COMMONWEALTH OF VIRGINIA

GENERAL FUND
PRELIMINARY (UNAUDITED)
ANNUAL REPORT

For the Fiscal Year Ended June 30, 2005
Presented on a Budgetary (Cash) Basis

David A. Von Moll
Comptroller
August 13, 2004
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<tr>
<td>15</td>
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</table>

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<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
</tr>
</tbody>
</table>
August 15, 2005

The Honorable Mark R. Warner
Governor
Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor Warner:

In compliance with the provisions of Section 2.2-813 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, 2005.

The Commonwealth ended fiscal year 2005 with a total fund balance in the General Fund of $1.9 billion measured on the cash basis of activity. This is an increase of $755.8 million, or 68 percent, from last year’s ending fund balance of $1.1 billion. Planned (budgeted) increases in General Fund balance for this year were $23.7 million. The first graph on page 9 shows a comparison of the General Fund balance for the last five years.

Revenue Stabilization Fund

The Revenue Stabilization Fund has principal and interest on deposit of $482.3 million reserved as a part of the General Fund balance. The FY 2006 deposit into the Revenue Stabilization Fund, which is appropriated in the amount of $181.9 million, is also reserved. Management has designated $402.2 million for deposit into the Fund during FY 2007. This amount designated for deposit is allowed under the provisions of Article X, Section 8 of the Constitution of Virginia.

The Constitution requires a deposit based on growth in income and retail sales tax revenue and allows revenue growth from increases in tax rates or the repeal of exemptions to be excluded, in whole or part, from the deposit calculation for up to six years. The minimum mandatory deposit would have been $354.1 million if all revenue increases from tax reform (including those derived from estimates) were excluded from the deposit calculations and the maximum mandatory deposit would have been $600.6 million if all tax increases from tax reform were included. The fiscal year 2005 deposit designation of $402.2 million excludes the impact of revenue increases resulting from the repeal of the public service corporation exemption ($29.8 million in revenue) and the sales tax rate increase ($295.3 million in revenue).

Section 2.2-1829(b) of the Code of Virginia requires an additional deposit into the Fund when specific criteria have been met. No designation is required since the specified criteria were not met for FY 2005.

The Revenue Stabilization Fund is routinely segregated from the General Fund but Virginia law directs that the Revenue Stabilization Fund be included as a component of the General Fund for financial reporting purposes. Therefore, it is included here both as a cash asset and as a reserved component of fund balance. The Revenue Stabilization Fund can be used only for constitutionally authorized purposes.
Amounts Available for Reappropriation

Section 4-1.05a.1. of Chapter 951, 2005 Acts of Assembly, requires reappropriation of 2005 fiscal year unexpended appropriations for Legislative and Judicial Departments, as well as independent Agencies. Additionally, the Section of the Act gives the Governor discretionary authority to reappropriate all or a portion of the unexpended balances in Executive Department appropriations. Section 4-0.01b. provides that all appropriations, however, are declared to be conditioned on the receipt of sufficient revenue to support them.

Based on an analysis by the Department of Planning and Budget of unexpended appropriations at June 30, 2005, $145.4 million will be considered for mandatory reappropriation in fiscal year 2006 for operations and $41.7 million will be considered for discretionary reappropriation in fiscal year 2006 for operations. Additional reappropriation amounts include $115.9 million for capital outlay project needs and $26.8 million for natural disaster sum sufficient amounts. Additionally, $300.4 million is designated as available balances to meet the requirements of Chapter 951, 2005 Acts of Assembly, and $56.6 million for the Water Quality Fund. Further, the Department of Planning and Budget has identified planned disbursements of $26.2 million to the Transportation Trust Fund, $8.9 million for Standards of Quality (SOQ) Replacement, and $25.0 million for Base Realignment and Closure (BRAC). As of June 30, 2005, 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. For the year ended June 30, 2005, $54.5 and $2.1 million that represent ten percent of the excess revenue collections and ten percent of the unreserved fund balance not required for reappropriation, respectively, have been designated. Upon appropriation by the General Assembly, $56.6 million will be transferred from the General Fund to the Virginia Water Quality Improvement Fund.

Basis of Presentation

This preliminary annual report is comprised of budgetary (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.
Final Report and Award

The final Annual Report of the Comptroller, due on December 15, 2005, 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, 2004, 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 nineteenth consecutive year that Virginia's Annual Report has received this award. In addition, Virginia received a companion award from the GFOA for its fiscal year 2004 Popular Report, entitled Virginia Financial Perspective. This is the tenth consecutive year that Virginia's Popular Report has received this award.

