

August 25, 2003

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# **Actual General Fund Revenues for FY2003 and the State of the Virginia Economy**

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



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Secretary of Finance

## ***Overview...***

- Fiscal year 2003 economic performance
- Actual General Fund collections for fiscal year 2003
- Financial results for fiscal year 2003
- Economic outlook for fiscal year 2004

# ***The National Economy Continued an Uneven Recovery in Fiscal Year 2003...***

- The national economic recovery has been slightly slower than last fall's forecast.

## Summary of Key U.S. Economic Indicators

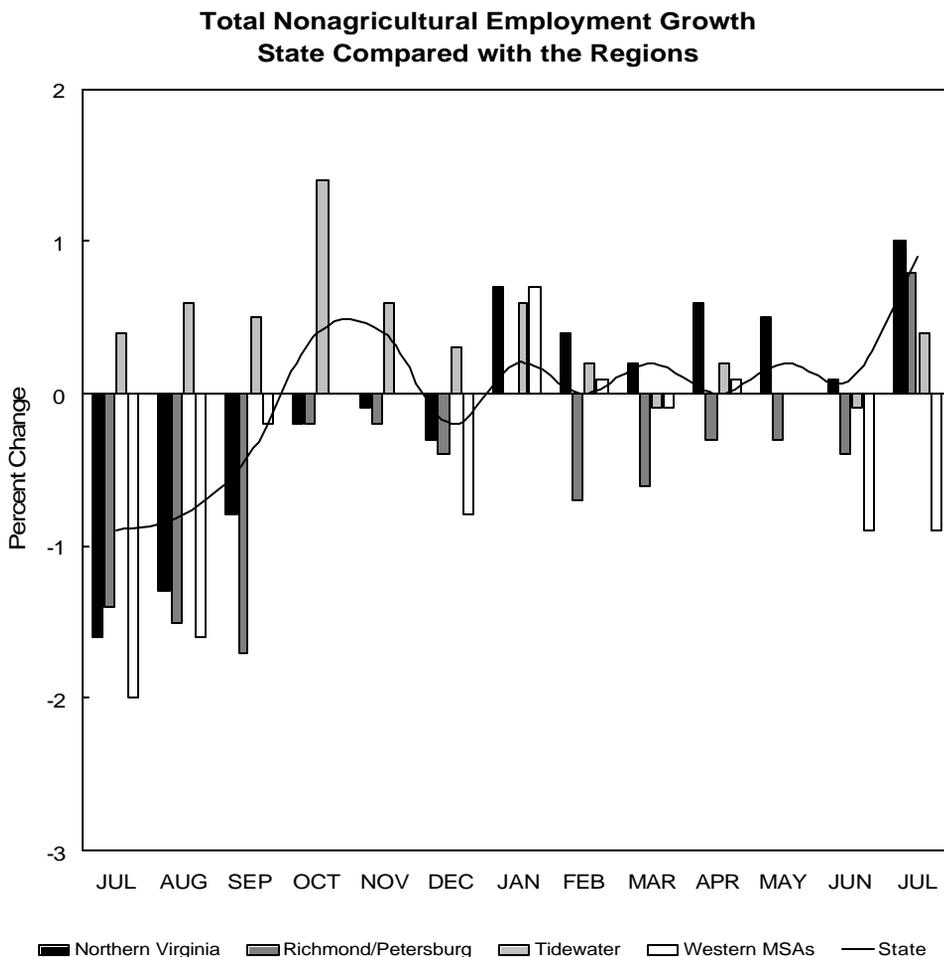
	<u>FY03 Forecast</u>	<u>FY03 Estimate</u>
Real GDP	2.8	2.5
Employment	0.1	(0.5)
Personal Income	4.3	3.2
Wages & Salaries	3.2	1.8

\* FY03 Estimate based on 3 quarters of actual data

- The build up to the war in Iraq dampened third quarter growth and effectively stalled the recovery by one quarter.
  - The end to major combat operations in Iraq boosted consumer confidence but has not led to sustained employment growth.
  - The boost in consumer confidence waned after the end of the war.

# ***In Virginia, Job Growth Was Essentially Flat in Fiscal Year 2003...***

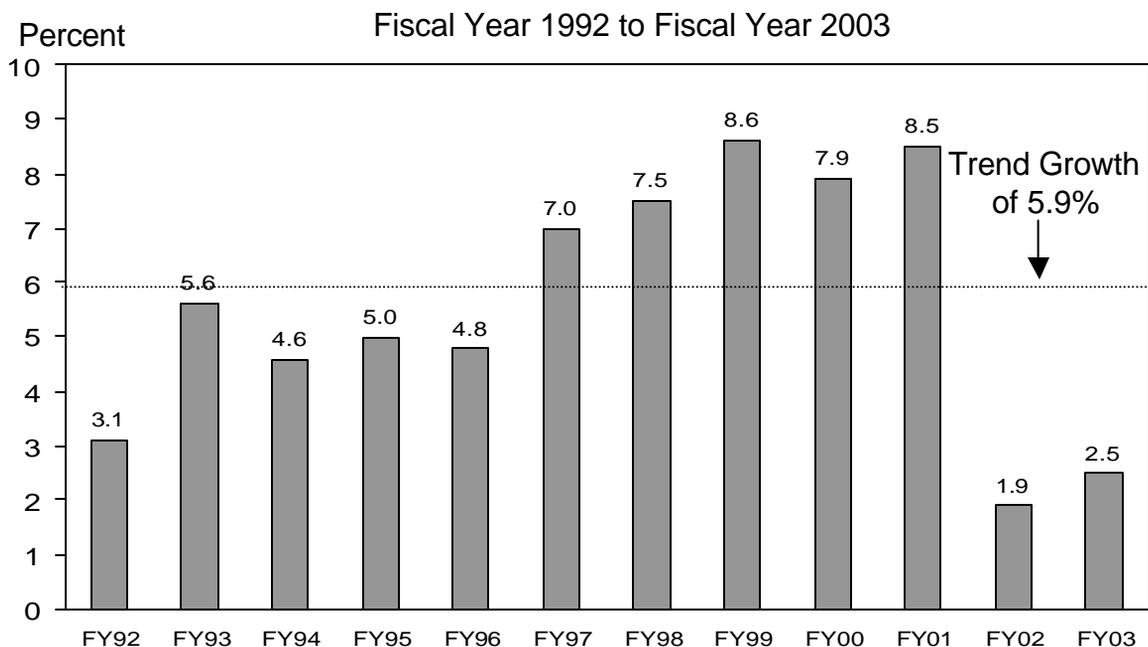
- Actual employment decline of 0.1% was slightly better than the forecast of a 0.4% decline.
  - Fiscal year 2003 had a loss of 3,600 jobs, improving on the 36,000 jobs lost in fiscal year 2002.
  - Northern Virginia's job growth has been positive since January, led by growth in business services and the federal government.



## ***In Virginia, Income Rebounded, but Growth Was Below Projections...***

- Personal income growth rebounded in fiscal year 2003, but the growth was less than projected.
  - 5.4% forecast; 4.0% current projection for FY2003
- Wages and salaries growth also rebounded, but was slightly below its forecast.
  - 3.2% forecast; 2.5% current projection for FY2003
  - Still below the long term trend growth of 5.9%

### Virginia Wages and Salaries Growth



# ***Fiscal Year 2003 Ended with a Small Revenue Surplus...***

## **Summary of Fiscal Year 2003 Revenue Collections** (millions of dollars)

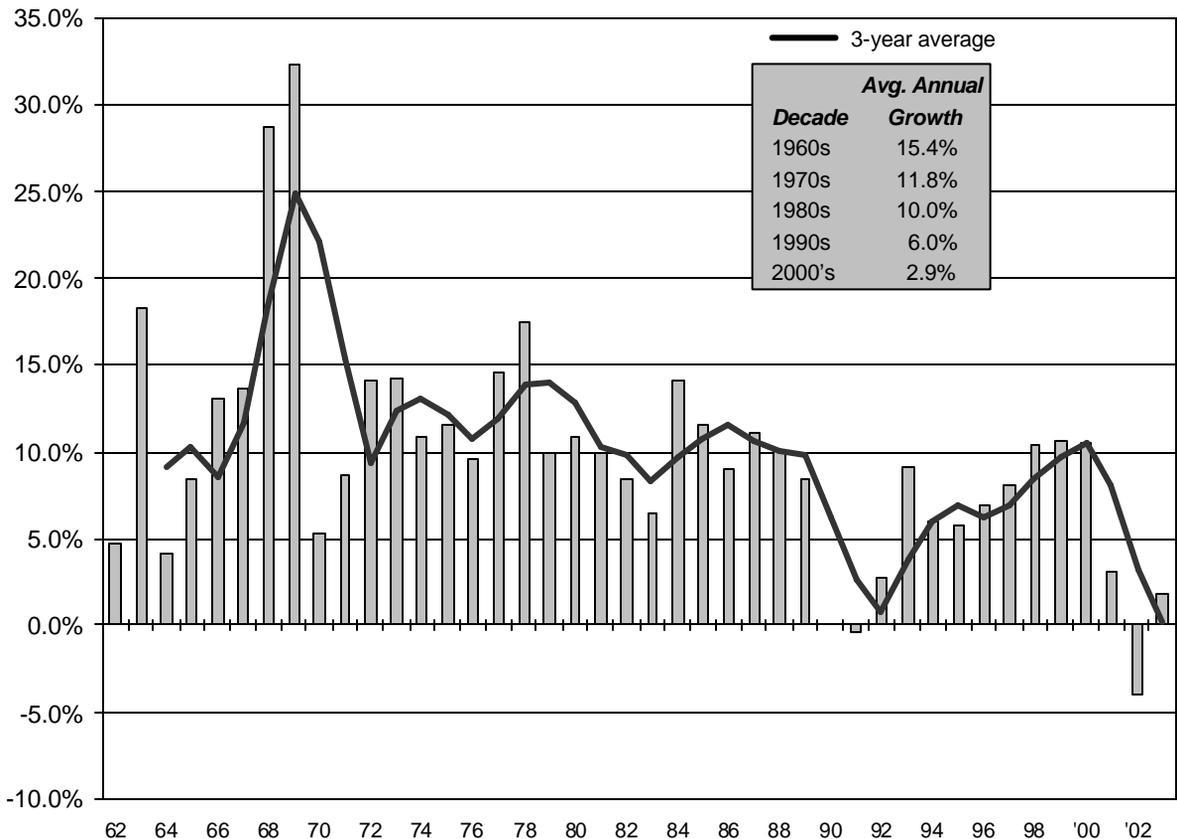
<u>Source</u>	<u>Forecast</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Growth</u>
Withholding	\$ 6,595.8	\$ 6,567.4	\$ (28.4)	2.3%
Nonwithholding	1,265.9	1,402.7	136.8	(3.9%)
Refunds	<u>(1,062.8)</u>	<u>(1,194.4)</u>	<u>(131.6)</u>	<u>2.0%</u>
Net Individual	6,798.9	6,775.7	(23.2)	1.0%
Sales and Use Tax*	2,342.6	2,336.0	(6.6)	(3.9%)
Corporate Income Tax	301.2	343.3	42.1	18.3%
Insurance Premiums	311.6	333.0	21.4	13.8%
Public Service	86.0	91.2	5.2	18.3%
All Other	966.4	987.9	21.5	12.5%
Total GF Revenues	\$ 10,806.7	\$ 10,867.1	\$ 60.4	1.8%
<b>Revenues &amp; Transfers</b>			<b>\$ 55.2</b>	

\* Includes Accelerated Sales Tax payments (growth without acceleration was 2.1%)

- Withholding and sales tax collections fell short of forecast. Also, substantially more refunds were paid than were forecast.
- Surpluses occurred in nonwithholding receipts as well as in corporate income, recordation taxes, and insurance premiums.

# **General Fund Revenue Growth of 1.8% was the Fourth Weakest On Record...**

General Fund Revenue Growth  
Fiscal Year 1962 to Fiscal Year 2003



- Major economic variables were either tracking their forecasts or slightly below their forecasts.
- Consumer activity, primarily refinancing, helped produce the small revenue increase that did occur.

