2</sup>		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
<b>July</b>	\$2,978.4	6.36%	\$889.2	8.04%	\$3,867.6	6.75%
<b>August</b>	\$2,771.5	6.32%	\$896.9	14.65%	\$3,668.4	8.36%
<b>September</b>	\$2,833.5	6.46%	\$905.6	11.46%	\$3,739.1	7.67%
<b>October</b>	\$2,949.8	6.36%	\$912.1	7.03%	\$3,861.9	6.52%
<b>November</b>	\$2,713.5	6.44%	\$922.3	17.19%	\$3,635.8	9.17%
<b>December</b>	\$2,404.8	6.45%	\$937.6	21.12%	\$3,342.4	10.56%
<b>January</b>	\$2,801.0	6.28%	\$952.2	17.61%	\$3,753.2	9.15%
<b>February</b>	\$2,963.7	6.36%	\$964.7	10.98%	\$3,928.4	7.49%
<b>March</b>	\$2,693.0	5.89%	\$973.5	8.54%	\$3,666.5	6.59%
<b>April</b>	\$2,508.7	5.79%	\$974.5	-2.33%	\$3,483.2	3.52%
<b>May</b>	\$2,802.3	5.28%	\$976.2	6.18%	\$3,778.5	5.51%
<b>June</b>	\$2,580.8	5.21%	\$981.6	4.09%	\$3,562.4	4.90%
<b>Year-to-Date Average</b>	\$2,750.1	6.11%	\$940.5	10.29%	\$3,690.6	7.17%

<sup>1</sup> Performance on the extended duration portion of the General Account is now reported on an annualized total return basis, net of management fees. Total return includes unrealized gains and losses, which in the short term can make returns more volatile. Over an extended time period the fluctuations average out and total return approaches the portfolio yield.

<sup>2</sup> Unaudited.

<sup>3</sup> Revised.

**Commonwealth of Virginia/Department of Accounts  
Report on the Revenue Stabilization Fund  
For the Fiscal Year 2001  
(Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$574,633	\$0	\$0	\$574,633
August	\$574,633	\$0	\$0	\$574,633
September	\$574,633	\$0	\$0	\$574,633
October	\$574,633	\$0	\$8,089	\$582,722
November	\$582,722	\$0	\$0	\$582,722
December	\$582,722	\$0	\$0	\$582,722
January	\$582,722	\$0	\$8,734	\$591,456
February	\$591,456	\$0	\$0	\$591,456
March	\$591,456	\$0	\$0	\$591,456
April	\$591,456	\$0	\$10,808	\$602,264
May	\$602,264	\$0	\$0	\$602,264
June	\$602,264	\$103,346 (B)	\$10,013	\$715,623

Notes: (A) Interest is earned monthly but credited to nongeneral funds on a quarterly basis and will appear on this report in the months of October, January, April, and final June.

(B) Deposit as required by Item 270 of Chapter 1073 (2000 Reconvened Session).

Commonwealth of Virginia/Department of Accounts  
Summary Report on General Fund and Lottery Revenue Collections  
For the Fiscal Years 2001 and 2002  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)		(5)	(6)		(7)	(8)	(9)
	FY 2002 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2002	July		% Change	Year-To-Date		FY 2001	% Change	% Annual Growth Req By Est
				FY 2001			FY 2002	FY 2001			
<b>Individual Income Tax:</b>											
Withholding	\$6,808,700	55.59	\$498,571	\$461,483	8.0	\$498,571	\$461,483	8.0	8.9		
Tax Dues/Estimated Payments	1,909,800	15.59	18,429	19,310	(4.6)	18,429	19,310	(4.6)	5.7		
<b>Gross Individual Income Tax</b>	<b>\$8,718,500</b>	<b>71.18</b>	<b>\$517,000</b>	<b>\$480,793</b>	<b>7.5</b>	<b>\$517,000</b>	<b>\$480,793</b>	<b>7.5</b>	<b>8.1</b>		
Individual and Fiduciary Income (Refunds)	(925,200)	(7.55)	(70,457)	(71,632)	(1.6)	(70,457)	(71,632)	(1.6)	10.7		
<b>Net Individual Income Tax</b>	<b>\$7,793,300</b>	<b>63.63</b>	<b>\$446,543</b>	<b>\$409,161</b>	<b>9.1</b>	<b>\$446,543</b>	<b>\$409,161</b>	<b>9.1</b>	<b>7.8</b>		
<b>Sales and Use Tax (a)</b>	<b>2,448,100</b>	<b>19.99</b>	<b>196,527</b>	<b>202,584</b>	<b>(3.0)</b>	<b>196,527</b>	<b>202,584</b>	<b>(3.0)</b>	<b>7.7</b>		
<b>Corporations Income Tax</b>	<b>514,800</b>	<b>4.20</b>	<b>7,980</b>	<b>17,386</b>	<b>(54.1)</b>	<b>7,980</b>	<b>17,386</b>	<b>(54.1)</b>	<b>41.5</b>		
Public Service Corporations	95,500	0.78	1,971	314	527.7	1,971	314	527.7	2.2		
Insurance Premiums	273,300	2.23	866	1,978	(56.2)	866	1,978	(56.2)	2.0		
Interest Income (b)	139,300	1.14	11,623	18,114	(35.8)	11,623	18,114	(35.8)	4.6		
Alcoholic Beverage Sales (c)	125,000	1.02	3,690	4,016	(8.1)	3,690	4,016	(8.1)	1.6		
All Other Revenues	489,900	4.00	36,189	34,433	5.1	36,189	34,433	5.1	(14.6)		
<b>General Fund Revenues Excluding     Tobacco Master Settlement</b>	<b>\$11,879,200</b>	<b>96.99</b>	<b>\$705,389</b>	<b>\$687,986</b>	<b>2.5</b>	<b>\$705,389</b>	<b>\$687,986</b>	<b>2.5</b>	<b>7.5</b>		
<b>Tobacco Master Settlement</b>	<b>\$58,100</b>	<b>0.47</b>	<b>\$0</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	<b>\$0</b>	<b>-</b>	<b>13.3</b>		
<b>Total General Fund Revenues</b>	<b>\$11,937,300</b>	<b>97.46</b>	<b>\$705,389</b>	<b>\$687,986</b>	<b>2.5</b>	<b>\$705,389</b>	<b>\$687,986</b>	<b>2.5</b>	<b>7.5</b>		
<b>Gross Lottery Revenue</b>	<b>\$980,770</b>	<b>8.01</b>	<b>\$77,000</b>	<b>\$73,106</b>	<b>5.3</b>	<b>\$77,000</b>	<b>\$73,106</b>	<b>5.3</b>	<b>(2.2)</b>		
<b>Less: Expenses</b>	<b>(670,470)</b>	<b>(5.47)</b>	<b>(55,356)</b>	<b>(46,439)</b>	<b>19.2</b>	<b>(55,356)</b>	<b>(46,439)</b>	<b>19.2</b>	<b>(0.5)</b>		
<b>Net Lottery Profits</b>	<b>\$310,300</b>	<b>2.54</b>	<b>\$21,644</b>	<b>\$26,667</b>	<b>(18.8)</b>	<b>\$21,644</b>	<b>\$26,667</b>	<b>(18.8)</b>	<b>(5.7)</b>		
<b>Total General Fund Revenues and Net Lottery Profits</b>	<b>\$12,247,600</b>	<b>100.00</b>	<b>\$727,033</b>	<b>\$714,653</b>	<b>1.7</b>	<b>\$727,033</b>	<b>\$714,653</b>	<b>1.7</b>	<b>7.1</b>		
<b>Local Portion of State Sales/Use Tax</b>	<b>\$822,900</b>	<b>6.72</b>	<b>\$66,446</b>	<b>\$68,432</b>	<b>(2.9)</b>	<b>\$66,446</b>	<b>\$68,432</b>	<b>(2.9)</b>	<b>7.2</b>		

# Percentage is greater than 1,000%.

(a) Includes Local Portion of State Sales and Use Tax.

(b) Approximately 60% of the interest for the current quarter is due to nongeneral funds and will be transferred in October.

(c) Includes Beer and Beverage Excise Tax and Alcoholic Beverage State Tax.