Respectfully submitted,

David A. Von Moll

Enclosure
SUMMARY OF GENERAL FUND ACTIVITY
## Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Cash Equivalents, and Investments</td>
<td>1,865,726</td>
</tr>
<tr>
<td>Cash and Travel Advances</td>
<td>1,033</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,866,759</td>
</tr>
</tbody>
</table>

## Liabilities and Fund Equity

### Liabilities:

- Deposits Pending Distribution: 1,416

### Total Liabilities: 1,416

### Fund Equity:

#### Reserved Fund Balance:

- Revenue Stabilization Reserve Fund: 482,259
- Revenue Stabilization Reserve 2004: 181,936
- Payroll Reserve for July 1, 2005 Payroll: 74,220
- Unexpended Lottery Proceeds: 352

**Total Reserved Fund Balance:** 738,767

#### Unreserved Fund Balance:

- Amount Required for Reappropriation of 2005 Unexpended Balances: 145,445
- Discretionary Reappropriations: 19,202
- Capital Outlay: 115,876
- Amount Required to Balance Chapter 951, 2005 Acts of Assembly: 300,355
- Virginia Water Quality Improvement Fund - Part A (Note 8): 54,450
- Virginia Water Quality Improvement Fund - Part B (Note 8): 2,134
- Natural Disaster Sum Sufficient: 26,818
- Accelerated Sales Tax for Transportation Trust Fund: 26,204
- Revenue Stabilization Fund Contribution (Note 6): 402,223
- Standards of Quality (SOQ) Replacement 2nd Year: 8,869
- Base Realignment and Closure (BRAC) Allocation: 25,000

**Total Designated Fund Balance (Note 9):** 1,126,576

**Total Unreserved Fund Balance:** 1,126,576

**Total Fund Equity:** 1,865,343

**Total Liabilities and Fund Balance:** 1,866,759

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, 2001 through June 30, 2005

(Dollars in Thousands)

