

# COMMONWEALTH OF VIRGINIA

## GENERAL FUND PRELIMINARY (UNAUDITED) ANNUAL REPORT

For the Fiscal Year Ended June 30, 2001

Presented on a Budgetary (Cash) Basis



William E. Landside  
Comptroller  
August 15, 2001



## **TABLE OF CONTENTS**

Comptroller's Letter of Transmittal	iii
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### **SUMMARY OF GENERAL FUND ACTIVITY**

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

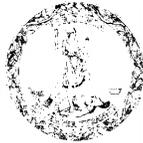
### **GENERAL FUND GRAPHICS**

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

<b><u>GENERAL FUND NOTES</u></b>	13
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<b><u>GLOSSARY</u></b>	17
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# COMMONWEALTH of VIRGINIA

WILLIAM E. LANDSIDLE, CPA  
COMPTROLLER

*Office of the Comptroller*

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

August 15, 2001

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

Dear Governor Gilmore:

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

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

## **Revenue Stabilization Fund**

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

## **Amounts Available for Reappropriation**

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

### Virginia Water Quality Improvement Fund

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

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

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

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

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

Respectfully submitted,

William E. Landside

Enclosure

# SUMMARY OF GENERAL FUND ACTIVITY

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

**Assets**

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

**Liabilities and Fund Equity**

Liabilities:

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

Fund Equity:

Reserved Fund Balance:

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

Unreserved Fund Balance:

Designated:

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

Total Designated Fund Balance	200,953	
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Undesignated Fund Balance	-	
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Total Unreserved Fund Balance	200,953	
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Total Fund Equity		1,194,107
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Total Liabilities and Fund Balance		\$ 1,201,750
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The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

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

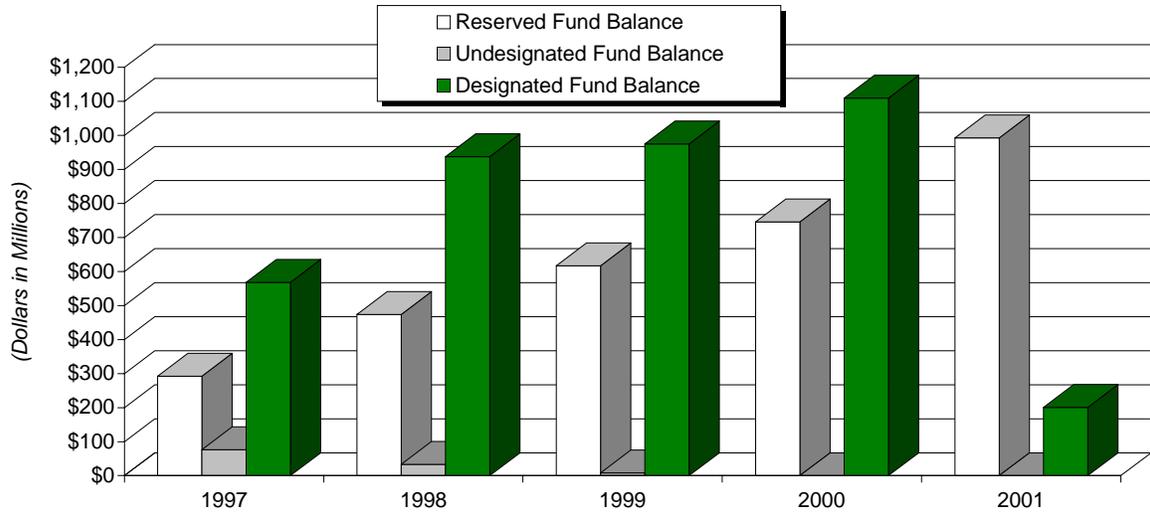
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# GENERAL FUND GRAPHICS

