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# COMMONWEALTH OF VIRGINIA

## GENERAL FUND PRELIMINARY (UNAUDITED) ANNUAL REPORT

For the Fiscal Year Ended June 30, 2021

Presented on a Cash Basis



David A. Von Moll  
Comptroller  
August 13, 2021

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# COMMONWEALTH of VIRGINIA

DAVID A. VON MOLL, CPA  
COMPTROLLER

Office of the Comptroller

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

August 13, 2021

The Honorable Ralph S. Northam  
Governor  
Commonwealth of Virginia  
State Capitol  
Richmond, Virginia 23219

Dear Governor Northam:

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, 2021.

The Commonwealth ended fiscal year 2021 with a total fund balance in the General Fund of \$7.5 billion measured on the cash basis of accounting. This is an increase of \$4.0 billion, or 112.9 percent, from last year's ending fund balance of \$3.5 billion. Planned (budgeted) increases in General Fund balance for this year were \$101.2 million. The difference between the planned increase and actual increase is primarily attributed to revenue collections and other sources being approximately \$2.7 billion more than expected and expenditures and other uses being approximately \$1.2 billion less than budgeted. This report includes funds that are defined as part of the General Fund pursuant to Governmental Accounting Standards Board Statement No. 54 (GASB No. 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, \$488.6 million of the ending fund balance is attributable to these funds, such as the Water Quality Improvement Fund and the Commonwealth's Development Opportunity Fund. Additional information on fund equity is located in Note 5, and fund balance classifications are shown in the first graph on page 9.

## **Revenue Stabilization Fund**

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 restricted component of fund balance. The Revenue Stabilization Fund can be used only for constitutionally authorized purposes.

The Revenue Stabilization Fund has principal and interest on deposit of \$639.6 million restricted as a part of the General Fund balance. During fiscal year 2021, in accordance with the provisions of Article X, Section 8 of the *Constitution of Virginia* and Section 2.2-1830 of the *Code of Virginia*, a deposit of \$77.4 million was made to the fund.

Under the provisions of Article X, Section 8 of the *Constitution of Virginia*, a deposit of \$1.1 billion is required during fiscal year 2023 based on fiscal year 2021 revenue. This required deposit is reported as a restricted component of fund balance.

Section 2.2-1829(b) of the *Code of Virginia* requires an additional deposit into the Fund when specific criteria have been met. The specified criteria were not met for fiscal year 2021 when using the original fiscal year 2022 revenue estimate established in Chapter 552, 2021 Acts of Assembly Special Session I. However, in anticipation of a revised fiscal year 2022 revenue estimate that may require an additional deposit, \$563.9 million is reported as an assigned component of fund balance.

### **Revenue Reserve Fund**

The Revenue Reserve Fund is routinely segregated from the General Fund, but Virginia law directs that the Revenue Reserve 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 committed component of fund balance. As of June 30, 2021, the fund has principal and interest on deposit of \$855.8 million committed as a part of the General Fund balance. These amounts are set aside to mitigate certain anticipated revenue shortfalls when appropriations based on previous revenue forecasts exceed expected revenues in subsequent forecasts.

Sections 2.2-1831.2 and 2.2-1831.3 of the *Code of Virginia* established the Revenue Reserve Fund and specified required deposits to the Fund. Whenever there is a fiscal year in which there is not a mandatory deposit to the Revenue Stabilization Fund, a deposit is required if the general fund revenue exceeds the official estimate. No deposit is required in the Revenue Reserve Fund since there is a mandatory deposit for the Revenue Stabilization Fund based on fiscal year 2021 revenues. However, Chapter 552 appropriates \$650.0 million for a voluntary deposit during fiscal year 2022. This amount is included in the Amount Required by Chapter 552 which is reported as an assigned component of fund balance.

### **Amounts Available for Reappropriation**

Section 4-1.05a.1 of Chapter 552 requires reappropriation of 2021 fiscal year unexpended appropriations for Legislative and Judicial Departments, as well as Independent Agencies and states that institutions of higher education reappropriations are subject to Section 23.1-1002 of the *Code of Virginia*. Additionally, this Section specifies that unexpended balances in the Executive Department will be reappropriated where required by the *Code of Virginia*, where necessary for the payment of preexisting obligations, or where the Governor determines reappropriation is appropriate. 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 and balances at June 30, 2021, the following amounts have been committed: \$8.4 million for capital outlay project needs; \$92.5 million for health care services; \$5.0 million for central capital planning; \$28.9 million for communication sales and use tax distributions; \$14.2 million for natural disaster sum sufficient amounts; \$525.9 million for mandatory reappropriations; \$343.3 million pending transfer to the Water Quality Improvement Fund; \$855.8 million for the Revenue Reserve Fund; \$73,000 for the Taxpayer Relief Fund; and \$750,000 for local government fiscal distress relief.

In addition, the Department of Planning and Budget has identified \$1.9 billion as available balances to meet the requirements of Chapter 552. The Department of Planning and Budget has also identified the following amounts to be assigned: \$341.6 million for discretionary reappropriations; \$563.9 million for a potential super deposit to Revenue Stabilization Fund; \$221.6 million for amounts to replace public sector revenue loss; and \$170.1 million for amounts to continue ARPA Initiatives. Additional information on replacement of public sector revenue and ARPA initiatives is located in Note 14.

Of the remaining unexpended balance of \$173.7 million, \$115.8 million is committed for deposit into the Commonwealth Transportation Fund and \$57.9 million is committed for nonrecurring expenditures as required by Section 2.2-1514 of the *Code of Virginia*.

Additionally, restricted balances of \$2.1 million, committed balances of \$420.7 million and assigned balances of \$65.8 million are being reported due to the inclusion of additional funds pursuant to GASB No. 54.

### **Virginia Water Quality Improvement Fund**

Section 10.1-2128 of the *Code of Virginia* established the Virginia Water Quality Improvement Fund. The Fund has \$90.5 million on deposit committed as part of the General Fund balance. 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 unrestricted and uncommitted fund balance not required for reappropriation. In the legislative context, committed refers to planned future usage versus the fund balance classification. For the year ended June 30, 2021, \$255.8 million and \$57.2 million that represent ten percent of the revenue collected in excess of the official estimate and ten percent of any unrestricted and uncommitted fund balance not required for reappropriation, respectively, have been committed. Additionally, \$30.4 million is reported as a component of committed fund balance, and represents ten percent of fiscal year 2020 unrestricted and uncommitted fund balance not required for reappropriation. This amount will be transferred to the Water Quality Improvement Fund during fiscal year 2022.

### **Basis of Presentation**

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.

### **Final Report and Award**

The final Annual Report of the Comptroller, due on December 15, 2021, will include certain accruals and other information required for conformance with generally accepted accounting principles. It will be audited by the Auditor of Public Accounts.