<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Taxes:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual and Fiduciary Income</td>
<td>$8,352,366</td>
<td>$7,430,365</td>
<td>$6,775,746</td>
<td>$6,710,772</td>
<td>$7,226,309</td>
</tr>
<tr>
<td>Sales and Use (Note 3)</td>
<td>$3,093,725</td>
<td>$2,582,797</td>
<td>$2,335,958</td>
<td>$2,429,845</td>
<td>$2,272,954</td>
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<tr>
<td>Corporation Income</td>
<td>$616,690</td>
<td>$434,493</td>
<td>$343,319</td>
<td>$290,215</td>
<td>$363,757</td>
</tr>
<tr>
<td>Public Service Corporations</td>
<td>$88,309</td>
<td>$86,870</td>
<td>$91,247</td>
<td>$77,152</td>
<td>$93,427</td>
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<tr>
<td>Premiums of Insurance Companies</td>
<td>$373,571</td>
<td>$351,278</td>
<td>$333,004</td>
<td>$292,702</td>
<td>$268,060</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>$1,045,283</td>
<td>$668,380</td>
<td>$573,445</td>
<td>$487,826</td>
<td>$434,332</td>
</tr>
<tr>
<td><strong>Total Taxes:</strong></td>
<td>$13,569,944</td>
<td>$11,554,183</td>
<td>$10,452,719</td>
<td>$10,288,512</td>
<td></td>
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<tr>
<td>Rights and Privileges</td>
<td>$60,975</td>
<td>$69,809</td>
<td>$63,216</td>
<td>$37,997</td>
<td></td>
</tr>
<tr>
<td>Sales of Property and Commodities</td>
<td>$11,778</td>
<td>$2,035</td>
<td>$1,019</td>
<td>$281</td>
<td>$66</td>
</tr>
<tr>
<td>Assessments and Receipts for Support of Special Services</td>
<td>$333</td>
<td>$368</td>
<td>$383</td>
<td>$445</td>
<td>$399</td>
</tr>
<tr>
<td>Institutional Revenue</td>
<td>$9,198</td>
<td>$9,633</td>
<td>$7,896</td>
<td>$9,194</td>
<td>$7,888</td>
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<tr>
<td>Interest, Dividends, and Rents</td>
<td>$90,118</td>
<td>$86,719</td>
<td>$105,700</td>
<td>$138,121</td>
<td>$171,177</td>
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<tr>
<td>Fines, Forfeitures, Court Fees, Penalties, and Escheats</td>
<td>$181,116</td>
<td>$193,675</td>
<td>$178,487</td>
<td>$152,801</td>
<td>$134,162</td>
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<tr>
<td>Receipts from Cities, Counties, and Towns</td>
<td>$9,446</td>
<td>$8,962</td>
<td>$9,117</td>
<td>$9,060</td>
<td>$8,805</td>
</tr>
<tr>
<td>Private Donations, Gifts and Contracts</td>
<td>$1</td>
<td>$1</td>
<td>$7</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Tobacco Master Settlement</td>
<td>$52,126</td>
<td>$51,359</td>
<td>$60,012</td>
<td>$59,846</td>
<td>$51,276</td>
</tr>
<tr>
<td>Other</td>
<td>$142,978</td>
<td>$68,411</td>
<td>$109,200</td>
<td>$41,215</td>
<td>$80,350</td>
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<tr>
<td><strong>Total Revenues (Note 2):</strong></td>
<td>$14,128,013</td>
<td>$12,045,093</td>
<td>$10,987,756</td>
<td>$10,737,472</td>
<td>$11,149,890</td>
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<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>$1,471,632</td>
<td>$1,407,323</td>
<td>$1,362,222</td>
<td>$1,345,368</td>
<td>$1,069,409</td>
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<td>Education</td>
<td>$6,242,886</td>
<td>$5,272,151</td>
<td>$5,441,934</td>
<td>$5,542,589</td>
<td>$4,188,331</td>
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<tr>
<td>Transportation</td>
<td>$234,857</td>
<td>$214,116</td>
<td>$206,743</td>
<td>$251,856</td>
<td>$241,704</td>
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<td>Resources and Economic Development</td>
<td>$2,042,773</td>
<td>$1,906,455</td>
<td>$1,867,835</td>
<td>$1,910,280</td>
<td>$1,939,881</td>
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<td>Individual and Family Services</td>
<td>$755,772</td>
<td>$544,168</td>
<td>$506,790</td>
<td>$556,146</td>
<td>$519,359</td>
</tr>
<tr>
<td>Administration of Justice</td>
<td>$25,368</td>
<td>$17,830</td>
<td>$19,752</td>
<td>$25,846</td>
<td>$27,378</td>
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<tr>
<td><strong>Total Expenditures:</strong></td>
<td>$761,998</td>
<td>$677,089</td>
<td>$662,969</td>
<td>$712,107</td>
<td>$619,161</td>
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<tr>
<td><strong>Revenues Over (Under) Expenditures:</strong></td>
<td>$755,772</td>
<td>$544,168</td>
<td>$506,790</td>
<td>$556,146</td>
<td>$519,359</td>
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<tr>
<td><strong>Other Financing Sources (Uses):</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operating Transfers In</td>
<td>$636,063</td>
<td>$697,884</td>
<td>$987,805</td>
<td>$820,466</td>
<td>$525,101</td>
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<td>Operating Transfers In From Component Units (Note 5)</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Operating Transfers Out</td>
<td>(642,289)</td>
<td>(463,135)</td>
<td>(383,066)</td>
<td>(383,915)</td>
<td>(623,677)</td>
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<td>Operating Transfers Out To Component Units (Note 5)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Operating Transfers (Note 5):</strong></td>
<td>(6,226)</td>
<td>(234,749)</td>
<td>(604,739)</td>
<td>(436,551)</td>
<td>(1,817,220)</td>
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<tr>
<td>Revenues and Other Sources Over (Under) Expenditures</td>
<td>$755,772</td>
<td>$544,168</td>
<td>$506,790</td>
<td>$556,146</td>
<td>$519,359</td>
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<tr>
<td><strong>Fund Balance, July 1:</strong></td>
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<tr>
<td>Reserved</td>
<td>$432,482</td>
<td>$313,165</td>
<td>$562,965</td>
<td>$993,154</td>
<td>$745,488</td>
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<tr>
<td>Unreserved</td>
<td>$677,089</td>
<td>$241,626</td>
<td>$109,200</td>
<td>$200,953</td>
<td>$1,109,843</td>
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<tr>
<td><strong>Fund Balance, July 1:</strong></td>
<td>$1,109,571</td>
<td>$554,790</td>
<td>$632,969</td>
<td>$1,194,107</td>
<td>$1,855,331</td>
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</table>

