
COMMONWEALTH OF VIRGINIA

GENERAL FUND PRELIMINARY (UNAUDITED) ANNUAL REPORT

For the Fiscal Year Ended June 30, 2022

Presented on a Cash Basis



Lewis R. McCabe
Comptroller
August 15, 2022

This page intentionally left blank

TABLE OF CONTENTS

Comptroller's Letter of Transmittal	iii
-------------------------------------	-----

SUMMARY OF GENERAL FUND ACTIVITY

Preliminary Balance Sheet – General Fund – Cash Basis	2
Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Cash Basis	3
Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund – Cash Basis	4
Preliminary Comparison of Selected Sum-Sufficient Final Budget Appropriations with Actual Expenditures – General Fund – Cash Basis	5

GENERAL FUND GRAPHICS AND SUPPLEMENTAL SCHEDULES

General Fund – Fund Balance, Fiscal Years 2018-2022	9
General Fund – Cash, Cash Equivalents, and Investments, Fiscal Years 2018-2022	9
General Fund – Revenues by Revenue Class and Other Sources, Fiscal Year 2022	10
General Fund – Expenditures by Function and Other Uses, Fiscal Year 2022	10
General Fund – Expenditures by Object, Fiscal Year 2022	11
General Fund – Revenues and Other Sources and Expenditures and Other Uses by Month, Fiscal Year 2022	11
General Fund – Expenditures by Function and Significant Service Area, Fiscal Year 2022	12
General Fund – Other Financing Sources and Uses by Significant Service Area, Fiscal Year 2022	13

<u>GENERAL FUND NOTES</u>	15
----------------------------------	----

<u>GLOSSARY</u>	22
------------------------	----

This page intentionally left blank



COMMONWEALTH of VIRGINIA

LEWIS R. McCABE, CPA, CGFM, CGMA
COMPTROLLER

Office of the Comptroller

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

August 15, 2022

The Honorable Glenn Youngkin
Governor
Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor Youngkin:

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, 2022.

The Commonwealth ended fiscal year 2022 with a total fund balance in the General Fund of \$13.4 billion measured on the cash basis of accounting. This is an increase of \$5.9 billion from last year's ending fund balance of \$7.5 billion. Planned (budgeted) increases in the General Fund balance for this year were \$2.2 billion. The difference between the planned increase and actual increase is primarily attributed to revenue collections and other sources being approximately \$2.0 billion more than expected and expenditures and other uses being approximately \$1.6 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, \$619.5 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 \$640.9 million restricted as a part of the General Fund balance.

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. Further, an estimated deposit of \$904.7 million is required during fiscal year 2024 based on fiscal year 2022 revenue collections reduced by the estimated rebate amount that will be provided to taxpayers as required by Chapter 1, 2022 Acts of Assembly Special Session I, Item 3-5.24. The fiscal year 2022 revenue collections and mandatory deposit will be certified by the Auditor of Public Accounts on or around November 1, 2022. The mandatory deposit of \$1.1 billion and estimated deposit of \$904.7 million are reported as restricted

components of fund balance. For additional information regarding the Individual Income Tax Rebate, see Note 13.

In addition, Chapter 1, Item 274. C1, appropriated an advance reservation of \$498.7 million for any required deposit attributable to actual tax collections for fiscal year 2022 for deposit to the Revenue Stabilization Fund during the 2022-2024 biennium. This amount is included as part of the 2024 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 2022 when using the original fiscal year 2023 revenue estimate established in Chapter 2, 2022 Acts of Assembly Special Session I. However, in anticipation of a revised fiscal year 2023 revenue estimate that may require an additional deposit, \$452.3 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. The fund has principal and interest on deposit of \$2.0 billion recorded in the Commonwealth's general ledger and reported as cash on the Balance Sheet. Pursuant to Chapter 1, Item 274. C2, the general ledger balance includes the advance reservation of \$498.7 million for the fiscal year 2024 deposit to the Revenue Stabilization Fund discussed previously. Accordingly, only \$1.5 billion of the general ledger cash balance is included as a committed component of fund balance. This amount is 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 2022 revenues.

