

August 29, 2005

**Actual General Fund Revenues
for Fiscal Year 2005 and
the State of the Virginia Economy**

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



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Overview...

- Economic Performance in FY2005
- Actual General Fund Collections for FY2005
- Financial Results for FY2005
- Economic and Revenue Outlook for FY2006

The National Economy Experienced Solid Growth in FY2005...

- Growth in the national economy was in line with last fall's forecast, although income gains were somewhat better than expected.

Summary of Key U.S. Economic Indicators

	<u>FY05 Forecast</u>	<u>FY05 Actual</u>
Real GDP	3.8	3.7
Employment	1.6	1.6
Personal Income	5.3	6.5
Wages & Salaries	5.1	6.9

- Nationally, employment gains averaged 177,000 per month, up from FY2004 levels of 135,000 per month.
- Recent economic data indicate that the expansion continues above long-term trends.
 - Real GDP increased 3.4% in the latest quarter.
 - The housing market, business investment, and exports continue to drive growth in the economy.

In Virginia, FY2005 Job Growth Advanced in Line with the Forecast, while Income Growth was Stronger than Anticipated...

- Virginia outperformed the U.S. in terms of job and income growth.
- Actual employment growth of 2.5% was marginally better than the forecast of 2.4% growth.
 - Fiscal year 2005 had an increase of 90,000 jobs, 5,000 more than forecast.

Summary of Key Virginia Economic Indicators

	<u>Forecast</u>	<u>Actual</u>
Employment	2.4	2.5
Personal Income	6.0	7.4*
Wages & Salaries	5.9	7.9*

*Estimate based on 2 quarters of actual data and one quarter of preliminary data.

- Recent data suggest that both personal income and wages and salaries were stronger than forecast.
 - Defense and other federal spending continues to boost growth.

FY2005 Ended with a Significant Revenue Surplus...

Summary of Fiscal Year 2005 Revenue Collections (millions of dollars)

<u>Source</u>	<u>Forecast</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Growth</u>
Withholding	\$ 7,490.4	\$ 7,513.0	\$ 22.6	6.7 %
Nonwithholding	1,809.1	2,073.5	264.4	32.7
Refunds	1,296.8	1,234.2	(62.6)	1.4
Net Individual	8,002.7	8,352.4	349.7	13.1
Sales and Use Tax	2,938.0	2,946.1	8.1	15.0
Corporate Income Tax	549.0	616.7	67.7	44.9
Insurance Premiums	381.0	373.6	(7.4)	6.3
Public Service	87.4	88.3	0.9	1.7
Wills, Suits, and Deeds	512.8	596.1	83.3	75.0
All Other	671.8	714.2	42.4	(6.8)
Total GF Revenue	\$ 13,142.7	\$ 13,687.3	\$ 544.6	14.8 %

- Actual collections exceeded the forecast by 4.1%.
 - Over 3/4ths of the surplus occurred in three revenue sources – individual nonwithholding, corporate, and recordation taxes. Lower refunds also contributed significantly.
 - Together, withholding and sales tax collections (72% of gross revenues) were within 0.3% of the forecast.

A Required Rainy Day Fund Deposit and Other Existing Obligations Largely Consume the Additional Revenue...

- Almost all of the \$544.6 million revenue surplus is committed:
 - \$402.2 million for a constitutionally required deposit to the Revenue Stabilization Fund;
 - \$54.4 million to the Water Quality Improvement Fund;
 - \$26.2 million for the return to transportation of the Transportation Trust Fund share of Accelerated Sales Tax; and
 - \$25.0 million to assist localities affected by the federal Base Realignment and Closure (BRAC) process.
 - \$8.9 million to fully fund the Standards of Quality (SOQ) for public education in FY2006.

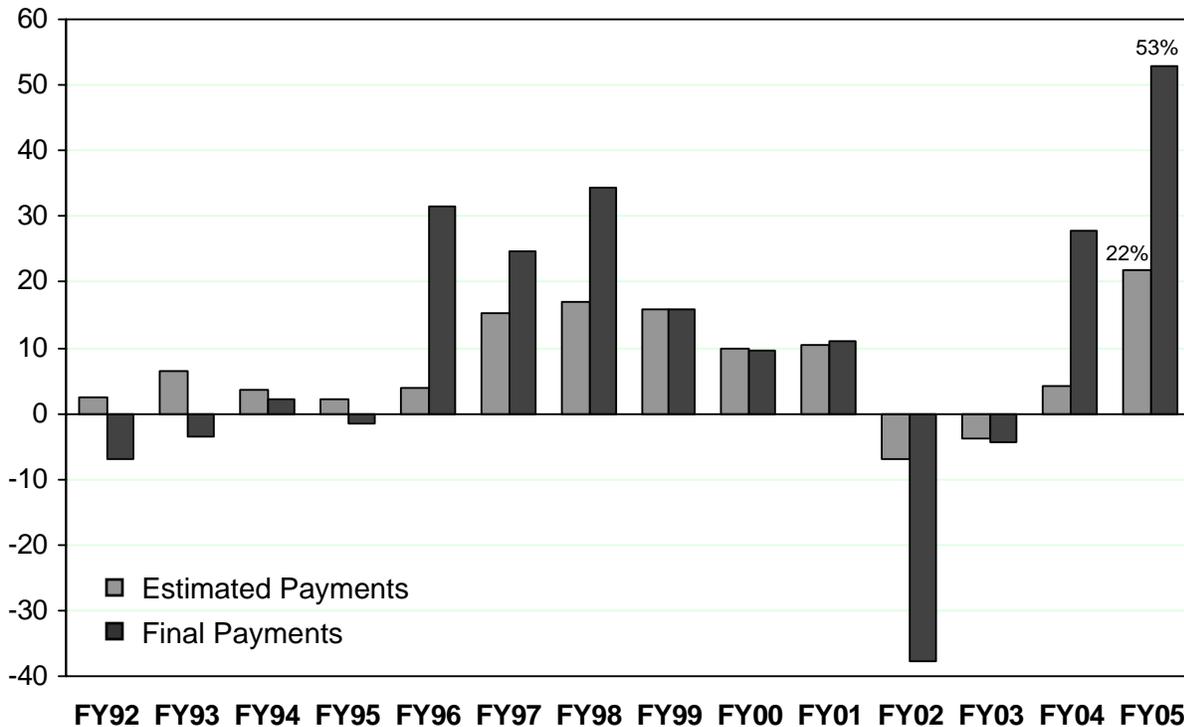
Revenue Surpluses Driven by These Three Sources are not a Virginia-only Phenomenon...

<u>State</u>	<u>Difference from Forecast</u>		<u>Percent of Surplus Explained by:</u>		
	<u>Percent</u>	<u>Dollars</u>	<u>Nonwithholding</u>	<u>Corporate</u>	<u>Recordation</u>
Virginia	4.1 %	\$ 544.6	48.6 %	12.4 %	15.3 %
South Carolina	7.3	411.1	20.6	16.1	4.9
Vermont	4.8	56.6	51.9	17.7	0.9
North Carolina	4.4	656.0	48.4	37.0	0.0
Delaware	4.1	112.5	45.0	15.7	25.4
Maryland	3.7	380.6	67.5	16.1	5.2
Massachusetts	2.6	436.0	83.0	2.5	3.7
New Jersey	2.4	644.0	65.4	26.4	5.4

- Although most states have not reported year-end results, those that have reported show large revenue surpluses driven by these same revenue sources.
- The federal government reported an unprecedented surge in tax revenue, apparently driven by stock market gains and corporate profits, causing estimates of the federal deficit to shrink by 20%.
 - CBO analysts cannot fully explain the surge, but regard most of these unexpected revenues as short-lived.

Nonwithholding Payments Exceeded the Forecast by \$264.4 Million, Due to Exceptional Growth in Final Payments...

Growth in Estimated and Final Payments, FY1992-2005
Percent Growth Over Prior Year



- Total nonwithholding payments increased 32.7 percent – the strongest growth since FY1987.
- Estimated payments were \$91.2 million above forecast. Final payments were \$173.2 million above forecast.

	<u>Forecast</u>	<u>Actual</u>
Estimated Payments	12.8%	21.8%
Final Payments	21.2%	53.0%

Non-wage Income was Substantially Higher than Forecast, but Lack of Concrete Data Prevents Precise Explanation...

- Data from TY2003 federal tax returns will not be available until September, 2005. Data from TY2004 federal tax returns will not be available until September, 2006.
- National experts and staff in other states offer five plausible explanations.
 - 1) Corporations seeing strong profits granted substantial bonuses to employees (rather than salary increases).
 - 2) Reduced federal tax rates on capital gains allowed filers to realize gains from strong stock market growth.
 - 3) Personal income growth was stronger than national and state economists predicted.
 - 4) Growth in non-wage income from partnerships and S-corporations was also strong.
 - 5) Unusual events, like Microsoft's \$32 billion dividend, buoyed income tax revenues.

Large Individual Payments Reflect Capital Gains and Substantial Non-wage Income...

Large Individual Payments

	<u>Number of Payments</u>	<u>Total \$ Amt of Payments*</u>
FY98	561	\$167.4
FY99	728	\$236.4
FY00	832	\$266.2
FY01	885	\$270.9
FY02	639	\$168.8
FY03	617	\$177.1
FY04	858	\$241.4
FY05	1,323	\$396.1

- Of the taxpayers making a large payment this year, only 305 made a payment last year, and only 215 made a payment in each of the last 3 years.

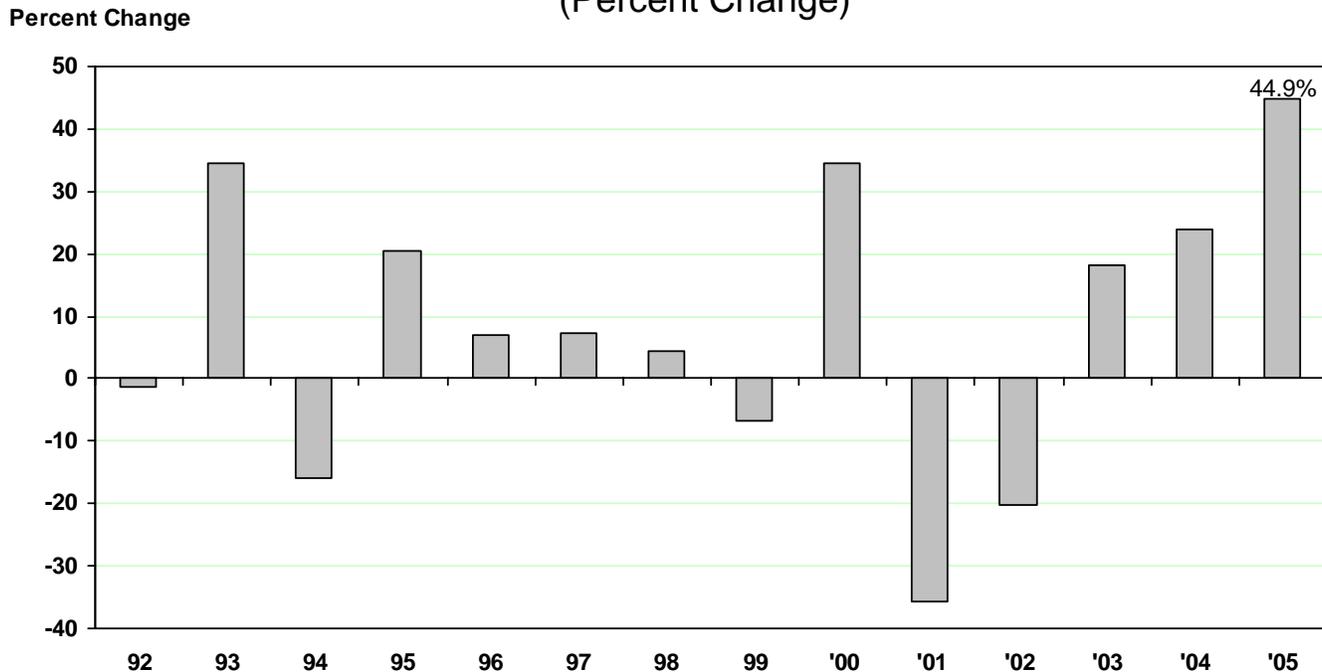
Large Individual Payments April - May

	<u>Number of Payments</u>	<u>Total \$ Amt of Payments*</u>
FY98	166	\$48.1
FY99	341	\$122.8
FY00	299	\$84.0
FY01	174	\$53.1
FY02	205	\$51.1
FY03	195	\$56.0
FY04	343	\$93.7
FY05	596	\$163.0

- Of the taxpayers making a large payment in April or May this year, only 78 made a payment last year, and only 18 made a payment in each of the last 3 years.