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, 2005

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Favorable (Unfavorable)</th>
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<td><strong>Taxes:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Individual and Fiduciary Income</td>
<td>$7,773,900</td>
<td>$8,002,700</td>
<td>$8,352,366</td>
<td>$349,666</td>
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<tr>
<td>Sales and Use (Note 3)</td>
<td>2,852,300</td>
<td>3,096,100</td>
<td>3,093,725</td>
<td>2,375</td>
</tr>
<tr>
<td>Corporation Income</td>
<td>407,700</td>
<td>549,000</td>
<td>616,690</td>
<td>67,690</td>
</tr>
<tr>
<td>Public Service Corporations</td>
<td>86,300</td>
<td>87,400</td>
<td>88,309</td>
<td>909</td>
</tr>
<tr>
<td>Premiums of Insurance Companies</td>
<td>381,200</td>
<td>381,000</td>
<td>373,571</td>
<td>7,429</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>758,330</td>
<td>965,300</td>
<td>1,045,283</td>
<td>79,983</td>
</tr>
<tr>
<td>Rights and Privileges</td>
<td>52,700</td>
<td>57,300</td>
<td>60,975</td>
<td>3,675</td>
</tr>
<tr>
<td>Sales of Property and Commodities</td>
<td>-</td>
<td>11,200</td>
<td>11,778</td>
<td>578</td>
</tr>
<tr>
<td>Assessments and Receipts for Support of Special Services</td>
<td>400</td>
<td>400</td>
<td>333</td>
<td>(67)</td>
</tr>
<tr>
<td>Institutional Revenue</td>
<td>9,300</td>
<td>8,600</td>
<td>9,198</td>
<td>598</td>
</tr>
<tr>
<td>Interest, Dividends, and Rents</td>
<td>80,700</td>
<td>80,182</td>
<td>90,118</td>
<td>9,936</td>
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<tr>
<td>Fines, Forfeitures, Court Fees, Penalties, and Escheats</td>
<td>179,031</td>
<td>178,731</td>
<td>181,116</td>
<td>2,385</td>
</tr>
<tr>
<td>Receipts from Cities, Counties, and Towns</td>
<td>9,600</td>
<td>9,200</td>
<td>9,446</td>
<td>246</td>
</tr>
<tr>
<td>Private Donations, Gifts and Contracts</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Tobacco Master Settlement</td>
<td>50,476</td>
<td>50,500</td>
<td>52,126</td>
<td>1,626</td>
</tr>
<tr>
<td>Other</td>
<td>89,714</td>
<td>110,970</td>
<td>142,978</td>
<td>32,008</td>
</tr>
<tr>
<td><strong>Total Revenues (Note 2)</strong></td>
<td>12,731,751</td>
<td>13,588,583</td>
<td>14,128,013</td>
<td>539,430</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th>Current:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>1,668,654</td>
<td>1,533,591</td>
<td>1,471,632</td>
<td>61,959</td>
</tr>
<tr>
<td>Education</td>
<td>6,271,294</td>
<td>6,283,117</td>
<td>6,242,886</td>
<td>40,231</td>
</tr>
<tr>
<td>Transportation</td>
<td>77,484</td>
<td>77,533</td>
<td>77,458</td>
<td>-</td>
</tr>
<tr>
<td>Resources and Economic Development</td>
<td>248,770</td>
<td>247,533</td>
<td>234,857</td>
<td>12,676</td>
</tr>
<tr>
<td>Individual and Family Services</td>
<td>3,216,392</td>
<td>3,402,280</td>
<td>3,348,455</td>
<td>53,825</td>
</tr>
<tr>
<td>Administration of Justice</td>
<td>2,025,209</td>
<td>2,065,812</td>
<td>2,042,773</td>
<td>23,039</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>14,971</td>
<td>110,970</td>
<td>142,978</td>
<td>32,008</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>13,522,774</td>
<td>13,596,132</td>
<td>13,366,015</td>
<td>230,117</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Financing Sources (Uses):</th>
<th>Revenues Over (Under) Expenditures</th>
<th>1,865,343</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Transfers In</td>
<td>584,077</td>
<td>624,973</td>
<td>636,063</td>
</tr>
<tr>
<td>Operating Transfers Out</td>
<td>(206,419)</td>
<td>(593,733)</td>
<td>(642,289)</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources (Uses)</strong></td>
<td>377,658</td>
<td>31,240</td>
<td>6,226</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this statement.
### Commonwealth of Virginia

**Preliminary Comparison of Sum-Sufficient Final Budget Appropriations with Actual Expenditures**

**General Fund - Budgetary (Cash) Basis (Unaudited)**

**For the Fiscal Year Ended June 30, 2005**

**(Dollars in Thousands)**

<table>
<thead>
<tr>
<th></th>
<th>Final Budget Appropriations</th>
<th>Actual Expenditures</th>
<th>Amount Under Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enactment of Laws</strong></td>
<td>$ 31,491</td>
<td>$ 25,040</td>
<td>$ 6,451</td>
</tr>
<tr>
<td><strong>Financial Assistance to Localities --</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From Sale of Alcoholic Beverages and Other Distributions</td>
<td>32,921</td>
<td>32,748</td>
<td>173</td>
</tr>
<tr>
<td><strong>Financial Assistance for Special State Revenue Sharing -- From Sales Tax and Lottery Proceeds</strong></td>
<td>1,157,806</td>
<td>1,144,650</td>
<td>13,156</td>
</tr>
<tr>
<td><strong>Cash Management Improvement Act Payment to the Federal Government</strong></td>
<td>-</td>
<td>125</td>
<td>(125)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$ 1,222,218</td>
<td>$ 1,202,563</td>
<td>$ 19,655</td>
</tr>
</tbody>
</table>
General Fund
Revenues by Revenue Class and Other Sources
Fiscal Year 2005
(Dollars in Millions)