Amounts Available for Reappropriation

Section 4-1.05a.1 of Chapter 1 requires reappropriation of 2022 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, 2022, the following amounts have been committed: \$554.8 million for capital outlay project needs; \$148.2 million for health care services; \$18.7 million for central capital planning; \$29.1 million for communication sales and use tax distributions; \$9.1 million for natural disaster sum sufficient amounts; \$807.7 million for mandatory reappropriations; \$444.0 million pending transfer to the Water Quality Improvement Fund; \$1.5 billion for the Revenue Reserve Fund; \$64,000 for the Taxpayer Relief Fund; \$1.0 billion for Individual Income Tax Rebate; \$250.0 million for the Virginia Retirement System;

The Honorable Glenn Youngkin
August 15, 2022
Page 3

\$150.0 million for Interstate 64; \$50.0 million for Virginia Business Ready Sites; \$100.0 million for 2022 Capital Supplement Pool; \$35.5 million for Major Headquarters Workforce Grant; and \$750,000 for local government fiscal distress relief.

In addition, the Department of Planning and Budget has identified \$3.7 billion as available balances to meet the requirements of Chapter 2. The Department of Planning and Budget has also identified the following amounts to be assigned: \$380.1 million for discretionary reappropriations; \$452.3 million for a potential super deposit to Revenue Stabilization Fund; and \$396.9 million for additional taxpayer relief.

Additionally, restricted balances of \$2.8 million, committed balances of \$538.5 million and assigned balances of \$78.2 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 \$113.3 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, 2022, \$88.8 million and \$42.2 million that represent ten percent of the revenue collected in excess of the official estimate reduced by the estimated rebate amount that will be provided to taxpayers as required by Chapter 1, Item 3-5.24, and ten percent of any unrestricted and uncommitted fund balance not required for reappropriation, respectively, have been committed. Additionally, \$255.8 million and \$57.2 million is reported as a component of committed fund balance, and represents ten percent of the 2021 revenue collected in excess of the official estimate and ten percent of fiscal year 2021 unrestricted and uncommitted fund balance not required for reappropriation, respectively. The amounts resulting from the 2021 revenue collections will be transferred to the Water Quality Improvement Fund during fiscal year 2023, and those resulting from the 2022 revenue collections will be transferred during fiscal year 2024.

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, 2022, 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, 2021, 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 36 consecutive years. In addition, Virginia submitted the fiscal year 2021 Popular Report, entitled *Virginia Financial Perspective*, to the GFOA, and we expect to receive the companion award for this report. Virginia's Popular Report has received this award for 26 consecutive years.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "L. McCabe", written in a cursive style.

Lewis R. McCabe

This page intentionally left blank

SUMMARY OF GENERAL FUND ACTIVITY

◇ ◇

Commonwealth of Virginia
Preliminary Balance Sheet
General Fund - Cash Basis (Unaudited)
June 30, 2022
(Dollars in Thousands)

Assets		
Cash, Cash Equivalents, and Investments	\$ 13,534,753	
Cash and Travel Advances	472	
Due From Other Funds (Note 4)	<u>4,080</u>	
Total Assets		\$ 13,539,305
Liabilities and Fund Equity		
Liabilities:		
Payments Awaiting Disbursement	154,780	
Deposits Pending Distribution	9,115	
Due To Other Funds (Note 4)	<u>376</u>	
Total Liabilities		\$ 164,271
Fund Equity (Note 5):		
Restricted Fund Balance:		
Revenue Stabilization Fund (Note 6)	640,923	
Revenue Stabilization 2023 (Note 6)	1,127,733	
Revenue Stabilization 2024 (Note 6)	904,652	
Lottery Proceeds Fund (Note 7)	14,382	
Water Supply Assistance Grant Fund	<u>2,811</u>	
Total Restricted Fund Balance		2,690,501
Committed Fund Balance (Note 8):		
Amount Required for Reappropriation of		
2022 Unexpended Balances for Capital Outlay and Restoration Projects	554,788	
Virginia Health Care Fund	148,161	
Central Capital Planning Fund	18,719	
Communication Sales and Use Tax (Note 9)	29,084	
Commonwealth's Development Opportunity Fund	77,814	
Natural Disaster Sum Sufficient	9,053	
Amount Required for Mandatory Reappropriation	807,724	
Virginia Water Quality Improvement Fund (Note 11)	113,252	
Virginia Water Quality Improvement Fund - Part A 2021 (Note 11)	255,764	
Virginia Water Quality Improvement Fund - Part A 2022 (Note 11)	88,797	
Virginia Water Quality Improvement Fund - Part B 2021 (Note 11)	57,249	
Virginia Water Quality Improvement Fund - Part B 2022 (Note 11)	42,232	
Revenue Reserve Fund (Note 12)	1,507,570	
Taxpayer Relief Fund	64	
Individual Income Tax Rebate (Note 13)	1,048,612	
Virginia Retirement System	250,000	
Interstate 64	150,000	
Virginia Business Ready Sites	50,000	
2022 Capital Supplement Pool	100,000	
Major Headquarters Workforce Grant	35,500	
Local Government Fiscal Distress	750	
Economic and Technological Development	246,610	
Health and Public Safety	39,466	
Environmental Quality and Natural Resource Preservation	54,851	
Other	<u>6,497</u>	
Total Committed Fund Balance		5,692,557
Assigned Fund Balance (Note 8):		
Amount Required by Chapter 2	3,684,438	
Health and Public Safety	29,286	
Environmental Quality and Natural Resource Preservation	14,758	
Educational and Training programs	7,938	
Economic and Technological Development	5,541	
Amount Required for Discretionary Reappropriations	380,091	
Amount for Potential Super Deposit to Revenue Stabilization Fund (Note 6)	452,326	
Amount for Additional Taxpayer Relief	396,892	
Other	<u>20,706</u>	
Total Assigned Fund Balance		4,991,976
Total Fund Equity		\$ 13,375,034
Total Liabilities and Fund Balance		\$ 13,539,305