We are proud to report that the Annual Comprehensive Financial Report for the year ended June 30, 2020, was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). Virginia's Annual Report has received this award for 35 consecutive years. In addition, Virginia received a companion award from the GFOA for its fiscal year 2020 Popular Report, entitled *Virginia Financial Perspective*. Virginia's Popular Report has received this award for 26 consecutive years.

Respectfully submitted,



David A. Von Moll

**SUMMARY OF GENERAL FUND ACTIVITY**

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**Commonwealth of Virginia**  
**Preliminary Balance Sheet**  
**General Fund - Cash Basis (Unaudited)**  
**June 30, 2021**  
(Dollars in Thousands)

<b>Assets</b>		
Cash, Cash Equivalents, and Investments	\$ 7,653,038	
Cash and Travel Advances	472	
Due From Other Funds (Note 4)	<u>2,080</u>	
<b>Total Assets</b>		<b>\$ <u>7,655,590</u></b>
Liabilities and Fund Equity		
Liabilities:		
Payments Awaiting Disbursement	142,841	
Deposits Pending Distribution	6,960	
Due To Other Funds (Note 4)	<u>676</u>	
<b>Total Liabilities</b>		<b>\$ 150,477</b>
Fund Equity (Note 5):		
Restricted Fund Balance:		
Revenue Stabilization Fund (Note 6)	639,612	
Revenue Stabilization 2023 (Note 6)	1,127,734	
Lottery Proceeds Fund (Note 7)	13,939	
Water Supply Assistance Grant Fund	<u>2,074</u>	
<b>Total Restricted Fund Balance</b>		<b><u>1,783,359</u></b>
Committed Fund Balance (Note 8):		
Amount Required for Reappropriation of		
2021 Unexpended Balances for Capital Outlay and Restoration Projects	8,357	
Virginia Health Care Fund	92,455	
Central Capital Planning Fund	4,992	
Communication Sales and Use Tax (Note 9)	28,886	
Commonwealth's Development Opportunity Fund	58,752	
Natural Disaster Sum Sufficient	14,244	
Amount Required for Mandatory Reappropriation	525,937	
Virginia Water Quality Improvement Fund (Note 11)	90,472	
Virginia Water Quality Improvement Fund - Part A 2021 (Note 11)	255,764	
Virginia Water Quality Improvement Fund - Part B 2020 (Note 11)	30,350	
Virginia Water Quality Improvement Fund - Part B 2021 (Note 11)	57,249	
Revenue Reserve Fund (Note 12)	855,790	
Taxpayer Relief Fund	73	
Local Government Fiscal Distress	750	
Commonwealth Transportation Fund (Note 13)	115,797	
Nonrecurring Expenditures (Note 13)	57,898	
Economic and Technological Development	194,816	
Health and Public Safety	42,252	
Environmental Quality and Natural Resource Preservation	29,251	
Other	<u>5,158</u>	
<b>Total Committed Fund Balance</b>		<b><u>2,469,243</u></b>
Assigned Fund Balance (Note 8):		
Amount Required by Chapter 552	1,889,583	
Health and Public Safety	23,876	
Environmental Quality and Natural Resource Preservation	10,708	
Economic and Technological Development	7,999	
Amount Required for Discretionary Reappropriations	341,550	
Amount for Potential Super Deposit to Revenue Stabilization Fund (Note 6)	563,867	
Amount to Replace Public Sector Revenue Loss (Note 14)	221,604	
Amount to Continue ARPA Initiatives (Note 14)	170,078	
Other	<u>23,246</u>	
<b>Total Assigned Fund Balance</b>		<b><u>3,252,511</u></b>
<b>Total Fund Equity</b>		<b>\$ <u>7,505,113</u></b>
<b>Total Liabilities and Fund Balance</b>		<b>\$ <u>7,655,590</u></b>

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 - Cash Basis (Unaudited)**  
**For the Fiscal Years Ended June 30, 2017 through June 30, 2021**  
**(Dollars in Thousands)**

	Year Ended				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Revenues:</b>					
Taxes:					
Individual and Fiduciary Income	\$ 17,303,666	\$ 15,351,592	\$ 15,226,471	\$ 14,105,766	\$ 13,052,887
Sales and Use	4,624,549	4,112,843	3,973,011	3,827,078	3,720,552
Corporation Income	1,515,692	1,011,650	943,391	861,897	826,961
Communications Sales and Use (Note 9)	314,768	347,101	361,023	384,162	395,733
Deeds, Contracts, Wills, and Suits	694,822	493,389	394,062	403,236	403,459
Premiums of Insurance Companies	363,105	360,588	382,018	337,947	340,910
Alcoholic Beverage Sales	296,059	267,214	240,776	231,836	222,354
Tobacco Products	286,632	153,638	151,289	160,383	171,198
Estate	810	80	191	932	8,202
Public Service Corporations	101,114	97,039	98,890	98,672	95,084
Other Taxes	46,116	35,873	47,197	39,392	31,048
Total Taxes	<u>25,547,333</u>	<u>22,231,007</u>	<u>21,818,319</u>	<u>20,451,301</u>	<u>19,268,388</u>
Rights and Privileges	95,255	94,695	93,225	90,780	85,919
Sales of Property and Commodities	19,507	39,463	25,021	62,597	31,515
Assessments and Receipts for Support of Special Services	5,960	5,813	5,808	5,230	4,008
Institutional Revenue	32,283	37,963	37,937	37,926	36,137
Interest, Dividends, and Rents	94,461	136,821	103,670	72,083	61,130
Fines, Forfeitures, Court Fees, Penalties, and Escheats	225,120	214,750	224,783	209,869	222,600
Federal Grants and Contracts	9,693	8,029	10,573	6,796	6,720
Receipts from Cities, Counties, and Towns	6,597	8,469	11,216	11,084	18,360
Private Donations, Gifts and Contracts	481	904	965	540	476
Tobacco Master Settlement	100,515	54,134	56,487	58,267	49,019
Other	293,859	223,456	203,940	316,477	235,237
Total Revenues (Note 2)	<u>26,431,064</u>	<u>23,055,504</u>	<u>22,591,944</u>	<u>21,322,950</u>	<u>20,019,509</u>
<b>Expenditures:</b>					
General Government	2,532,665	2,872,703	2,446,484	2,405,220	2,388,305
Education	9,968,154	9,526,097	9,109,073	8,740,117	8,450,900
Transportation	147	140	203	202	236
Resources and Economic Development	532,353	530,365	432,029	397,794	445,102
Individual and Family Services	7,051,802	6,884,183	7,208,024	6,904,011	6,551,237
Administration of Justice	3,000,321	2,983,904	2,904,663	2,848,951	2,740,411
Capital Outlay	2,898	4,535	2,575	4,658	44,488
Total Expenditures	<u>23,088,340</u>	<u>22,801,927</u>	<u>22,103,051</u>	<u>21,300,953</u>	<u>20,620,679</u>
Revenues Over (Under) Expenditures	<u>3,342,724</u>	<u>253,577</u>	<u>488,893</u>	<u>21,997</u>	<u>(601,170)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers:					
Operating Transfers In	1,052,608	911,229	938,306	869,785	904,255
Operating Transfers Out	(414,818)	(439,543)	(414,827)	(444,678)	(441,670)
Total Other Financing Sources (Uses)	<u>637,790</u>	<u>471,686</u>	<u>523,479</u>	<u>425,107</u>	<u>462,585</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,980,514	725,263	1,012,372	447,104	(138,585)
Fund Balance, July 1					
Restricted (Note 5)	650,540	638,838	557,023	557,102	855,001
Committed (Note 5)	1,355,193	1,473,273	789,056	514,831	429,390
Assigned (Note 5)	1,518,866	687,225	440,885	267,927	194,054
<b>Fund Balance, July 1</b>	<u>3,524,599</u>	<u>2,799,336</u>	<u>1,786,964</u>	<u>1,339,860</u>	<u>1,478,445</u>
Fund Balance, June 30					
Restricted (Note 5)	1,783,359	650,540	638,838	557,023	557,102
Committed (Note 5)	2,469,243	1,355,193	1,473,273	789,056	514,831
Assigned (Note 5)	3,252,511	1,518,866	687,225	440,885	267,927
<b>Fund Balance, June 30</b>	<u>\$ 7,505,113</u>	<u>\$ 3,524,599</u>	<u>\$ 2,799,336</u>	<u>\$ 1,786,964</u>	<u>\$ 1,339,860</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 - Cash Basis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2021**  
**(Dollars in Thousands)**