<table>
<thead>
<tr>
<th>Revenue Class</th>
<th>Percentage</th>
<th>Dollars (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Income Taxes</td>
<td>57%</td>
<td>8,352</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>10%</td>
<td>1,507</td>
</tr>
<tr>
<td>Transfers</td>
<td>4%</td>
<td>636</td>
</tr>
<tr>
<td>Corporate Income Taxes</td>
<td>4%</td>
<td>617</td>
</tr>
<tr>
<td>Sales &amp; Use Tax</td>
<td>21%</td>
<td>3,094</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td>558</td>
</tr>
</tbody>
</table>

Note: Figures are rounded.

General Fund
Expenditures by Function and Other Uses
Fiscal Year 2005
(Dollars in Millions)

<table>
<thead>
<tr>
<th>Function</th>
<th>Percentage</th>
<th>Dollars (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>45%</td>
<td>6,243</td>
</tr>
<tr>
<td>General Government</td>
<td>10%</td>
<td>1,472</td>
</tr>
<tr>
<td>Administration of Justice</td>
<td>15%</td>
<td>2,043</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>4%</td>
<td>642</td>
</tr>
<tr>
<td>Family Services</td>
<td>24%</td>
<td>3,348</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>260</td>
</tr>
</tbody>
</table>

Note: General Government expenditures include $907.3 million paid to localities pursuant to the Personal Property Tax Relief Act of 1998. This represents 62 percent of the General Government expenditures.
General Fund
Expenditures by Object
Fiscal Year 2005
(Dollars in Millions)

- Distributions to Localities: 55% $7,305
- Contractual Services: 20% $2,688
- Personal Services: 12% $1,677
- Other: 2% $266
- Transfers to Component Units: 10% $1,278
- Supplies & Materials: 1% $152

General Fund
Revenues and Other Sources and Expenditures and Other Uses by Month
Fiscal Year 2005

Note: July expenditures include $1.246 billion in payments to Higher Education.
<table>
<thead>
<tr>
<th>Function:</th>
<th>Significant Service Area:</th>
<th>Amount</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>Higher Education</td>
<td>$1,425,259</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grades K-12</td>
<td>4,687,999</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>129,628</td>
<td>6,242,886</td>
</tr>
<tr>
<td>Individual and Family Services</td>
<td>Medical Assistance Services</td>
<td>2,222,053</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mental Health, Mental Retardation and Substance Abuse Services</td>
<td>440,918</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social Services</td>
<td>343,050</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comprehensive Services for At-Risk Youth and Families</td>
<td>149,142</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Health</td>
<td>126,632</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>66,660</td>
<td>3,348,455</td>
</tr>
<tr>
<td>Administration of Justice</td>
<td>Corrections</td>
<td>1,066,512</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Compensation Board</td>
<td>480,512</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Courts</td>
<td>272,864</td>
<td></td>
</tr>
<tr>
<td></td>
<td>State Police</td>
<td>174,842</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>48,043</td>
<td>2,042,773</td>
</tr>
<tr>
<td>General Government</td>
<td>Car Tax Relief (PPTRA)</td>
<td>907,255</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Criminal Justice - Locality Assistance</td>
<td>177,551</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Debt Service - Component Units</td>
<td>87,348</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tax Administration</td>
<td>82,629</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>216,849</td>
<td>1,471,632</td>
</tr>
<tr>
<td>Resources and Economic Development</td>
<td>Environmental Quality</td>
<td>36,866</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Conservation and Recreation</td>
<td>43,853</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agriculture</td>
<td>23,453</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Housing and Community Development</td>
<td>17,662</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Economic Development Partnership</td>
<td>16,334</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Forestry</td>
<td>14,420</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>82,269</td>
<td>234,857</td>
</tr>
<tr>
<td>Other</td>
<td>Capital Outlay</td>
<td>25,368</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transportation</td>
<td>44</td>
<td>25,412</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$13,366,015</td>
</tr>
</tbody>
</table>