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, 2018 through June 30, 2022
(Dollars in Thousands)

	Year Ended				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Revenues:					
Taxes:					
Individual and Fiduciary Income	\$ 20,410,206	\$ 17,303,666	\$ 15,351,592	\$ 15,226,471	\$ 14,105,766
Sales and Use	5,080,580	4,624,549	4,112,843	3,973,011	3,827,078
Corporation Income	1,978,697	1,515,692	1,011,650	943,391	861,897
Communications Sales and Use (Note 9)	301,446	314,768	347,101	361,023	384,162
Deeds, Contracts, Wills, and Suits	665,602	694,822	493,389	394,062	403,236
Premiums of Insurance Companies	426,830	363,105	360,588	382,018	337,947
Alcoholic Beverage Sales	300,153	296,059	267,214	240,776	231,836
Tobacco Products	278,626	286,632	153,638	151,289	160,383
Estate	27	810	80	191	932
Public Service Corporations	102,586	101,114	97,039	98,890	98,672
Other Taxes	88,835	46,116	35,873	47,197	39,392
Total Taxes	<u>29,633,588</u>	<u>25,547,333</u>	<u>22,231,007</u>	<u>21,818,319</u>	<u>20,451,301</u>
Rights and Privileges	113,371	95,255	94,695	93,225	90,780
Sales of Property and Commodities	20,185	19,507	39,463	25,021	62,597
Assessments and Receipts for Support of Special Services	5,897	5,960	5,813	5,808	5,230
Institutional Revenue	33,673	32,283	37,963	37,937	37,926
Interest, Dividends, and Rents	82,207	94,461	136,821	103,670	72,083
Fines, Forfeitures, Court Fees, Penalties, and Escheats	220,132	225,120	214,750	224,783	209,869
Federal Grants and Contracts	11,725	9,693	8,029	10,573	6,796
Receipts from Cities, Counties, and Towns	7,122	6,597	8,469	11,216	11,084
Private Donations, Gifts and Contracts	336	481	904	965	540
Tobacco Master Settlement	62,813	100,515	54,134	56,487	58,267
Other	403,039	293,859	223,456	203,940	316,477
Total Revenues (Note 2)	<u>30,594,088</u>	<u>26,431,064</u>	<u>23,055,504</u>	<u>22,591,944</u>	<u>21,322,950</u>
Expenditures:					
General Government	2,784,120	2,532,665	2,872,703	2,446,484	2,405,220
Education	11,330,567	9,968,154	9,526,097	9,109,073	8,740,117
Transportation	164	147	140	203	202
Resources and Economic Development	618,871	532,353	530,365	432,029	397,794
Individual and Family Services	7,370,769	7,051,802	6,884,183	7,208,024	6,904,011
Administration of Justice	3,162,055	3,000,321	2,983,904	2,904,663	2,848,951
Capital Outlay	59,151	2,898	4,535	2,575	4,658
Total Expenditures	<u>25,325,697</u>	<u>23,088,340</u>	<u>22,801,927</u>	<u>22,103,051</u>	<u>21,300,953</u>
Revenues Over (Under) Expenditures	<u>5,268,391</u>	<u>3,342,724</u>	<u>253,577</u>	<u>488,893</u>	<u>21,997</u>
Other Financing Sources (Uses):					
Transfers:					
Operating Transfers In	1,172,516	1,052,608	911,229	938,306	869,785
Operating Transfers Out	<u>(570,986)</u>	<u>(414,818)</u>	<u>(439,543)</u>	<u>(414,827)</u>	<u>(444,678)</u>
Total Other Financing Sources (Uses)	<u>601,530</u>	<u>637,790</u>	<u>471,686</u>	<u>523,479</u>	<u>425,107</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	5,869,921	3,980,514	725,263	1,012,372	447,104
Fund Balance, July 1					
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)	<u>3,252,511</u>	<u>1,518,866</u>	<u>687,225</u>	<u>440,885</u>	<u>267,927</u>
Fund Balance, July 1	<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>
Fund Balance, June 30					
Restricted (Note 5)	2,690,501	1,783,359	650,540	638,838	557,023
Committed (Note 5)	5,692,557	2,469,243	1,355,193	1,473,273	789,056
Assigned (Note 5)	<u>4,991,976</u>	<u>3,252,511</u>	<u>1,518,866</u>	<u>687,225</u>	<u>440,885</u>
Fund Balance, June 30	<u>\$ 13,375,034</u>	<u>\$ 7,505,113</u>	<u>\$ 3,524,599</u>	<u>\$ 2,799,336</u>	<u>\$ 1,786,964</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, 2022
(Dollars in Thousands)