Commonwealth of Virginia/Department of Accounts  
General Fund Statement of Revenue Collections and Estimates  
For the Fiscal Years 2001 and 2002  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2002 Estimate	As a % of Total Gen Fund Rev	FY 2002	FY 2001	% Change	FY 2002	FY 2001	% Change	% Annual Growth Req By Est
<b>Taxes:</b>									
Individual Income Tax - Withholding	\$6,808,700	57.04	\$498,571	\$461,483	8.0	\$498,571	\$461,483	8.0	8.9
Tax Dues/Estimated Payments	1,909,800	16.00	18,429	19,310	(4.6)	18,429	19,310	(4.6)	5.7
Gross Individual Income Tax	\$8,718,500	73.04	\$517,000	\$480,793	7.5	\$517,000	\$480,793	7.5	8.1
Individ and Fiduc Income (Refunds)	(925,200)	(7.75)	(70,457)	(71,632)	(1.6)	(70,457)	(71,632)	(1.6)	10.7
Net Individual Income Tax	\$7,793,300	65.29	\$446,543	\$409,161	9.1	\$446,543	\$409,161	9.1	7.8
Sales and Use Tax	2,448,100	20.51	196,527	202,584	(3.0)	196,527	202,584	(3.0)	7.7
Corporations Income	514,800	4.31	7,980	17,386	(54.1)	7,980	17,386	(54.1)	41.5
Public Service Corporations	95,500	0.80	1,971	314	527.7	1,971	314	527.7	2.2
Insurance Premiums	273,300	2.29	866	1,978	(56.2)	866	1,978	(56.2)	2.0
Alcoholic Beverage Excise	84,800	0.71	0	0	-	0	0	-	2.4
Beer and Beverage Excise	40,200	0.34	3,690	4,016	(8.1)	3,690	4,016	(8.1)	0.1
Wills, Suits, Deeds, Contracts	143,100	1.20	15,172	12,517	21.2	15,172	12,517	21.2	(14.6)
Inheritance, Gift, and Estate	131,300	1.10	7,057	8,138	(13.3)	7,057	8,138	(13.3)	3.5
Tobacco Products	13,700	0.11	1,316	1,185	11.1	1,316	1,185	11.1	(9.1)
Bank Franchise	9,000	0.07	11	(102)	110.8	11	(102)	110.8	94.6
Other Taxes	(4,900)	(0.04)	(1,136)	100	#	(1,136)	100	#	(74.1)
<b>Total Taxes</b>	<b>\$11,542,200</b>	<b>96.69</b>	<b>\$679,997</b>	<b>\$657,277</b>	<b>3.5</b>	<b>\$679,997</b>	<b>\$657,277</b>	<b>3.5</b>	<b>8.3</b>
<b>Rights and Privileges:</b>									
Licenses and Permits	\$1,500	0.01	\$122	\$122	0.0	\$122	\$122	0.0	(8.3)
Corp. Franchise and Charters	20,400	0.17	574	602	(4.7)	574	602	(4.7)	(10.8)
Fees for Practice of Prof	1,000	0.01	1	0	-	1	0	-	(12.6)
Fees for Misc. Privileges & Services	9,900	0.08	2,099	1,839	14.1	2,099	1,839	14.1	(12.1)
<b>Total Rights and Privileges</b>	<b>\$32,800</b>	<b>0.27</b>	<b>\$2,796</b>	<b>\$2,563</b>	<b>9.1</b>	<b>\$2,796</b>	<b>\$2,563</b>	<b>9.1</b>	<b>(11.2)</b>
<b>Other Revenues:</b>									
Sales of Property & Commodities	\$1,600	0.01	\$8	\$4	100.0	\$8	\$4	100.0	#
Assessmts & Rcpts for Support of Special Svces	300	0.00	65	96	(32.3)	65	96	(32.3)	(24.8)
Institutional Revenue	8,800	0.08	689	182	278.6	689	182	278.6	11.6
Interest (a)	139,300	1.17	11,623	18,114	(35.8)	11,623	18,114	(35.8)	4.6
Dividends and Rent	300	0.00	25	21	19.0	25	21	19.0	(17.6)
Fines, Forfeitures & Fees	132,700	1.11	10,568	10,380	1.8	10,568	10,380	1.8	(1.1)
Other Revenue	25,400	0.21	763	(47)	#	763	(47)	#	(69.9)
Excess Fees	(12,200)	(0.10)	(1,702)	(1,174)	(45.0)	(1,702)	(1,174)	(45.0)	(10.4)
Private Donations, Gifts & Cont.	0	0.00	0	0	-	0	0	-	100.0
Cities, Counties, and Towns	8,000	0.07	557	570	(2.3)	557	570	(2.3)	(9.1)
<b>Total Other Revenues</b>	<b>\$304,200</b>	<b>2.55</b>	<b>\$22,596</b>	<b>\$28,146</b>	<b>(19.7)</b>	<b>\$22,596</b>	<b>\$28,146</b>	<b>(19.7)</b>	<b>(15.1)</b>
<b>General Fund Revenues Excluding Tobacco Master Settlement</b>	<b>\$11,879,200</b>	<b>99.51</b>	<b>\$705,389</b>	<b>\$687,986</b>	<b>2.5</b>	<b>\$705,389</b>	<b>\$687,986</b>	<b>2.5</b>	<b>7.5</b>
<b>Tobacco Master Settlement</b>	<b>\$58,100</b>	<b>0.49</b>	<b>\$0</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	<b>\$0</b>	<b>-</b>	<b>13.3</b>
<b>Total General Fund Revenues</b>	<b>\$11,937,300</b>	<b>100.00</b>	<b>\$705,389</b>	<b>\$687,986</b>	<b>2.5</b>	<b>\$705,389</b>	<b>\$687,986</b>	<b>2.5</b>	<b>7.5</b>

# Percentage is greater than 1,000%.

(a) Approximately 60% of the interest for the current quarter is due to nongeneral funds and will be transferred in October.

**Commonwealth of Virginia/Department of Lottery  
Summary Report on Lottery Collections  
For the Fiscal Years 2001 and 2002  
(Dollars in Thousands)**

	<u>FY 2002 Estimate</u>	<u>July</u>			<u>Year-To-Date</u>			<u>% Annual Growth Required By Estimate</u>
		<u>FY 2002</u>	<u>FY 2001</u>	<u>% Change</u>	<u>FY 2002</u>	<u>FY 2001</u>	<u>% Change (b)</u>	
Lottery Collections								
Lotto Virginia (d)	\$123,000	\$11,878	\$7,448	59.5	\$11,878	\$7,448	59.5	51.7
Cash 5	26,350	2,133	2,253	(5.3)	2,133	2,253	(5.3)	1.8
Pick 4	139,750	11,406	10,473	8.9	11,406	10,473	8.9	6.4
Pick 3	223,520	19,741	18,920	4.3	19,741	18,920	4.3	(2.8)
Multi-State (Big Game)	80,150	4,986	7,065	(29.4)	4,986	7,065	(29.4)	7.7
Scratch	<u>388,000</u>	<u>26,856</u>	<u>26,947</u>	<u>(0.3)</u>	<u>26,856</u>	<u>26,947</u>	<u>(0.3)</u>	<u>(15.7)</u>
Gross Lottery Revenue	980,770	77,000	73,106	5.3	77,000	73,106	5.3	(2.2)
Expenses (c)	<u>670,470</u>	<u>55,356 (a)</u>	<u>46,439</u>	<u>19.2</u>	<u>55,356 (a)</u>	<u>46,439</u>	<u>19.2</u>	<u>(0.5)</u>
Net Lottery Ticket Profits	<u>\$310,300</u>	<u>\$21,644 (a)</u>	<u>\$26,667</u>	<u>(18.8)</u>	<u>\$21,644 (a)</u>	<u>\$26,667</u>	<u>(18.8)</u>	<u>(5.7)</u>

(a) Current month includes operating expenses estimate (unaudited closing).

(b) The current-year figures on this chart, including growth percentages, are not an indicator of the probable outcome for the fiscal year. Lottery revenues can have dramatic swings up and down month-to-month depending on the lotto jackpot, prize expense and game related administrative expenses.

(c) "Expenses" includes prizes to winners, compensation to retailers, instant ticket printing costs, and Lottery operating expenses.

(d) Includes Kicker. The Lottery stopped selling Kicker on September 16, 2000 concurrent with the introduction of Lotto Virginia.

**Commonwealth of Virginia/Department of Accounts**  
**Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues**  
**Summary Statement of Revenue Estimates & Collections**  
**For the Fiscal Years 2001 and 2002**  
**(Dollars in Thousands)**

Revenue	FY 2002 Estimate	As a % of Total Fund	July			Year-To-Date			% Annual Growth Required By Estimate
			FY 2002	FY 2001	% Change	FY 2002	FY 2001	% Change	
Motor Fuel Taxes	\$790,905	26.18	\$3,213	\$18,888	(83.0)	\$3,213	\$18,888	(83.0)	1.6
Priority Transportation Fund	27,500	0.91	0	0	-	0	0	-	(17.5)
Motor Vehicle Sales and Use Tax	508,810	16.84	41,829	42,891	(2.5)	41,829	42,891	(2.5)	1.3
State Sales and Use Tax	415,600	13.75	33,559	34,432	(2.5)	33,559	34,432	(2.5)	7.2
Motor Vehicle License Fees	144,201	4.77	11,624	11,734	(0.9)	11,624	11,734	(0.9)	(2.0)
International Registration Plan	60,704	2.01	4,175	3,833	8.9	4,175	3,833	8.9	18.8
Interest Earnings	3,452	0.11	0	20	(100.0)	0	20	(100.0)	(73.3)
Misc. Taxes, Fees, and Revenues	14,907	0.49	2,112	1,421	48.6	2,112	1,421	48.6	(18.6)
<b>Total State Taxes and Fees</b>	<b>\$1,966,079</b>	<b>65.06</b>	<b>\$96,512</b>	<b>\$113,219</b>	<b>(14.8)</b>	<b>\$96,512</b>	<b>\$113,219</b>	<b>(14.8)</b>	<b>1.8</b>