<b>General Fund</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget/ Actual Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes:				
Individual and Fiduciary Income	\$ 16,159,100	\$ 15,446,000	\$ 17,303,666	\$ 1,857,666
Sales and Use	4,319,900	4,300,900	4,624,549	323,649
Corporation Income	1,019,200	1,288,700	1,515,692	226,992
Communications Sales and Use (Note 9)	350,000	348,000	314,768	(33,232)
Deeds, Contracts, Wills, and Suits	396,775	609,300	694,822	85,522
Premiums of Insurance Companies	420,100	314,900	363,105	48,205
Alcoholic Beverage Sales	260,400	274,300	296,059	21,759
Tobacco Products	265,680	278,100	286,632	8,532
Estate	-	-	810	810
Public Service Corporations	98,900	98,600	101,114	2,514
Other Taxes	36,266	34,011	46,116	12,105
Rights and Privileges	87,527	89,320	95,255	5,935
Sales of Property and Commodities	28,731	11,485	19,507	8,022
Assessments and Receipts for Support of Special Services	5,466	5,433	5,960	527
Institutional Revenue	59,026	55,011	32,283	(22,728)
Interest, Dividends, and Rents	114,206	93,425	94,461	1,036
Fines, Forfeitures, Court Fees, Penalties, and Escheats	223,907	232,817	225,120	(7,697)
Federal Grants and Contracts	9,093	9,093	9,693	600
Receipts from Cities, Counties, and Towns	10,523	8,017	6,597	(1,420)
Private Donations, Gifts and Contracts	290	317	481	164
Tobacco Master Settlement	49,735	87,410	100,515	13,105
Other	176,214	171,089	293,859	122,770
<b>Total Revenues (Note 2)</b>	<b>24,091,039</b>	<b>23,756,228</b>	<b>26,431,064</b>	<b>2,674,836</b>
<b>Expenditures:</b>				
Current:				
General Government	2,697,554	2,792,844	2,532,665	260,179
Education	10,373,626	10,427,918	9,968,154	459,764
Transportation	59	197	147	50
Resources and Economic Development	655,535	652,429	532,353	120,076
Individual and Family Services	8,014,408	7,241,258	7,051,802	189,456
Administration of Justice	3,149,912	3,127,411	3,000,321	127,090
Capital Outlay	11,280	11,239	2,898	8,341
<b>Total Expenditures</b>	<b>24,902,374</b>	<b>24,253,296</b>	<b>23,088,340</b>	<b>1,164,956</b>
Revenues Over (Under) Expenditures	(811,335)	(497,068)	3,342,724	3,839,792
<b>Other Financing Sources (Uses):</b>				
Transfers:				
Operating Transfers In	915,020	1,005,483	1,052,608	47,125
Operating Transfers Out	(416,714)	(407,173)	(414,818)	(7,645)
<b>Total Other Financing Sources (Uses)</b>	<b>498,306</b>	<b>598,310</b>	<b>637,790</b>	<b>39,480</b>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(313,029)	101,242	3,980,514	3,879,272
<b>Fund Balance, July 1</b>	<b>3,524,599</b>	<b>3,524,599</b>	<b>3,524,599</b>	<b>-</b>
<b>Fund Balance, June 30</b>	<b>\$ 3,211,570</b>	<b>\$ 3,625,841</b>	<b>\$ 7,505,113</b>	<b>\$ 3,879,272</b>

The accompanying notes are an integral part of this statement.

Commonwealth of Virginia  
**Preliminary Comparison of Selected Sum-Sufficient Final Budget  
 Appropriations with Actual Expenditures  
 General Fund - Cash Basis (Unaudited)  
 For the Fiscal Year Ended June 30, 2021  
 (Dollars in Thousands)**

	<u>Original Budget Appropriations</u>	<u>Final Budget Appropriations</u>	<u>Actual Expenditures</u>	<u>Amount (Over) Under Final Budget</u>
Enactment of Laws	\$ 54,928	\$ 74,506	\$ 44,635	\$ 29,871
Financial Assistance to Localities -- From Sale of Alcoholic Beverages and Other Distributions	28,895	9,601	9,413	188
Financial Assistance for Special State Revenue Sharing -- From Sales Tax	1,541,700	1,630,798	1,630,798	-
Cash Management Improvement Act Payment to the Federal Government	590	590	590	-
Totals	<u>\$ 1,626,113</u>	<u>\$ 1,715,495</u>	<u>\$ 1,685,436</u>	<u>\$ 30,059</u>