General Fund				Final Budget/ Actual Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ 15,991,400	\$ 18,593,100	\$ 20,410,206	\$ 1,817,106
Sales and Use	4,426,000	4,948,300	5,080,580	132,280
Corporation Income	1,271,600	2,009,600	1,978,697	(30,903)
Communications Sales and Use (Note 9)	348,000	335,000	301,446	(33,554)
Deeds, Contracts, Wills, and Suits	475,000	665,700	665,602	(98)
Premiums of Insurance Companies	360,900	419,300	426,830	7,530
Alcoholic Beverage Sales	283,700	300,300	300,153	(147)
Tobacco Products	290,100	290,100	278,626	(11,474)
Estate	-	-	27	27
Public Service Corporations	98,600	103,500	102,586	(914)
Other Taxes	47,211	66,701	88,835	22,134
Rights and Privileges	89,981	100,173	113,371	13,198
Sales of Property and Commodities	11,546	11,805	20,185	8,380
Assessments and Receipts for Support of Special Services	5,337	5,967	5,897	(70)
Institutional Revenue	53,882	57,824	33,673	(24,151)
Interest, Dividends, and Rents	93,855	92,480	82,207	(10,273)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	216,004	230,119	220,132	(9,987)
Federal Grants and Contracts	11,358	11,357	11,725	368
Receipts from Cities, Counties, and Towns	9,017	7,800	7,122	(678)
Private Donations, Gifts and Contracts	318	292	336	44
Tobacco Master Settlement	47,500	47,500	62,813	15,313
Other	184,569	323,047	403,039	79,992
Total Revenues (Note 2)	24,315,878	28,619,965	30,594,088	1,974,123
Expenditures:				
Current:				
General Government	2,928,601	3,071,739	2,784,120	287,619
Education	10,756,839	11,656,254	11,330,567	325,687
Transportation	22,659	194,525	164	194,361
Resources and Economic Development	756,233	885,871	618,871	267,000
Individual and Family Services	8,297,895	7,624,318	7,370,769	253,549
Administration of Justice	3,205,592	3,356,404	3,162,055	194,349
Capital Outlay	146,567	182,664	59,151	123,513
Total Expenditures	26,114,386	26,971,775	25,325,697	1,646,078
Revenues Over (Under) Expenditures	(1,798,508)	1,648,190	5,268,391	3,620,201
Other Financing Sources (Uses):				
Transfers:				
Operating Transfers In	967,486	1,137,044	1,172,516	35,472
Operating Transfers Out	(444,995)	(559,487)	(570,986)	(11,499)
Total Other Financing Sources (Uses)	522,491	577,557	601,530	23,973
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,276,017)	2,225,747	5,869,921	3,644,174
Fund Balance, July 1	7,505,113	7,505,113	7,505,113	-
Fund Balance, June 30	\$ 6,229,096	\$ 9,730,860	\$ 13,375,034	\$ 3,644,174