## ***Existing Obligations Significantly Reduce the 2003 Surplus...***

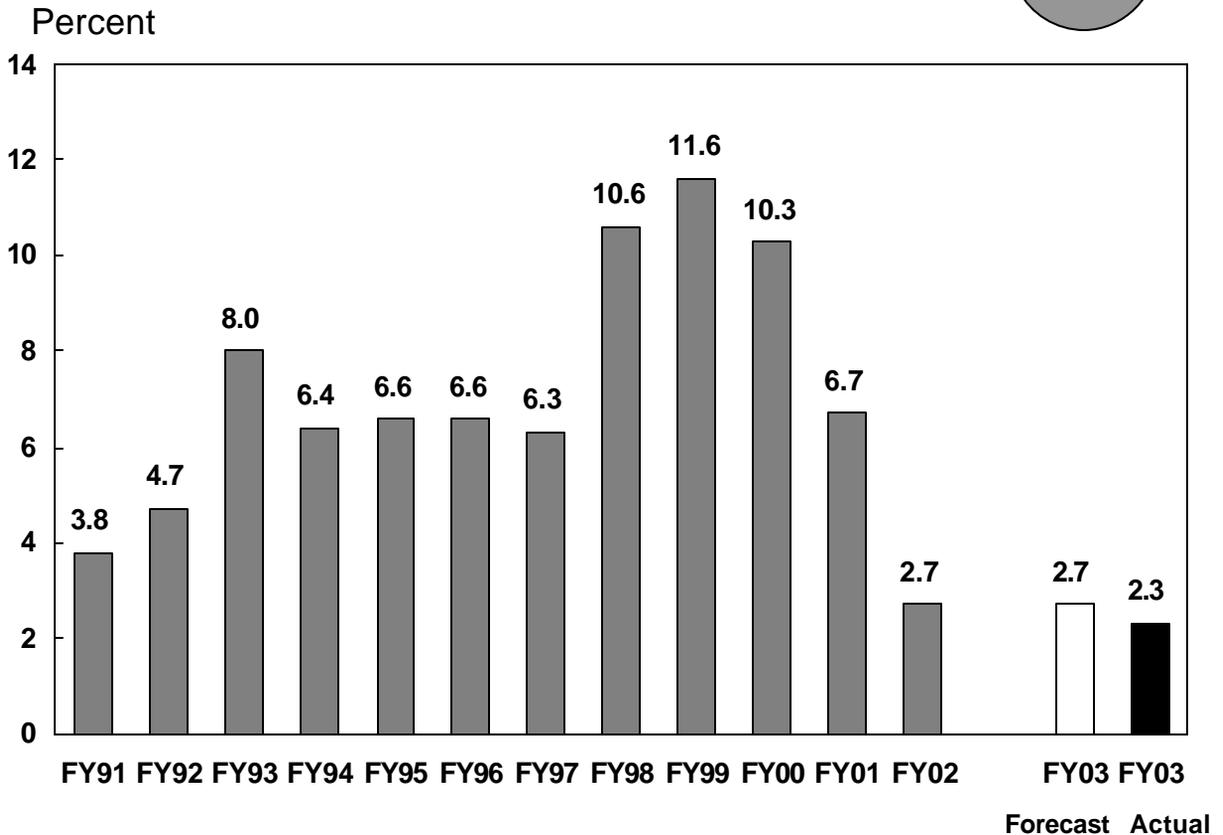
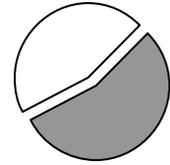
- The \$55.2 million revenue surplus is essentially committed:

TTF Accelerated Sales Tax	\$ 23.6 million
Lottery Proceeds Fund	\$ 11.4 million
WQIF Part A	\$ 6.0 million
Natural Disaster Authorizations	<u>\$ 5.0 million</u>
Total	\$ 46.0 million

# Payroll Withholding Was Slightly Below Forecast...

62% of Total

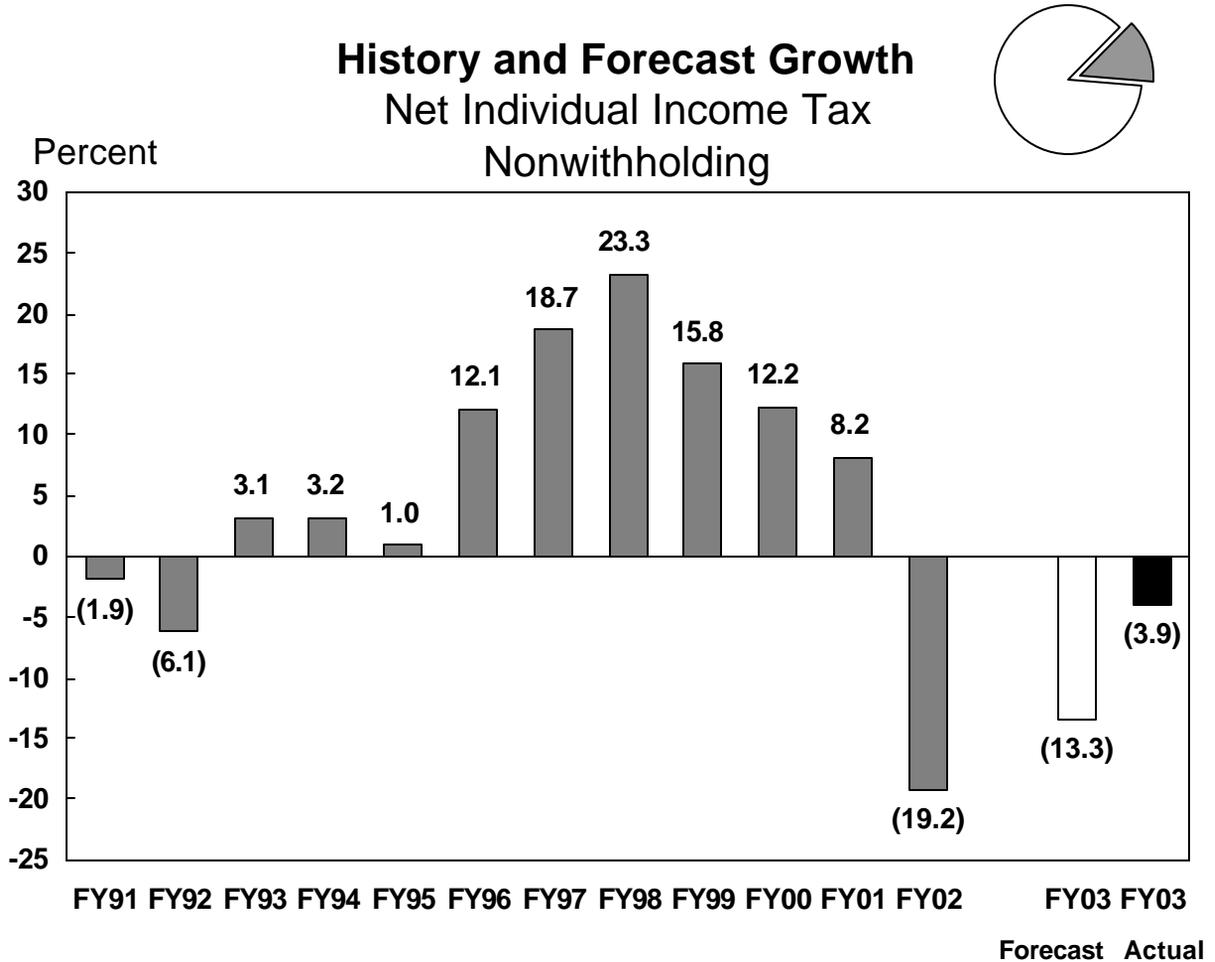
## History and Forecast Growth Net Individual Income Tax Withholding



- \$28.4 million below estimate of \$6,595.8 million.
  - At about 2.5%, wage and salary growth was slightly below the 3.2% forecast.

# The Decline in Nonwithholding Payments Was Less Than Forecast...

12% of Total

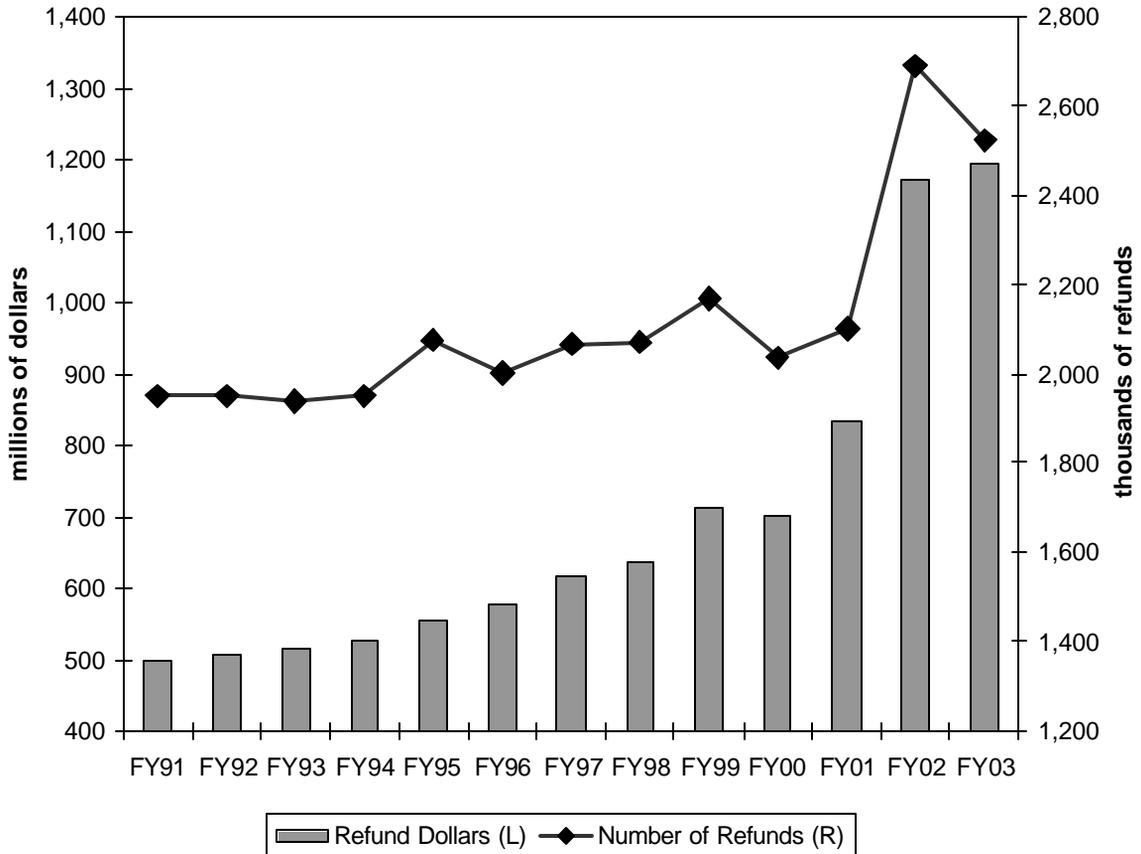


- \$136.8 million above the estimate of \$1,265.9 million.
- Estimated payments declined by 3.7% compared to the forecast of an 8% decline.
- Final payments fell by 4.3% compared to the forecast of a 25% decline. Final payments declined 37.8% in fiscal year 2002.

# ***Efficient Processing and a Sluggish Economy Boosted Refund Totals...***

## Individual Income Tax Refunds

### Refund Dollars and Number of Refunds



- \$131.6 million more than the estimate of \$1,062.8 million.
- The total number of refunds were projected to decline. Refund volume increased instead, due to: continuing economic weakness and accelerated processing.
- The weak economy drove up the cost of some tax preferences.
  - Unemployment Income Subtraction
  - Military Income Subtraction
  - Low Income Tax Credit

# ***Sales Tax Collections Were Sluggish; Corporate Income Tax Collections Finished Well Ahead of Forecast...***

## **Sales and Use Tax (22% of revenues)**

- Fiscal year 2003 collections were \$6.6 million below forecast.
  - The holiday shopping season was the worst in a decade.
  - Winter weather dampened late winter sales.
  - The war in Iraq slowed sales in mid-year.
- Sales tax collections declined 3.9% compared to a projected drop of 3.6%.
  - After adjusting for the Accelerated Sales Tax Payments, sales tax growth was 2.1% in fiscal year 2003, compared to a forecast of 2.7%.

## **Corporate Income Tax (3% of revenues)**

- Fiscal year 2003 collections were \$42.1 million above forecast, resulting in a growth rate of 18.3%.
  - A broad-based recovery in corporate earnings drove an increase in payments (8.2%) to about 2001 levels, as well as a decline in corporate refunds (-7.7%).

## ***Other Sources Showed Strength...***

### **Insurance Premiums (3% of revenues)**

- Fiscal year 2003 collections were \$21.4 million over forecast.
- Receipts increased 13.8%, compared to the forecast of 6.5% growth.
  - Post 9/11 business insurance rates boosted premiums.
  - Increases in homeowner policies were driven by the housing boom and steadily increasing home values.

### **Public Service / Consumption Tax (1% of revenues)**

- Fiscal year 2003 collections were \$5.2 million above forecast.
- Several winter storms and arctic temperatures stimulated electricity sales.