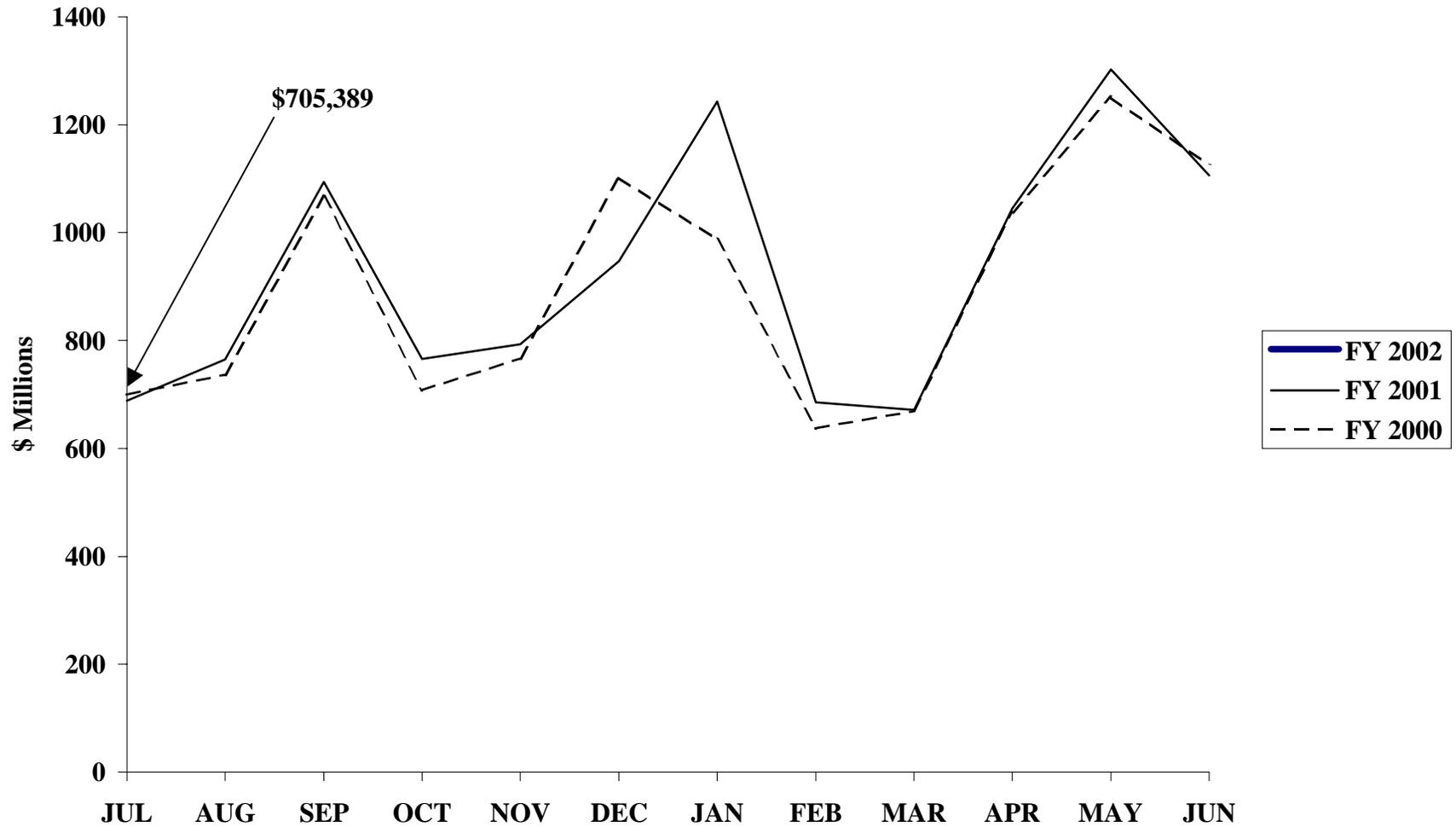
# Percentage is greater than 1,000%.

**Commonwealth of Virginia/Department of Accounts**  
**Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues**  
**Statement of Revenue Estimates & Collections**  
**For the Fiscal Years 2001 and 2002**  
(Dollars in Thousands)

Revenue	FY 2002 Estimate	As a % of Total Fund	July			Year-To-Date			% Annual Growth Required By Est
			FY 2002	FY 2001	% Change	FY 2002	FY 2001	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$683,173	22.61	\$1,271	\$15,142	(91.6)	\$1,271	\$15,142	(91.6)	3.1
Motor Vehicle Sales and Use Tax	326,570	10.81	26,620	27,163	(2.0)	26,620	27,163	(2.0)	1.9
Motor Vehicle License Fees	125,218	4.14	10,159	10,218	(0.6)	10,159	10,218	(0.6)	(2.0)
International Registration Plan	60,704	2.01	4,175	3,833	8.9	4,175	3,833	8.9	18.8
Misc. Taxes, Fees, and Revenues	14,907	0.49	2,112	1,421	48.6	2,112	1,421	48.6	(18.6)
<b>Total State Taxes and Fees</b>	<b>\$1,210,572</b>	<b>40.06</b>	<b>\$44,337</b>	<b>\$57,777</b>	<b>(23.3)</b>	<b>\$44,337</b>	<b>\$57,777</b>	<b>(23.3)</b>	<b>2.6</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$22,732	0.75	\$0	\$826	(100.0)	\$0	\$826	(100.0)	97.6
Transfer (to) / from Transportation Trust Fund	(28,711)	(0.95)	0	0	-	0	0	-	32.2
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,204,593</b>	<b>39.86</b>	<b>\$44,337</b>	<b>\$58,603</b>	<b>(24.3)</b>	<b>\$44,337</b>	<b>\$58,603</b>	<b>(24.3)</b>	<b>4.8</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$107,732	3.57	\$1,942	\$3,746	(48.2)	\$1,942	\$3,746	(48.2)	(6.6)
Priority Transportation Fund	27,500	0.91	0	0	-	0	0	-	(17.5)
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	182,240	6.03	15,209	15,728	(3.3)	15,209	15,728	(3.3)	0.2
State Sales and Use Tax	415,600	13.75	33,559	34,432	(2.5)	33,559	34,432	(2.5)	7.2
Motor Vehicle License Fees	18,983	0.63	1,465	1,516	(3.4)	1,465	1,516	(3.4)	(1.9)
Interest Earnings	3,452	0.11	0	20	(100.0)	0	20	(100.0)	(73.3)
<b>Total State Taxes and Fees</b>	<b>\$755,507</b>	<b>25.00</b>	<b>\$52,175</b>	<b>\$55,442</b>	<b>(5.9)</b>	<b>\$52,175</b>	<b>\$55,442</b>	<b>(5.9)</b>	<b>0.7</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$936,383	30.99	\$95,978	\$32,222	197.9	\$95,978	\$32,222	197.9	74.1
Receipts from Cities/Counties	31,907	1.06	2,575	2,294	12.2	2,575	2,294	12.2	81.2
Toll Revenues (Includes Route 28)	64,621	2.14	5,383	7,243	(25.7)	5,383	7,243	(25.7)	1.6
Miscellaneous Revenues	0	0.00	950	2,433	(61.0)	950	2,433	(61.0)	(100.0)
<b>Total Other Revenues</b>	<b>\$1,032,911</b>	<b>34.19</b>	<b>\$104,886</b>	<b>\$44,192</b>	<b>137.3</b>	<b>\$104,886</b>	<b>\$44,192</b>	<b>137.3</b>	<b>61.9</b>
Transfer (to) / from Highway Maintenance and Operating Fund	\$28,711	0.95	\$0	\$0	-	\$0	\$0	-	(32.2)
<b>Total Transportation Trust Fund</b>	<b>\$1,817,129</b>	<b>60.14</b>	<b>\$157,061</b>	<b>\$99,634</b>	<b>57.6</b>	<b>\$157,061</b>	<b>\$99,634</b>	<b>57.6</b>	<b>27.0</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>									
	<b>\$3,021,722</b>	<b>100.00</b>	<b>\$201,398</b>	<b>\$158,237</b>	<b>27.3</b>	<b>\$201,398</b>	<b>\$158,237</b>	<b>27.3</b>	<b>17.1</b>