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, 2022
(Dollars in Thousands)

	<u>Original Budget</u> <u>Appropriations</u>	<u>Final Budget</u> <u>Appropriations</u>	<u>Actual</u> <u>Expenditures</u>	<u>Amount (Over) Under</u> <u>Final Budget</u>
Enactment of Laws	\$ 54,922	\$ 86,751	\$ 49,521	\$ 37,230
Financial Assistance to Localities -- From Sale of Alcoholic Beverages and Other Distributions	28,895	10,469	10,469	-
Financial Assistance for Special State Revenue Sharing -- From Sales Tax	1,563,000	1,851,747	1,851,747	-
Cash Management Improvement Act Payment to the Federal Government	13	13	13	-
Totals	<u>\$ 1,646,830</u>	<u>\$ 1,948,980</u>	<u>\$ 1,911,750</u>	<u>\$ 37,230</u>

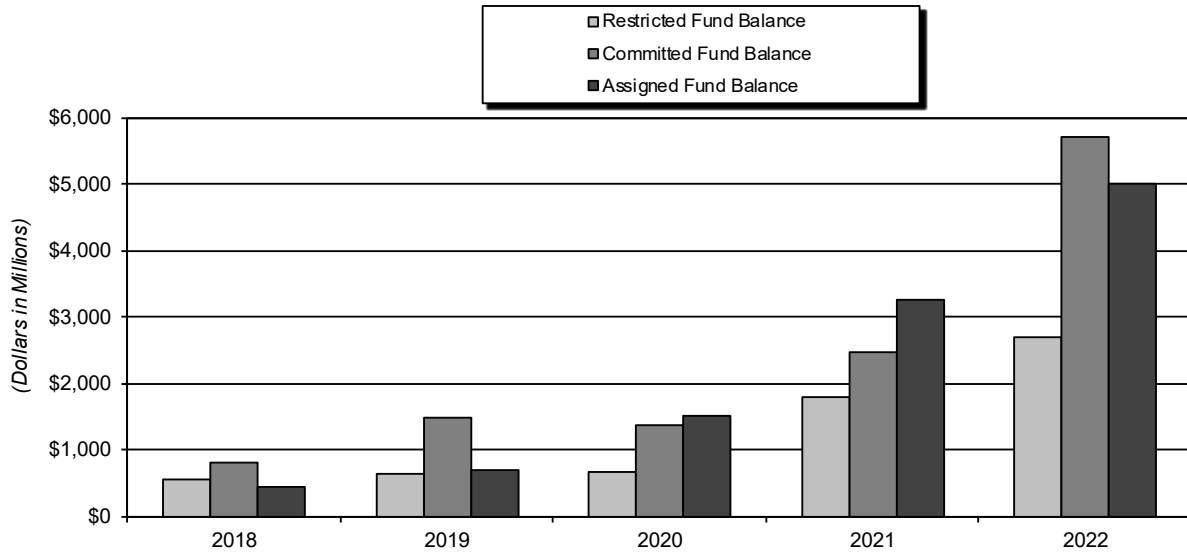
This page intentionally left blank

**GENERAL FUND GRAPHICS AND SUPPLEMENTAL
SCHEDULES**

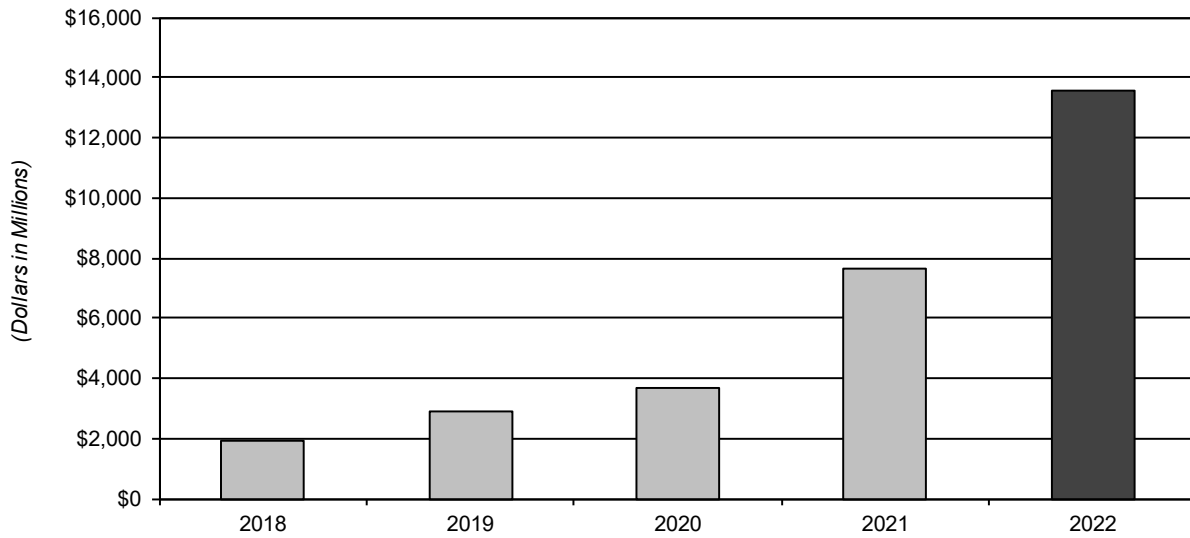


This page intentionally left blank

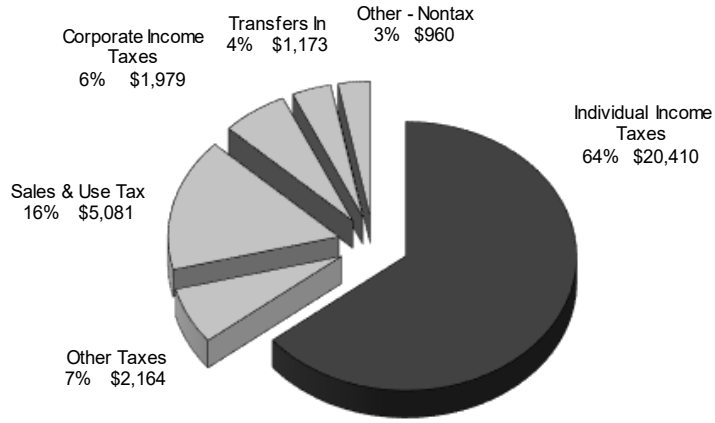
**General Fund
Fund Balance
Fiscal Years 2018-2022**



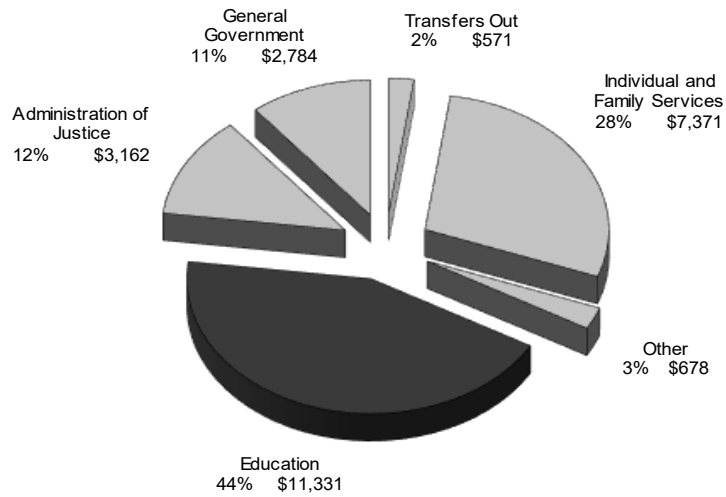
**General Fund
Cash, Cash Equivalents, and Investments
Fiscal Years 2018-2022**