Corporate Income Tax Receipts Exceeded the Forecast by \$67.7 million, Largely due to Strong Collections in the Second Half of the Fiscal Year...

Corporate Income Tax Receipts
(Percent Change)



- In FY2005, gross payments increased 25.2%, while refunds fell 23.9%.
- FY2005 corporate income tax revenues were the strongest on record. FY2005 was also the third consecutive year of double-digit growth – the longest such run on record.
 - Corporate payments from the retail sector totaled about \$140 million, nearly double the amount received in FY2004.
 - Corporate payments from defense-related firms and housing-related firms were also very strong.

Recordation Tax Revenues Exceeded the Forecast by \$67.9 million...

- Recordation tax collections are driven by:
 - Home sales;
 - Refinancings; and
 - Price appreciation.
- Economic-based collections grew 14.5% – the fifth consecutive year of double-digit increases – the longest run on record.
 - Housing sales and price appreciation remained extraordinarily strong. Median home prices are up substantially over the last year.
 - Northern Virginia 24%
 - Norfolk 27%
 - Richmond 18%
- New financing products have made mortgage loans more accessible.

Non-Conventional Mortgages as a Share of New Loans – U.S.

	<u>2001</u>	<u>2004</u>
Adjustable-Rate	12%	38%
Interest-Only	1%	31%

- A key question going forward is how long the housing market can sustain its current momentum.

FY2005 Revenue Growth in Nonwithholding, Corporate Income, and Recordation Taxes was Substantially Above the Long-term Averages...

Revenue Sources Driving the FY2005 Surplus are Volatile

	<u>FY05 Growth</u>	<u>25-Year Average Growth</u>	<u>2/3rds of years are between</u>	<u>Min Growth</u>	<u>Max Growth</u>
Nonwithholding	32.7%	10.1%	-2.2 and 22.4%	-19.2%	34.7%
Corporate	44.9	6.4	-12.7 and 25.5	-35.7	44.9
Wills, Suits, and Deeds*	19.9	12.4	-5.7 and 30.6	-26.3	45.1
Adjusted General Fund**	10.4%	7.2%	3.7 and 10.8%	-0.6%	13.2%

*Adjusted for tax changes

**Without nonwithholding, corporate, or wills, suits and deeds

- For all three sources, FY2005 growth was substantially above their long-term averages. Growth in:
 - Nonwithholding: more than 3 times its average
 - Corporate income: more than 7 times its average
 - Wills, suits and deeds: more than 1.5 times its average

- These revenue sources show wide swings from year to year.
 - Two-thirds of the time, GF revenue growth, excluding these sources, has varied about 7 percentage points.
 - Nonwithholding revenue has varied 25 percentage points.
 - Corporate income has varied 38 percentage points.
 - Wills, suits and deeds has varied 36 percentage points.

TAX's Forecasting Staff is Developing Additional Tracking Mechanisms to Monitor Short-Term Revenue Trends...

Nonwithholding

- Anticipate financial status and behavior of upper income individuals through a confidential regular survey of money managers, stock brokers, and insurance agents.

Corporate Income

- Identify defense and other federal contractors willing to track and forecast federal contracting activity and direction.

Recordation Taxes

- The Virginia Association of Realtors has provided a list of leading agents to discuss real-time activity in the housing market.
 - Data on sales and pending sales are being analyzed.
 - Survey of how the different areas are performing.

Forecasting Methodologies

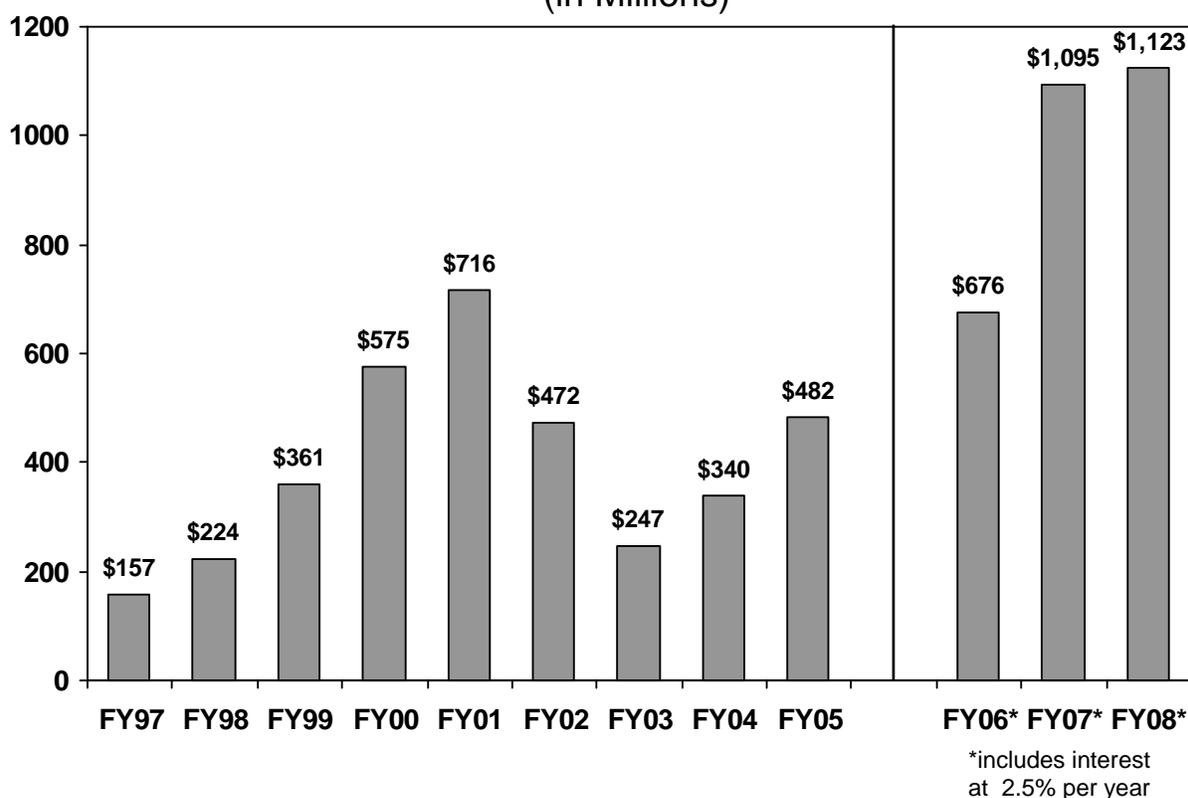
- Task force of GABE members is evaluating econometric models for nonwithholding and corporate income revenues.

The FY2005 Revenue Surplus Will Allow Substantial Replenishment of the Revenue Stabilization Fund...

Revenue Stabilization Fund, FY 1997-2008

June 30 Balance

(in Millions)



- By the end of FY2007, the Fund's balance will approach \$1.1 billion.
- In FY2007, the Fund total will also come close to its constitutional limit.

FY2005 Financial Results Show a Much Stronger Balance Sheet, but No Undesignated Fund Balance...

Budgetary (Cash) Basis Fiscal Year 2005 (Millions of Dollars)

Reserved Amounts:

Revenue Stabilization Fund	\$ 664.2
Payroll Reserve for July 1, 2005 Payroll	74.2
Unexpended Lottery Proceeds	<u>0.4</u>

Total Reserved Balance \$ 738.8

Unreserved (Designated) Amounts:

Mandatory Reappropriations	145.4
Discretionary Reappropriations	19.2
Capital Outlay	115.9
Amount Required by Ch. 951	300.4
WQIF Part A	54.4
WQIF Part B	2.1
Natural Disaster Sum Sufficient	26.8
Accelerated Sales Tax for TTF	26.2
Revenue Stabilization Fund Contribution	402.2
Planned BRAC Allocation	25.0
SOQ Funding Replacement - 2nd year	<u>8.9</u>

Total Designated Balance 1,126.5

Total Undesignated Balance 0.0

Total Unreserved Fund Balance \$ 1,126.5

Total Reserved and Unreserved General Fund Balance **\$ 1,865.3**

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

- Last fall's economic forecast projected healthy economic growth through fiscal year 2008.
- Virginia was expected to continue to outperform the U.S.

	FY05 <u>Actual</u>	FY06 <u>Forecast</u>	FY07 <u>Forecast</u>	FY08 <u>Forecast</u>
Real GDP	3.7	3.1	3.1	3.2
Employment				
U.S.	1.6	1.5	0.9	0.9
Virginia	2.5	2.4	2.1	1.8
Personal Income				
U.S.	6.5	4.9	5.2	5.5
Virginia	7.4*	5.4	5.5	5.4
Wages & Salaries				
U.S.	6.9	5.2	5.0	5.1
Virginia	7.9*	5.7	6.3	5.9

* Estimate based on 2 quarters of actual data and one quarter of preliminary data.

- Most national economists expect the economy to maintain its expansion.
 - Solid growth in employment and wages will be key to growth in national output.
- Central question: Will federal deficits, high energy prices, and a softening housing market slow the national economy?

Key Conditions for Fiscal Year 2006 Forecast...

- The FY2005 revenue surplus will ripple through to FY2006 and beyond, but how much and for how long is an open question.
 - Revenue growth at FY2005 levels is unsustainable.
 - For the long-term, revenue performance will be guided by economic fundamentals – employment and income growth.

- Other key factors will also influence economic and revenue growth.
 - Energy costs
 - Strength of the housing market
 - Strength of financial markets
 - Defense and other federal procurement spending

Appendix

Fiscal Year 2005 General Fund Collections: Actual versus Forecast

December and Official General Fund Forecast for Fiscal Year 2006

Growth in Total General Fund Tax Revenues for Fiscal Years 1961 to 2005

June Revenue Report

July Revenue Report

Note:

The Preliminary General Fund Annual Report of the Comptroller to the Governor of Virginia, August 15, 2005, is available at the Department of Accounts web site, www.doa.virginia.gov.