### **All other revenues (9% of revenues)**

- Fiscal year 2003 collections were \$21.6 million over forecast.
  - A \$41.2 million surplus in wills, suits, deeds, and contract fees (primarily recordation taxes) more than offset weak collections in other miscellaneous fines and revenues.

# ***Components of the Fiscal Year 2003 General Fund Balance...***

## **General Fund Balance Budgetary (Cash) Basis Fiscal Year 2003 (Millions of Dollars)**

### **Reserved Amounts:**

Revenue Stabilization Fund	\$ 247.5
Payroll Reserve for July 1, 2003 Payroll	<u>65.7</u>

**Total Reserved Balance** \$ 313.2

### **Unreserved (Designated) Amounts:**

Mandatory Reappropriations	134.4
Discretionary Reappropriations	16.8
Capital Outlay	24.5
Amount Required by Ch. 1042	20.4
Lottery Proceeds Fund	11.4
WQIF Part A	6.0
WQIF Part B	1.9
Natural Disaster Sum Sufficient	5.0
Accelerated Sales Tax for TTF	<u>23.6</u>

**Total Unreserved (Designated) Balance** 244.0

**Total Reserved and Unreserved General Fund Balance** \$ 557.2

# ***FY04 July Collections Were Strong Due to An Additional Deposit Day ...***

## **Summary of Year-To-Date Collections** (through July)

	As a % of Total <u>Revenues</u>	(percent change) Year-to-date <u>Actual</u>	Official <u>Forecast</u>
Individual Income	62.0	12.7	6.4
Withholding	62.0	7.1	6.5
Nonwithholding	12.0	8.3	(4.8)
Refunds	(12.0)	(42.6)	(6.6)
Sales*	22.0	(11.8)	5.3
Corporate Income	3.0	9.6	(8.0)
Insurance Premiums	3.0	(3.8)	0.9
Public Service	1.0	(1.0)	(8.2)
All Other	9.0	9.5	(2.9)
<b>Total Revenues</b>		<b>8.5</b>	<b>4.6</b>

\*Adjusted for AST collections, growth is -0.1%

- July receipts are one of the smallest months of the year – only about 7% of the total for the year.
  - Only significant activity is payroll withholding and sales tax collections from dealers not paying accelerated sales tax bills in June.
- August receipts will have one less deposit day.
  - The 2-month total will provide the first snapshot on the strength of the recovery.

## ***The Fall Forecasting Process Will Re-Examine the Economic Outlook...***

- Fiscal year 2003 revenue grew 1.8%, compared to the 1.2% forecast.
  - With a small surplus in FY2003, the required growth rate for FY2004 is now 4.6%.

	<u>FY04 Forecast</u>
Real GDP	3.9
Employment	
U.S.	1.8
Virginia	1.4
Personal Income	
U.S.	5.0
Virginia	4.9
Wages & Salaries	
U.S.	5.6
Virginia	5.9

- National economists predict continued recovery in the second half of calendar year 2003.

## ***Key Conditions for Fiscal Year 2004 Forecast...***

- In Virginia, payroll withholding and retail sales tax collections have improved over the last two months.
  - This trend needs to continue to sustain the current forecast.
- Job growth must continue to improve.
- Consumer confidence – no precipitous declines.
- Energy prices must remain relatively stable.
- Wall Street's performance – no significant retreat from this year's gains.

## Appendix

Fiscal Year 2003 General Fund Collections: Actual versus Forecast

December and Official General Fund Forecast for Fiscal Year 2004

Growth in Total General Fund Tax Revenues for Fiscal Years 1961 to 2004

June Revenue Report

July Revenue Report

Note:

At the Department of Accounts web site, [www.doa.state.va.us](http://www.doa.state.va.us), the Preliminary General Fund Annual Report of the Comptroller to the Governor of Virginia, August 15, 2003, is available.

At the Secretary of Finance web site, [www.finance.virginia.gov](http://www.finance.virginia.gov), this report is available.

**Fiscal Year 2003 General Fund Collections: Actual and Forecast  
(Dollars in Millions)**

	Fiscal Year 2002		Fiscal Year 2003						
	Actual	% Growth	Forecast	Actual	Forecast Variance		% Growth over FY 2002		
					Dollars	Percent	Forecast	Actual	
<b>MAJOR TAX SOURCES</b>									
Corporate Income	\$ 290.2	(20.2) %	\$ 301.2	\$ 343.3	\$ 42.1	14.0 %	3.8 %	18.3 %	
Individual Income									
Gross	7,881.9	(2.2)	7,861.7	7,970.1	108.4	1.4	(0.3)	1.1	
Withholding	6,422.4	2.7	6,595.8	6,567.4	(28.4)	(0.4)	2.7	2.3	
Nonwithholding	1,459.5	(19.2)	1,265.9	1,402.7	136.8	10.8	(13.3)	(3.9)	
Refunds	(1,171.1)	40.2	(1,062.8)	(1,194.4)	(131.6)	(12.4)	(9.2)	2.0	
Net Individual Income	6,710.8	(7.1)	6,798.9	6,775.7	(23.2)	(0.3)	1.3	1.0	
Insurance Company Premiums	292.7	9.2	311.6	333.0	21.4	6.9	6.5	13.8	
Public Service GR / Consumption Tax	77.2	(17.4)	86.0	91.2	5.2	6.1	11.5	18.3	
State Sales & Use Tax	2,429.8	6.9	2,342.6	2,336.0	(6.6)	(0.3)	(3.6)	(3.9)	
<b>Total Major Tax Sources</b>	<b>\$ 9,800.7</b>	<b>(4.1) %</b>	<b>\$ 9,840.3</b>	<b>\$ 9,879.3</b>	<b>\$ 39.0</b>	<b>0.4 %</b>	<b>0.4 %</b>	<b>0.8 %</b>	
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>									
Alcoholic Beverages State Tax	\$ 86.3	4.2 %	\$ 90.7	\$ 87.8	\$ (2.9)	(3.2) %	5.1 %	1.7 %	
Bank Franchise Tax	10.2	119.7	9.2	9.3	0.1	0.5	(9.5)	(9.0)	
Beer & Beverage Excise Tax	41.1	2.5	37.0	40.9	3.9	10.6	(10.0)	(0.5)	
Corporate Franchise & Charter Fees	22.4	(2.0)	37.3	36.7	(0.6)	(1.5)	66.3	63.7	
Excess & Other Fees From Officers	(18.6)	(68.6)	(18.6)	(27.5)	(8.9)	48.0	0.2	(47.8)	
Estate & Gifts	133.7	5.4	131.6	143.3	11.7	8.9	(1.5)	7.2	
Institutional Revenues	9.2	16.6	9.2	7.9	(1.3)	(14.2)	0.1	(14.1)	
Interest & Rents	100.7	(24.6)	72.3	83.1	10.8	14.9	(28.2)	(17.5)	
Licenses & Permits	1.5	(8.5)	1.5	1.5	0.0	2.4	0.3	2.7	
Miscellaneous Taxes & Penalties	139.9	6.5	189.9	182.2	(7.7)	(4.1)	35.7	30.2	
Other Miscellaneous Revenues	62.6	(41.0)	86.2	61.5	(24.7)	(28.6)	37.8	(1.6)	
Tobacco Master Settlement	59.8	16.7	60.5	60.0	(0.5)	(0.8)	1.1	0.3	
Tobacco Products Tax	15.0	(0.3)	15.0	15.3	0.3	2.1	(0.2)	1.9	
Wills, Suits, Deeds & Contract Fees	214.4	27.9	244.6	285.8	41.2	16.9	14.1	33.3	
<b>Total Misc. Taxes &amp; Other Revenues</b>	<b>878.3</b>	<b>(0.3) %</b>	<b>\$ 966.4</b>	<b>987.9</b>	<b>21.5</b>	<b>2.2 %</b>	<b>10.0 %</b>	<b>12.5 %</b>	
<b>TOTAL GF REVENUES</b>	<b>\$ 10,679.0</b>	<b>(3.8) %</b>	<b>\$ 10,806.7</b>	<b>\$ 10,867.1</b>	<b>\$ 60.4</b>	<b>0.6 %</b>	<b>1.2 %</b>	<b>1.8 %</b>	
<b>TRANSFERS</b>									
A.B.C. Profits	\$ 25.4	(9.6) %	\$ 10.9	\$ 14.2	\$ 3.3	30.3 %	(57.1) %	(44.1) %	
Lottery Profits	367.2	11.5	363.7	375.1	11.4	3.1	(1.0)	2.2	
Transfers Per Appropriations Act	334.8	1,233.9	673.3	653.4	(19.9)	(3.0)	101.1	95.2	
<b>Total Transfers</b>	<b>\$ 727.4</b>	<b>90.1 %</b>	<b>\$ 1,047.9</b>	<b>\$ 1,042.7</b>	<b>\$ (5.2)</b>	<b>(0.5) %</b>	<b>44.1 %</b>	<b>43.3 %</b>	
<b>TOTAL GENERAL FUND</b>	<b>\$ 11,406.4</b>	<b>(0.7) %</b>	<b>\$ 11,854.6</b>	<b>\$ 11,909.8</b>	<b>\$ 55.2</b>	<b>0.5 %</b>	<b>3.9 %</b>	<b>4.4 %</b>	

The official forecast is based on the September 2002 DRI.WEFA Low Growth outlook and the corresponding Virginia state forecast developed by the Department of Taxation and reflects actions of the 2003 General Assembly session -- Chapter 1042.

Transfers Per Appropriations Act includes the \$1.6 million in additional Revenue Stabilization Fund interest earned by the date the funds were transferred.

**The December and Official Standard General Fund Forecast for Fiscal Year 2004**  
(Dollars in Millions)

May 1, 2003

	Fiscal Year 2004					2003-2004 Biennium		
	December	Official	Change	% Growth Over FY 03		December	Official	Change
	Forecast	Forecast		December	Official	Forecast	Forecast	
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 315.9	\$ 315.9	\$ 0.0	4.9 %	(8.0) %	\$ 617.1	\$ 659.2	\$ 42.1
Individual Income Tax:								
Gross	8,317.7	8,327.4	9.7	5.8	4.5	16,179.8	16,297.5	117.7
Withholding	6,991.6	6,991.6	0.0	6.0	6.5	13,587.4	13,559.0	(28.4)
Nonwithholding	1,326.1	1,335.8	9.7	4.7	(4.8)	2,592.4	2,738.5	146.1
Refunds	(1,115.9)	(1,115.9)	0.0	5.0	(6.6)	(2,178.7)	(2,310.3)	(131.6)
Net	7,201.8	7,211.5	9.7	5.9	6.4	14,001.1	13,987.2	(13.9)
Insurance Company Premiums	331.7	336.1	4.4	7.7	0.9	639.8	669.1	29.3
Public Service GR / Consumption Tax	83.8	83.8	0.0	0.4	(8.1)	167.3	175.0	7.7
State Sales & Use Tax	2,458.0	2,460.0	2.0	4.9	5.3	4,800.3	4,796.0	(4.3)
<b>Total Major Tax Sources</b>	<b>\$ 10,391.2</b>	<b>\$ 10,407.3</b>	<b>\$ 16.1</b>	<b>5.7 %</b>	<b>5.3 %</b>	<b>\$ 20,225.6</b>	<b>\$ 20,286.5</b>	<b>\$ 60.9</b>
<b>MISCELLANEOUS TAXES &amp; OTHER REVENUES</b>								
Alcoholic Beverages State Tax	\$ 94.5	\$ 95.4	\$ 0.9	4.5 %	8.7 %	\$ 184.9	\$ 183.2	\$ (1.7)
Bank Franchise Tax	9.4	9.4	0.0	2.2	1.1	18.6	18.7	0.1
Beer & Beverage Excise Tax	32.7	32.7	0.0	(11.6)	(20.0)	69.7	73.6	3.9
Corporate Franchise & Charter Fees	21.8	37.3	15.5	0.0	1.6	43.6	74.0	30.4
Excess & Other Fees From Officers	(20.0)	(20.0)	0.0	7.5	(27.4)	(38.6)	(47.5)	(8.9)
Estate & Gifts	135.2	135.2	0.0	2.7	(5.7)	266.8	278.5	11.7
Institutional Revenues	9.3	9.3	0.0	1.1	17.7	18.5	17.2	(1.3)
Interest & Rents	80.3	80.3	0.0	11.1	(3.3)	152.6	163.4	10.8
Licenses & Permits	1.5	1.5	0.0	0.0	0.0	3.0	3.0	0.0
Miscellaneous Taxes & Penalties	220.0	231.9	11.9	16.1	27.3	409.5	414.1	4.6
Other Miscellaneous Revenues	128.5	112.4	(16.1)	42.0	82.4	219.0	174.0	(45.0)
Tobacco Master Settlement	53.0	53.0	0.0	(12.4)	(11.7)	113.5	113.0	(0.5)
Tobacco Products Tax	14.9	14.9	0.0	(0.7)	(2.6)	29.9	30.2	0.3
Wills, Suits, Deeds & Contract Fees	165.6	165.6	0.0	(30.0)	(42.1)	402.1	451.4	49.3
<b>Total Misc. Taxes &amp; Other Revenues</b>	<b>\$ 946.7</b>	<b>\$ 958.9</b>	<b>\$ 12.2</b>	<b>0.0 %</b>	<b>(2.9) %</b>	<b>\$ 1,893.1</b>	<b>\$ 1,946.8</b>	<b>\$ 53.7</b>
<b>TOTAL GF REVENUES</b>	<b>\$ 11,337.9</b>	<b>\$ 11,366.2</b>	<b>\$ 28.3</b>	<b>5.2 %</b>	<b>4.6 %</b>	<b>\$ 22,118.7</b>	<b>\$ 22,233.3</b>	<b>\$ 114.6</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 7.0	\$ 7.0	\$ 0.0	(35.8) %	(50.7) %	\$ 17.9	\$ 21.2	\$ 3.3
Lottery Proceeds Fund	371.4	371.4	0.0	2.1	(1.0)	735.1	746.5	11.4
Transfers Per Appropriations Act	297.8	317.8	20.0	(54.5)	(51.4)	952.5	971.2	18.7
<b>Total Transfers</b>	<b>\$ 676.2</b>	<b>\$ 696.2</b>	<b>\$ 20.0</b>	<b>(34.3) %</b>	<b>(33.2) %</b>	<b>\$ 1,705.5</b>	<b>\$ 1,738.9</b>	<b>\$ 33.4</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 12,014.1</b>	<b>\$ 12,062.4</b>	<b>\$ 48.3</b>	<b>1.7 %</b>	<b>1.3 %</b>	<b>\$ 23,824.2</b>	<b>\$ 23,972.2</b>	<b>\$ 148.0</b>