**General Fund
Revenues by Revenue Class and Other Sources
Fiscal Year 2022
(Dollars in Millions)**

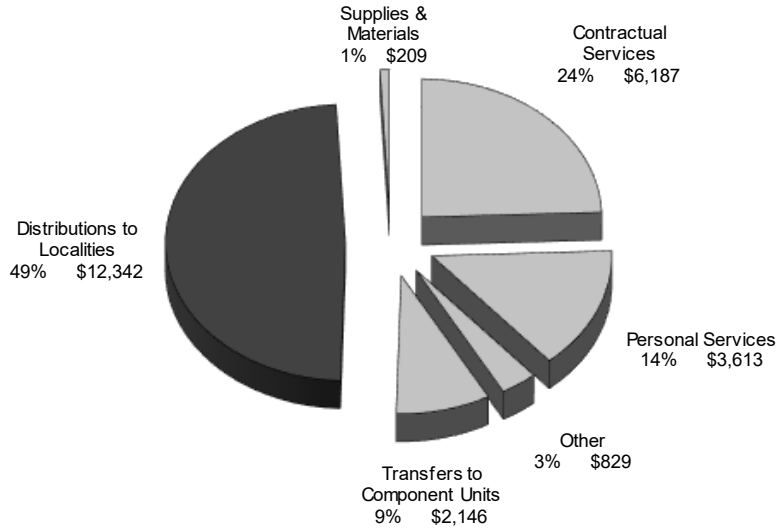


**General Fund
Expenditures by Function and Other Uses
Fiscal Year 2022
(Dollars in Millions)**

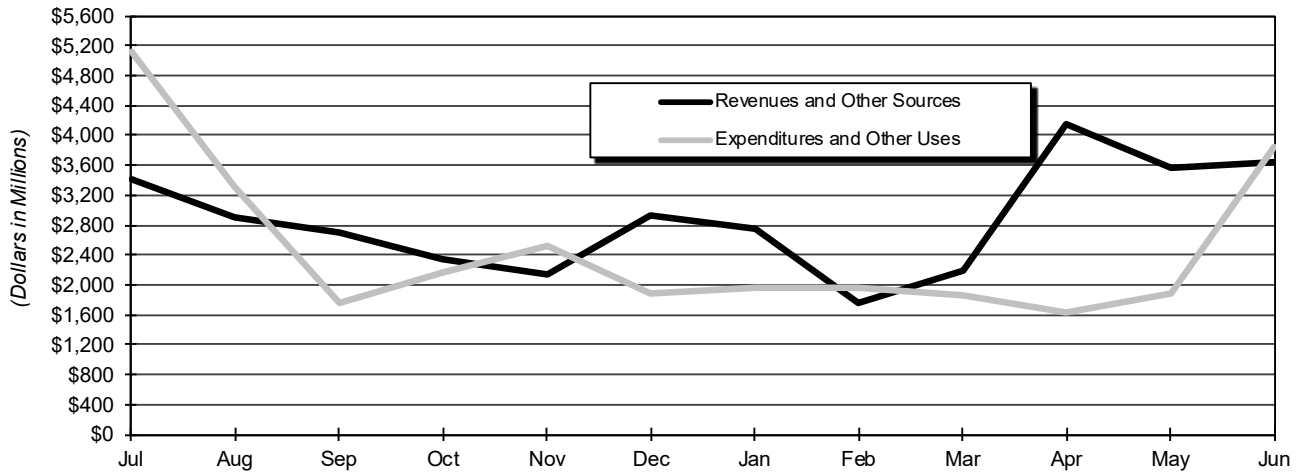


Note: General Government expenditures include \$950.0 million paid to localities pursuant to the Personal Property Tax Relief Act of 1998 and \$299.2 million in communication sales tax distributions. This represents 44.9 percent of the General Government expenditures.

**General Fund
Expenditures by Object
Fiscal Year 2022
(Dollars in Millions)**



**General Fund
Revenues and Other Sources and
Expenditures and Other Uses by Month
Fiscal Year 2022**



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

Source: The Monthly Analysis of Cash and Investments Report, which is limited to budgetary general fund.