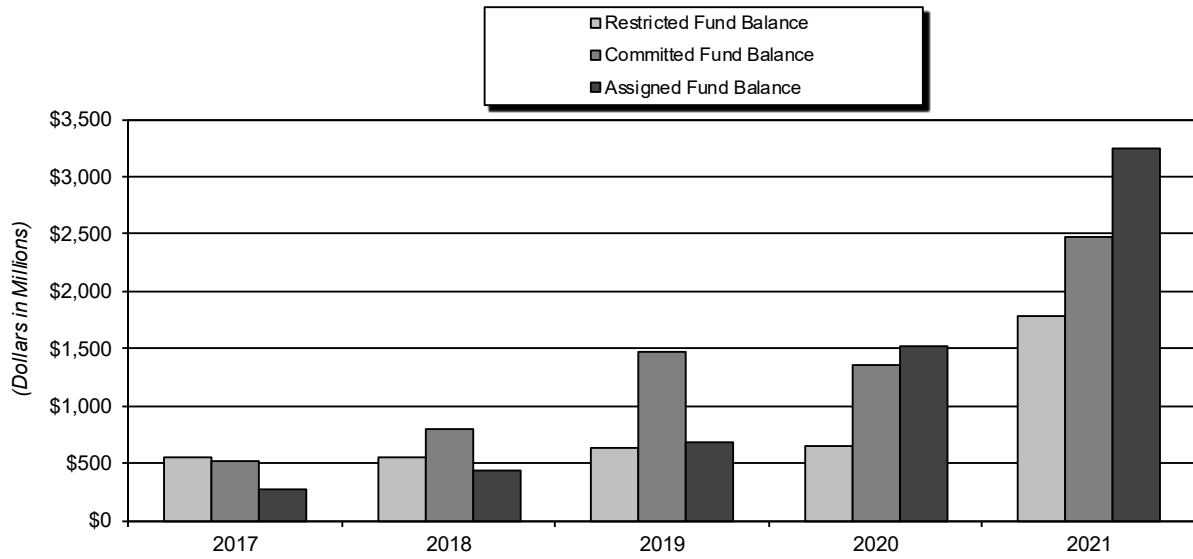
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# GENERAL FUND GRAPHICS AND SUPPLEMENTAL SCHEDULES

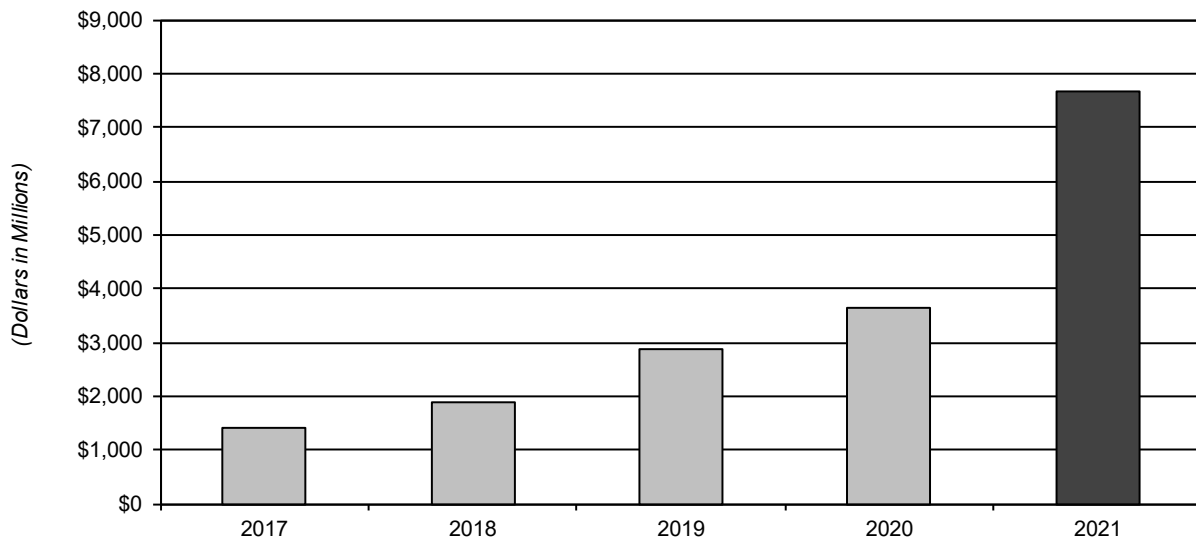


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**General Fund  
Fund Balance  
Fiscal Years 2017-2021**