The December standard forecast is based on the September 2002 DRI.WEFA Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

The Official standard forecast is based on the September 2002 DRI.WEFA Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and reflects adjustments by the 2003 GA session.

**Growth in Total General Fund Tax Revenues**

**Fiscal Year 1961 - Fiscal Year 2004**

**(Nominal - Actual Dollars)**

<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>
61	230,998,887	----	83	2,975,687,935	6.4%
62	242,144,567	4.8%	84	3,397,710,261	14.2%
63	286,304,265	18.2%	85	3,790,816,000	11.6%
64	298,033,919	4.1%	86	4,131,778,000	9.0%
65	323,213,412	8.4%	87	4,590,434,000	11.1%
66	365,129,776	13.0%	88	5,054,382,000	10.1%
67	414,755,644	13.6%	89	5,478,912,000	8.4%
68	533,597,744	28.7%	90	5,494,884,000	0.3%
69	706,254,374	32.4%	91	5,471,882,000	- 0.4%
70	743,721,322	5.3%	92	5,623,213,000	2.8%
71	807,954,651	8.6%	93	6,133,637,000	9.1%
72	922,653,686	14.2%	94	6,503,368,000	6.0%
73	1,054,469,443	14.3%	95	6,881,145,000	5.8%
74	1,168,562,871	10.8%	96	7,356,110,000	6.9%
75	1,303,178,893	11.5%	97	7,949,327,000	8.1%
76	1,428,421,157	9.6%	98	8,773,520,000	10.4%
77	1,636,301,819	14.6%	99	9,702,747,000	10.6%
78	1,923,085,084	17.5%	00	10,788,482,000	11.2%
79	2,115,211,522	10.0%	01	11,105,275,000	2.9%
80	2,344,928,934	10.9%	02	10,678,954,000	-3.8%
81	2,579,663,941	10.0%	03	10,867,149,000	1.8%
82	2,796,458,741	8.4%	<b>*04</b>	<b>11,366,200,000</b>	<b>4.6%</b>

**\*May 1, 2003 Forecast**

**Excludes transfers**

Commonwealth of Virginia/Department of Accounts  
Summary Report on General Fund and Lottery Revenue Collections  
For the Fiscal Years 2002 and 2003  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2003 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2003	June FY 2002	% Change	FY 2003	Year-To-Date FY 2002	% Change	% Annual Growth Req By Est
<b>Individual Income Tax:</b>									
<b>Withholding</b>	\$6,595,800	59.05	\$563,198	\$542,455	3.8	\$6,567,408	\$6,422,380	2.3	2.7
<b>Tax Dues/Estimated Payments</b>	1,265,900	11.33	170,132	179,284	(5.1)	1,402,712	1,459,508	(3.9)	(13.3)
<b>Gross Individual Income Tax</b>	\$7,861,700	70.38	\$733,330	\$721,739	1.6	\$7,970,120	\$7,881,888	1.1	(0.3)
<b>Individual and Fiduciary Income     (Refunds)</b>	(1,062,800)	(9.51)	(44,863)	(54,994)	(18.4)	(1,194,374)	(1,171,116)	2.0	(9.2)
<b>Net Individual Income Tax</b>	\$6,798,900	60.87	\$688,467	\$666,745	3.3	\$6,775,746	\$6,710,772	1.0	1.3
<b>Sales and Use Tax</b>	2,342,600	20.97	355,209	344,517	3.1	2,335,958	2,429,845	(3.9)	(3.6)
<b>Corporations Income Tax</b>	301,200	2.70	72,975	59,610	22.4	343,319	290,215	18.3	3.8
<b>Public Service Corporations</b>	86,000	0.77	6,017	6,460	(6.9)	91,247	77,152	18.3	11.5
<b>Insurance Premiums</b>	311,600	2.79	78,099	67,965	14.9	333,004	292,702	13.8	6.5
<b>Interest Income (a)</b>	72,000	0.64	857	(607)	241.2	81,687	100,402	(18.6)	(28.3)
<b>Alcoholic Beverage Sales (b)</b>	127,700	1.14	23,454	24,634	(4.8)	128,723	127,455	1.0	0.2
<b>Tobacco Master Settlement</b>	60,500	0.54	683	0	-	60,012	59,846	0.3	1.1
<b>All Other Revenues</b>	706,100	6.32	102,371	95,056	7.7	717,453	590,565	21.5	19.6
<b>Total General Fund Revenues</b>	\$10,806,600	96.74	\$1,328,132	\$1,264,380	5.0	\$10,867,149	\$10,678,954	1.8	1.2
<b>Gross Lottery Revenue</b>	\$1,128,301	10.10	\$105,888	\$90,998	16.4	\$1,135,729	\$1,108,068	2.5	1.8
<b>Less: Expenses</b>	(764,610)	(6.84)	(71,630)	(63,124)	13.5	(760,528)	(740,375)	2.7	3.3
<b>Net Lottery Profits</b>	\$363,691	3.26	\$34,258	\$27,874	22.9	\$375,201	\$367,693	2.0	(1.1)
<b>Total General Fund Revenues and Net Lottery Profits</b>	\$11,170,291	100.00	\$1,362,390	\$1,292,254	5.4	\$11,242,350	\$11,046,647	1.8	1.1

# Percentage is greater than 1,000%.

(a) Interest income for the April - June quarter attributable to nongeneral funds was transferred in accordance with Section 3-5.08 of Chapter 1042, 2003 Virginia Acts of Assembly.

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

FY 2003 Revised Estimate  
Per Chapter 1042

Commonwealth of Virginia/Department of Accounts  
General Fund Statement of Revenue Collections and Estimates  
For the Fiscal Years 2002 and 2003  
(Dollars in Thousands)

Revenue	(1)	(2)	(3) (4) (5)			(6) (7) (8)		
	FY 2003 Estimate	As a % of Total Gen Fund Rev	June FY 2003	June FY 2002	% Change	Year-To-Date FY 2003	Year-To-Date FY 2002	% Change
<b>Taxes:</b>								
Individual Income Tax - Withholding	\$6,595,800	61.04	\$563,198	\$542,455	3.8	\$6,567,408	\$6,422,380	2.3
Tax Dues/Estimated Payments	1,265,900	11.71	170,132	179,284	(5.1)	1,402,712	1,459,508	(3.9)
Gross Individual Income Tax	\$7,861,700	72.75	\$733,330	\$721,739	1.6	\$7,970,120	\$7,881,888	1.1
Individ and Fiduc Income (Refunds)	(1,062,800)	(9.84)	(44,863)	(54,994)	(18.4)	(1,194,374)	(1,171,116)	2.0
Net Individual Income Tax	\$6,798,900	62.91	\$688,467	\$666,745	3.3	\$6,775,746	\$6,710,772	1.0
Sales and Use Tax	2,342,600	21.68	355,209	344,517	3.1	2,335,958	2,429,845	(3.9)
Corporations Income	301,200	2.79	72,975	59,610	22.4	343,319	290,215	18.3
Public Service Corporations	86,000	0.80	6,017	6,460	(6.9)	91,247	77,152	18.3
Insurance Premiums	311,600	2.88	78,099	67,965	14.9	333,004	292,702	13.8
Alcoholic Beverage Excise	90,700	0.84	19,750	20,600	(4.1)	87,802	86,324	1.7
Beer and Beverage Excise	37,000	0.34	3,704	4,034	(8.2)	40,921	41,131	(0.5)
Wills, Suits, Deeds, Contracts	244,600	2.26	28,905	20,772	39.2	285,841	214,422	33.3
Inheritance, Gift, and Estate	131,600	1.22	11,884	20,279	(41.4)	143,325	133,661	7.2
Tobacco Products	15,000	0.14	1,288	1,146	12.4	15,314	15,023	1.9
Bank Franchise	9,200	0.09	6,501	10,163	(36.0)	9,250	10,161	(9.0)
Other Taxes	(4,900)	(0.05)	(258)	(474)	45.6	(9,008)	(12,896)	30.1
<b>Total Taxes</b>	<b>\$10,363,500</b>	<b>95.90</b>	<b>\$1,272,541</b>	<b>\$1,221,817</b>	<b>4.2</b>	<b>\$10,452,719</b>	<b>\$10,288,512</b>	<b>1.6</b>
<b>Rights and Privileges:</b>								
Licenses and Permits	\$1,500	0.01	\$160	\$141	13.5	\$1,536	\$1,496	2.7
Corp. Franchise and Charters	37,300	0.35	19,752	16,136	22.4	36,722	22,430	63.7
Fees for Practice of Prof	1,100	0.01	16	24	(33.3)	1,091	1,205	(9.5)
Fees for Misc. Privileges & Services	10,000	0.09	2,304	2,285	0.8	11,173	12,866	(13.2)
<b>Total Rights and Privileges</b>	<b>\$49,900</b>	<b>0.46</b>	<b>\$22,232</b>	<b>\$18,586</b>	<b>19.6</b>	<b>\$50,522</b>	<b>\$37,997</b>	<b>33.0</b>
<b>Other Revenues:</b>								
Sales of Property & Commodities	\$4,000	0.03	\$1,001	\$57	#	\$1,019	\$281	262.6
Assessmts & Rcpts for Support of Special Svces	400	0.00	51	15	240.0	383	445	(13.9)
Institutional Revenue	9,200	0.09	610	706	(13.6)	7,896	9,194	(14.1)
Interest (a)	72,000	0.67	857	(607)	241.2	81,687	100,402	(18.6)
Dividends and Rent	300	0.00	45	2	#	1,386	327	323.9
Fines, Forfeitures & Fees	194,800	1.80	28,289	16,106	75.6	191,182	152,801	25.1
Other Revenue	61,400	0.57	4,316	8,685	(50.3)	38,755	38,719	0.1
Excess Fees	(18,600)	(0.17)	(3,347)	(1,794)	(86.6)	(27,536)	(18,630)	(47.8)
Private Donations, Gifts & Cont.	0	0.00	0	0	-	7	0	-
Cities, Counties, and Towns	9,200	0.09	854	807	5.8	9,117	9,060	0.6
Tobacco Master Settlement	60,500	0.56	683	0	-	60,012	59,846	0.3
<b>Total Other Revenues</b>	<b>\$393,200</b>	<b>3.64</b>	<b>\$33,359</b>	<b>\$23,977</b>	<b>39.1</b>	<b>\$363,908</b>	<b>\$352,445</b>	<b>3.3</b>
<b>Total General Fund Revenues</b>	<b>\$10,806,600</b>	<b>100.00</b>	<b>\$1,328,132</b>	<b>\$1,264,380</b>	<b>5.0</b>	<b>\$10,867,149</b>	<b>\$10,678,954</b>	<b>1.8</b>

# Percentage is greater than 1,000%.

(a) Interest income for the April - June quarter attributable to nongeneral funds was transferred in accordance with Section 3-5.08 of Chapter 1042, 2003 Virginia Acts of Assembly.