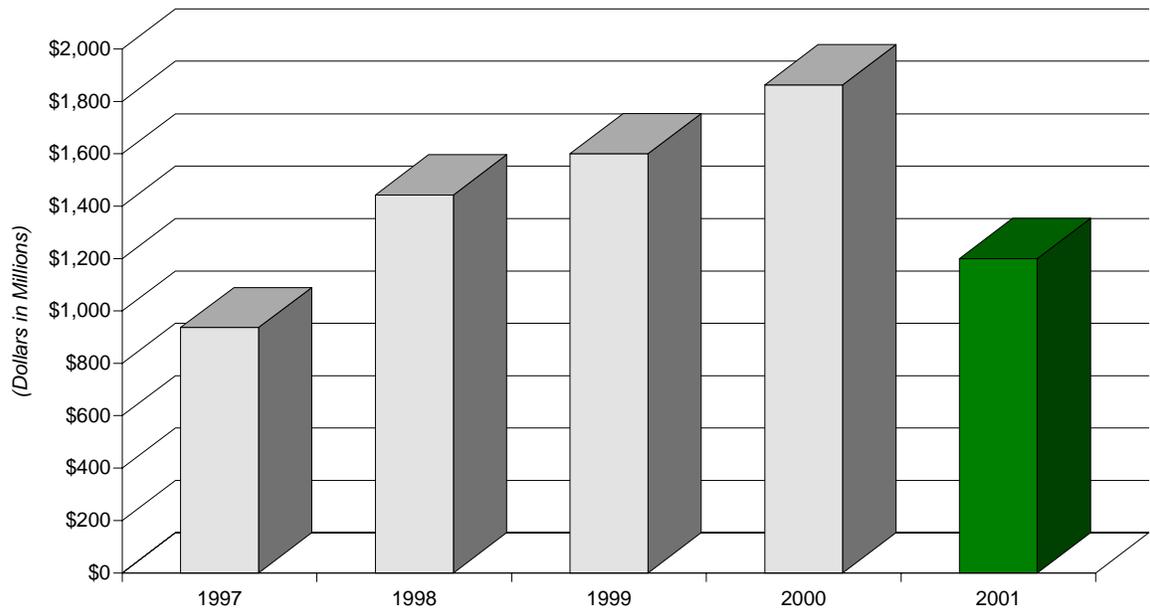
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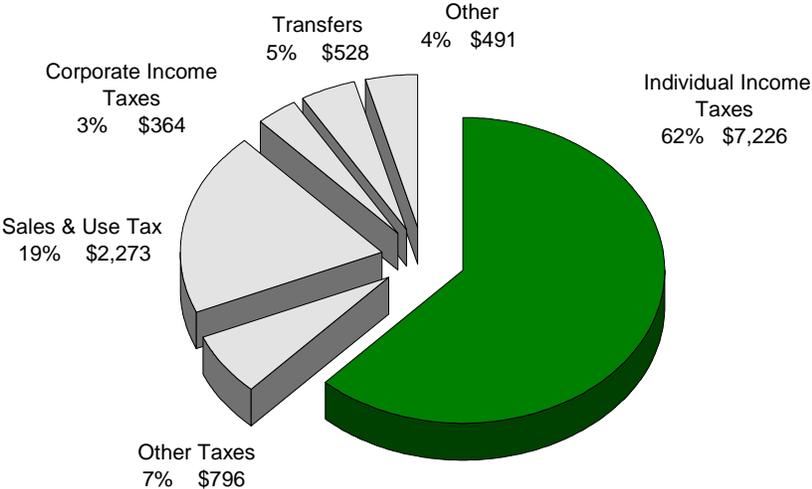
**General Fund  
Fund Balance  
Fiscal Years 1997-2001**



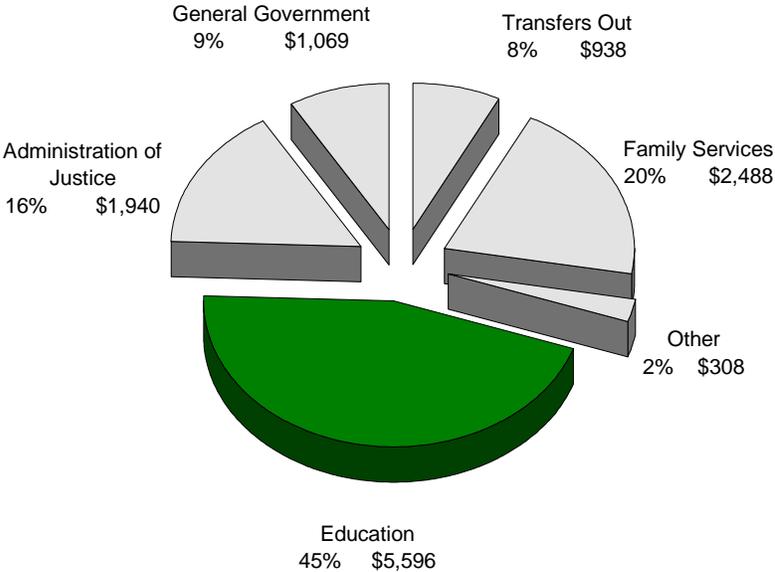
**General Fund  
Cash, Cash Equivalents, and Investments  
Fiscal Years 1997-2001**