(Dollars in Thousands)
### General Fund
### Other Financing Sources and Uses by Significant Service Area
#### Fiscal Year 2005
#### (Dollars in Thousands)

**Other Financing Sources (Transfers In):**

<table>
<thead>
<tr>
<th>Significant Service Area</th>
<th>Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lottery</td>
<td>$423,852</td>
<td></td>
</tr>
<tr>
<td>ABC Transfers</td>
<td>97,568</td>
<td></td>
</tr>
<tr>
<td>Federal Portion of Medicaid Receipts</td>
<td>30,477</td>
<td></td>
</tr>
<tr>
<td>Transfers from Other Funds</td>
<td>84,166</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$636,063</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Other Financing Uses (Transfers Out):**

<table>
<thead>
<tr>
<th>Significant Service Area</th>
<th>Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Programs</td>
<td>$362,933</td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>185,560</td>
<td></td>
</tr>
<tr>
<td>Water Quality Improvement Fund</td>
<td>22,670</td>
<td></td>
</tr>
<tr>
<td>Disaster Relief</td>
<td>10,606</td>
<td></td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>60,520</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$642,289</strong></td>
<td></td>
</tr>
</tbody>
</table>
GENERAL FUND NOTES
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, 2005.

   **B. Budget**

   Budgetary amounts shown in the financial statements represent Chapter 4, Acts of Assembly (original) and Chapter 951, Acts of Assembly (final), both 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. Under certain circumstances, 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, 2005.
### Preliminary Monthly Financial Statement of (Dollars in Thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Preliminary Financial Statements</th>
<th>Monthly Statement of Revenue</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Final Budgeted Revenue</td>
<td>$ 13,588,583</td>
<td>$ 13,142,700</td>
<td>$ 445,883 (a)</td>
</tr>
<tr>
<td>(a) Appropriation Act transfers included in budgeted revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue Stabilization Fund budgeted interest revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>on the Preliminary Financial Statements</td>
<td>15,229</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other transfers/items included in budgeted revenue on the Preliminary Financial Statements</td>
<td>10,882</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia Health Care Fund - Tobacco Products Tax budgeted revenue</td>
<td>49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>on the Preliminary Financial Statements</td>
<td>113,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia Health Care Fund - Tobacco Master Settlement budgeted revenue</td>
<td>50,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>on the Preliminary Financial Statements</td>
<td>98,123</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Education Standards of Quality Fund - Sales and Use Tax budgeted</td>
<td>158,100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>revenue included on the Preliminary Financial Statements</td>
<td>$ 13,588,583</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Actual Revenue</td>
<td>$ 14,128,013</td>
<td>$ 13,687,252</td>
<td>$ 440,761 (b)</td>
</tr>
<tr>
<td>(b) Reversal of prior year reclass of Non-sufficient Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checks not reflected on the Revenue Report</td>
<td>$ 1,222</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on the Revenue Stabilization Fund not reported in the Revenue Report</td>
<td>7,724</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation Act transfers recorded as revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>on the Preliminary Financial Statements</td>
<td>15,745</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other transfers recorded as revenue on the Preliminary Financial Statements</td>
<td>580</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Property Tax Relief Act - Refund of Prior Year Disbursements not</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>reported in the Revenue Report</td>
<td>102</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Lottery Proceeds Fund - not reported in the Revenue Report</td>
<td>34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia Health Care Fund - Tobacco Products Tax Revenue not reported</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in the Revenue Report</td>
<td>106,792</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia Health Care Fund - Tobacco Master Settlement Revenue not reported</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in the Revenue Report</td>
<td>51,556</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia Health Care Fund - Other Revenue not reported in the Revenue Report</td>
<td>110,807</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Education Standards of Quality Fund - Sales and Use Tax Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>not reported in the Revenue Report</td>
<td>147,628</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-sufficient Fund Checks &amp; Other items reclassified as a reduction in</td>
<td></td>
<td></td>
<td>(1,429)</td>
</tr>
<tr>
<td>revenue for financial reporting purposes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 14,128,013</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. **ACCELERATED SALES TAX COLLECTIONS**

Pursuant to section 58.1-615 *Code of Virginia* as amended by Section 4-12 of Chapter 951, 2005 Acts of Assembly, the Commonwealth collected $181.6 million in accelerated sales and use taxes in June 2005. This portion of the $3.1 billion sales and use tax collections recorded as fiscal year 2005 revenues was accelerated from revenues that would otherwise have been collected in July 2005 and recorded as fiscal year 2006 revenues in next year’s cash basis financial statements. Subsequent to
June 30, 2005, $26.2 million of accelerated sales tax collections is designated for transfer to the Transportation Trust Fund.