**Commonwealth of Virginia/Department of Lottery  
Summary Report on Lottery Collections  
For the Fiscal Years 2002 and 2003  
(Dollars in Thousands)**

	<b>FY 2003 Estimate</b>	<b>June</b>			<b>Year-To-Date</b>			<b>% Annual Growth Required By Estimate</b>
		<b>FY 2003</b>	<b>FY 2002</b>	<b>% Change</b>	<b>FY 2003</b>	<b>FY 2002</b>	<b>% Change</b>	
Lottery Collections								
Lotto South	\$76,568	\$5,828	\$6,878	(15.3)	\$71,607	\$86,770	(17.5)	(11.8)
Cash 5	27,160	2,209	2,263	(2.4)	28,431	27,283	4.2	(0.5)
Pick 4	145,420	11,880	11,073	7.3	146,854	141,170	4.0	3.0
Pick 3	241,100	18,990	18,712	1.5	240,423	243,122	(1.1)	(0.8)
Mega Millions	111,853	16,126	6,983	130.9	104,964	117,258	(10.5)	(4.6)
Scratch	<u>526,200</u>	<u>50,855</u>	<u>45,089</u>	<u>12.8</u>	<u>543,450</u>	<u>492,465</u>	<u>10.4</u>	<u>6.9</u>
Gross Lottery Revenue	<u>1,128,301</u>	<u>105,888</u>	<u>90,998</u>	<u>16.4</u>	<u>1,135,729</u>	<u>1,108,068</u>	<u>2.5</u>	<u>1.8</u>
Expenses (b)	<u>764,610</u>	<u>71,630 (a)</u>	<u>63,124</u>	<u>13.5</u>	<u>760,528 (a)</u>	<u>740,375</u>	<u>2.7</u>	<u>3.3</u>
Net Lottery Ticket Profits	<u>\$363,691</u>	<u>\$34,258 (a)</u>	<u>\$27,874</u>	<u>22.9</u>	<u>\$375,201 (a)</u>	<u>\$367,693</u>	<u>2.0</u>	<u>(1.1)</u>

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

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

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 2002 and 2003  
(Dollars in Thousands)

Revenue	FY 2003 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Estimate
			FY 2003	FY 2002	% Change	FY 2003	FY 2002	% Change	
Motor Fuel Taxes	\$819,100	28.96	\$140,342	\$134,844	4.1	\$808,527	\$794,266	1.8	3.1
Priority Transportation Fund	20,000	0.71	2,000	2,000	0.0	20,000	20,000	0.0	0.0
Motor Vehicle Sales and Use Tax	556,300	19.67	53,819	47,485	13.3	542,743	532,137	2.0	4.5
State Sales and Use Tax	381,100	13.47	33,331	32,302	3.2	375,681	388,139	(3.2)	(1.8)
Motor Vehicle License Fees	175,300	6.19	15,194	10,337	47.0	158,703	145,080	9.4	20.8
International Registration Plan	61,300	2.17	7,866	7,498	4.9	57,569	59,223	(2.8)	3.5
Interest Earnings	12,400	0.44	1	3	(66.7)	14,625	14,020	4.3	(11.6)
Misc. Taxes, Fees, and Revenues	23,600	0.84	1,700	502	238.6	23,232	22,807	1.9	3.5
<b>Total State Taxes and Fees</b>	<b>\$2,049,100</b>	<b>72.45</b>	<b>\$254,253</b>	<b>\$234,971</b>	<b>8.2</b>	<b>\$2,001,080</b>	<b>\$1,975,672</b>	<b>1.3</b>	<b>3.7</b>

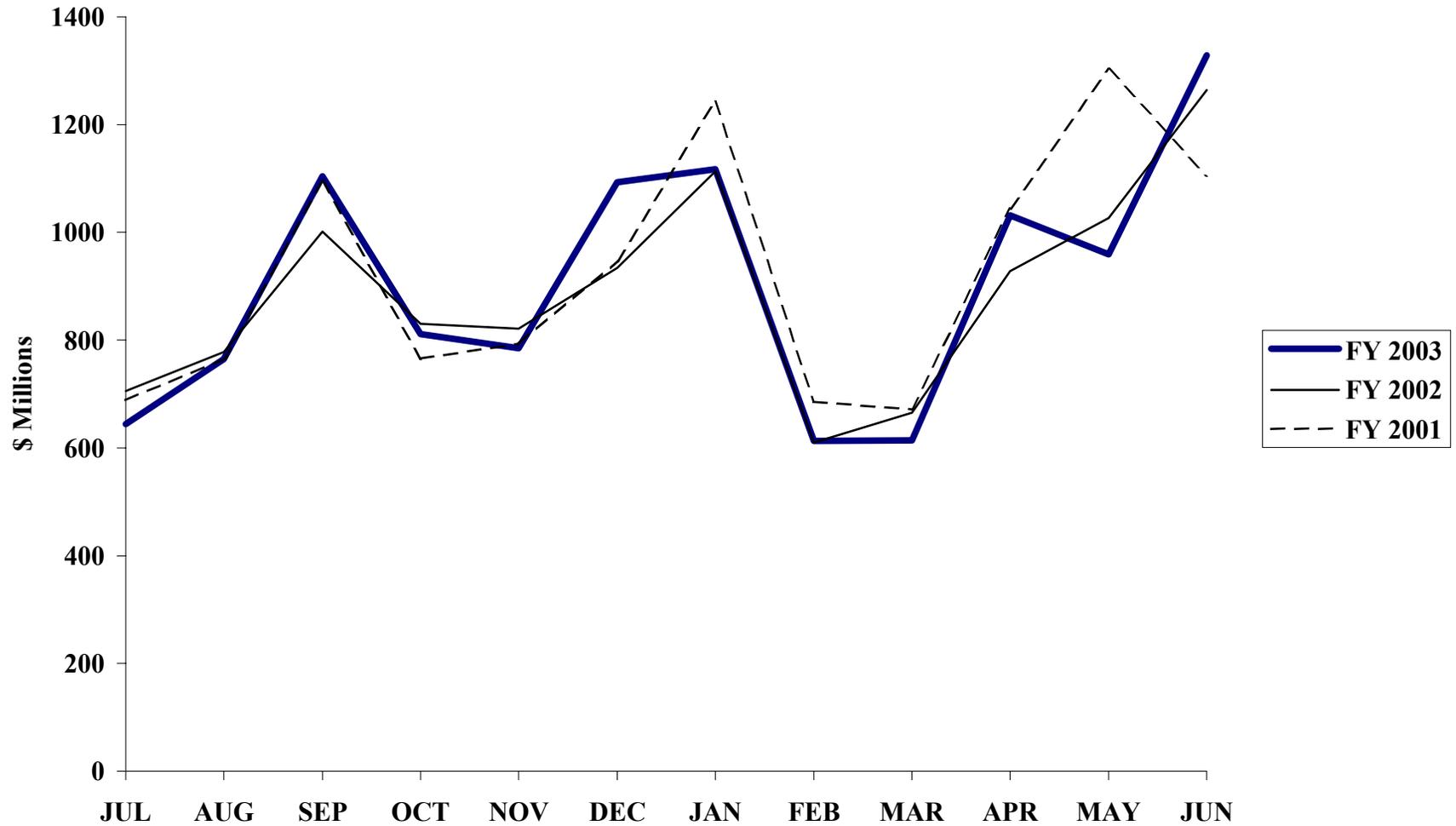
# Percentage is greater than 1,000%.

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 2002 and 2003  
(Dollars in Thousands)

Revenue	FY 2003 Estimate	As a % of Total Fund	June			Year-To-Date		
			FY 2003	FY 2002	% Change	FY 2003	FY 2002	% Change
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>								
Motor Fuel Taxes (Includes Road Tax)	\$699,200	24.72	\$120,174	\$115,695	3.9	\$688,411	\$676,452	1.8
Motor Vehicle Sales and Use Tax	357,600	12.64	34,293	30,298	13.2	347,915	342,009	1.7
Motor Vehicle License Fees	151,100	5.34	13,152	8,656	51.9	139,011	125,814	10.5
International Registration Plan	61,300	2.17	7,866	7,498	4.9	57,569	59,223	(2.8)
Misc. Taxes, Fees, and Revenues	23,600	0.84	1,700	502	238.6	23,232	22,807	1.9
<b>Total State Taxes and Fees</b>	<b>\$1,292,800</b>	<b>45.71</b>	<b>\$177,185</b>	<b>\$162,649</b>	<b>8.9</b>	<b>\$1,256,138</b>	<b>\$1,226,305</b>	<b>2.4</b>
<b>Other Revenues:</b>								
Federal Grants and Contracts	\$0	0.00	\$988	\$2,686	(63.2)	\$13,634	\$15,064	(9.5)
Transfer (to) / from Transportation Trust Fund	147,200	5.21	(40,343)	(14,006)	(188.0)	96,927	(14,006)	792.0
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,440,000</b>	<b>50.92</b>	<b>\$137,830</b>	<b>\$151,329</b>	<b>(8.9)</b>	<b>\$1,366,699</b>	<b>\$1,227,363</b>	<b>11.4</b>
<b>TRANSPORTATION TRUST FUND:</b>								
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$119,900	4.24	\$20,168	\$19,149	5.3	\$120,116	\$117,814	2.0
Priority Transportation Fund	20,000	0.71	2,000	2,000	0.0	20,000	20,000	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	198,700	7.03	19,526	17,187	13.6	194,828	190,128	2.5
State Sales and Use Tax	381,100	13.47	33,331	32,302	3.2	375,681	388,139	(3.2)
Motor Vehicle License Fees	24,200	0.85	2,042	1,681	21.5	19,692	19,266	2.2
Interest Earnings	12,400	0.44	1	3	(66.7)	14,625	14,020	4.3
<b>Total State Taxes and Fees</b>	<b>\$756,300</b>	<b>26.74</b>	<b>\$77,068</b>	<b>\$72,322</b>	<b>6.6</b>	<b>\$744,942</b>	<b>\$749,367</b>	<b>(0.6)</b>
<b>Other Revenues:</b>								
Federal Grants and Contracts	\$669,400	23.67	\$41,271	\$50,041	(17.5)	\$678,299	\$948,773	(28.5)
Receipts from Cities/Counties	37,500	1.33	(1,605)	2,030	(179.1)	25,284	33,973	(25.6)
Toll Revenues (Includes Route 28)	72,200	2.55	11,650	5,362	117.3	62,805	63,060	(0.4)
Miscellaneous Revenues	0	0.00	897	2,428	(63.1)	17,384	16,489	5.4
<b>Total Other Revenues</b>	<b>\$779,100</b>	<b>27.55</b>	<b>\$52,213</b>	<b>\$59,861</b>	<b>(12.8)</b>	<b>\$783,772</b>	<b>\$1,062,295</b>	<b>(26.2)</b>
Transfer (to) / from Highway Maintenance and Operating Fund	(\$147,200)	(5.21)	\$40,343	\$14,006	188.0	(\$96,927)	\$14,006	(792.0)
<b>Total Transportation Trust Fund</b>	<b>\$1,388,200</b>	<b>49.08</b>	<b>\$169,624</b>	<b>\$146,189</b>	<b>16.0</b>	<b>\$1,431,787</b>	<b>\$1,825,668</b>	<b>(21.6)</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>								
	<b>\$2,828,200</b>	<b>100.00</b>	<b>\$307,454</b>	<b>\$297,518</b>	<b>3.3</b>	<b>\$2,798,486</b>	<b>\$3,053,031</b>	<b>(8.3)</b>