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

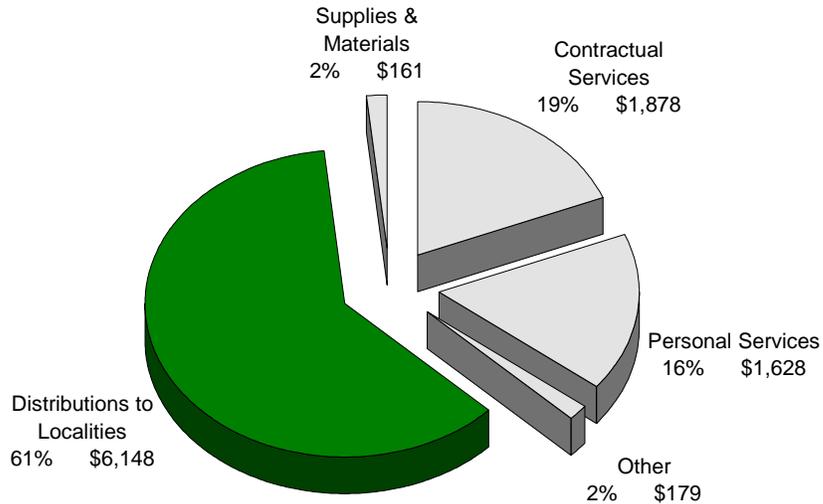


**General Fund  
Expenditures by Function and Other Uses  
Fiscal Year 2001  
(Dollars in Millions)**

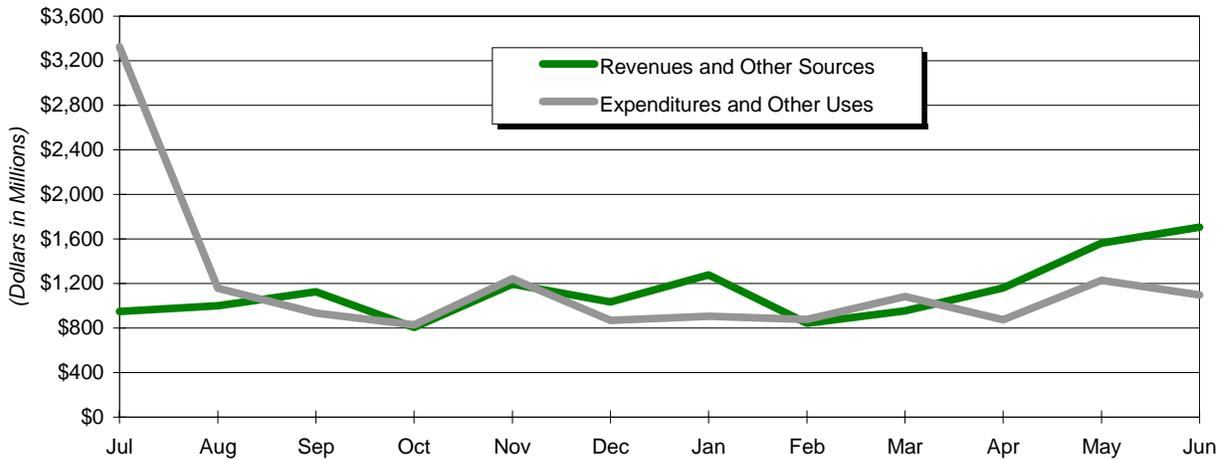


Note: Net Education Transfers of \$1.407 billion are reclassified from Transfers Out to Education expenditures. General Government expenditures include \$604.1 million paid to localities pursuant to the Personal Property Tax Relief Act of 1998.

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



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



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





# COMMONWEALTH OF VIRGINIA

## NOTES TO PRELIMINARY FINANCIAL STATEMENTS

JUNE 30, 2001

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

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

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

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

#### B. Budget

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

The budget is prepared on a biennial basis; however, the budget of the General Fund contains separate appropriations for each year within the biennial budget, as approved by the General Assembly and signed into law by the Governor. For management control purposes, the budget is controlled at the program level. The Director of the Department of Planning and Budget may transfer an appropriation within a State agency or from one State agency to another, provided that total fund appropriations, as contained within the budget, are not exceeded. Increases in General Fund appropriations must be approved by the General Assembly.

### 2. ANALYSIS OF GENERAL FUND REVENUE

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

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

### 3. APPROPRIATION ACT TRANSFERS

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

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

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

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

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

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

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

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

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

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

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

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



## **BALANCE SHEET**

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

## **INCOME STATEMENT**

### **Revenues:**

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

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

### Expenditures:

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

### Other Financing Sources (Uses):

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



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

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