This presentation is available at the Secretary of Finance web site, www.finance.virginia.gov.

**Fiscal Year 2005 General Fund Collections: Actual and Forecast
(Dollars in Millions)**

	Fiscal Year 2004		Fiscal Year 2005						
	Actual	% Growth	Forecast	Actual	Forecast Variance		% Growth over FY 2004		
					Dollars	Percent	Forecast	Actual	
MAJOR TAX SOURCES									
Corporate Income	\$ 425.7	24.0 %	\$ 549.0	\$ 616.7	\$ 67.7	12.3 %	29.0 %	44.9 %	
Individual Income									
Gross	8,602.1	7.9	9,299.5	9,586.6	287.1	3.1	8.1	11.4	
Withholding	7,039.3	7.2	7,490.4	7,513.0	22.6	0.3	6.4	6.7	
Nonwithholding	1,562.8	11.4	1,809.1	2,073.5	264.4	14.6	15.8	32.7	
Refunds	(1,217.2)	1.9	(1,296.8)	(1,234.2)	62.6	4.8	6.5	1.4	
Net Individual Income	7,384.9	9.0	8,002.7	8,352.4	349.7	4.4	8.4	13.1	
Insurance Company Premiums	351.3	5.5	381.0	373.6	(7.4)	(1.9)	8.5	6.3	
Public Service GR / Consumption Tax	86.9	(4.8)	87.4	88.3	0.9	1.0	0.6	1.7	
State Sales & Use Tax	2,562.3	9.7	2,938.0	2,946.1	8.1	0.3	14.7	15.0	
Total Major Tax Sources	\$ 10,811.1	9.4 %	\$ 11,958.1	\$ 12,377.0	\$ 418.9	3.5 %	10.6 %	14.5 %	
MISCELLANEOUS TAXES AND OTHER REVENUES									
Alcoholic Beverages State Tax	\$ 95.9	9.2 %	\$ 96.2	\$ 102.7	\$ 6.5	6.7 %	0.4 %	7.1 %	
Bank Franchise Tax	8.7	(6.4)	9.3	10.6	1.3	14.0	7.4	22.4	
Beer & Beverage Excise Tax	42.2	3.1	42.0	41.8	(0.2)	(0.5)	(0.4)	(1.0)	
Corporate Franchise & Charter Fees	39.1	6.4	39.5	43.1	3.6	9.0	1.1	10.2	
Excess & Other Fees From Officers	(34.9)	(26.6)	(31.9)	(37.9)	(6.0)	18.9	8.5	(8.7)	
Estate & Gifts	149.6	4.4	165.0	150.0	(15.0)	(9.1)	10.3	0.2	
Institutional Revenues	9.6	22.0	8.6	9.2	0.6	7.0	(10.7)	(4.5)	
Interest & Rents	61.7	(25.8)	69.3	84.1	14.8	21.4	12.4	36.4	
Licenses & Permits	4.6	200.3	4.7	4.6	(0.1)	(1.2)	1.9	0.7	
Miscellaneous Taxes & Penalties	221.9	21.8	243.9	250.4	6.5	2.6	9.9	12.8	
Other Miscellaneous Revenues	100.3	63.0	25.2	48.8	23.6	93.6	(74.9)	(51.4)	
Tobacco Master Settlement	51.4	(14.4)	0.0	0.6	0.6	NA	(100.0)	(98.9)	
Tobacco Products Tax	16.1	5.3	0.0	6.3	6.3	NA	(100.0)	(60.7)	
Wills, Suits, Deeds & Contract Fees	340.6	19.1	512.8	596.1	83.3	16.2	50.6	75.0	
Total Misc. Taxes & Other Revenues	1,106.8	12.0 %	\$ 1,184.6	1,310.2	125.6	10.6 %	7.0 %	18.4 %	
TOTAL GF REVENUES	\$ 11,917.9	9.7 %	\$ 13,142.7	\$ 13,687.3	\$ 544.6	4.1 %	10.3 %	14.8 %	
TRANSFERS									
A.B.C. Profits	\$ 16.8	18.3 %	\$ 15.1	\$ 24.9	\$ 9.8	64.9 %	(10.1) %	48.2 %	
Lottery Profits	407.8	8.7	423.5	423.9	0.4	0.1	3.8	3.9	
Transfers Per Appropriations Act	588.2	(10.0)	301.2	291.0	(10.2)	(3.4)	(48.8)	(50.5)	
Total Transfers	\$ 1,012.8	(2.9) %	\$ 739.8	\$ 739.8	\$ 0.0	0.0 %	(27.0) %	(27.0) %	
TOTAL GENERAL FUND	\$ 12,930.7	8.6 %	\$ 13,882.5	\$ 14,427.1	\$ 544.6	3.9 %	7.4 %	11.6 %	

The Official forecast is based on the October 2004 Global Insight standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2005 General Assembly session -- Chapter 951.

The December and Official Standard General Fund Forecast for Fiscal Year 2006
(Dollars in Millions)

May 4, 2005

	Fiscal Year 2006					2005-2006 Biennium		
	December Forecast	Official Forecast	Change	% Growth Over FY 05 December	% Growth Over FY 05 Official	December Forecast	Official Forecast	Change
MAJOR TAX SOURCES								
Corporate Income	\$ 497.2	\$ 508.2	\$ 11.0	(9.4) %	(17.6) %	\$ 1,046.2	\$ 1,124.9	\$ 78.7
Individual Income Tax:								
Gross	9,688.3	9,698.2	9.9	4.2	1.2	18,987.8	19,284.8	297.0
Withholding	7,932.6	7,932.6	0.0	5.9	5.6	15,423.0	15,445.6	22.6
Nonwithholding	1,755.7	1,765.6	9.9	(3.0)	(14.9)	3,564.8	3,839.1	274.3
Refunds	<u>(1,369.3)</u>	<u>(1,363.5)</u>	<u>5.8</u>	<u>5.6</u>	<u>10.5</u>	<u>(2,666.1)</u>	<u>(2,597.7)</u>	<u>68.4</u>
Net	8,319.0	8,334.7	15.7	4.0	(0.2)	16,321.7	16,687.1	365.4
Insurance Company Premiums	413.7	413.7	0.0	8.6	10.7	794.7	787.3	(7.4)
Public Service GR / Consumption Tax	88.6	88.6	0.0	1.4	0.3	176.0	176.9	0.9
State Sales & Use Tax	<u>3,021.2</u>	<u>2,828.4</u>	<u>(192.8)</u>	<u>2.8</u>	<u>(4.0)</u>	<u>5,959.2</u>	<u>5,774.5</u>	<u>(184.7)</u>
Total Major Tax Sources	\$ 12,339.7	\$ 12,173.6	\$ (166.1)	3.2 %	(1.6) %	\$ 24,297.8	\$ 24,550.6	\$ 252.8
MISCELLANEOUS TAXES AND OTHER REVENUES								
Alcoholic Beverage State Tax	\$ 101.8	\$ 101.8	\$ 0.0	5.8 %	(0.9) %	\$ 198.0	\$ 204.5	\$ 6.5
Bank Franchise Tax	9.6	9.6	0.0	3.2	(9.4)	18.9	20.2	1.3
Beer & Beverage Excise Tax	42.0	42.0	0.0	0.0	0.5	84.0	83.8	(0.2)
Corporate Franchise & Charter Fees	40.0	40.0	0.0	1.3	(7.1)	79.5	83.1	3.6
Excess & Other Fees from Officers	(29.1)	(29.1)	0.0	8.8	23.3	(61.0)	(67.0)	(6.0)
Estate & Gifts	144.0	144.0	0.0	(12.7)	(4.0)	309.0	294.0	(15.0)
Institutional Revenues	8.6	8.6	0.0	0.0	(6.5)	17.2	17.8	0.6
Interest & Rents	82.3	84.0	1.7	18.8	(0.1)	151.6	168.1	16.5
Licenses & Permits	4.7	4.7	0.0	0.0	1.2	9.4	9.3	(0.1)
Miscellaneous Taxes and Penalties	233.7	233.7	0.0	(4.2)	(6.7)	477.6	484.1	6.5
Other Miscellaneous Revenues	13.7	16.8	3.1	(45.6)	(65.6)	38.9	65.6	26.7
Tobacco Master Settlement	0.0	0.0	0.0	NA	NA	0.0	0.6	0.6
Tobacco Products Tax	0.0	0.0	0.0	NA	NA	0.0	6.3	6.3
Wills, Suits, Deeds, & Contract Fees	<u>450.8</u>	<u>483.8</u>	<u>33.0</u>	<u>(12.1)</u>	<u>(18.8)</u>	<u>963.6</u>	<u>1,079.9</u>	<u>116.3</u>
Total Misc. Taxes and Other Revenues	\$ 1,102.1	\$ 1,139.9	\$ 37.8	(7.0) %	(13.0) %	\$ 2,286.7	\$ 2,450.1	\$ 163.4
TOTAL GF REVENUES	\$ 13,441.8	\$ 13,313.5	\$ (128.3)	2.3 %	(2.7) %	\$ 26,584.5	\$ 27,000.8	\$ 416.3
TRANSFERS								
A.B.C. Profits	\$ 19.8	\$ 19.8	\$ 0.0	31.1 %	(20.5) %	\$ 34.9	\$ 44.7	\$ 9.8
Lottery Proceeds Fund	441.8	441.8	0.0	4.3	4.2	865.3	865.7	0.4
Transfers Per Appropriations Act	<u>378.4</u>	<u>377.5</u>	<u>(0.9)</u>	<u>25.6</u>	<u>29.7</u>	<u>679.6</u>	<u>668.5</u>	<u>(11.1)</u>
Total Transfers	\$ 840.0	\$ 839.1	\$ (0.9)	13.5 %	13.4 %	\$ 1,579.8	\$ 1,578.9	\$ (0.9)
TOTAL GENERAL FUND	\$ 14,281.8	\$ 14,152.6	\$ (129.2)	2.9 %	(1.9) %	\$ 28,164.3	\$ 28,579.7	\$ 415.4

The December standard forecast is based on the October 2004 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

The Official forecast is based on the October 2004 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2005 General Assembly -- Chapter 951.

**Growth in Total General Fund Tax Revenues
Fiscal Year 1961 - Fiscal Year 2005**

(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	-	84	3,397,710,261	14.2%
62	242,144,567	4.8%	85	3,790,816,000	11.6%
63	286,304,265	18.2%	86	4,131,778,000	9.0%
64	298,033,919	4.1%	87	4,590,434,000	11.1%
65	323,213,412	8.4%	88	5,054,382,000	10.1%
66	365,129,776	13.0%	89	5,478,912,000	8.4%
67	414,755,644	13.6%	90	5,494,884,000	0.3%
68	533,597,744	28.7%	91	5,471,879,000	-0.4%
69	706,254,374	32.4%	92	5,623,213,000	2.8%
70	743,721,322	5.3%	93	6,133,637,000	9.1%
71	807,954,651	8.6%	94	6,503,368,000	6.0%
72	922,653,686	14.2%	95	6,881,145,000	5.8%
73	1,054,469,443	14.3%	96	7,356,110,000	6.9%
74	1,168,562,871	10.8%	97	7,949,327,000	8.1%
75	1,303,178,893	11.5%	98	8,773,520,000	10.4%
76	1,428,421,157	9.6%	99	9,702,747,000	10.6%
77	1,636,301,819	14.6%	00	10,788,482,000	11.2%
78	1,923,085,084	17.5%	01	11,105,275,000	2.9%
79	2,115,211,522	10.0%	02	10,678,954,000	-3.8%
80	2,344,928,934	10.9%	03	10,867,149,000	1.8%
81	2,579,663,941	10.0%	04	11,917,867,000	9.7%
82	2,796,458,741	8.4%	05	13,687,252,000	14.8%
83	2,975,687,935	6.4%			

NOTE : Total Revenues exclude transfers.