# Percentage is greater than 1,000%.

## Total General Fund Revenues

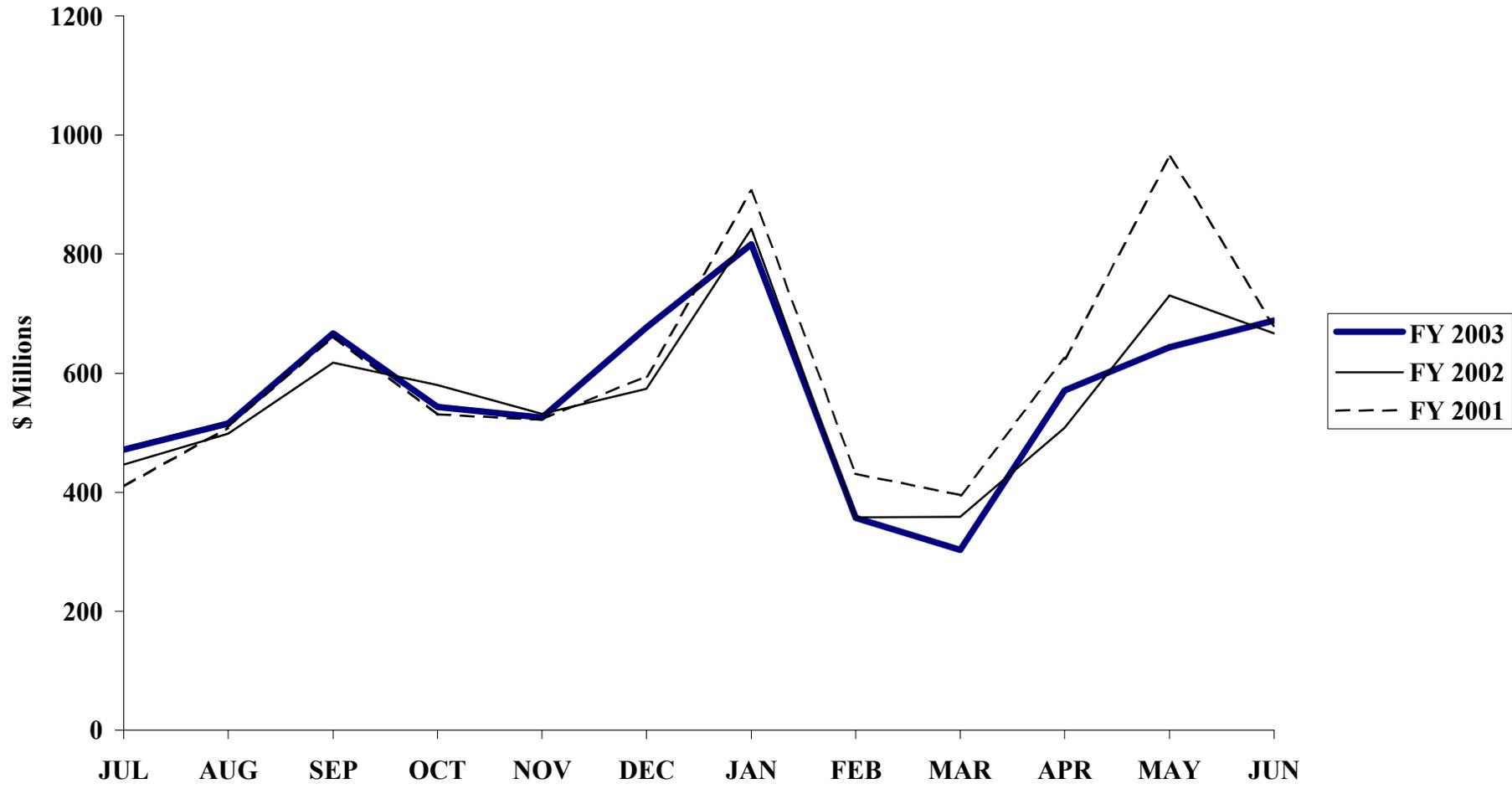


**FY 2001 Actual = \$11,105.3 Million**

**FY 2002 Actual = \$10,678.9 Million**

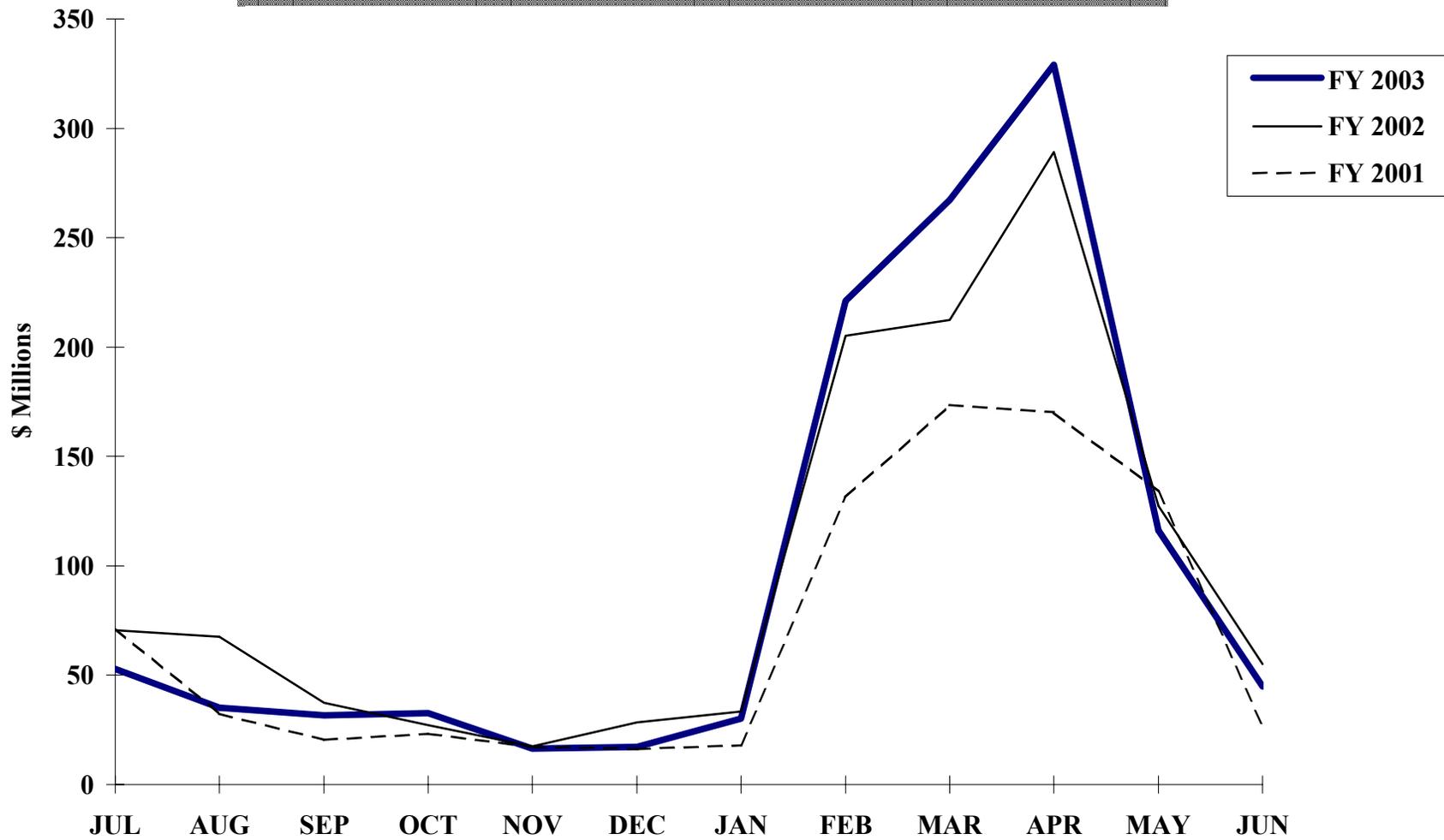
**FY 2003 Actual = \$10,867.1 Million**

# Net Individual Income Tax



**FY 2001 Actual = \$7,226.3 Million**  
**FY 2002 Actual = \$6,710.7 Million**  
**FY 2003 Actual = \$6,775.7 Million**

# Individual and Fiduciary Income Tax Refunds



**FY 2001 Actual = \$835.4 Million**  
**FY 2002 Actual = \$1,171.1 Million**  
**FY 2003 Actual = \$1,194.4 Million**

## DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2003

(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>	\$2,025.1	3.40%	\$973.7	20.20%	\$2,998.8	8.86%
<b>August</b>	\$1,758.1	3.56%	\$989.2	17.14%	\$2,747.3	8.45%
<b>September</b>	\$1,859.5	3.46%	\$1,003.6	21.93%	\$2,863.1	9.93%
<b>October</b>	\$1,813.7	3.30%	\$852.4	-5.03%	\$2,666.1	0.64%
<b>November</b>	\$1,709.7	3.38%	\$897.9	-6.80%	\$2,607.6	-0.13%
<b>December</b>	\$1,696.4	3.14%	\$904.6	24.94%	\$2,601.0	10.72%
<b>January<sup>3</sup></b>	\$2,209.4	2.64%	\$913.3	-1.12%	\$3,122.7	1.54%
<b>February</b>	\$2,261.3	2.76%	\$920.1	17.44%	\$3,181.4	7.01%
<b>March</b>	\$1,973.9	2.55%	\$926.1	-1.13%	\$2,900.0	1.37%
<b>April</b>	\$1,963.5	2.50%	\$927.3	5.25%	\$2,890.8	3.38%
<b>May</b>	\$2,094.4	2.15%	\$938.1	24.08%	\$3,032.5	8.93%
<b>June</b>	\$2,012.0	2.10%	\$946.1	-2.91%	\$2,958.1	0.50%
<b>Year-to-Date Average</b>	\$1,948.1	2.88%	\$932.7	9.78%	\$2,880.8	5.12%

<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.

<sup>3</sup> Revised to reflect change in external manager figures after report was issued.

**Commonwealth of Virginia/Department of Accounts  
Report on the Revenue Stabilization Fund  
For the Fiscal Year 2003  
(Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$472,376	\$0	\$0	\$472,376
August	\$472,376	\$0	\$0	\$472,376
September	\$472,376	\$0	\$0	\$472,376
October	\$472,376	\$0	\$5,326	\$477,702
November	\$477,702	\$0	\$0	\$477,702
December	\$477,702	\$0	\$0	\$477,702
January	\$477,702	\$0	\$6,902	\$484,604
February	\$484,604	\$0	\$0	\$484,604
March	\$484,604	\$0	\$0	\$484,604
April	\$484,604	\$0	\$4,653	\$489,257
May	\$489,257	\$0	\$0	\$489,257
June	\$489,257	(\$247,481)	\$5,705	\$247,481

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/Department of Accounts  
Summary Report on General Fund and Lottery Revenue Collections  
For the Fiscal Years 2003 and 2004  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2004 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2004	July FY 2003	% Change	Year-To-Date		% Change	% Annual Growth Req By Est
						FY 2004	FY 2003		
<b>Individual Income Tax:</b>									
<b>Withholding</b>	\$6,991,600	59.57	\$540,907	\$505,273	7.1	\$540,907	\$505,273	7.1	6.5
<b>Tax Dues/Estimated Payments</b>	1,335,800	11.38	20,005	18,475	8.3	20,005	18,475	8.3	(4.8)
<b>Gross Individual Income Tax</b>	\$8,327,400	70.95	\$560,912	\$523,748	7.1	\$560,912	\$523,748	7.1	4.5
<b>Individual and Fiduciary Income     (Refunds)</b>	(1,115,900)	(9.51)	(30,250)	(52,740)	(42.6)	(30,250)	(52,740)	(42.6)	(6.6)
<b>Net Individual Income Tax</b>	\$7,211,500	61.44	\$530,662	\$471,008	12.7	\$530,662	\$471,008	12.7	6.4
<b>Sales and Use Tax</b>	2,460,000	20.96	84,322	95,554	(11.8)	84,322	95,554	(11.8)	5.3
<b>Corporations Income Tax</b>	315,900	2.69	6,488	5,918	9.6	6,488	5,918	9.6	(8.0)
<b>Public Service Corporations</b>	83,800	0.72	5,351	5,404	(1.0)	5,351	5,404	(1.0)	(8.2)
<b>Insurance Premiums</b>	336,100	2.86	2,516	2,616	(3.8)	2,516	2,616	(3.8)	0.9
<b>Interest Income (a)</b>	80,000	0.68	7,300	12,062	(39.5)	7,300	12,062	(39.5)	(2.1)
<b>Alcoholic Beverage Sales (b)</b>	128,100	1.09	3,679	3,670	0.2	3,679	3,670	0.2	(0.5)
<b>Tobacco Master Settlement</b>	53,000	0.45	0	0	-	0	0	-	(11.7)
<b>All Other Revenues</b>	697,800	5.95	58,932	48,088	22.6	58,932	48,088	22.6	(2.7)
<b>Total General Fund Revenues</b>	\$11,366,200	96.84	\$699,250	\$644,320	8.5	\$699,250	\$644,320	8.5	4.6
<b>Gross Lottery Revenue</b>	\$1,163,770	9.91	\$87,040	\$90,715	(4.1)	\$87,040	\$90,715	(4.1)	2.5
<b>Less: Expenses</b>	(792,351)	(6.75)	(59,599)	(59,280)	0.5	(59,599)	(59,280)	0.5	4.2
<b>Net Lottery Profits</b>	\$371,419	3.16	\$27,441	\$31,435	(12.7)	\$27,441	\$31,435	(12.7)	(1.0)
<b>Total General Fund Revenues and Net Lottery Profits</b>	\$11,737,619	100.00	\$726,691	\$675,755	7.5	\$726,691	\$675,755	7.5	4.4