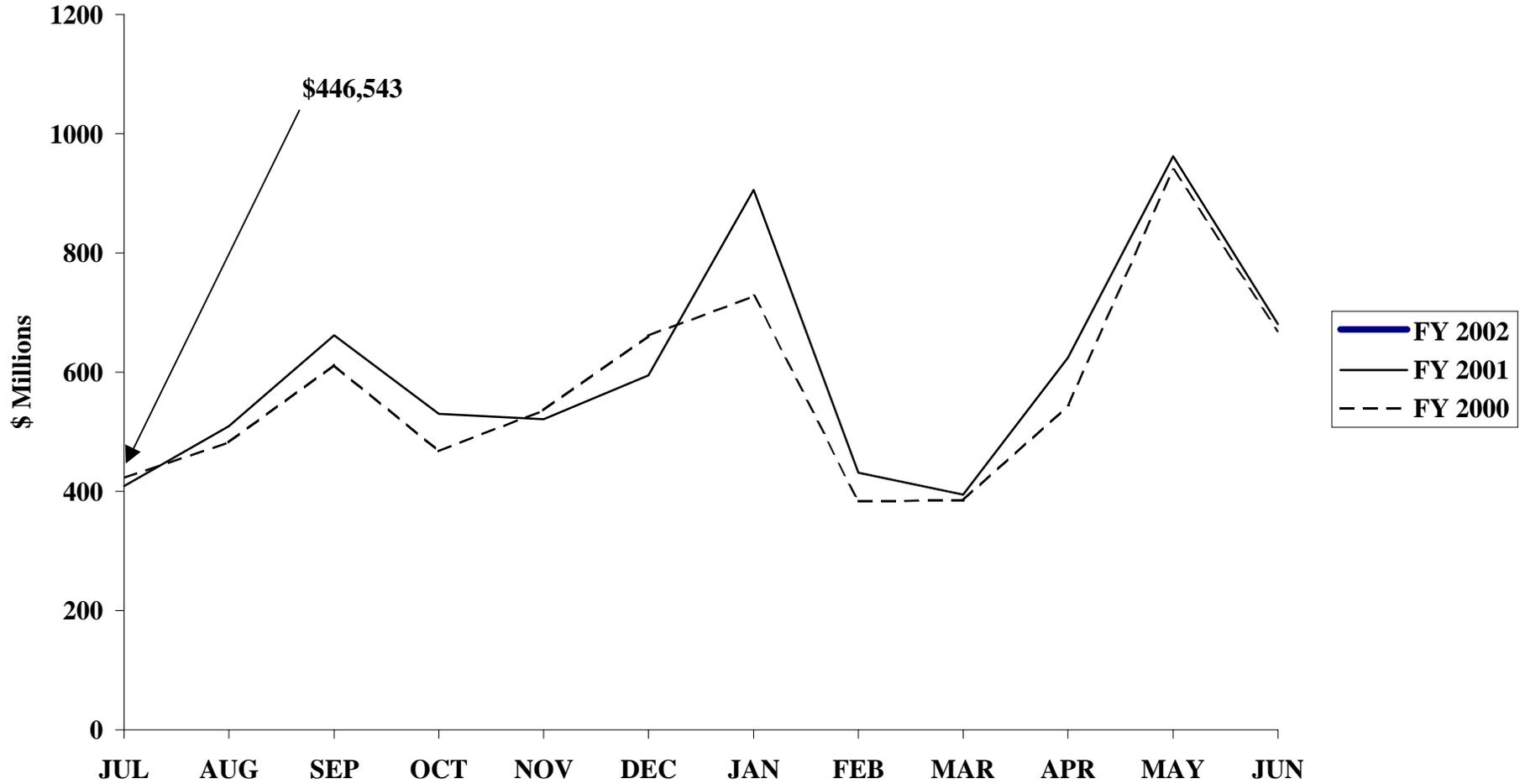
# Percentage is greater than 1,000%.

# Total General Fund Revenues



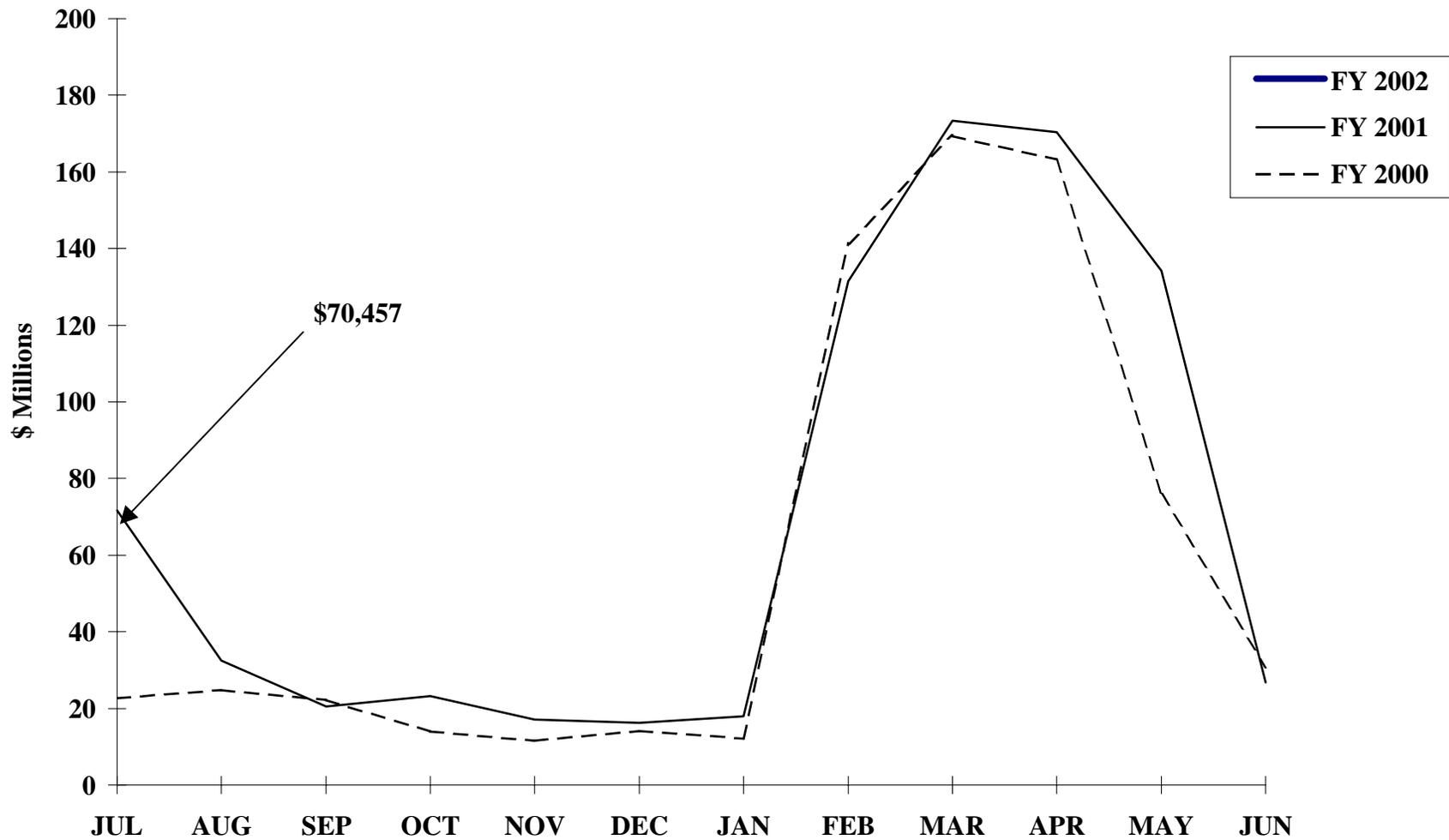
**FY 2000 Actual = \$10,788.5 Million**  
**FY 2001 Actual = \$11,105.3 Million**  
**FY 2002 Estimate = \$11,937.3 Million**

# Net Individual Income Tax



**FY 2000 Actual = \$6,828.9 Million**  
**FY 2001 Actual = \$7,226.3 Million**  
**FY 2002 Estimate = \$7,793.3 Million**

## Individual and Fiduciary Income Tax Refunds



**FY 2000 Actual = \$702.0 Million**  
**FY 2001 Actual = \$835.4 Million**  
**FY 2002 Estimate = \$925.2 Million**

## DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2002

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION <sup>1, 2</sup>		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
<b>July</b>	\$2,502.5	4.98%	\$990.7	23.82%	\$3,493.2	10.32%
<b>August</b>						
<b>September</b>						
<b>October</b>						
<b>November</b>						
<b>December</b>						
<b>January</b>						
<b>February</b>						
<b>March</b>						
<b>April</b>						
<b>May</b>						
<b>June</b>						
<b>Year-to-Date Average</b>	\$2,502.5	4.98%	\$990.7	23.82%	\$3,493.2	10.32%

<sup>1</sup> Performance on the extended duration portion of the General Account is now reported on an annualized total return basis. Total return includes unrealized gains and losses, which in the short term can make returns more volatile. Over an extended time period the fluctuations average out and total return approaches the portfolio yield.

<sup>2</sup> Unaudited.

**Commonwealth of Virginia/Department of Accounts  
 Report on the Revenue Stabilization Fund  
 For the Fiscal Year 2002  
 (Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$715,623	\$0	\$0	\$715,623
August				
September				
October				
November				
December				
January				
February				
March				
April				
May				
June				

Notes: (A) Interest is earned monthly but credited to nongeneral funds on a quarterly basis and will appear on this report in the months of October, January, April, and final June.