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2004 and 2005
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2005 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	June FY 2005	June FY 2004	% Change	Year-To-Date FY 2005	Year-To-Date FY 2004	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$7,490,400	55.21	\$625,753	\$616,402	1.5	\$7,513,040	\$7,039,287	6.7	6.4
Tax Dues/Estimated Payments	1,809,100	13.34	244,910	192,861	27.0	2,073,530	1,562,846	32.7	15.8
Gross Individual Income Tax	<u>\$9,299,500</u>	<u>68.55</u>	<u>\$870,663</u>	<u>\$809,263</u>	<u>7.6</u>	<u>\$9,586,570</u>	<u>\$8,602,133</u>	<u>11.4</u>	<u>8.1</u>
Individual and Fiduciary Income (Refunds)	(1,296,800)	(9.56)	(45,984)	(38,444)	19.6	(1,234,204)	(1,217,245)	1.4	6.5
Net Individual Income Tax	<u>\$8,002,700</u>	<u>58.99</u>	<u>\$824,679</u>	<u>\$770,819</u>	<u>7.0</u>	<u>\$8,352,366</u>	<u>\$7,384,888</u>	<u>13.1</u>	<u>8.4</u>
Sales and Use Tax	2,938,000	21.66	452,502	386,485	17.1	2,946,096	2,562,334	15.0	14.7
Corporations Income Tax	549,000	4.05	120,548	95,826	25.8	616,690	425,716	44.9	29.0
Public Service Corporations	87,400	0.64	7,800	11,360	(31.3)	88,309	86,870	1.7	0.6
Insurance Premiums	381,000	2.81	84,824	83,318	1.8	373,571	351,278	6.3	8.5
Interest Income (a)	69,000	0.51	(1,046)	928	(212.7)	83,863	61,413	36.6	12.4
Alcoholic Beverage Sales (b)	138,200	1.02	28,809	27,852	3.4	144,466	138,040	4.7	0.1
Tobacco Master Settlement	0	0.00	0	0	-	571	51,359	(98.9)	(100.0)
All Other Revenues	977,400	7.20	156,809	117,667	33.3	1,081,320	855,969	26.3	14.2
Total General Fund Revenues	<u>\$13,142,700</u>	<u>96.88</u>	<u>\$1,674,925</u>	<u>\$1,494,255</u>	<u>12.1</u>	<u>\$13,687,252</u>	<u>\$11,917,867</u>	<u>14.8</u>	<u>10.3</u>
Gross Lottery Revenue	\$1,351,000	9.96	\$111,528	\$126,256	(11.7)	\$1,333,946	\$1,262,358	5.7	7.0
Less: Expenses	(927,500)	(6.84)	(76,604)	(87,353)	(12.3)	(910,446)	(854,306)	6.6	8.6
Net Lottery Profits	<u>\$423,500</u>	<u>3.12</u>	<u>\$34,924</u>	<u>\$38,903</u>	<u>(10.2)</u>	<u>\$423,500</u>	<u>\$408,052</u>	<u>3.8</u>	<u>3.8</u>
Total General Fund Revenues and Net Lottery Profits	<u>\$13,566,200</u>	<u>100.00</u>	<u>\$1,709,849</u>	<u>\$1,533,158</u>	<u>11.5</u>	<u>\$14,110,752</u>	<u>\$12,325,919</u>	<u>14.5</u>	<u>10.1</u>

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.

(b) 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 2004 and 2005

Revenue	(Dollars in Thousands)								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2005 Estimate	As a % of Total Gen Fund Rev	FY 2005	June FY 2004	% Change	FY 2005	Year-To-Date FY 2004	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$7,490,400	56.99	\$625,753	\$616,402	1.5	\$7,513,040	\$7,039,287	6.7	6.4
Tax Dues/Estimated Payments	1,809,100	13.77	244,910	192,861	27.0	2,073,530	1,562,846	32.7	15.8
Gross Individual Income Tax	\$9,299,500	70.76	\$870,663	\$809,263	7.6	\$9,586,570	\$8,602,133	11.4	8.1
Individ and Fiduc Income (Refunds)	(1,296,800)	(9.87)	(45,984)	(38,444)	19.6	(1,234,204)	(1,217,245)	1.4	6.5
Net Individual Income Tax	\$8,002,700	60.89	\$824,679	\$770,819	7.0	\$8,352,366	\$7,384,888	13.1	8.4
Sales and Use Tax	2,938,000	22.35	452,502	386,485	17.1	2,946,096	2,562,334	15.0	14.7
Corporations Income	549,000	4.18	120,548	95,826	25.8	616,690	425,716	44.9	29.0
Public Service Corporations	87,400	0.67	7,800	11,360	(31.3)	88,309	86,870	1.7	0.6
Insurance Premiums	381,000	2.90	84,824	83,318	1.8	373,571	351,278	6.3	8.5
Alcoholic Beverage Excise	96,200	0.73	24,900	23,900	4.2	102,693	95,851	7.1	0.4
Beer and Beverage Excise	42,000	0.32	3,909	3,952	(1.1)	41,773	42,189	(1.0)	(0.4)
Wills, Suits, Deeds, Contracts	512,800	3.90	74,187	38,097	94.7	596,058	340,578	75.0	50.6
Inheritance, Gift, and Estate	165,000	1.26	10,568	7,333	44.1	149,962	149,648	0.2	10.3
Tobacco Products	0	0.00	0	1,515	(100.0)	6,329	16,118	(60.7)	(100.0)
Bank Franchise	9,300	0.07	6,278	7,670	(18.1)	10,600	8,657	22.4	7.4
Other Taxes	27,000	0.20	14,797	1,947	660.0	31,077	15,260	103.7	76.9
Total Taxes	\$12,810,400	97.47	\$1,624,992	\$1,432,222	13.5	\$13,315,524	\$11,479,387	16.0	11.6
Rights and Privileges:									
Licenses and Permits	\$4,700	0.04	\$535	\$426	25.6	\$4,645	\$4,613	0.7	1.9
Corp. Franchise and Charters	39,500	0.30	25,638	21,691	18.2	43,052	39,074	10.2	1.1
Fees for Practice of Prof	1,000	0.01	0	7	(100.0)	0	1,146	(100.0)	(12.7)
Fees for Misc. Privileges & Services	12,100	0.09	3,177	2,395	32.7	13,278	11,987	10.8	0.9
Total Rights and Privileges	\$57,300	0.44	\$29,350	\$24,519	19.7	\$60,975	\$56,820	7.3	0.8
Other Revenues:									
Sales of Property & Commodities	\$11,200	0.09	\$352	\$191	84.3	\$11,778	\$2,035	478.8	450.4
Assessmts & Rcpts for Support of Special Svcs	400	0.00	83	87	(4.6)	333	306	8.8	30.7
Institutional Revenue	8,600	0.07	603	647	(6.8)	9,198	9,633	(4.5)	(10.7)
Interest (a)	69,000	0.52	(1,046)	928	(212.7)	83,863	61,413	36.6	12.4
Dividends and Rent	300	0.00	27	39	(30.8)	245	265	(7.5)	13.2
Fines, Forfeitures & Fees	216,900	1.65	19,746	31,047	(36.4)	219,285	206,663	6.1	5.0
Other Revenue	(8,700)	(0.07)	3,330	6,419	(48.1)	13,949	75,889	(81.6)	(111.5)
Excess Fees	(31,900)	(0.24)	(3,411)	(2,676)	(27.5)	(37,916)	(34,866)	(8.7)	8.5
Private Donations, Gifts & Cont.	0	0.00	(4)	0	-	1	1	0.0	(100.0)
Cities, Counties, and Towns	9,200	0.07	903	832	8.5	9,446	8,962	5.4	2.7
Tobacco Master Settlement	0	0.00	0	0	-	571	51,359	(98.9)	(100.0)
Total Other Revenues	\$275,000	2.09	\$20,583	\$37,514	(45.1)	\$310,753	\$381,660	(18.6)	(27.9)
Total General Fund Revenues	\$13,142,700	100.00	\$1,674,925	\$1,494,255	12.1	\$13,687,252	\$11,917,867	14.8	10.3

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 2004 and 2005
 (Dollars in Thousands)**

	FY 2005 Estimate (c)	June			Year-To-Date			% Annual Growth Required By Estimate
		FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change	
Lottery Collections								
Lotto South	\$69,000	\$5,331	\$5,593	(4.7)	\$66,694	\$73,003	(8.6)	(5.5)
Cash 5	28,600	2,286	2,299	(0.6)	28,110	28,037	0.3	2.0
Pick 4	164,300	13,749	12,778	7.6	169,182	156,931	7.8	4.7
Pick 3	241,400	21,003	19,288	8.9	253,219	241,426	4.9	0.0
Mega Millions	137,100	8,548	20,699	(58.7)	137,178	132,034	3.9	3.8
Scratch	710,600	60,611	65,599	(7.6)	679,563	630,927	7.7	12.6
Gross Lottery Revenue	<u>1,351,000</u>	<u>111,528</u>	<u>126,256</u>	<u>(11.7)</u>	<u>1,333,946</u>	<u>1,262,358</u>	<u>5.7</u>	<u>7.0</u>
Expenses (b)	<u>927,500</u>	<u>76,604 (a)</u>	<u>87,353</u>	<u>(12.3)</u>	<u>910,446 (a)</u>	<u>854,306</u>	<u>6.6</u>	<u>8.6</u>
Net Lottery Ticket Profits	<u>\$423,500</u>	<u>\$34,924 (a)</u>	<u>\$38,903</u>	<u>(10.2)</u>	<u>\$423,500 (a)</u>	<u>\$408,052</u>	<u>3.8</u>	<u>3.8</u>

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

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

(c) Estimate established in December 2004.