# 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.

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

FY 2004 Estimate  
Per Chapter 1042

Commonwealth of Virginia/Department of Accounts  
General Fund Statement of Revenue Collections and Estimates  
For the Fiscal Years 2003 and 2004  
(Dollars in Thousands)

Revenue	(1)	(2)	(3) (4) (5)			(6) (7) (8)		
	FY 2004 Estimate	As a % of Total Gen Fund Rev	July		%	Year-To-Date		%
			FY 2004	FY 2003	Change	FY 2004	FY 2003	Change
<b>Taxes:</b>								
Individual Income Tax - Withholding	\$6,991,600	61.51	\$540,907	\$505,273	7.1	\$540,907	\$505,273	7.1
Tax Dues/Estimated Payments	1,335,800	11.75	20,005	18,475	8.3	20,005	18,475	8.3
Gross Individual Income Tax	\$8,327,400	73.26	\$560,912	\$523,748	7.1	\$560,912	\$523,748	7.1
Individ and Fiduc Income (Refunds)	(1,115,900)	(9.82)	(30,250)	(52,740)	(42.6)	(30,250)	(52,740)	(42.6)
Net Individual Income Tax	\$7,211,500	63.44	\$530,662	\$471,008	12.7	\$530,662	\$471,008	12.7
Sales and Use Tax	2,460,000	21.64	84,322	95,554	(11.8)	84,322	95,554	(11.8)
Corporations Income	315,900	2.78	6,488	5,918	9.6	6,488	5,918	9.6
Public Service Corporations	83,800	0.74	5,351	5,404	(1.0)	5,351	5,404	(1.0)
Insurance Premiums	336,100	2.96	2,516	2,616	(3.8)	2,516	2,616	(3.8)
Alcoholic Beverage Excise	95,400	0.84	0	0	-	0	0	-
Beer and Beverage Excise	32,700	0.29	3,679	3,670	0.2	3,679	3,670	0.2
Wills, Suits, Deeds, Contracts	165,600	1.46	34,482	22,204	55.3	34,482	22,204	55.3
Inheritance, Gift, and Estate	135,200	1.19	5,027	7,188	(30.1)	5,027	7,188	(30.1)
Tobacco Products	14,900	0.13	1,600	1,321	21.1	1,600	1,321	21.1
Bank Franchise	9,400	0.08	30	60	(50.0)	30	60	(50.0)
Other Taxes	16,800	0.15	(153)	(615)	75.1	(153)	(615)	75.1
<b>Total Taxes</b>	<b>\$10,877,300</b>	<b>95.70</b>	<b>\$674,004</b>	<b>\$614,328</b>	<b>9.7</b>	<b>\$674,004</b>	<b>\$614,328</b>	<b>9.7</b>
<b>Rights and Privileges:</b>								
Licenses and Permits	\$1,500	0.01	\$235	\$138	70.3	\$235	\$138	70.3
Corp. Franchise and Charters	37,300	0.33	636	610	4.3	636	610	4.3
Fees for Practice of Prof	1,100	0.01	25	1	#	25	1	#
Fees for Misc. Privileges & Services	11,600	0.10	1,068	660	61.8	1,068	660	61.8
<b>Total Rights and Privileges</b>	<b>\$51,500</b>	<b>0.45</b>	<b>\$1,964</b>	<b>\$1,409</b>	<b>39.4</b>	<b>\$1,964</b>	<b>\$1,409</b>	<b>39.4</b>
<b>Other Revenues:</b>								
Sales of Property & Commodities	\$9,100	0.08	\$1	\$1	0.0	\$1	\$1	0.0
Assessmts & Rcpts for Support of Special Svcs	400	0.00	21	62	(66.1)	21	62	(66.1)
Institutional Revenue	9,300	0.08	658	802	(18.0)	658	802	(18.0)
Interest (a)	80,000	0.71	7,300	12,062	(39.5)	7,300	12,062	(39.5)
Dividends and Rent	300	0.00	21	14	50.0	21	14	50.0
Fines, Forfeitures & Fees	215,100	1.89	17,089	14,697	16.3	17,089	14,697	16.3
Other Revenue	80,800	0.71	3,146	1,889	66.5	3,146	1,889	66.5
Excess Fees	(20,000)	(0.17)	(5,595)	(1,580)	(254.1)	(5,595)	(1,580)	(254.1)
Private Donations, Gifts & Cont.	0	0.00	0	0	-	0	0	-
Cities, Counties, and Towns	9,400	0.08	641	636	0.8	641	636	0.8
Tobacco Master Settlement	53,000	0.47	0	0	-	0	0	-
<b>Total Other Revenues</b>	<b>\$437,400</b>	<b>3.85</b>	<b>\$23,282</b>	<b>\$28,583</b>	<b>(18.5)</b>	<b>\$23,282</b>	<b>\$28,583</b>	<b>(18.5)</b>
<b>Total General Fund Revenues</b>	<b>\$11,366,200</b>	<b>100.00</b>	<b>\$699,250</b>	<b>\$644,320</b>	<b>8.5</b>	<b>\$699,250</b>	<b>\$644,320</b>	<b>8.5</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 2003 and 2004  
(Dollars in Thousands)**

	FY 2004 Estimate (d)	July			Year-To-Date			% Annual Growth Required By Estimate
		FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change (b)	
Lottery Collections								
Lotto South	\$78,440	\$5,645	\$6,405	(11.9)	\$5,645	\$6,405	(11.9)	9.5
Cash 5	24,890	2,359	2,399	(1.7)	2,359	2,399	(1.7)	(12.5)
Pick 4	153,650	12,519	11,884	5.3	12,519	11,884	5.3	4.6
Pick 3	241,500	19,845	20,011	(0.8)	19,845	20,011	(0.8)	0.4
Mega Millions	117,600	7,282	13,575	(46.4)	7,282	13,575	(46.4)	12.0
Scratch	547,690	39,390	36,441	8.1	39,390	36,441	8.1	0.8
Gross Lottery Revenue	<u>1,163,770</u>	<u>87,040</u>	<u>90,715</u>	<u>(4.1)</u>	<u>87,040</u>	<u>90,715</u>	<u>(4.1)</u>	<u>2.5</u>
Expenses (c)	<u>792,351</u>	<u>59,599 (a)</u>	<u>59,280</u>	<u>0.5</u>	<u>59,599 (a)</u>	<u>59,280</u>	<u>0.5</u>	<u>4.2</u>
Net Lottery Ticket Profits	<u>\$371,419</u>	<u>\$27,441 (a)</u>	<u>\$31,435</u>	<u>(12.7)</u>	<u>\$27,441 (a)</u>	<u>\$31,435</u>	<u>(12.7)</u>	<u>(1.0)</u>

(a) Current month includes operating expenses estimated (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 jackpots, prize expense and game related administrative expenses.

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

(d) Estimate established in December 2002.

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 2003 and 2004  
(Dollars in Thousands)

Revenue	FY 2004 Estimate	As a % of Total Fund	July			Year-To-Date			% Annual Growth Required By Estimate
			FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	
Motor Fuel Taxes	\$842,000	25.32	\$1,928	\$3,972	(51.5)	\$1,928	\$3,972	(51.5)	4.1
Priority Transportation Fund	20,000	0.60	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax	546,000	16.42	51,906	47,264	9.8	51,906	47,264	9.8	0.6
State Sales and Use Tax	398,000	11.97	14,562	16,070	(9.4)	14,562	16,070	(9.4)	5.9
Motor Vehicle License Fees	178,200	5.36	15,379	14,709	4.6	15,379	14,709	4.6	12.3
International Registration Plan	64,400	1.94	2,102	5,782	(63.6)	2,102	5,782	(63.6)	11.9
Interest Earnings	11,500	0.35	5	5	0.0	5	5	0.0	(21.4)
Misc. Taxes, Fees, and Revenues	24,000	0.72	1,838	2,118	(13.2)	1,838	2,118	(13.2)	3.3
<b>Total State Taxes and Fees</b>	<b>\$2,084,100</b>	<b>62.68</b>	<b>\$87,720</b>	<b>\$89,920</b>	<b>(2.4)</b>	<b>\$87,720</b>	<b>\$89,920</b>	<b>(2.4)</b>	<b>4.1</b>

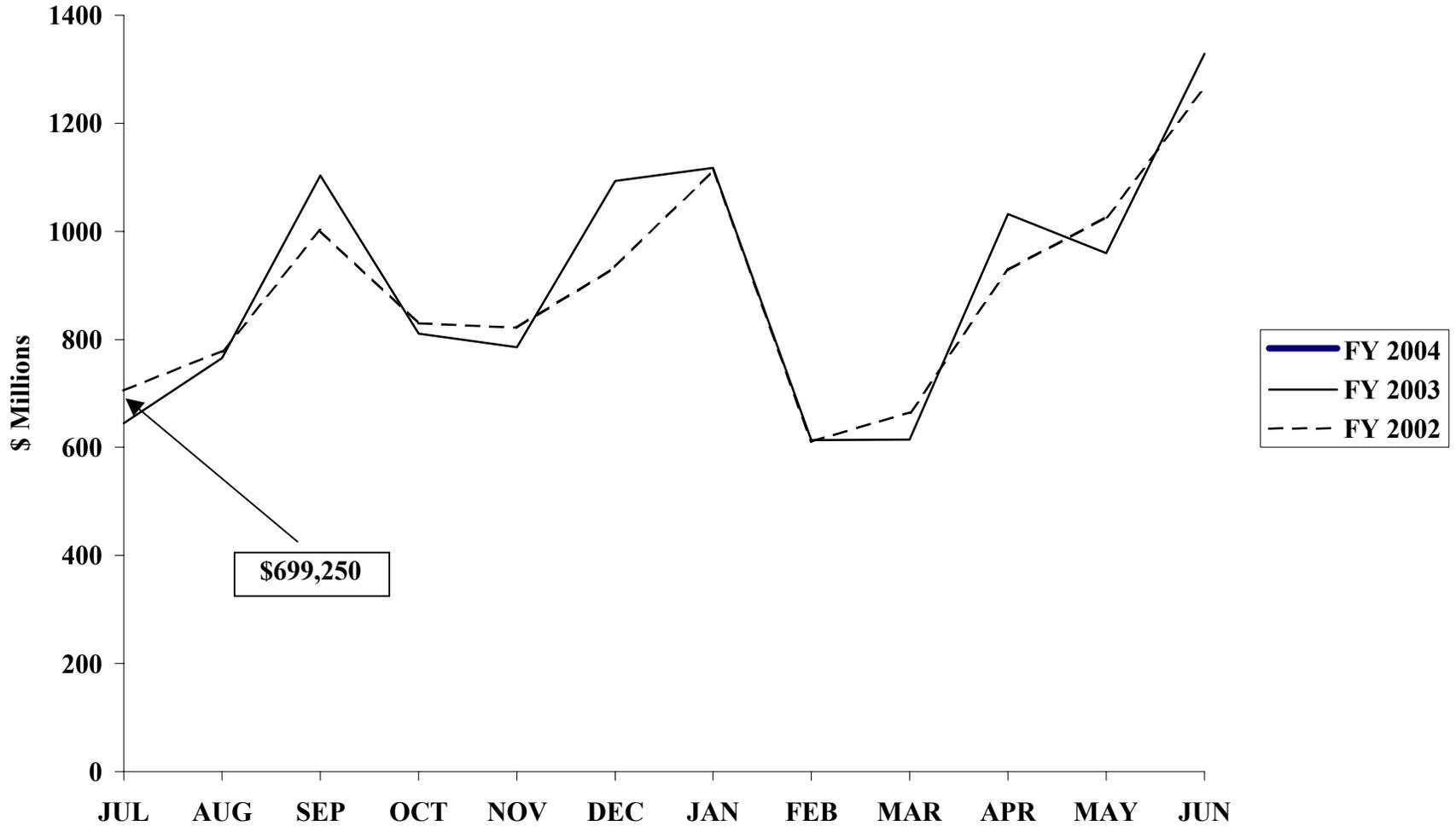
# Percentage is greater than 1,000%.