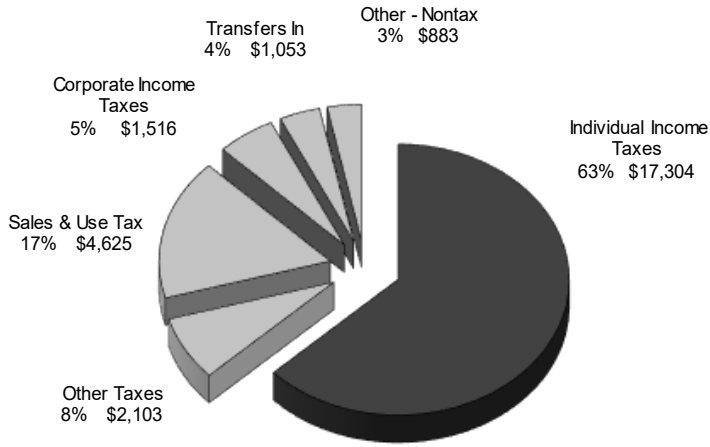


**General Fund  
Cash, Cash Equivalents, and Investments  
Fiscal Years 2017-2021**

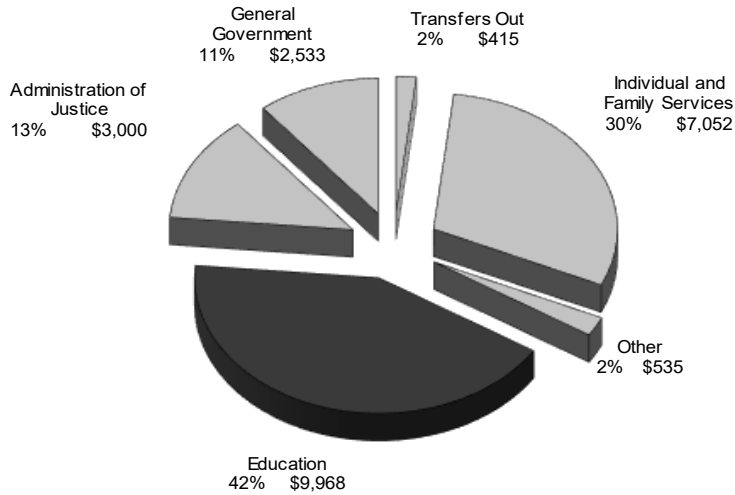




**General Fund  
Revenues by Revenue Class and Other Sources  
Fiscal Year 2021  
(Dollars in Millions)**

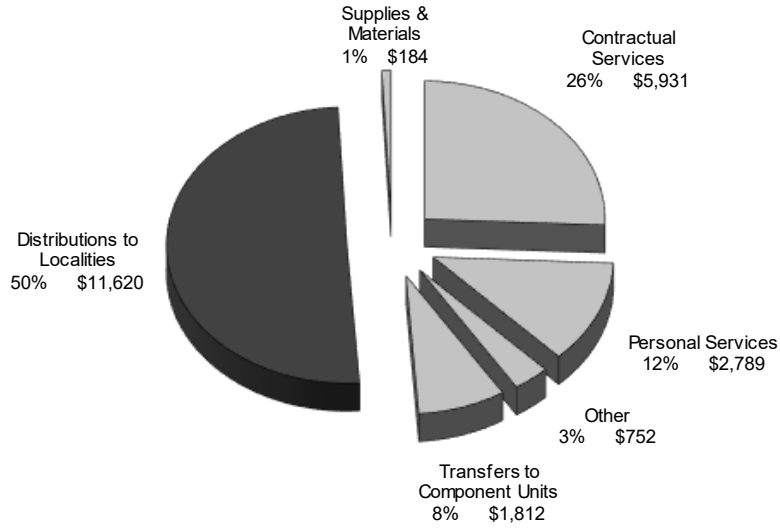


**General Fund  
Expenditures by Function and Other Uses  
Fiscal Year 2021  
(Dollars in Millions)**

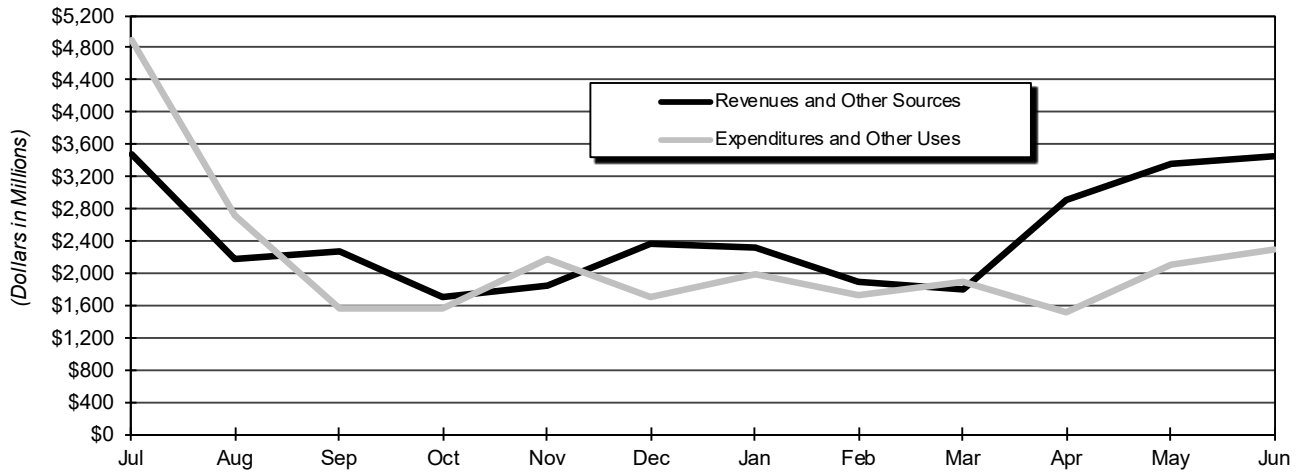


Note: General Government expenditures include \$950.0 million paid to localities pursuant to the Personal Property Tax Relief Act of 1998 and \$316.9 million in communication sales tax distributions. This represents 50.0 percent of the General Government expenditures.

**General Fund  
Expenditures by Object  
Fiscal Year 2021  
(Dollars in Millions)**



**General Fund  
Revenues and Other Sources and  
Expenditures and Other Uses by Month  
Fiscal Year 2021**



Note: July expenditures include \$1.2 billion in payments to Higher Education.

**General Fund  
Expenditures by Function and Significant Service Area  
Fiscal Year 2021  
(Dollars in Thousands)**

Function:	Significant Service Area:	Amount	Totals
Education	Grades K-12	\$ 7,624,008	
	Higher Education	2,200,883	
	Other	143,263	
		<u>9,968,154</u>	\$ 9,968,154
Individual and Family Services	Medical Assistance Services	5,079,568	
	Behavioral Health and Developmental Services	924,323	
	Social Services	419,780	
	Children's Services	272,806	
	Health	177,957	
	Other	177,368	
		<u>7,051,802</u>	7,051,802
Administration of Justice	Corrections	1,629,990	
	Sheriffs and Inmate Confinement - Compensation Board	517,372	
	Courts	428,069	
	State Police	326,377	
	Other	98,513	
		<u>3,000,321</u>	3,000,321
General Government	Car Tax Relief (PPTRA)	950,000	
	Debt Service - Component Units	465,453	
	Communication Sales Tax Distribution	316,916	
	Criminal Justice - Locality Assistance	199,227	
	Constitutional Officers - Compensation Board	183,677	
	Tax Administration	100,665	
	Virginia Retirement System - Public School Teacher Plan	61,300	
	Virginia Retirement System - Health Insurance Credit Plan for State Employees	38,700	
	Other	216,727	
		<u>2,532,665</u>	2,532,665
	Resources and Economic Development	Conservation and Recreation	114,786
Economic Development Partnership		77,099	
Innovation Partnership Authority		53,102	
Housing and Community Development		48,458	
Environmental Quality		45,122	
Agriculture		36,361	
Tourism		20,962	
Forestry		19,756	
Marine Resources		16,790	
Historic Resources		16,636	
Mines, Minerals, and Energy		14,733	
Labor and Industry		11,061	
Health - Water Improvement and Environmental Safety		10,364	
Social Services - Regulation of Facilities and Services		6,302	
Fort Monroe		6,163	
Other		34,658	
		<u>532,353</u>	532,353
Other	Capital Outlay	2,898	
	Transportation	147	
	<u>3,045</u>	3,045	
			<u>\$ 23,088,340</u>

**General Fund  
Other Financing Sources and Uses by Significant Service Area  
Fiscal Year 2021  
(Dollars in Thousands)**

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

<b>Significant Service Area</b>	<u><b>Amount</b></u>	<u><b>Total</b></u>
Lottery	\$ 708,231	
ABC Transfers	252,403	
Transfers from Other Funds	<u>91,974</u>	
		<u><u>\$ 1,052,608</u></u>

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

<b>Significant Service Area</b>	<u><b>Amount</b></u>	<u><b>Total</b></u>
Debt Service	\$ 344,233	
Transfers to Other Funds	<u>70,585</u>	
		<u><u>\$ 414,818</u></u>

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## GENERAL FUND NOTES



# COMMONWEALTH OF VIRGINIA

## NOTES TO PRELIMINARY FINANCIAL STATEMENTS

JUNE 30, 2021

### 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 cash basis of accounting. Revenues and expenditures are recorded 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 reported 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.

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, due on December 15, 2021.