# COMMONWEALTH OF VIRGINIA

## GENERAL FUND PRELIMINARY (UNAUDITED) ANNUAL REPORT

For the Fiscal Year Ended June 30, 2001

Presented on a Budgetary (Cash) Basis



William E. Landside  
Comptroller  
August 15, 2001



## **TABLE OF CONTENTS**

Comptroller's Letter of Transmittal	iii
-------------------------------------	-----

### **SUMMARY OF GENERAL FUND ACTIVITY**

Preliminary Balance Sheet - General Fund - Budgetary (Cash) Basis	2
Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budgetary (Cash) Basis	3
Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund - Budgetary (Cash) Basis	4
Preliminary Comparison of Sum-Sufficient Estimated Appropriations with Actual Expenditures - General Fund - Budgetary (Cash) Basis	5

### **GENERAL FUND GRAPHICS**

General Fund - Fund Balance, Fiscal Years 1997-2001	9
General Fund - Cash, Cash Equivalents, and Investments, Fiscal Years 1997-2001	9
General Fund - Revenues by Revenue Class and Other Sources, Fiscal Year 2001	10
General Fund - Expenditures by Function and Other Uses, Fiscal Year 2001	10
General Fund - Expenditures by Object, Fiscal Year 2001	11
General Fund - Revenues and Other Sources and Expenditures and Other Uses by Month, Fiscal Year 2001	11

<b><u>GENERAL FUND NOTES</u></b>	13
----------------------------------	----

<b><u>GLOSSARY</u></b>	17
------------------------	----

XXXXXXXXXXXXXXXXXXXX



# COMMONWEALTH of VIRGINIA

WILLIAM E. LANDSIDLE, CPA  
COMPTROLLER

*Office of the Comptroller*

P. O. BOX 1971  
RICHMOND, VIRGINIA 23218-1971

August 15, 2001

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

Dear Governor Gilmore:

In compliance with the provisions of Section 2.1-207 of the *Code of Virginia*, I hereby submit my preliminary annual report on the financial condition of the General Fund of the Commonwealth for the fiscal year ended June 30, 2001.

The Commonwealth's ending fund balance in the General Fund is \$1.194 billion, measured on the cash basis of activity. This is a decrease of \$661.2 million, or 35.6 percent, from the prior year ending fund balance of \$1.855 billion. The first graph on page 9 shows a comparison of the last five years.

## **Revenue Stabilization Fund**

The Revenue Stabilization Fund has principal and interest on deposit of \$715.6 million reserved as a part of General Fund equity. The amount on deposit cannot exceed ten percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the three preceding fiscal years. The maximum amount allowed in FY 2001 is \$864.9 million and the maximum amount allowed for FY 2002 is estimated at \$934.5 million. The FY 2002 deposit into the Revenue Stabilization Fund of \$187.1 million is also reserved, while the appropriated amount is \$163.1 million. A deposit based on FY 2001 revenues is not required. The Fund is routinely segregated from the General Fund and can be used only for constitutionally authorized purposes.

## **Amounts Available for Reappropriation**

Various additional amounts are not shown on the balance sheet as designated. Section 4-1.06(a)(1) of Chapter 1073, 2000 Acts of Assembly, requires reappropriation for fiscal year 2002 of unexpended appropriations for Legislative and Judicial Departments, as well as Independent Agencies, at June 30, 2001. Additionally, this Section of the Act gives the Governor authority to reappropriate unexpended Executive Department appropriations. Based on an analysis by the Department of Planning and Budget, \$296.1 million of this year's fund balance should be designated for reappropriation in 2002 for operations, \$213.1 million for capital project needs, and \$3.7 million for natural disaster sum sufficient amounts. For FY 2001, sufficient cash is not available to designate these entire amounts.

### Virginia Water Quality Improvement Fund

Section 10.1-2128 of the *Code of Virginia* established the Virginia Water Quality Improvement Fund. The Fund was established to provide Water Quality Improvement Grants to various entities to assist in pollution prevention and reduction. The Fund shall consist of amounts appropriated by the General Assembly. Unless otherwise specified by the general appropriation act, these appropriations shall consist of ten percent of revenues collected in excess of the official estimate and ten percent of any unreserved fund balance not required for reappropriation. In prior years, we have designated the amounts that represent ten percent of the excess revenue collections and ten percent of the unreserved fund balance not required for reappropriation. No designations are required for the year ended June 30, 2001, for the Virginia Water Quality Improvement Fund.

This preliminary annual report is comprised of cash basis financial statements that present the financial condition, results of operations, and changes in fund balance of the Commonwealth's General Fund. The notes to the financial statements are an important and integral part of the statements.

This preliminary report is presented on an unaudited basis. In preparing this report, we relied upon the internal accounting controls of the Commonwealth that are designed to provide management with reasonable, but not absolute, assurances that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of financial statements.

The final Annual Report of the Comptroller, due on December 15, 2001, will include certain accruals and other information required for conformance with generally accepted accounting principles. It will be audited and will include any material adjustments recommended by the Auditor of Public Accounts.

We are proud to report that the Comprehensive Annual Financial Report for the year ended June 30, 2000, was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). This is the fifteenth consecutive year that Virginia's Annual Report has received this award. In addition, Virginia was awarded a companion award from the GFOA for its FY 2000 Popular Report, entitled *Virginia Financial Perspective*. This is the sixth consecutive year that Virginia's Popular Report has received this award.

Respectfully submitted,



William E. Landside

Enclosure



Commonwealth of Virginia  
Preliminary Balance Sheet  
General Fund - Budgetary (Cash) Basis (Unaudited)  
June 30, 2001  
(Dollars in Thousands)

**Assets**

Cash, Cash Equivalents, and Investments	\$ 1,200,524	
Cash and Travel Advances	1,226	
Total Assets		\$ 1,201,750

**Liabilities and Fund Equity**

Liabilities:

Deficit Loans Payable	5,000	
Deposits Pending Distribution	2,643	
Total Liabilities		\$ 7,643

Fund Equity:

Reserved Fund Balance:

Revenue Stabilization Reserve Fund	715,623	
Revenue Stabilization Reserve 2000	187,091	
Payroll Reserve for July 2, 2001 Payroll	71,105	
Unexpended Lottery Proceeds	19,335	
Total Reserved Fund Balance		993,154

Unreserved Fund Balance:

Designated:

Amount Required for Reappropriation of 2001 Unexpended Balances		
Capital Outlay	200,953	

Total Designated Fund Balance 200,953

Undesignated Fund Balance -

Total Unreserved Fund Balance 200,953

Total Fund Equity 1,194,107

Total Liabilities and Fund Balance \$ 1,201,750

The accompanying notes are an integral part of this statement.

**Commonwealth of Virginia**  
**Preliminary Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**General Fund - Budgetary (Cash) Basis (Unaudited)**  
**For the Fiscal Years Ended June 30, 1997 through June 30, 2001**  
**(Dollars in Thousands)**

	Year Ended				
	June 30, 2001	June 30, 2000	June 30, 1999	June 30, 1998	June 30, 1997
<b>Revenues:</b>					
Taxes:					
Individual and Fiduciary Income	\$ 7,226,309	\$ 6,828,906	\$ 6,087,851	\$ 5,405,440	\$ 4,727,791
Sales and Use	2,272,954	2,201,533	2,065,265	1,919,216	1,826,761
Corporation Income	363,757	565,909	420,421	450,780	432,298
Public Service Corporations	93,427	104,197	111,949	101,782	126,283
Premiums of Insurance Companies	268,060	251,074	244,910	236,971	219,032
Other Taxes	434,332	438,616	450,656	377,462	320,644
Total Taxes	<u>10,658,839</u>	<u>10,390,235</u>	<u>9,381,052</u>	<u>8,491,651</u>	<u>7,652,809</u>
Rights and Privileges	36,928	34,098	34,623	26,795	32,348
Sales of Property and Commodities	66	1,146	2,955	533	881
Assessments and Receipts for Support of Special Services	399	170	323	240	390
Institutional Revenue	7,888	9,142	8,353	10,636	11,691
Interest, Dividends, and Rents	171,177	150,545	139,824	115,470	120,282
Fines, Forfeitures, Court Fees, Penalties, and Escheats	134,162	127,280	128,945	119,141	285,256
Receipts from Cities, Counties, and Towns	8,805	9,368	10,097	10,784	13,515
Private Donations, Gifts and Contracts	-	5	2	-	-
Tobacco Master Settlement	51,276	66,938	-	-	-
Other	80,350	24,717	10,019	7,181	13,745
Total Revenues	<u>11,149,890</u>	<u>10,813,644</u>	<u>9,716,193</u>	<u>8,782,431</u>	<u>8,130,917</u>
<b>Expenditures:</b>					
General Government	1,069,409	809,485	591,531	381,435	381,388
Education	4,188,331	3,921,500	3,713,657	3,226,260	3,056,863
Transportation	29,703	232	47	24	1,738
Resources and Economic Development	241,704	226,280	213,466	168,587	145,794
Individual and Family Services	2,488,152	2,333,410	2,082,840	1,962,171	1,867,247
Administration of Justice	1,939,881	1,780,235	1,658,837	1,478,440	1,338,454
Capital Outlay	36,714	40,076	32,557	25,250	31,909
Total Expenditures	<u>9,993,894</u>	<u>9,111,218</u>	<u>8,292,935</u>	<u>7,242,167</u>	<u>6,823,393</u>
Revenues over Expenditures	<u>1,155,996</u>	<u>1,702,426</u>	<u>1,423,258</u>	<u>1,540,264</u>	<u>1,307,524</u>
<b>Other Financing Sources (Uses):</b>					
Transfers:					
Operating Transfers Mandated by Appropriation Act	-	-	396,453	388,595	407,120
Operating Transfers In	525,101	452,636	5,003	3,968	1,579
Operating Transfers In From Component Units	2,660	1,940	37	2,161	-
Operating Transfers Out	(623,677)	(324,743)	(344,328)	(244,119)	(203,775)
Operating Transfers Out To Component Units	(1,721,304)	(1,576,558)	(1,325,031)	(1,183,787)	(1,051,599)
Total Other Financing Sources (Uses)	<u>(1,817,220)</u>	<u>(1,446,725)</u>	<u>(1,267,866)</u>	<u>(1,033,182)</u>	<u>(846,675)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(661,224)</u>	<u>255,701</u>	<u>155,392</u>	<u>507,082</u>	<u>460,849</u>
Fund Balance, July 1					
Reserved	745,488	616,589	473,722	292,316	155,109
Unreserved	1,109,843	983,041	970,516	644,840	321,198
<b>Fund Balance, July 1</b>	<u>1,855,331</u>	<u>1,599,630</u>	<u>1,444,238</u>	<u>937,156</u>	<u>476,307</u>
Fund Balance, June 30					
Reserved	993,154	745,488	616,589	473,722	292,316
Unreserved	200,953	1,109,843	983,041	970,516	644,840
<b>Fund Balance, June 30</b>	<u>\$ 1,194,107</u>	<u>\$ 1,855,331</u>	<u>\$ 1,599,630</u>	<u>\$ 1,444,238</u>	<u>\$ 937,156</u>

The accompanying notes are an integral part of this statement.