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 2004 and 2005
(Dollars in Thousands)

Revenue	FY 2005 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Estimate
			FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change	
Motor Fuel Taxes	\$858,900	27.96	\$136,987	\$146,214	(6.3)	\$849,489	\$846,080	0.4	1.5
Priority Transportation Fund	20,000	0.65	2,000	2,000	0.0	20,000	20,000	0.0	0.0
Motor Vehicle Sales and Use Tax	620,300	20.19	60,088	57,011	5.4	615,261	604,078	1.9	2.7
State Sales and Use Tax	437,600	14.24	44,090	37,887	16.4	449,867	415,042	8.4	5.4
Motor Vehicle License Fees	165,700	5.40	16,431	15,067	9.1	164,451	162,754	1.0	1.8
International Registration Plan	57,400	1.87	12,154	8,179	48.6	60,720	54,349	11.7	5.6
Interest Earnings	15,300	0.50	5,011	157	#	17,641	10,670	65.3	43.4
Misc. Taxes, Fees, and Revenues	19,600	0.64	(981)	2,101	(146.7)	26,460	21,369	23.8	(8.3)
Total State Taxes and Fees	\$2,194,800	71.45	\$275,780	\$268,616	2.7	\$2,203,889	\$2,134,342	3.3	2.8

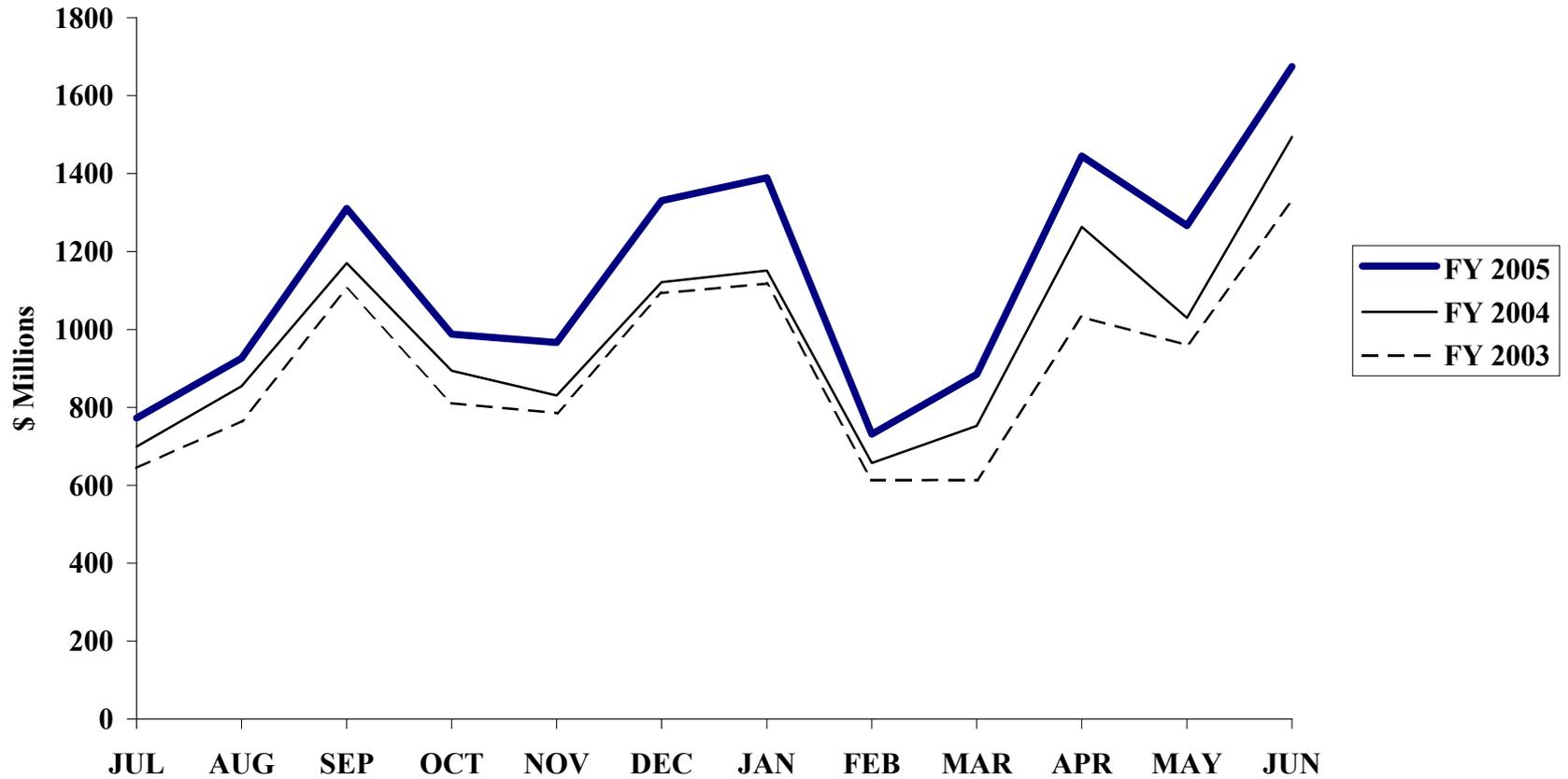
Percentage is greater than 1,000%.

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 2004 and 2005
(Dollars in Thousands)

Revenue	FY 2005 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Est
			FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$737,300	24.00	\$117,137	\$127,126	(7.9)	\$730,370	\$727,945	0.3	1.3
Motor Vehicle Sales and Use Tax	398,500	12.97	38,618	36,629	5.4	395,924	388,736	1.8	2.5
Motor Vehicle License Fees	144,800	4.72	14,370	13,072	9.9	143,867	142,242	1.1	1.8
International Registration Plan	57,400	1.87	12,154	8,179	48.6	60,720	54,349	11.7	5.6
Misc. Taxes, Fees, and Revenues	19,600	0.64	(981)	2,101	(146.7)	26,460	21,369	23.8	(8.3)
Total State Taxes and Fees	\$1,357,600	44.20	\$181,298	\$187,107	(3.1)	\$1,357,341	\$1,334,641	1.7	1.7
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$3,136	\$1,061	195.6	\$29,360	\$13,419	118.8	(100.0)
Transfer (to) / from Transportation Trust Fund	244,600	7.96	0	0	-	194,977	56,902	242.7	329.9
Total Highway Maintenance and Operating Fund	\$1,602,200	52.16	\$184,434	\$188,168	(2.0)	\$1,581,678	\$1,404,962	12.6	14.0
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$121,600	3.96	\$19,850	\$19,088	4.0	\$119,119	\$118,135	0.8	2.9
Priority Transportation Fund	20,000	0.65	2,000	2,000	0.0	20,000	20,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	221,800	7.22	21,470	20,382	5.3	219,337	215,342	1.9	3.0
State Sales and Use Tax	437,600	14.24	44,090	37,887	16.4	449,867	415,042	8.4	5.4
Motor Vehicle License Fees	20,900	0.68	2,061	1,995	3.3	20,584	20,512	0.4	1.9
Interest Earnings	15,300	0.50	5,011	157	#	17,641	10,670	65.3	43.4
Total State Taxes and Fees	\$837,200	27.25	\$94,482	\$81,509	15.9	\$846,548	\$799,701	5.9	4.7
Other Revenues:									
Federal Grants and Contracts	\$764,800	24.90	\$43,640	\$31,937	36.6	\$455,987	\$639,152	(28.7)	19.7
Receipts from Cities/Counties	43,700	1.42	687	493	39.4	25,635	31,701	(19.1)	37.9
Toll Revenues (Includes Route 28)	63,000	2.05	14,758	5,175	185.2	111,551	74,564	49.6	(15.5)
Miscellaneous Revenues	5,500	0.18	(398)	1,881	(121.2)	27,191	18,346	48.2	(70.0)
Total Other Revenues	\$877,000	28.55	\$58,687	\$39,486	48.6	\$620,364	\$763,763	(18.8)	14.8
Transfer (to) / from Highway Maintenance and Operating Fund	(\$244,600)	(7.96)	\$0	\$0	-	(\$194,977)	(\$56,902)	(242.7)	(329.9)
Total Transportation Trust Fund	\$1,469,600	47.84	\$153,169	\$120,995	26.6	\$1,271,935	\$1,506,562	(15.6)	(2.5)
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,071,800	100.00	\$337,603	\$309,163	9.2	\$2,853,613	\$2,911,524	(2.0)	5.5

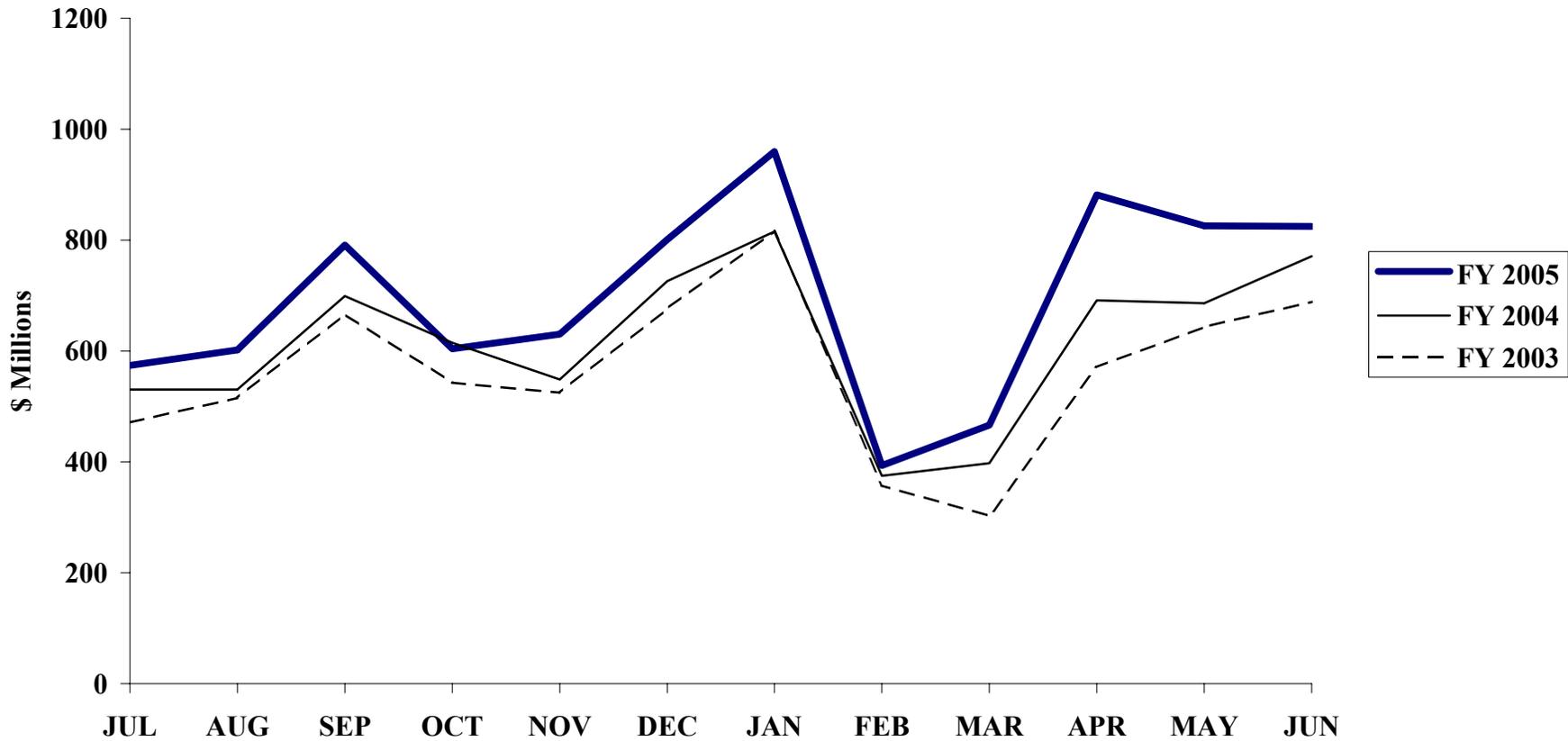
Percentage is greater than 1,000%.