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 2003 and 2004  
 (Dollars in Thousands)

Revenue	FY 2004 Estimate	As a % of Total Fund	July			Year-To-Date			% Annual Growth Required By Est
			FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$718,900	21.62	\$94	\$1,594	(94.1)	\$94	\$1,594	(94.1)	4.4
Motor Vehicle Sales and Use Tax	350,800	10.55	33,258	30,090	10.5	33,258	30,090	10.5	0.8
Motor Vehicle License Fees	153,600	4.62	13,514	(2,000)	775.7	13,514	(2,000)	775.7	10.5
International Registration Plan	64,400	1.94	2,102	5,782	(63.6)	2,102	5,782	(63.6)	11.9
Misc. Taxes, Fees, and Revenues	24,000	0.72	1,838	2,118	(13.2)	1,838	2,118	(13.2)	3.3
<b>Total State Taxes and Fees</b>	<b>\$1,311,700</b>	<b>39.45</b>	<b>\$50,806</b>	<b>\$37,584</b>	<b>35.2</b>	<b>\$50,806</b>	<b>\$37,584</b>	<b>35.2</b>	<b>4.4</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$0	0.00	\$560	\$4	#	\$560	\$4	#	(100.0)
Transfer (to) / from Transportation Trust Fund	\$20,200	0.61	\$20,177	\$47,271	(57.3)	\$20,177	\$47,271	(57.3)	(79.2)
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,331,900</b>	<b>40.06</b>	<b>\$71,543</b>	<b>\$84,859</b>	<b>(15.7)</b>	<b>\$71,543</b>	<b>\$84,859</b>	<b>(15.7)</b>	<b>(2.5)</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$123,100	3.70	\$1,834	\$2,378	(22.9)	\$1,834	\$2,378	(22.9)	2.5
Priority Transportation Fund	20,000	0.60	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	195,200	5.87	18,648	17,174	8.6	18,648	17,174	8.6	0.2
State Sales and Use Tax	398,000	11.97	14,562	16,070	(9.4)	14,562	16,070	(9.4)	5.9
Motor Vehicle License Fees	24,600	0.74	1,865	16,709	(88.8)	1,865	16,709	(88.8)	24.9
Interest Earnings	11,500	0.35	5	5	0.0	5	5	0.0	(21.4)
<b>Total State Taxes and Fees</b>	<b>\$772,400</b>	<b>23.23</b>	<b>\$36,914</b>	<b>\$52,336</b>	<b>(29.5)</b>	<b>\$36,914</b>	<b>\$52,336</b>	<b>(29.5)</b>	<b>3.7</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$1,068,800	32.14	\$54,951	\$95,000	(42.2)	\$54,951	\$95,000	(42.2)	57.6
Receipts from Cities/Counties	45,500	1.37	6,692	5,943	12.6	6,692	5,943	12.6	80.0
Toll Revenues (Includes Route 28)	60,800	1.83	4,246	4,179	1.6	4,246	4,179	1.6	(3.2)
Miscellaneous Revenues	65,900	1.98	1,164	1,520	(23.4)	1,164	1,520	(23.4)	279.1
<b>Total Other Revenues</b>	<b>\$1,241,000</b>	<b>37.32</b>	<b>\$67,053</b>	<b>\$106,642</b>	<b>(37.1)</b>	<b>\$67,053</b>	<b>\$106,642</b>	<b>(37.1)</b>	<b>58.3</b>
Transfer (to) / from Highway Maintenance and Operating Fund	(\$20,200)	(0.61)	(\$20,177)	(\$47,271)	57.3	(\$20,177)	(\$47,271)	57.3	79.2
<b>Total Transportation Trust Fund</b>	<b>\$1,993,200</b>	<b>59.94</b>	<b>\$83,790</b>	<b>\$111,707</b>	<b>(25.0)</b>	<b>\$83,790</b>	<b>\$111,707</b>	<b>(25.0)</b>	<b>39.2</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>	<b>\$3,325,100</b>	<b>100.00</b>	<b>\$155,333</b>	<b>\$196,566</b>	<b>(21.0)</b>	<b>\$155,333</b>	<b>\$196,566</b>	<b>(21.0)</b>	<b>18.8</b>

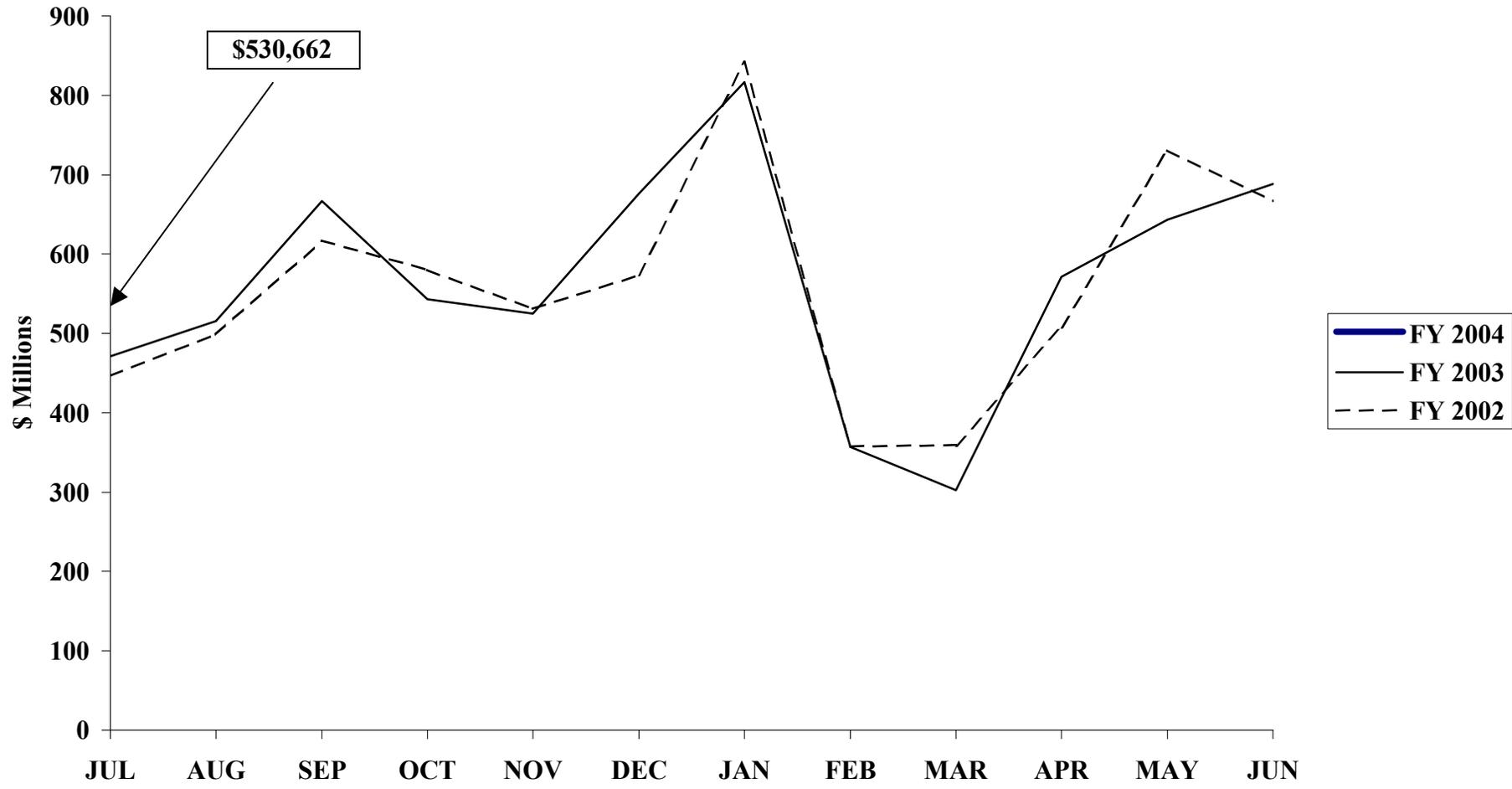
# Percentage is greater than 1,000%.

# Total General Fund Revenues



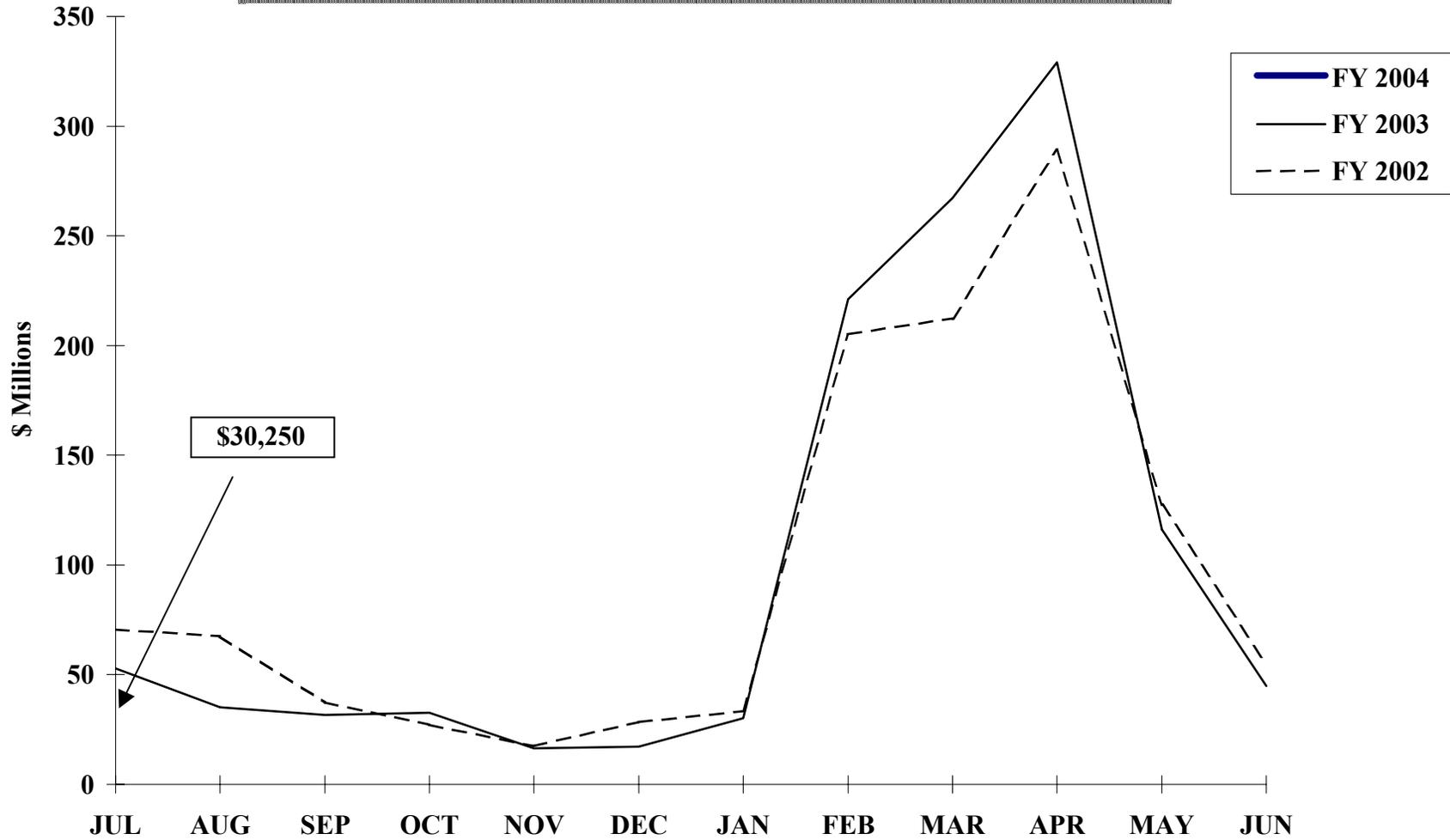
**FY 2002 Actual = \$10,678.9 Million**  
**FY 2003 Actual = \$10,867.1 Million**  
**FY 2004 Estimate = \$11,366.2 Million**

# Net Individual Income Tax



**FY 2002 Actual = \$6,710.7 Million**  
**FY 2003 Actual = \$6,775.7 Million**  
**FY 2004 Estimate = \$7,211.5 Million**

# Individual and Fiduciary Income Tax Refunds



**FY 2002 Actual = \$1,171.1 Million**  
**FY 2003 Actual = \$1,194.4 Million**  
**FY 2004 Estimate = \$1,115.9 Million**

## DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2004

(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, 2003</b>	\$2,176.4	1.94%	\$930.9	-36.69%	\$3,107.3	-9.63%
<b>August</b>						
<b>September</b>						
<b>October</b>						
<b>November</b>						
<b>December</b>						
<b>January, 2004</b>						
<b>February</b>						
<b>March</b>						
<b>April</b>						
<b>May</b>						
<b>June</b>						
<b>Year-to-Date Average</b>	\$2,176.4	1.94%	\$930.9	-36.69%	\$3,107.3	-9.63%
<b>Latest 12-month Average</b>	\$1,960.7	2.75%	\$929.1	4.99%	\$2,889.8	3.47%

<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 2004**  
**(Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$247,481	\$0	\$0	\$247,481
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