Section 4-12 of Chapter 951, 2005 Acts of Assembly retains this acceleration at a significantly reduced level through fiscal year 2006, with a gradual phase-out during fiscal years 2007-2012. Beginning July 1, 2005, for the payment required in 2006, the payment required shall only apply to such dealers or direct payment permit holders with taxable sales and purchases of $50 million or greater for such period of time and the payment required shall equal 20 percent of the sales and use tax liability for the previous June.

4. APPROPRIATION ACT TRANSFERS

For fiscal year ended June 30, 2005, Appropriation Act transfers are $739.9 million. The following analysis shows where Appropriation Act transfers are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

<table>
<thead>
<tr>
<th>Appropriation Act Transfers (Dollars in Thousands)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue - Other</td>
<td>$ 15,745</td>
</tr>
<tr>
<td>Transfers In</td>
<td>604,333 (c)</td>
</tr>
<tr>
<td>Intrafund Transfers between General Fund and Public</td>
<td></td>
</tr>
<tr>
<td>Education Standards of Quality Fund</td>
<td>147,628</td>
</tr>
<tr>
<td>Expenditures - Education</td>
<td>(150)</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(27,706)</td>
</tr>
<tr>
<td>Total Appropriation Act Transfers</td>
<td>$ 739,850</td>
</tr>
</tbody>
</table>

(c) Includes ABC transfers of approximately $97.6 million

5. OPERATING TRANSFERS IN FROM/OUT TO COMPONENT UNITS

Prior to fiscal year ended June 30, 2002, operating transfers in from and out to component units were reported on a separate line item. Pursuant to the Governmental Accounting Standards Board, Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, which was effective beginning in fiscal year 2002, these line items have been eliminated. Accordingly, these amounts have been reclassified as revenues or expenditures in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance.

6. REVENUE STABILIZATION FUND

In accordance with Article X, Section 8 of the *Constitution of Virginia*, the amount estimated as required for deposit to the Revenue Stabilization Fund must be appropriated for that purpose by the General Assembly. Management has designated $402.2 million for deposit into the Fund during FY 2007. This amount designated for deposit is allowed under the provisions of Article X, Section 8 of the *Constitution of Virginia*.

The *Constitution* requires a deposit based on growth in income and retail sales tax revenue and allows revenue growth from increases in tax rates or the repeal of exemptions to be excluded, in whole or part, from the deposit calculation for up to six years. The minimum mandatory deposit would have been $354.1 million if all revenue increases from tax reform (including those derived from estimates) were excluded from the deposit calculations and the maximum mandatory deposit would have been $600.6 million if all tax increases from tax reform were included. The fiscal year 2005 deposit designation of $402.2 million excludes the impact of revenue increases resulting from the
repeal of the public service corporation exemption ($29.8 million in revenue) and the sales tax rate increase ($295.3 million in revenue).

Section 2.2-1829(b) of the Code of Virginia requires an additional deposit into the Fund when specific criteria have been met. No designation is required since the specified criteria were not met for FY 2005.

The Revenue Stabilization Fund has principal and interest on deposit of $482.3 million reserved as a part of the General Fund balance. 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 $977.8 million and $1.1 billion for FY 2005 and FY 2006, respectively. The FY 2006 maximum is pending certification by the Auditor of Public Accounts.

7. 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 transfers to the General Fund for FY 2005 totaled $423.9 million. During FY 2005, the Commonwealth appropriated and expended $423.5 million. The remaining cumulative lottery transfers of $352 thousand are reserved for the year ended June 30, 2005.

Lottery has reported total proceeds of $423.521 million. This amount has been certified by the Auditor of Public Accounts. The additional proceeds will be transferred to the General Fund. Accordingly, the additional proceeds are not included in the accompanying financial statements, but will be included in the Annual Report of the Comptroller, to be issued December 15, 2005.

8. 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. For the year ended June 30, 2005, $54.5 million and $2.1 million that represent ten percent of the excess revenue collections and ten percent of the unreserved fund balance not required for reappropriation, respectively, have been designated. Upon appropriation by the General Assembly, $56.6 million will be transferred from the General Fund to the Virginia Water Quality Improvement Fund.