Total General Fund Revenues



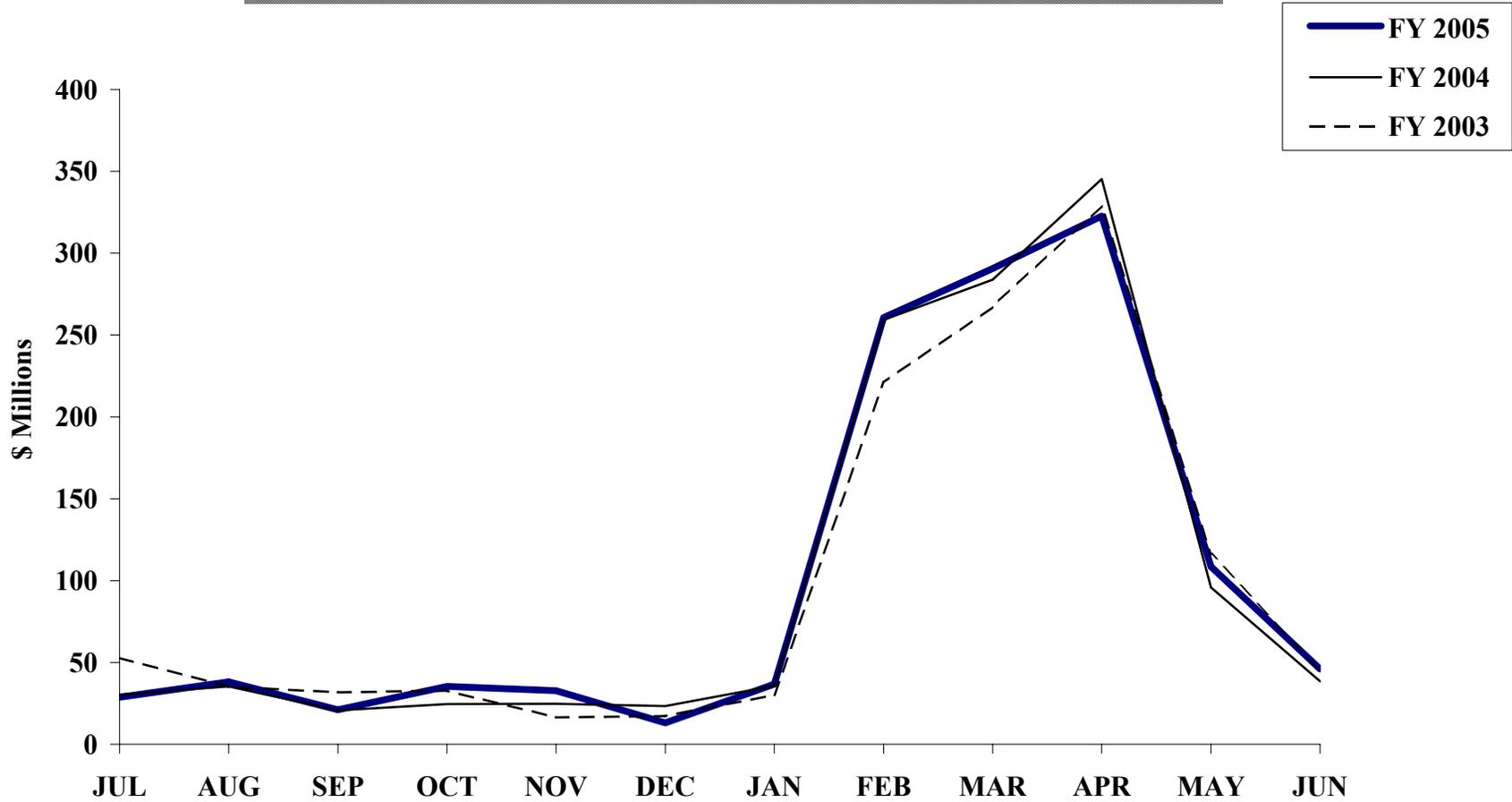
FY 2003 Actual = \$10,867.1 Million
FY 2004 Actual = \$11,917.8 Million
FY 2005 Actual = \$13,687.3 Million

Net Individual Income Tax



FY 2003 Actual = \$6,775.7 Million
FY 2004 Actual = \$7,384.8 Million
FY 2005 Actual = \$8,352.4 Million

Individual and Fiduciary Income Tax Refunds



FY 2003 Actual = \$1,194.4 Million
FY 2004 Actual = \$1,217.2 Million
FY 2005 Actual = \$1,234.2 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2005

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION ^{1, 2}		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2004	\$3,038.8	1.66%	\$842.2	9.21%	\$3,881.0	3.30%
August	\$3,001.2	1.77%	\$852.1	19.27%	\$3,853.3	5.64%
September	\$3,214.6	1.87%	\$859.5	1.93%	\$4,074.1	1.88%
October	\$3,237.2	1.93%	\$862.7	7.44%	\$4,099.9	3.09%
November	\$3,221.6	2.06%	\$861.7	-9.79%	\$4,083.3	-0.44%
December	\$3,043.9	2.13%	\$860.9	8.00%	\$3,904.8	3.42%
January, 2005	\$3,590.2	2.28%	\$864.9	3.67%	\$4,455.1	2.55%
February	\$3,876.1	2.49%	\$863.9	-5.87%	\$4,740.0	0.97%
March	\$3,694.7	2.49%	\$860.5	-3.18%	\$4,555.2	1.42%
April ³	\$3,590.7	2.66%	\$993.0	13.94%	\$4,583.7	5.10%
May	\$4,123.9	2.88%	\$1,025.5	9.80%	\$5,149.4	4.26%
June	\$4,073.6	2.99%	\$1,032.0	5.60%	\$5,105.5	3.52%
Year-to-Date Average	\$3,475.5	2.31%	\$898.2	5.17%	\$4,373.8	2.90%
Latest 12-month Average	\$3,475.5	2.31%	\$898.2	5.17%	\$4,373.8	2.90%

¹ 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.

² Unaudited.

³ Revised to reflect change in external manager figures.

**Commonwealth of Virginia/Department of Accounts
Report on the Revenue Stabilization Fund
For the Fiscal Year 2005
(Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$340,067	\$0	\$0	\$340,067
August	\$340,067	\$0	\$0	\$340,067
September	\$340,067	\$0	\$0	\$340,067
October	\$340,067	\$0	\$1,624	\$341,691
November	\$341,691	\$0	\$0	\$341,691
December	\$341,691	\$0	\$0	\$341,691
January	\$341,691	\$0	\$2,062	\$343,753
February	\$343,753	\$0	\$0	\$343,753
March	\$343,753	\$0	\$0	\$343,753
April	\$343,753	\$0	\$1,814	\$345,567
May	\$345,567	\$0	\$0	\$345,567
June	\$345,567	\$134,468 (B)	\$2,224	\$482,259

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 made per Item 280 of Chapter 951 (2005 Acts of Assembly).

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2006 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$7,932,600	57.67	\$611,542	\$573,985	6.5	\$611,542	\$573,985	6.5	5.6
Tax Dues/Estimated Payments	1,765,600	12.83	28,532	28,823	(1.0)	28,532	28,823	(1.0)	(14.9)
Gross Individual Income Tax	<u>\$9,698,200</u>	<u>70.50</u>	<u>\$640,074</u>	<u>\$602,808</u>	<u>6.2</u>	<u>\$640,074</u>	<u>\$602,808</u>	<u>6.2</u>	<u>1.2</u>
Individual and Fiduciary Income (Refunds)	(1,363,500)	(9.91)	(40,731)	(28,680)	42.0	(40,731)	(28,680)	42.0	10.5
Net Individual Income Tax	<u>\$8,334,700</u>	<u>60.59</u>	<u>\$599,343</u>	<u>\$574,128</u>	<u>4.4</u>	<u>\$599,343</u>	<u>\$574,128</u>	<u>4.4</u>	<u>(0.2)</u>
Sales and Use Tax	2,828,400	20.56	90,487	88,173	2.6	90,487	88,173	2.6	(4.0)
Corporations Income Tax	508,200	3.69	38,021	14,181	168.1	38,021	14,181	168.1	(17.6)
Public Service Corporations	88,600	0.65	6,136	6,342	(3.2)	6,136	6,342	(3.2)	0.3
Insurance Premiums	413,700	3.01	1,925	1,923	0.1	1,925	1,923	0.1	10.7
Interest Income (a)	83,700	0.61	9,760	8,015	21.8	9,760	8,015	21.8	(0.2)
Alcoholic Beverage Sales (b)	143,800	1.05	4,186	3,912	7.0	4,186	3,912	7.0	(0.5)
Tobacco Master Settlement	0	0.00	0	0	-	0	0	-	(100.0)
All Other Revenues	912,400	6.63	90,602	75,852	19.4	90,602	75,852	19.4	(15.6)
Total General Fund Revenues	<u>\$13,313,500</u>	<u>96.79</u>	<u>\$840,460</u>	<u>\$772,526</u>	<u>8.8</u>	<u>\$840,460</u>	<u>\$772,526</u>	<u>8.8</u>	<u>(2.7)</u>
Gross Lottery Revenue	\$1,425,000	10.36	\$111,561	\$98,514	13.2	\$111,561	\$98,514	13.2	6.8
Less: Expenses	(983,200)	(7.15)	(77,779)	(67,103)	15.9	(77,779)	(67,103)	15.9	8.0
Net Lottery Profits	<u>\$441,800</u>	<u>3.21</u>	<u>\$33,782</u>	<u>\$31,411</u>	<u>7.5</u>	<u>\$33,782</u>	<u>\$31,411</u>	<u>7.5</u>	<u>4.3</u>
Total General Fund Revenues and Net Lottery Profits	<u>\$13,755,300</u>	<u>100.00</u>	<u>\$874,242</u>	<u>\$803,937</u>	<u>8.7</u>	<u>\$874,242</u>	<u>\$803,937</u>	<u>8.7</u>	<u>(2.5)</u>

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.

Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2005 and 2006

Revenue	(Dollars in Thousands)								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2006 Estimate	As a % of Total Gen Fund Rev	FY 2006	July FY 2005	% Change	FY 2006	Year-To-Date FY 2005	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$7,932,600	59.58	\$611,542	\$573,985	6.5	\$611,542	\$573,985	6.5	5.6
Tax Dues/Estimated Payments	1,765,600	13.26	28,532	28,823	(1.0)	28,532	28,823	(1.0)	(14.9)
Gross Individual Income Tax	\$9,698,200	72.84	\$640,074	\$602,808	6.2	\$640,074	\$602,808	6.2	1.2
Individ and Fiduc Income (Refunds)	(1,363,500)	(10.24)	(40,731)	(28,680)	42.0	(40,731)	(28,680)	42.0	10.5
Net Individual Income Tax	\$8,334,700	62.60	\$599,343	\$574,128	4.4	\$599,343	\$574,128	4.4	(0.2)
Sales and Use Tax	2,828,400	21.25	90,487	88,173	2.6	90,487	88,173	2.6	(4.0)
Corporations Income	508,200	3.82	38,021	14,181	168.1	38,021	14,181	168.1	(17.6)
Public Service Corporations	88,600	0.67	6,136	6,342	(3.2)	6,136	6,342	(3.2)	0.3
Insurance Premiums	413,700	3.11	1,925	1,923	0.1	1,925	1,923	0.1	10.7
Alcoholic Beverage Excise	101,800	0.76	0	0	-	0	0	-	(0.9)
Beer and Beverage Excise	42,000	0.32	4,186	3,912	7.0	4,186	3,912	7.0	0.5
Wills, Suits, Deeds, Contracts	483,800	3.63	64,360	33,109	94.4	64,360	33,109	94.4	(18.8)
Inheritance, Gift, and Estate	144,000	1.08	7,394	7,295	1.4	7,394	7,295	1.4	(4.0)
Tobacco Products	0	0.00	0	1,358	(100.0)	0	1,358	(100.0)	(100.0)
Bank Franchise	9,600	0.07	(80)	844	(109.5)	(80)	844	(109.5)	(9.4)
Other Taxes	5,600	0.04	1,215	2,283	(46.8)	1,215	2,283	(46.8)	(82.0)
Total Taxes	\$12,960,400	97.35	\$812,987	\$733,548	10.8	\$812,987	\$733,548	10.8	(2.7)
Rights and Privileges:									
Licenses and Permits	\$4,700	0.03	\$218	\$198	10.1	\$218	\$198	10.1	1.2
Corp. Franchise and Charters	40,000	0.30	566	575	(1.6)	566	575	(1.6)	(7.1)
Fees for Practice of Prof	1,000	0.01	0	0	-	0	0	-	-
Fees for Misc. Privileges & Services	12,100	0.09	571	751	(24.0)	571	751	(24.0)	(8.9)
Total Rights and Privileges	\$57,800	0.43	\$1,355	\$1,524	(11.1)	\$1,355	\$1,524	(11.1)	(5.2)
Other Revenues:									
Sales of Property & Commodities	\$100	0.00	\$146	\$10,596	(98.6)	\$146	\$10,596	(98.6)	(99.2)
Assessmts & Rcpts for Support of Special Svcs	400	0.00	54	35	54.3	54	35	54.3	20.1
Institutional Revenue	8,600	0.07	1,257	139	804.3	1,257	139	804.3	(6.5)
Interest (a)	83,700	0.63	9,760	8,015	21.8	9,760	8,015	21.8	(0.2)
Dividends and Rent	300	0.00	25	12	108.3	25	12	108.3	22.4
Fines, Forfeitures & Fees	228,100	1.71	17,615	17,205	2.4	17,615	17,205	2.4	4.0
Other Revenue	(6,000)	(0.04)	1,016	5,994	(83.0)	1,016	5,994	(83.0)	(143.0)
Excess Fees	(29,100)	(0.22)	(4,529)	(5,189)	12.7	(4,529)	(5,189)	12.7	23.3
Private Donations, Gifts & Cont.	0	0.00	8	0	-	8	0	-	(100.0)
Cities, Counties, and Towns	9,200	0.07	766	647	18.4	766	647	18.4	(2.6)
Tobacco Master Settlement	0	0.00	0	0	-	0	0	-	(100.0)
Total Other Revenues	\$295,300	2.22	\$26,118	\$37,454	(30.3)	\$26,118	\$37,454	(30.3)	(5.0)
Total General Fund Revenues	\$13,313,500	100.00	\$840,460	\$772,526	8.8	\$840,460	\$772,526	8.8	(2.7)

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 2005 and 2006
 (Dollars in Thousands)**

	FY 2006 Estimate (d)	July			Year-To-Date			% Annual Growth Required By Estimate
		FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change (b)	
Lottery Collections								
Lotto South	\$74,000	\$5,315	\$5,899	(9.9)	\$5,315	\$5,899	(9.9)	11.0
Cash 5	28,900	2,280	2,438	(6.5)	2,280	2,438	(6.5)	2.8
Pick 4	171,900	14,013	13,457	4.1	14,013	13,457	4.1	1.6
Pick 3	241,700	21,492	20,302	5.9	21,492	20,302	5.9	(4.5)
Mega Millions	141,000	14,476	17,572	(17.6)	14,476	17,572	(17.6)	2.8
Scratch	767,500	53,985	38,846	39.0	53,985	38,846	39.0	12.9
Gross Lottery Revenue	<u>1,425,000</u>	<u>111,561</u>	<u>98,514</u>	<u>13.2</u>	<u>111,561</u>	<u>98,514</u>	<u>13.2</u>	<u>6.8</u>
Expenses (c)	<u>983,200</u>	<u>77,779 (a)</u>	<u>67,103</u>	<u>15.9</u>	<u>77,779 (a)</u>	<u>67,103</u>	<u>15.9</u>	<u>8.0</u>
Net Lottery Ticket Profits	<u>\$441,800</u>	<u>\$33,782 (a)</u>	<u>\$31,411</u>	<u>7.5</u>	<u>\$33,782 (a)</u>	<u>\$31,411</u>	<u>7.5</u>	<u>4.3</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 2004.

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 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	July			Year-To-Date			% Annual Growth Required By Estimate
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
Motor Fuel Taxes	\$878,900	25.30	\$8,046	\$1,558	416.4	\$8,046	\$1,558	416.4	3.5
Priority Transportation Fund	20,000	0.58	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax	655,700	18.88	52,497	50,478	4.0	52,497	50,478	4.0	6.6
State Sales and Use Tax	463,400	13.34	16,197	15,607	3.8	16,197	15,607	3.8	3.0
Motor Vehicle License Fees	166,500	4.79	11,885	12,875	(7.7)	11,885	12,875	(7.7)	1.2
International Registration Plan	59,600	1.71	1,257	4,019	(68.7)	1,257	4,019	(68.7)	(1.8)
Interest Earnings	11,200	0.32	4	(153)	102.6	4	(153)	102.6	(36.5)
Misc. Taxes, Fees, and Revenues	20,400	0.59	1,959	2,150	(8.9)	1,959	2,150	(8.9)	(22.9)
Total State Taxes and Fees	\$2,275,700	65.51	\$91,845	\$86,534	6.1	\$91,845	\$86,534	6.1	3.3

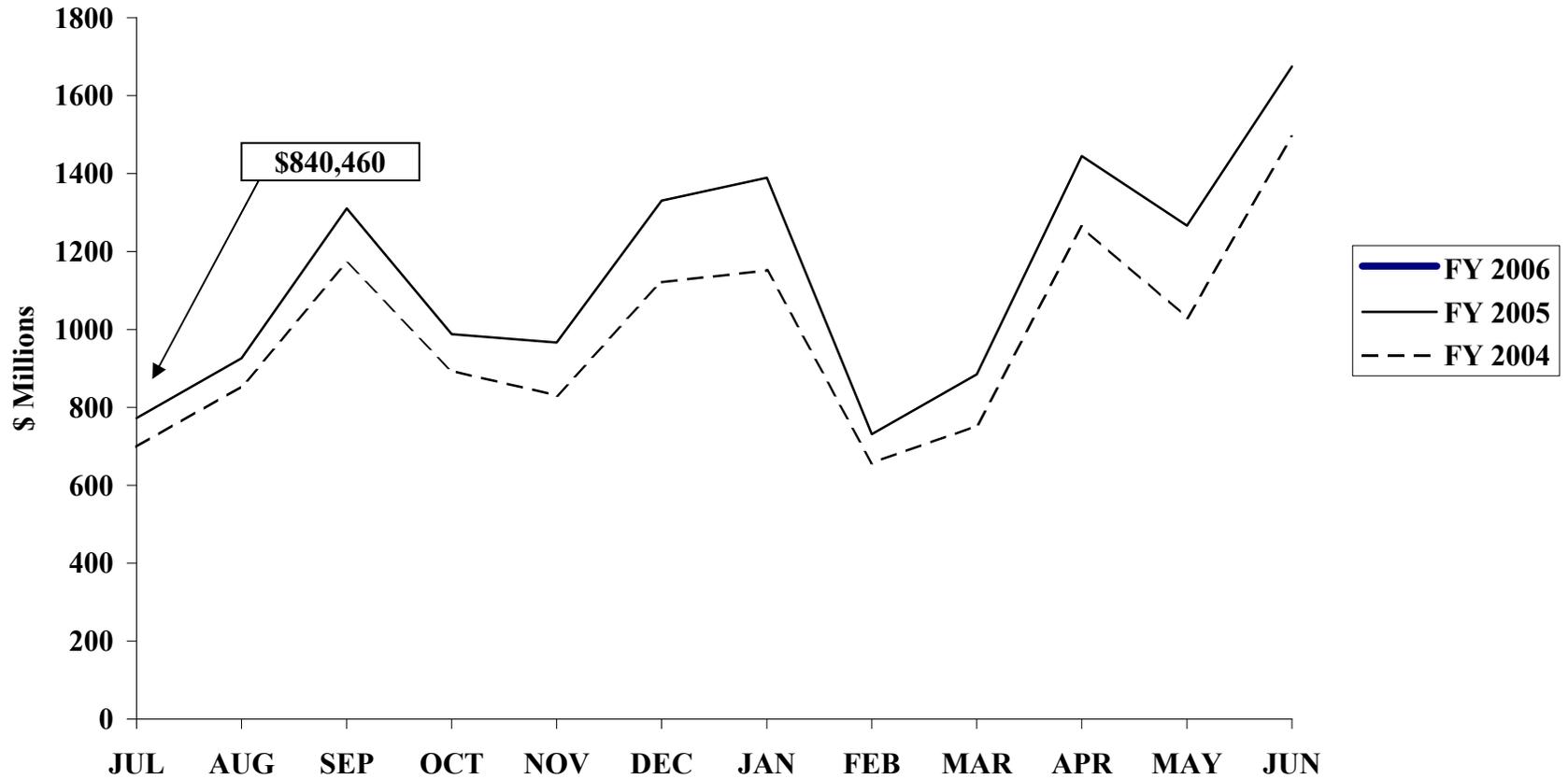
Percentage is greater than 1,000%.