**Commonwealth of Virginia**  
**Preliminary Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**General Fund - Budgetary (Cash) Basis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2001**  
**(Dollars in Thousands)**

	<b>General Fund</b>		<b>Variance Favorable (Unfavorable)</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Revenues:</b>			
Taxes:			
Individual and Fiduciary Income	\$ 7,415,900	\$ 7,226,309	\$ (189,591)
State Sales and Use	2,313,200	2,272,954	(40,246)
Corporation Income	461,700	363,757	(97,943)
Public Service Corporations	85,300	93,427	8,127
Premiums of Insurance Companies	261,100	268,060	6,960
Other Taxes	416,400	434,332	17,932
Rights and Privileges	34,600	36,928	2,328
Sales of Property and Commodities	100	66	(34)
Assessments and Receipts for Support of Special Services	300	399	99
Institutional Revenue	8,400	7,888	(512)
Interest, Dividends, and Rents	144,200	171,177	26,977
Fines, Forfeitures, Court Fees, Penalties, and Escheats	144,500	134,162	(10,338)
Receipts from Cities, Counties, and Towns	10,500	8,805	(1,695)
Private Donations, Gifts and Contracts	-	-	-
Tobacco Master Settlement	51,600	51,276	(324)
Other	11,700	80,350	68,650
Total Revenues	<u>11,359,500</u>	<u>11,149,890</u>	<u>(209,610)</u>
<b>Expenditures:</b>			
Current:			
General Government	1,161,607	1,069,409	92,198
Education	4,220,457	4,188,331	32,126
Transportation	115,662	29,703	85,959
Resources and Economic Development	253,197	241,704	11,493
Individual and Family Services	2,518,888	2,488,152	30,736
Administration of Justice	1,992,584	1,939,881	52,703
Capital Outlay	36,714	36,714	-
Total Expenditures	<u>10,299,109</u>	<u>9,993,894</u>	<u>305,215</u>
Revenues Over Expenditures	<u>1,060,391</u>	<u>1,155,996</u>	<u>95,605</u>
<b>Other Financing Sources (Uses):</b>			
Transfers:			
Operating Transfers In	497,127	525,101	27,974
Operating Transfers In From Component Units	2,420	2,660	240
Operating Transfers Out	(620,396)	(623,677)	(3,281)
Operating Transfers Out To Component Units	(1,722,397)	(1,721,304)	1,093
Total Other Financing Sources (Uses)	<u>(1,843,246)</u>	<u>(1,817,220)</u>	<u>26,026</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(782,855)	(661,224)	121,631
<b>Fund Balance, July 1</b>	<u>1,855,331</u>	<u>1,855,331</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>\$ 1,072,476</u>	<u>\$ 1,194,107</u>	<u>\$ 121,631</u>

The accompanying notes are an integral part of this statement.

**Commonwealth of Virginia**  
**Preliminary Comparison of Sum-Sufficient Estimated Appropriations**  
**With Actual Expenditures**  
**General Fund - Budgetary (Cash) Basis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2001**  
**(Dollars in Thousands)**

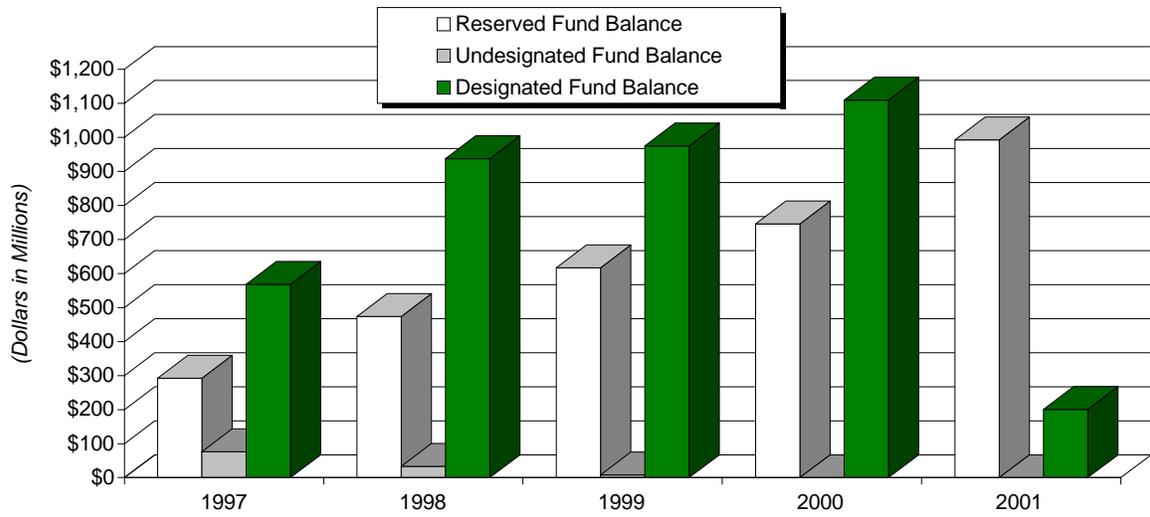
	<u>Estimated Appropriations</u>	<u>Actual Expenditures</u>	<u>Amount Under Estimate</u>
Enactment of Laws	\$ 29,594	\$ 26,478	\$ 3,116
Financial Assistance to Localities -- From Sale of Alcoholic Beverages and Other Distributions	52,918	52,918	-
Financial Assistance for Special State Revenue Sharing (Sales Tax)	783,674	766,146	17,528
Disaster Planning and Operations	6	6	-
Regulation of Food	<u>2,210</u>	<u>2,170</u>	<u>40</u>
Totals	<u>\$ 868,402</u>	<u>\$ 847,718</u>	<u>\$ 20,684</u>



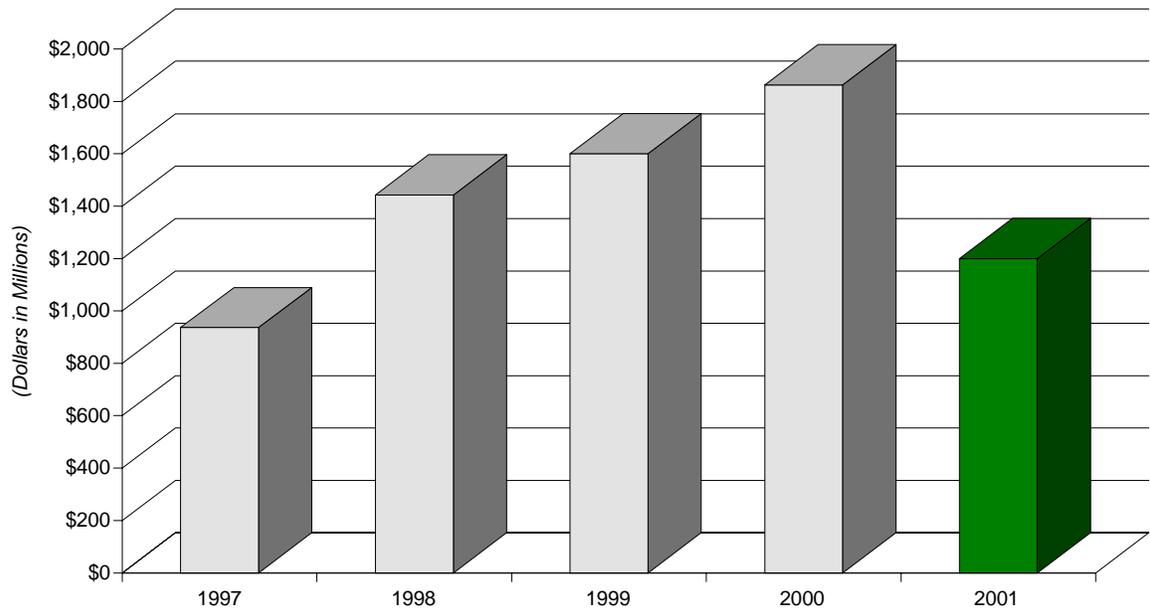




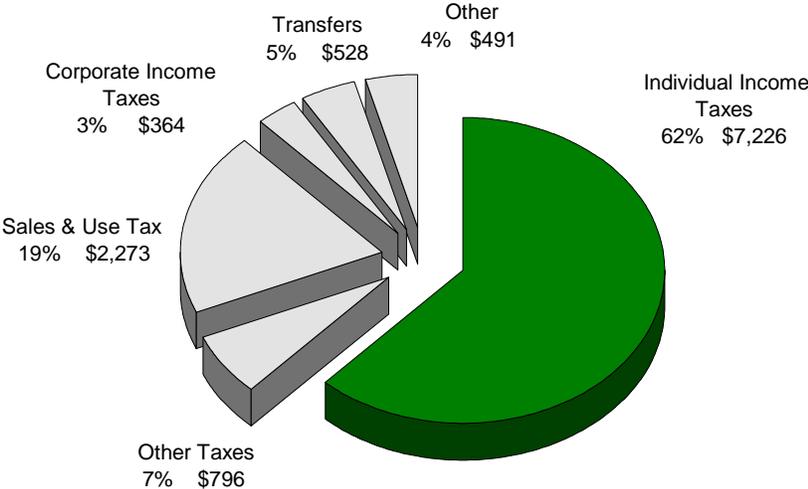
**General Fund  
Fund Balance  
Fiscal Years 1997-2001**