#### B. Budget

Budgetary amounts shown in the General Fund Statement of Revenue Collections and Estimates represent Chapter 1289, 2020 Acts of Assembly (original), and Chapter 552, 2021 Acts of Assembly Special Session I (final), 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 and Estimates which is published on the Secretary of Finance's website. 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, 2021. The inclusion of additional funds in the Preliminary General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual has no impact on either the budgetary or statutory purposes of the funds considered General Fund for financial reporting purposes.

<i>(Dollars in Thousands)</i>	<b>Final Revenue Budget</b>	<b>Total Actual Revenue</b>
Amount per Preliminary Financial Statements	\$ 23,756,228	\$ 26,431,064
Amount per Monthly Statement of Revenue	<u>22,320,800</u>	<u>24,878,469</u>
Variance	<u>\$ 1,435,428</u>	<u>\$ 1,552,595</u>
Variance Attributable to the Following:		
Public Education Standards of Quality Fund - Sales and Use Tax revenue included on the Preliminary Financial Statements	\$ 421,600	\$ 458,363
Virginia Communications Sales and Use Tax Fund - Sales and Use Tax revenue included on the Preliminary Financial Statements	348,000	314,768
Virginia Water Quality Improvement Fund - Deeds, Contracts, Wills & Suits Tax revenue included on the Preliminary Financial Statements	8,000	15,149
Virginia Health Care Fund - Tobacco Products Tax revenue included on the Preliminary Financial Statements	278,100	286,632
Virginia Communications Sales and Use Tax Fund - Rights and Privileges revenue included on the Preliminary Financial Statements	2,439	418
Revenue Stabilization Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	3,770
Lottery Proceeds Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	1,765	540
Water Supply Assistance Grant Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	61	18
Revenue Reserve Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	3,517
Virginia Water Quality Improvement Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	565	578
Commonwealth's Development Opportunity Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	288
Virginia Communications Sales and Use Tax Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	179
Virginia Health Care Fund - Fines, Forfeitures, Court Fees, Costs, Penalties, and Escheats revenue included on the Preliminary Financial Statements	2	-
Water Supply Assistance Grant Fund - Fines, Forfeitures, Court Fees, Costs, Penalties, and Escheats revenue included on the Preliminary Financial Statements	2	12
Virginia Water Quality Improvement Fund - Private Donations, Gifts and Contracts revenue included on the Preliminary Financial Statements	-	14
Virginia Health Care Fund - Tobacco Master Settlement revenue included on the Preliminary Financial Statements	87,410	100,515
Virginia Health Care Fund - Medicaid claims payable recoveries included as other revenue on the Preliminary Financial Statements	142,000	215,646
Central Capital Planning Fund - Other Revenue included on the Preliminary Financial Statements	-	822
Commonwealth's Development Opportunity Fund - Other Revenue included on the Preliminary Financial Statements	-	4,334
Virginia Water Quality Improvement Fund - Other revenue included on the Preliminary Financial Statements	29	6,292
Lottery Proceeds Fund - Other revenue included on the Preliminary Financial Statements	-	25
Transfers from Fiduciary Funds and Component Units included in revenue on the Preliminary Financial Statements	6,884	5,637
Other items included in revenue on the Preliminary Financial Statements	138,571	135,078
	<u>\$ 1,435,428</u>	<u>\$ 1,552,595</u>



### 3. **APPROPRIATION ACT TRANSFERS**

For fiscal year ended June 30, 2021, Appropriation Act transfers are \$1.5 billion. 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>
Transfers In	\$ 1,021,800 (a)
Transfers Out	(19,288)
Intrafund Transfers between General Fund and:	
Public Education Standards of Quality Fund	458,363
Other Nongeneral Funds	33,904
Revenue - Other	5,336
Total Appropriation Act Transfers	<u>\$ 1,500,115</u>

(a) Includes ABC transfers of approximately \$252.4 million

### 4. **DUE FROM / TO OTHER FUNDS**

These amounts are included in the accompanying statements pursuant to the requirements of GASB No. 54. The due from amount primarily represents future reimbursements to be received from the Virginia Distribution Center. The due to amount primarily represents an internal borrowing that will finance Emergency Management Assistance Compact mission assignments.

### 5. **FUND EQUITY**

Restricted fund balances are those that have a restriction by the *Constitution of Virginia* or from a party external to the Commonwealth. Committed fund balances are amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The authority in the Commonwealth is the General Assembly and Governor. Assigned fund balances are those that the government intends to use for a planned purpose, but which are not restricted or committed. Unassigned fund balances are those that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific or planned purposes within the General Fund. Pursuant to Section 2.2-1514 of the *Code of Virginia*, any unassigned balances in the General Fund are automatically committed for transfer to the Commonwealth Transportation Fund and nonrecurring expenditures as further discussed in Note 13.

### 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.

Under the provisions of Article X, Section 8 of the *Constitution of Virginia*, a deposit of \$1.1 billion is required during fiscal year 2023 based on fiscal year 2021 revenue collections. This required deposit is reported as a restricted component of fund balance.

Section 2.2-1829(b) of the *Code of Virginia* requires an additional deposit into the Fund when specific criteria have been met. The specified criteria were not met for fiscal year 2021 when using the original fiscal year 2022 revenue estimate established in Chapter 552. However, in anticipation of a revised

fiscal year 2022 revenue estimate that may require an additional deposit, \$563.9 million is reported as an assigned component of fund balance.

The Revenue Stabilization Fund has principal and interest on deposit of \$639.6 million restricted as a part of General Fund balance. Pursuant to the constitutional amendment of Article X, Section 8, effective January 1, 2011, the amount on deposit cannot exceed fifteen percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years.

**7. LOTTERY PROCEEDS FUND**

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. Further, Section 58.1-4022.1 of the *Code of Virginia* directs the Lottery Proceeds Fund be included as a component of the General Fund for financial reporting purposes. Accordingly, the financial activity of the Lottery Proceeds Fund for fiscal year 2021 is included in the Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance. The remaining cash balance of \$13.9 million is restricted as a component of the General Fund balance.

Additionally, estimated net profit of \$708.2 million was deposited into the Lottery Proceeds Fund during fiscal year 2021 in accordance with Chapter 552, Section 3-1.01G. The final audited residual net profit of \$67.3 million will be deposited in fiscal year 2022.

**8. COMMITTED AND ASSIGNED FUND BALANCE**

Committed Fund Balance represents amounts that must be spent for specific purposes that have been legislatively mandated by the Governor and General Assembly. Assigned Fund Balance represents amounts that the Commonwealth has identified for planned purposes but for which the intended use is not legislatively mandated. The accompanying Balance Sheet includes amounts that share the same purpose and title, such as Economic and Technological Development as both Committed and Assigned components of fund balance. The distinction between these classifications results from whether there is a statutory restriction on certain amounts contained within the fund.