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 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	July			Year-To-Date			% Annual Growth Required By Est
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$754,100	21.71	\$6,797	(\$66)	#	\$6,797	(\$66)	#	3.2
Motor Vehicle Sales and Use Tax	406,400	11.70	33,596	32,522	3.3	33,596	32,522	3.3	2.6
Motor Vehicle License Fees	145,500	4.19	10,324	11,297	(8.6)	10,324	11,297	(8.6)	1.1
International Registration Plan	59,600	1.71	1,257	4,019	(68.7)	1,257	4,019	(68.7)	(1.8)
Misc. Taxes, Fees, and Revenues	20,400	0.59	1,959	2,150	(8.9)	1,959	2,150	(8.9)	(22.9)
Total State Taxes and Fees	\$1,386,000	39.90	\$53,933	\$49,922	8.0	\$53,933	\$49,922	8.0	2.1
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$2,021	\$795	154.2	\$2,021	\$795	154.2	(100.0)
Transfer (to) / from Transportation Trust Fund									
	186,200	5.36	186,199	146,771	26.9	186,199	146,771	26.9	(4.5)
Total Highway Maintenance and Operating Fund	\$1,572,200	45.26	\$242,153	\$197,488	22.6	\$242,153	\$197,488	22.6	(0.6)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$124,800	3.59	\$1,249	\$1,624	(23.1)	\$1,249	\$1,624	(23.1)	4.8
Priority Transportation Fund	20,000	0.58	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	249,300	7.18	18,901	17,956	5.3	18,901	17,956	5.3	13.7
State Sales and Use Tax	463,400	13.34	16,197	15,607	3.8	16,197	15,607	3.8	3.0
Motor Vehicle License Fees	21,000	0.60	1,561	1,578	(1.1)	1,561	1,578	(1.1)	2.0
Interest Earnings	11,200	0.32	4	(153)	102.6	4	(153)	102.6	(36.5)
Total State Taxes and Fees	\$889,700	25.61	\$37,912	\$36,612	3.6	\$37,912	\$36,612	3.6	5.1
Other Revenues:									
Federal Grants and Contracts	\$1,011,300	29.12	\$34,011	\$37,763	(9.9)	\$34,011	\$37,763	(9.9)	121.8
Receipts from Cities/Counties	70,400	2.03	3,848	3,253	18.3	3,848	3,253	18.3	174.6
Toll Revenues (Includes Route 28)	88,700	2.55	5,777	5,103	13.2	5,777	5,103	13.2	(20.5)
Miscellaneous Revenues	27,500	0.79	1,046	11,281	(90.7)	1,046	11,281	(90.7)	1.1
Total Other Revenues	\$1,197,900	34.49	\$44,682	\$57,400	(22.2)	\$44,682	\$57,400	(22.2)	93.1
Transfer (to) / from Highway Maintenance and Operating Fund									
	(\$186,200)	(5.36)	(\$186,199)	(\$146,771)	(26.9)	(\$186,199)	(\$146,771)	(26.9)	4.5
Total Transportation Trust Fund	\$1,901,400	54.74	(\$103,605)	(\$52,759)	(96.4)	(\$103,605)	(\$52,759)	(96.4)	49.5
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,473,600	100.00	\$138,548	\$144,729	(4.3)	\$138,548	\$144,729	(4.3)	21.7

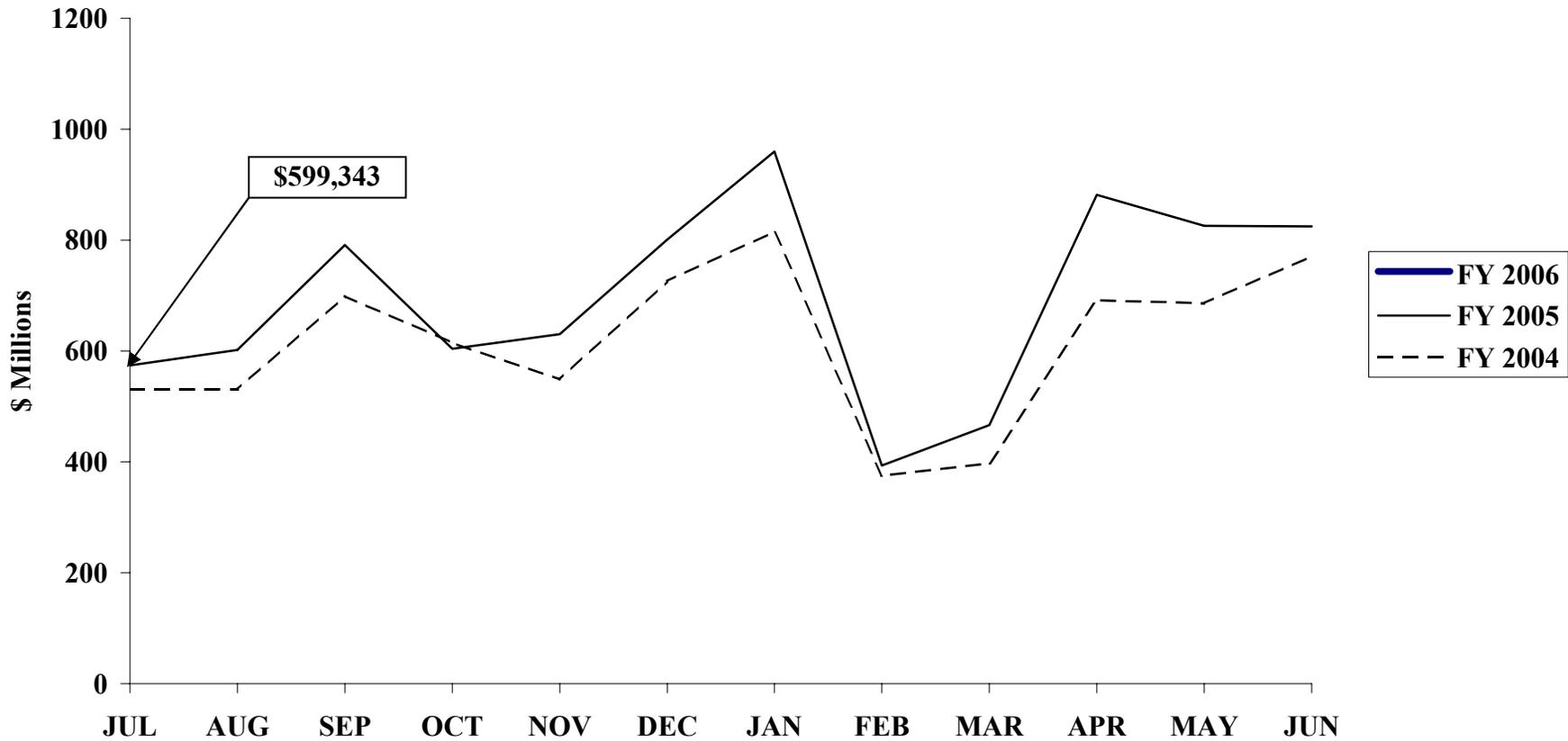
Percentage is greater than 1,000%.

Total General Fund Revenues



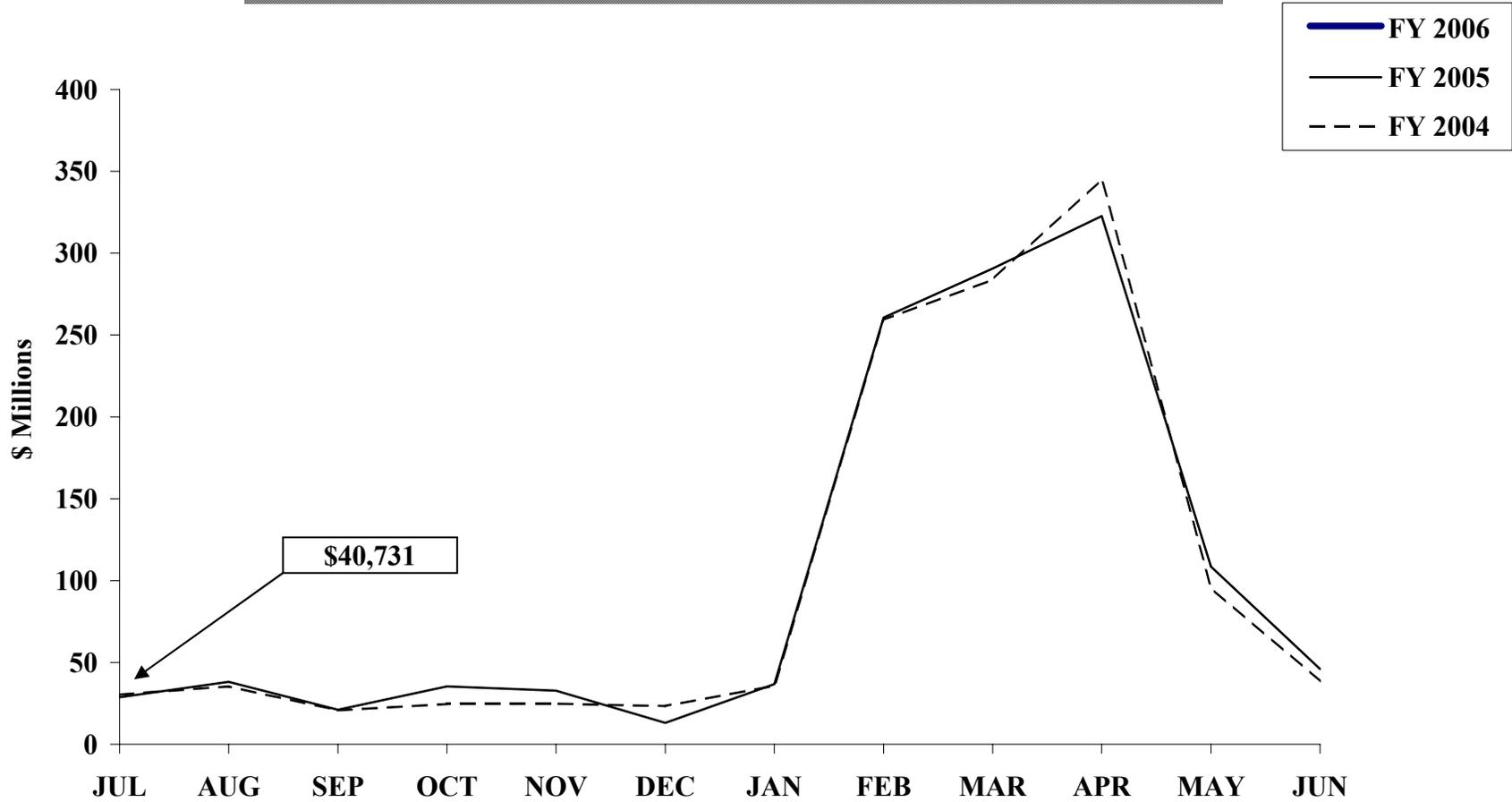
FY 2004 Actual = \$11,917.8 Million
FY 2005 Actual = \$13,687.3 Million
FY 2006 Estimate = \$13,313.5 Million

Net Individual Income Tax



FY 2004 Actual = \$7,384.8 Million
FY 2005 Actual = \$8,352.4 Million
FY 2006 Estimate = \$8,334.7 Million

Individual and Fiduciary Income Tax Refunds



FY 2004 Actual = \$1,217.2 Million
FY 2005 Actual = \$1,234.2 Million
FY 2006 Estimate = \$1,363.5 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2006

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION ^{1,2}		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2005	\$4,108.3	3.13%	\$1,030.2	-9.52%	\$5,138.5	0.59%
August						
September						
October						
November						
December						
January, 2006						
February						
March						
April						
May						
June						
Year-to-Date Average	\$4,108.3	3.13%	\$1,030.2	-9.52%	\$5,138.5	0.59%
Latest 12-month Average	\$3,564.7	2.44%	\$913.9	3.48%	\$4,478.6	2.65%

¹ 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.

² Unaudited.

Commonwealth of Virginia/Department of Accounts
 Report on the Revenue Stabilization Fund
 For the Fiscal Year 2006
 (Dollars in Thousands)

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$482,259	\$0	\$0	\$482,259
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.