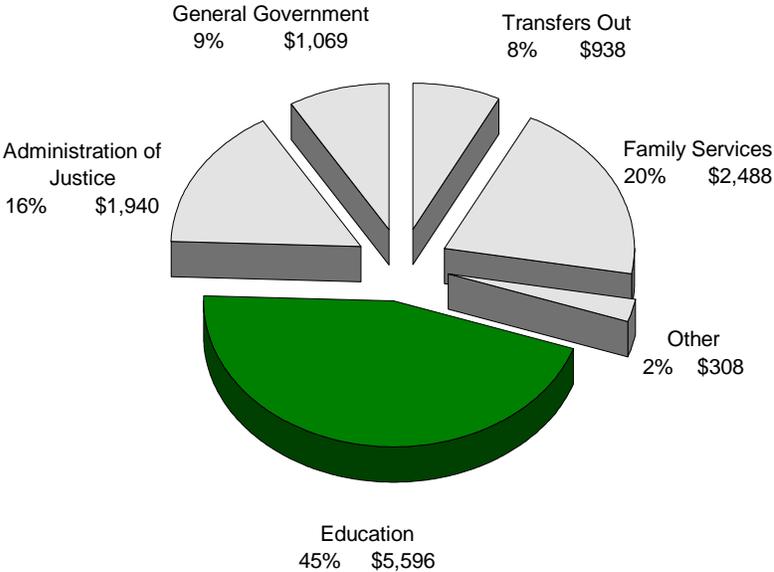
**General Fund  
Cash, Cash Equivalents, and Investments  
Fiscal Years 1997-2001**



**General Fund  
Revenues by Revenue Class and Other Sources  
Fiscal Year 2001  
(Dollars in Millions)**

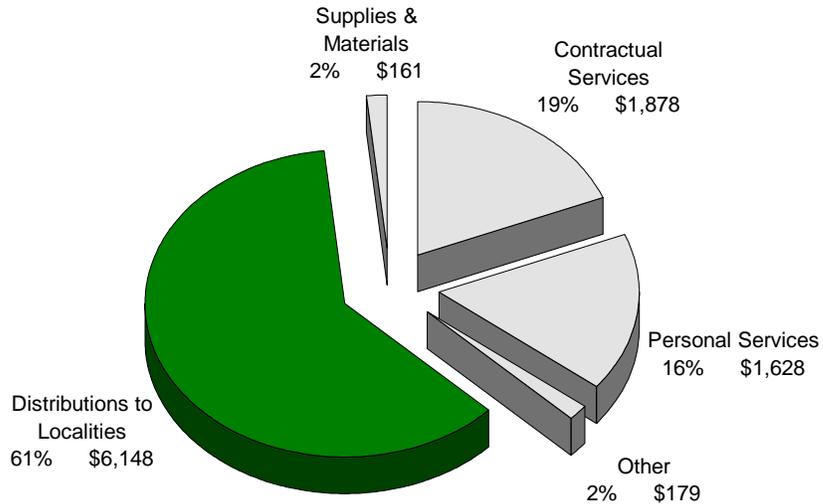


**General Fund  
Expenditures by Function and Other Uses  
Fiscal Year 2001  
(Dollars in Millions)**

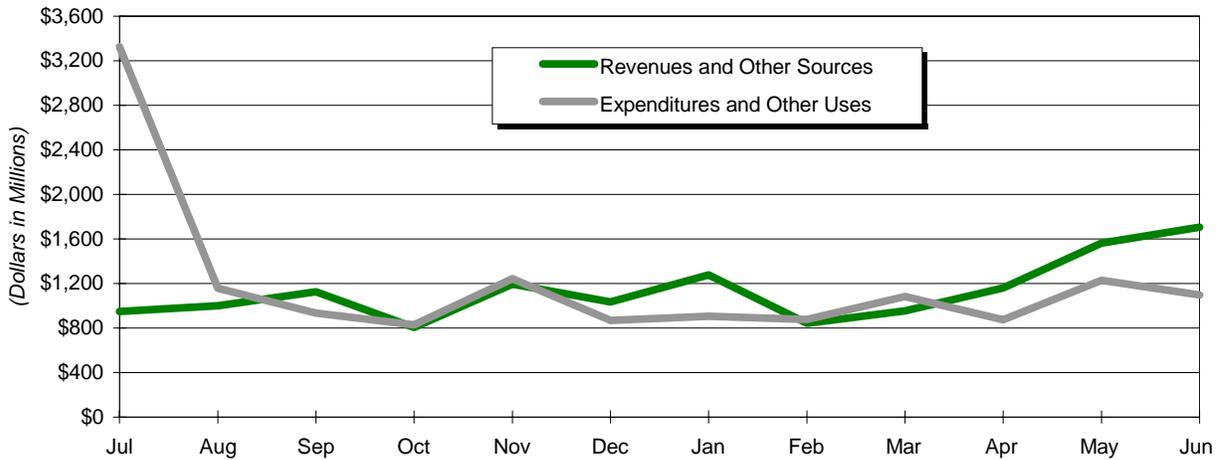


Note: Net Education Transfers of \$1.407 billion are reclassified from Transfers Out to Education expenditures. General Government expenditures include \$604.1 million paid to localities pursuant to the Personal Property Tax Relief Act of 1998.

**General Fund  
Expenditures by Object  
Fiscal Year 2001  
(Dollars in Millions)**



**General Fund  
Revenues and Other Sources and  
Expenditures and Other Uses by Month  
Fiscal Year 2001**



Note: July expenditures include \$1.398 billion in Transfers Out to Higher Education.





# COMMONWEALTH OF VIRGINIA

## NOTES TO PRELIMINARY FINANCIAL STATEMENTS

JUNE 30, 2001

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

The accompanying General Fund financial statements of the Commonwealth of Virginia have been prepared on a budgetary (cash) basis of accounting. Revenues and expenditures are recorded at the time cash is actually received or disbursed according to the provisions of the Appropriation Act; therefore, no accruals of revenues or expenditures have been included.

The General Fund includes transactions related to cash received and used for those services traditionally provided by a state government, which are not accounted for in other funds. It is a governmental fund and therefore its focus is on the measurement of financial position and related changes thereto, rather than on income determination. No other funds are presented in this report.

All funds will be presented using the appropriate bases of accounting as defined by generally accepted accounting principles in the Annual Report of the Comptroller, to be issued December 15, 2001.

#### B. Budget

Budgetary amounts shown in the financial statements represent Chapter 1073, Acts of Assembly, as adjusted for executive and other administrative actions. The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. The Governor, as required by the *Code of Virginia*, submits to the General Assembly a State budget composed of all proposed expenditures, estimated revenues and borrowings for a biennium.

The budget is prepared on a biennial basis; however, the budget of the General Fund contains 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 Director of the Department of Planning and Budget 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.

### 2. ANALYSIS OF GENERAL FUND REVENUE

The Department of Accounts produces a monthly General Fund Statement of Revenue Collections, Estimates, and Transfers. The following analysis relates components of the Preliminary General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual with the monthly revenue report for June 30, 2001.

<i>(Dollars in Thousands)</i>	<b>Preliminary Financial Statements</b>	<b>Monthly Statement of Revenue</b>	<b>Variance</b>
Total Budgeted Revenue	\$ 11,359,500	\$ 11,178,400	\$ 181,100 (a)
<p>(a) The General Assembly failed to adopt a revised budget for fiscal years 2001 and 2002; therefore, the 2000 Appropriation Act (Chapter 1073, 2000 Acts of Assembly) remains the appropriation law of Virginia for the 2000-2002 biennium. The Preliminary Financial Statement budget numbers reflect the amounts enacted in Chapter 1073. In order to provide a balanced budget, the Governor issued Executive order 74-01 effectively reducing the revenue estimate and expenditures. The Monthly Statement of Revenue reflects these revised amounts.</p>			
Total Actual Revenue	\$ 11,149,890	\$ 11,105,275	\$ 44,615 (b)
<p>(b) Reversal of prior year reclass of Non-sufficient Fund</p>			
Checks not reflected on the Revenue Report		\$ 774	
Interest on the Revenue Stabilization Fund not reported in the Revenue Report		37,645	
Appropriation Act transfers recorded as revenue on the Preliminary Financial Statements		6,332	
Personal Property Tax Relief Act - Refund of Prior Year Disbursements not included in the Revenue Report		479	
Non-sufficient Fund Checks reclassified as a reduction in revenue for financial reporting purposes		(615)	
		<u>\$ 11,149,890</u>	

### 3. APPROPRIATION ACT TRANSFERS

Prior to fiscal year ended June 30, 2000, Appropriation Act transfers were reported on a separate line item. For fiscal year ended June 30, 2001, Appropriation Act transfers are \$378.8 million. The following analysis shows where Appropriation Act transfers are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

<i>(Dollars in Thousands)</i>	<b>Appropriation Act Transfers</b>
Revenue - Other	\$ 6,332
Transfers In	399,905 (c)
Transfers In From Component Units	835
Transfers Out	(28,286)
Total Appropriation Act Transfers	<u>\$ 378,786</u>

(c) Includes ABC Profit transfers of approximately \$39.7 million.