**A. OTHER COMMITTED FUND BALANCE**

As of June 30, 2021, the breakdown of Other Committed Fund Balance is as follows.

<u>Other Committed</u>	<u>Amount</u> <u>(In Thousands)</u>
Capital Outlay	\$ 3,327
Educational and Training Programs	1,181
Governmental Operations - Administrative Services	313
Contract and Debt Administration	193
Agriculture and Forestry	144
Total Other Committed Fund Balance	<u>\$ 5,158</u>

**B. OTHER ASSIGNED FUND BALANCE**

As of June 30, 2021, the breakdown of Other Assigned Fund Balance is as follows.

<u>Other Assigned</u>	<u>Amount</u> <u>(In Thousands)</u>
Governmental Operations - Administrative Services	\$ 10,102
Educational and Training Programs	5,468
Governmental Operations - Legislative Services	3,733
Employee Benefit Administration	2,581
Capital Outlay	1,229
COVID-19	113
Transportation Activities	10
Regulatory Oversight	8
Agriculture and Forestry	2
Total Other Assigned Fund Balance	<u>\$ 23,246</u>

**9. COMMUNICATION SALES AND USE TAX FUND**

The Appropriation Act directs the Communications Sales and Use Tax Fund be included as a component of the General Fund for financial reporting purposes. The Commonwealth collects communication sales and use taxes and disburses these amounts to localities. The remaining cash balance of \$28.9 million is reported as committed fund balance.

**10. ACCELERATED SALES TAX COLLECTIONS**

Pursuant to Section 58.1-615 *Code of Virginia* as amended by Chapter 552, Section 3-5.06, the Commonwealth collected and deposited in the General Fund \$203.4 million in accelerated sales and use taxes in June 2021. This portion of the \$4.6 billion sales and use tax collections recorded as fiscal year 2021 was accelerated from revenues that would otherwise have been collected in July 2021 and recorded as revenues in the fiscal year 2022 cash basis financial statements.

**11. VIRGINIA WATER QUALITY IMPROVEMENT FUND**

Section 10.1-2128 of the *Code of Virginia* established the Virginia Water Quality Improvement Fund. The Fund has \$90.5 million on deposit committed as part of the General Fund balance.

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 unrestricted and uncommitted fund balance not required for reappropriation. In the legislative context, committed refers to planned future usage versus the fund balance classification. For the year ended June 30, 2021, \$255.8 million and \$57.2 million that represent ten percent of the revenue collected in excess of the official estimate and ten percent of any unrestricted and uncommitted fund balance not required for reappropriation, respectively, have been committed. Additionally, \$30.4 million is reported as a component of committed fund balance, and represents ten percent of fiscal year 2020 unrestricted and uncommitted fund balance not required for reappropriation. This amount will be transferred to the Water Quality Improvement Fund during fiscal year 2022.

## **12. REVENUE RESERVE FUND**

As of June 30, 2021, the fund has principal and interest on deposit of \$855.8 million committed as a part of the General Fund balance. These amounts are set aside to mitigate certain anticipated revenue shortfalls when appropriations based on previous revenue forecasts exceed expected revenues in subsequent forecasts.

Sections 2.2-1831.2 and 2.2-1831.3 of the *Code of Virginia* established the Revenue Reserve Fund and specified required deposits to the Fund. Whenever there is a fiscal year in which there is not a mandatory deposit to the Revenue Stabilization Fund, a deposit is required if the general fund revenue exceeds the official estimate. No deposit is required in the Revenue Reserve Fund since there is a mandatory deposit for the Revenue Stabilization Fund based on fiscal year 2021 revenues. However, Chapter 552 appropriates \$650.0 million for a voluntary deposit during fiscal year 2022. This amount is included in the Amount Required by Chapter 552 which is reported as an assigned component of fund balance.

Additionally, any required annual deposit cannot exceed 1.0 percent of the total general fund revenues for the prior fiscal year. The combined balance of the Revenue Reserve Fund and the Revenue Stabilization Fund cannot exceed 15.0 percent of the total Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years.

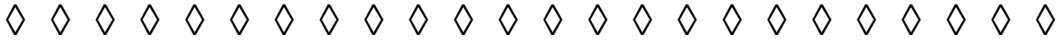
## **13. COMMONWEALTH TRANSPORTATION FUND AND NONRECURRING EXPENDITURES**

Pursuant to *Code of Virginia* Section 2.2-1514, 67 percent of the general fund balance that has not been restricted, committed or assigned shall be committed for transfer to the Commonwealth Transportation Fund and the remaining balance shall be committed for nonrecurring expenditures. For the year ended June 30, 2021, \$115.8 million and \$57.9 million are reported as committed fund balance for the Commonwealth Transportation Fund and nonrecurring expenditures, respectively.

## **14. AMOUNTS TO REPLACE PUBLIC SECTOR REVENUE LOSS AND CONTINUE ARPA INITIATIVES**

The American Rescue Plan (ARPA) created the Coronavirus State and Local Fiscal Recovery Funds to provide significant resources to state and local governments to help lessen the economic impact of the pandemic. These funds can be used to replace lost public sector revenue as well as fund projects that support public health expenditures, address negative economic impacts, provide financial support to essential workers and improve infrastructure. States meeting certain criteria are eligible to use this funding for revenue loss. In anticipation of the Commonwealth's eligibility, the General Assembly has incorporated planned usage of this revenue loss funding into the Commonwealth's budget. If it is later determined that the Commonwealth does not meet the specified revenue loss criteria, General Fund resources will be required to fund the planned disbursements. Additionally, ARPA initiatives funded in fiscal year 2022 will require additional General Fund resources to continue through fiscal years 2023 and 2024. Accordingly, the Assigned Fund Balance includes amounts to replace the anticipated federal funding for public sector revenue loss replacement and ARPA initiatives of \$221.6 million and \$170.1 million, respectively.