9. DESIGNATED FUND BALANCE

The amounts designated on the Balance Sheet represent tentative plans for future utilization of current financial resources. For FY 2005, the Department of Planning and Budget certified total designations of $1.149 billion. This amount consists of $402.2 million for the Revenue Stabilization Fund, $145.4 million for mandatory reappropriation in fiscal year 2006 for operations, $41.7 million for discretionary reappropriation in fiscal year 2006 for operations, $115.9 million for capital outlay projects needs and $26.8 million for natural disaster sum sufficient amounts. Additionally, $300.4 million is designated as available balances to meet the requirements of Chapter 951, $8.9 million for Public Education and $56.6 million for the Water Quality Fund. Further, the Department of Planning and Budget has identified planned disbursements of $26.2 million to the Transportation Trust Fund and $25 million for Base Realignment and Closure (BRAC). The Balance Sheet reflects $1.127 billion designated for the above purposes. Sufficient cash is not available to designate $22 million of these designated amounts.
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. **Deposits Pending Distribution** - This represents miscellaneous amounts held by several agencies in suspense accounts pending distribution.

4. **Reserved Fund Balance** - Items are reserved to indicate that a particular portion of fund balance is not available to fund operations at the end of the fiscal year.

5. **Designated Fund Balance** - Consists of designations established to reflect tentative plans for future utilization of current financial resources. Designated Fund Balance represents:
   - **Amount Required for Reappropriation of 2005 Unexpended Balances, Mandatory Reappropriations, Discretionary Reappropriations, and Capital Outlay** – This portion of fund balance represents the fiscal year 2005 unexpended appropriations which the Department of Planning and Budget anticipates reappropriating in the next fiscal year.
   - **Amount Required by Chapter 951, 2005 Acts of Assembly** – This portion of fund balance represents the amount that must be carried forward to the following year to balance the biennial budget.
   - **Virginia Water Quality Improvement Fund** – This portion of fund balance represents amounts to be transferred to the Virginia Water Quality Improvement Fund upon appropriation by the General Assembly.
   - **Natural Disaster Sum Sufficient** – This portion of fund balance represents the estimated costs of responding to and recovering from damage caused by hurricanes, blizzards, severe storms/tornadoes, and floods.
   - **Accelerated Sales Tax for Transportation Trust Fund** – This portion of fund balance represents the accelerated sales tax collections planned to be transferred to the Transportation Trust Fund subsequent to June 30.
   - **Revenue Stabilization Fund Contribution** – This figure represents a portion of the fund balance available as a future deposit to the Revenue Stabilization Fund. As prescribed by the Constitution of Virginia, Article X, Section 8, the Revenue Stabilization Fund calculated contribution resulting from revenues collected for the year ended June 30, 2005, is $402.2 million.
   - **Standards of Quality (SOQ) Replacement 2nd Year** – This portion of fund balance represents the amount planned to be used for public education subsequent to June 30.
   - **Base Realignment and Closure (BRAC)** – This portion of the fund balance represents the amount intended to be used for financial assistance to communities affected by military base closings. This designation is intended to lessen the economic impact on those communities.

6. **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, 2005, there is no unreserved undesignated fund balance remaining.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Revenues:

7. Taxes - Charges of money imposed by the Commonwealth on persons or property for public purposes.

8. Rights and Privileges - Registration fees, licenses, and permits. Examples include domestic and foreign corporate registration fees and marriage licenses.

9. Sales of Property and Commodities - Revenue collected from sales of Commonwealth assets and goods. Examples include sales of State publications.

10. 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.

11. 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.

12. 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.

13. 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.

14. Receipts from Cities, Counties, and Towns - Revenue collected from city and county treasurers representing miscellaneous fees and allowances of local law enforcement officials.

15. Private Donations, Gifts, and Contracts - This amount represents donations and grants from individuals and private companies to State programs.

16. Tobacco Master Settlement - This amount represents the revenue generated from the Tobacco Master Settlement Agreement with tobacco companies.

17. 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, and recovery of Statewide indirect costs.

Expenditures:

18. 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, information systems management and direction. Also included is tax relief reported as expenditures pursuant to the Personal Property Tax Relief Act (PPTRA) of 1998. The tax relief level was 12.5 percent, 27.5 percent, 47.5 percent, and 70.0 percent for tax years 1998 to 2002, respectively, and remained at 70 percent for 2003, 2004, and 2005. The expenditures associated with this relief were $181.3 million, $322.1 million, $604.1 million, $826.2 million, $856.7 million, $881.1 million, and $907.3 million for fiscal years 1999 to 2005, respectively.

19. 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.
20. **Transportation** - Expenditures related to the movement of people, goods, and services and their regulation. Examples include ground, water and air transportation.

21. **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.

22. **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.

23. **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.


**Other Financing Sources (Uses):**

25. **Operating Transfers In** - This balance reflects transfers in from other nongeneral funds.

26. **Operating Transfers Out** - The balance represents transfers from the General Fund to other nongeneral funds.
If you have any questions or comments regarding information contained in this report, please contact us at

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