#### **4. REVENUE STABILIZATION FUND**

In accordance with Article X, Section 8 of the *Constitution of Virginia*, the amount estimated as required for the Revenue Stabilization Fund must be appropriated for that purpose by the General Assembly. The next deposit is calculated to be \$187.1 million, which is due to the Revenue Stabilization Fund on or before June 30, 2002. Of this, \$163.1 million is appropriated in Chapter 1073, 2000 Acts of Assembly. The General Assembly is required to appropriate the remaining \$24 million due to the Fund during the 2002 legislative session. A deposit is not required based on FY 2001 revenue collections; however, this is pending certification by the Auditor of Public Accounts.

The Revenue Stabilization Fund has principal and interest on deposit of \$715.6 million reserved as a part of General Fund equity. The amount on deposit cannot exceed ten percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. The maximum amount allowed is \$864.9 million and \$934.5 million for FY 2001 and FY 2002, respectively. The FY 2002 maximum is pending certification by the Auditor of Public Accounts.

#### **5. UNEXPENDED LOTTERY PROCEEDS**

In accordance with Article X, Section 7-A of the *Constitution of Virginia*, lottery proceeds must be distributed to the Commonwealth's localities and the school divisions to be expended for the purposes of public education. The lottery proceeds for FY 2001 totaled \$329.5 million and the Commonwealth expended \$310.2 million. The remaining lottery proceeds of \$19.3 million are reserved for the year ended June 30, 2001.

#### **6. VIRGINIA WATER QUALITY IMPROVEMENT FUND**

Section 10.1-2128 of the *Code of Virginia* established the Virginia Water Quality Improvement Fund. The Fund was established to provide Water Quality Improvement Grants to various entities to assist in pollution prevention and reduction. The Fund shall consist of amounts appropriated by the General Assembly. Unless otherwise specified by the general appropriation act, these appropriations shall consist of ten percent of revenues collected in excess of the official estimate and ten percent of any unreserved fund balance not required for reappropriation. There were no revenues in excess of the official estimate and all amounts are required for reappropriation; therefore, no designations are required for the year ended June 30, 2001, for the Virginia Water Quality Improvement Fund.

#### **7. DESIGNATED FUND BALANCE**

The amounts designated on the Balance Sheet represent tentative plans for the future utilization of current financial resources. For FY 2001, the Department of Planning and Budget determined total designations are \$512.9 million. This amount consists of \$509.2 million required for the reappropriation of 2001 unexpended balances and \$3.7 million for natural disaster sum sufficient amounts. The Balance Sheet reflects \$201.0 million designated for capital outlay unexpended balances. Sufficient cash is not available to designate the remaining \$311.9 million of unexpended balances.



## BALANCE SHEET

1. **Cash, Cash Equivalents, and Investments** - All cash, cash equivalents, and investments are maintained by the Treasurer of Virginia. Cash includes demand deposits, time deposits, and certificates of deposit. Cash equivalents are investments with an original maturity of three months or less. Short-term investments held are stated at cost, which approximates market value.
2. **Cash and Travel Advances** - Funds advanced to agencies to make immediate cash payments for authorized purposes. Also included are funds advanced to agency employees to cover expenses incurred while traveling on State business.
3. **Deficit Loans Payable** - Loans authorized in accordance with Chapter 1073, Section 4-3.01(a)
4. **Deposits Pending Distribution** - This represents miscellaneous amounts held by several agencies in suspense accounts pending distribution.
5. **Reserved Fund Balance** - Items are reserved to indicate that a particular portion of fund balance is not available to fund operations.
6. **Designated Fund Balance** - Consists of designations established to reflect tentative plans for future utilization of current financial resources. This portion of fund balance represents the fiscal year 2001 unexpended capital outlay appropriations which the Department of Planning and Budget anticipates reappropriating in the next fiscal year. For FY 2001, this amount totals \$213.1 million; however, only \$201.0 million is designated. Sufficient cash is not available to designate the entire amount.
7. **Undesignated Fund Balance** - The amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated. As of June 30, 2001, there is no unreserved undesignated fund balance remaining.

## INCOME STATEMENT

### Revenues:

8. **Taxes** - Charges of money imposed by the Commonwealth on persons or property for public purposes.
9. **Rights and Privileges** - Registration fees, licenses, and permits. Examples include domestic and foreign corporate registration fees and marriage licenses.
10. **Sales of Property and Commodities** - Revenue collected from sales of Commonwealth assets and goods. Examples include sales of State publications.
11. **Assessments and Receipts for Support of Special Services** - Revenues collected for services provided by the Commonwealth's agencies. An example is audit services provided to cities, counties, and towns.
12. **Institutional Revenue** - Revenue generated primarily from sales by the Departments of Corrections and Mental Health, Mental Retardation and Substance Abuse Services. Examples include the sale of farm and dairy products.
13. **Interest, Dividends, and Rent** - Interest earnings and rental income. Examples include interest on Commonwealth bank accounts and investments and interest on delinquent taxes. Interest allocated to various other funds is not included here.
14. **Fines, Forfeitures, Court Fees, Penalties, and Escheats** - Fines, penalties, etc., primarily collected by the Department of Taxation and the court system. Examples include court processing fees and penalties for nonpayment of taxes.

15. **Receipts from Cities, Counties, and Towns** - Revenue collected from city and county treasurers representing miscellaneous fees and allowances of local law enforcement officials.
16. **Private Donations, Gifts, and Contracts** - This amount represents donations and grants from individuals and private companies to State programs, such as donations to the Frontier Culture Museum.
17. **Tobacco Master Settlement** - This amount represents the revenue generated from the Tobacco Master Settlement Agreement with tobacco companies.
18. **Other Revenue** - All other revenue collections that are not included in the above categories. Examples include refunds of expenditures and miscellaneous disbursements made in prior years, excess fees paid into the State Treasury, and recovery of Statewide indirect costs.

#### Expenditures:

19. **General Government** - Expenditures to support the general activities of the state, regional, and local levels of government. Examples include administrative and support services, general financial assistance to localities, tax relief pursuant to the Personal Property Tax Relief Act of 1998, and information systems management and direction.
20. **Education** - Expenditures to assist individuals in developing knowledge, skills, and cultural awareness. Examples include elementary and secondary education, instruction, supervision and assistance and higher education. Education and General transfers to colleges and universities are reflected as an Operating Transfer Out to Component Units and not an expenditure.
21. **Transportation** - Expenditures related to the movement of people, goods, and services and their regulation. Examples include ground, water and air transportation.
22. **Resources and Economic Development** - Expenditures to develop the economic base, including alternative natural resources and to regulate it with regard to varied public interests of the Commonwealth. Examples include resource management, economic development, promotion and improvement, as well as the regulation of professions and occupations.
23. **Individual and Family Services** - Expenditures to support the economic, social and physical well being of the individual and family. Included are disease research, prevention, and control, state health services and community health services.
24. **Administration of Justice** - Expenditures related to civil and criminal justice, including apprehension, trial, punishment, and rehabilitation of law violators. Examples include crime deterrence, suppression and control, adjudication, confinement and community custody.
25. **Capital Projects** - Construction and preparation of Commonwealth assets.

#### Other Financing Sources (Uses):

26. **Operating Transfers In** - This balance reflects transfers in from other nongeneral funds.
27. **Operating Transfers In From Component Units** - This relates to transfers in from component units as defined by GASB Statement No. 14, "*The Reporting Entity*."
28. **Operating Transfers Out** - The balance represents transfers from the General Fund to other nongeneral funds.
29. **Operating Transfers Out To Component Units** - This represents General Fund transfers out to component units as defined by GASB Statement No. 14, "*The Reporting Entity*." It includes net transfers to higher education of \$1.407 billion.



If you have any questions or comments regarding information contained in this report, please contact us at

✉ [Finrept@doa.state.va.us](mailto:Finrept@doa.state.va.us)

For additional copies of this report, contact:

Department of Accounts

Financial Reporting Unit

☎ (804) 225-3102 or visit

the Department of Accounts' web site at

<http://www.doa.state.va.us>

*Text and graphics were produced using Microsoft Word and Microsoft Excel in the Arial font.  
Printed August 2001 at the Department of Accounts on a Xerox 4890 highlight color printer.*