# GLOSSARY



## FINANCIAL STATEMENTS AND NOTES

### 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 or advanced to agency employees to cover expenses incurred while traveling on State business.
3. **Due From Other Funds** – Amounts to be received from other nongeneral funds.
4. **Payments Awaiting Disbursement** – This represents amounts where a payment has been recorded in the general ledger and the disbursement has not yet been made.
5. **Deposits Pending Distribution** – This represents miscellaneous amounts held by several agencies in suspense accounts pending distribution.
6. **Due to Other Funds** – Amounts owed to other nongeneral funds.
7. **Restricted Fund Balance** – Includes amounts that have constraints placed on the use of resources by the *Constitution of Virginia* or a party external to the Commonwealth. Restricted Fund Balance represents:
  - **Revenue Stabilization Fund** – This portion of fund balance consists of amounts on deposit or constitutionally required for future deposit. Amounts can only be used within the constraints imposed by the *Constitution of Virginia*.
  - **Lottery Proceeds Fund** – This portion of fund balance consists of amounts required to be distributed to localities and used for education purposes pursuant to constitutional provisions.
  - **Water Supply Assistance Grant Fund** – This portion of fund balance consists of amounts provided as matching funds for moneys available through the Federal Safe Drinking Water Act.
8. **Committed Fund Balance** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the General Assembly and Governor. Committed Fund Balance represents:
  - **Amount Required for Reappropriation, Capital Outlay/Restoration of Projects and Mandatory Reappropriations** – This portion of fund balance represents fiscal year 2021 unexpended appropriations which the Department of Planning and Budget will reappropriate in the next fiscal year.
  - **Virginia Health Care Fund** – This portion of fund balance represents amounts collected from tobacco taxes and a portion of the Tobacco Master Settlement Agreement receipts and is to be used for the provision of health care services.
  - **Central Capital Planning Fund** – This portion of fund balance represents amounts for preplanning and detailed planning costs for potential capital outlay projects.
  - **Communication Sales and Use Tax** – This portion of fund balance represents Communication Sales and Use Tax collections that will be distributed to localities subsequent to June 30.
  - **Commonwealth's Development Opportunity Fund** – This portion of fund balance represents amounts the Governor may use as incentives to attract economic development prospects.
  - **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, floods, and civil unrest.

- **Virginia Water Quality Improvement Fund, including Part A and Part B** – This portion of fund balance represents amounts currently on deposit in, or to be transferred to, the Virginia Water Quality Improvement Fund upon appropriation by the General Assembly. Amounts deposited to this fund are used to provide Water Quality Improvement Grants to various entities to assist in pollution prevention and reduction.
  - **Revenue Reserve Fund** – This portion of fund balance consists of amounts on deposit. As required by *Code of Virginia*, Section 2.2-1831.2, this portion of fund balance can be used when certain anticipated revenue shortfalls occur.
  - **Taxpayer Relief Fund** – This fund captured the estimated revenues generated by tax reform provisions in fiscal year 2019 that exceeded revenues reasonably expected to be collected due to general economic growth and absent the federal policy changes. This portion of fund balance represents the remaining amount that is expected to be refunded to taxpayers.
  - **Local Government Fiscal Distress** – This portion of fund balance may be used to provide technical assistance and intervention actions to local governments deemed to be fiscally distressed.
  - **Commonwealth Transportation Fund** – This portion of fund balance represents 67 percent of the remaining balance available after certain restrictions, commitments and assignments. As required by the *Code of Virginia*, Section 2.2-1514, this portion of committed fund balance must be transferred to the Commonwealth Transportation Fund.
  - **Nonrecurring Expenditures** – This portion of fund balance represents the remaining balance after certain restrictions, commitments and assignments. As required by the *Code of Virginia*, Section 2.2-1514, this portion of committed fund balance must be earmarked for nonrecurring expenditures.
  - **Economic and Technological Development** – This portion of fund balance represents amounts that will be used to promote growth in the Commonwealth's economy.
  - **Health and Public Safety** – This portion of fund balance represents amounts that will be used to further the health and public safety of the Commonwealth's citizenry.
  - **Environmental Quality and Natural Resource Preservation** – This portion of fund balance represents amounts to be used to improve and preserve the Commonwealth's natural resources.
9. **Assigned Fund Balance** – Includes amounts that are constrained by the government's intent to be used for planned purposes, but are neither restricted nor committed. Assigned Fund Balance represents:
- **Amount Required by Chapter 552** – This portion of fund balance represents the amount that must be carried forward to the following year to balance the biennial budget.
  - **Health and Public Safety** – This portion of fund balance represents amounts anticipated to be used to further the health and public safety of the Commonwealth's citizenry.
  - **Environmental Quality and Natural Resource Preservation** – This portion of fund balance represents amounts anticipated to be used to improve and preserve the Commonwealth's natural resources.
  - **Economic and Technological Development** – This portion of fund balance represents amounts anticipated to be used to promote growth in the Commonwealth's economy.
  - **Amount Required for Discretionary Reappropriation** – This portion of fund balance represents fiscal year 2021 unexpended appropriations which the Department of Planning and Budget anticipates reappropriating in the next fiscal year.
  - **Amount for Potential Super Deposit to Revenue Stabilization Fund** – This portion of fund balance represents the amount that is being set aside in anticipation of an update to the fiscal year 2022 revenue estimate that may require an additional deposit to the Revenue Stabilization Fund.
  - **Amount to Replace Public Sector Revenue Loss** – This portion of fund balance represents the amounts that are being set aside to prevent a negative budgetary impact should it be determined that the Commonwealth does not meet the necessary criteria for the use of the Coronavirus State and Local Fiscal Recovery Funds established in the American Rescue Plan (ARPA) for revenue loss as planned.

- **Amount to Continue ARPA Initiatives** – This portion of fund balance represents the additional General Fund resources required to continue initiatives funded in fiscal year 2022 by ARPA through fiscal years 2023 and 2024.

## **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

### **Revenues:**

10. **Taxes** – Charges of money imposed by the Commonwealth on persons or property for public purposes.
11. **Rights and Privileges** – Registration fees, licenses, and permits. Examples include domestic and foreign corporate registration fees and marriage licenses.
12. **Sales of Property and Commodities** – Revenue collected from sales of Commonwealth assets and goods. Examples include sales of State publications.
13. **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.
14. **Institutional Revenue** – Revenue generated primarily by healthcare services provided by the two veteran care centers and from sales by the Departments of Corrections. Examples include the sale of farm and dairy products.
15. **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.
16. **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.
17. **Federal Grants and Contracts** – Revenue collected from the Federal government that can be used for any purpose within the mission of the receiving agencies.
18. **Receipts from Cities, Counties, and Towns** – Revenue collected from city and county treasurers representing miscellaneous fees and allowances of local law enforcement officials.
19. **Private Donations, Gifts, and Contracts** – This amount represents donations and grants from individuals and private companies to State programs.
20. **Tobacco Master Settlement** – This amount represents the revenue generated from the Tobacco Master Settlement Agreement with tobacco companies.
21. **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:**

22. **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. During Special Session 1 (2004), the General Assembly established a limit of \$950.0 million on the amount for personal property tax relief beginning with fiscal year 2007.



- 23. **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.
- 24. **Transportation** – Expenditures related to the movement of people, goods, and services and their regulation. Examples include ground, water and air transportation.
- 25. **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.
- 26. **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.
- 27. **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.
- 28. **Capital Outlay** - Construction and preparation of Commonwealth assets.

**Other Financing Sources (Uses):**

- 29. **Operating Transfers In** – This balance reflects transfers in from other nongeneral funds.
- 30. **Operating Transfers Out** – This 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 **Finrept@doa.virginia.gov**

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