**General Fund
Expenditures by Function and Significant Service Area
Fiscal Year 2022
(Dollars in Thousands)**

Function:	Significant Service Area:	Amount	Totals
Education	Grades K-12	\$ 8,086,796	
	Higher Education	2,638,080	
	Virginia Retirement System - Public School Teacher Plans	454,384	
	Other	151,307	
		<u>11,330,567</u>	\$ 11,330,567
Individual and Family Services	Medical Assistance Services	5,241,796	
	Behavioral Health and Developmental Services	1,030,814	
	Social Services	451,999	
	Children's Services	269,260	
	Health	180,526	
	Other	196,374	
		<u>7,370,769</u>	7,370,769
Administration of Justice	Corrections	1,719,256	
	Sheriffs and Inmate Confinement - Compensation Board	532,212	
	Courts	450,294	
	State Police	350,659	
	Other	109,634	
		<u>3,162,055</u>	3,162,055
General Government	Car Tax Relief (PPTRA)	950,000	
	Debt Service - Component Units	492,297	
	Communication Sales Tax Distribution	299,225	
	Virginia Retirement System - Various State Employee Plans	295,616	
	Constitutional Officers - Compensation Board	198,830	
	Criminal Justice - Locality Assistance	191,721	
	Tax Administration	109,680	
	Other	246,751	
		<u>2,784,120</u>	2,784,120
	Resources and Economic Development	Conservation and Recreation	145,727
Economic Development Partnership		89,013	
Housing and Community Development		83,024	
Environmental Quality		56,830	
Innovation Partnership Authority		41,496	
Agriculture		40,356	
Tourism		23,665	
Forestry		21,473	
Marine Resources		16,670	
Mines, Minerals, and Energy		14,525	
Labor and Industry		12,839	
Health - Water Improvement and Environmental Safety		11,432	
Social Services - Regulation of Facilities and Services		9,645	
Historic Resources		7,414	
Fort Monroe		6,296	
Other		38,466	
	<u>618,871</u>	618,871	
Other	Capital Outlay	59,151	
	Transportation	164	
	<u>59,315</u>	59,315	
		<u>\$ 25,325,697</u>	<u>\$ 25,325,697</u>

**General Fund
Other Financing Sources and Uses by Significant Service Area
Fiscal Year 2022
(Dollars in Thousands)**

Other Financing Sources (Transfers In):

Significant Service Area	<u>Amount</u>	<u>Total</u>
Lottery	\$ 843,362	
ABC Transfers	237,416	
Transfers from Other Funds	<u>91,738</u>	
		<u><u>\$ 1,172,516</u></u>

Other Financing Uses (Transfers Out):

Significant Service Area	<u>Amount</u>	<u>Total</u>
Debt Service	\$ 360,772	
Transfers to Other Funds	<u>210,214</u>	
		<u><u>\$ 570,986</u></u>

This page intentionally left blank

GENERAL FUND NOTES



COMMONWEALTH OF VIRGINIA

NOTES TO PRELIMINARY FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2022.

B. Budget

Budgetary amounts shown in the General Fund Statement of Revenue Collections and Estimates represent Chapter 552, 2021 Acts of Assembly Special Session I (original), and Chapter 1, 2022 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, 2022. 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>	Final Revenue Budget	Total Actual Revenue
Amount per Preliminary Financial Statements	\$ 28,619,965	\$ 30,594,088
Amount per Monthly Statement of Revenue	<u>26,998,300</u>	<u>28,934,882</u>
Variance	<u>\$ 1,621,665</u>	<u>\$ 1,659,206</u>
Variance Attributable to the Following:		
Public Education Standards of Quality Fund - Sales and Use Tax revenue included on the Preliminary Financial Statements	\$ 510,700	\$ 522,472
Virginia Communications Sales and Use Tax Fund - Sales and Use Tax revenue included on the Preliminary Financial Statements	335,000	301,446
Virginia Water Quality Improvement Fund - Deeds, Contracts, Wills & Suits Tax revenue included on the Preliminary Financial Statements	15,000	11,530
Virginia Health Care Fund - Tobacco Products Tax revenue included on the Preliminary Financial Statements	290,100	278,626
Virginia Communications Sales and Use Tax Fund - Rights and Privileges revenue included on the Preliminary Financial Statements	475	718
Revenue Stabilization Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	1,311
Lottery Proceeds Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	1,765	190
Water Supply Assistance Grant Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	49	6
Revenue Reserve Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	1,780
Virginia Water Quality Improvement Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	647	267
Commonwealth's Development Opportunity Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	120
Virginia Communications Sales and Use Tax Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	54
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	7	11
Virginia Water Quality Improvement Fund - Private Donations, Gifts and Contracts revenue included on the Preliminary Financial Statements	25	30
Virginia Health Care Fund - Tobacco Master Settlement revenue included on the Preliminary Financial Statements	47,500	62,813
Virginia Health Care Fund - Medicaid claims payable recoveries included as other revenue on the Preliminary Financial Statements	276,759	328,627
Central Capital Planning Fund - Other Revenue included on the Preliminary Financial Statements	-	935
Commonwealth's Development Opportunity Fund - Other Revenue included on the Preliminary Financial Statements	-	5,671
Virginia Water Quality Improvement Fund - Other revenue included on the Preliminary Financial Statements	28	7,860
Lottery Proceeds Fund - Other revenue included on the Preliminary Financial Statements	-	240
Transfers from Fiduciary Funds and Component Units included in revenue on the Preliminary Financial Statements	6,844	7,234
Other items included in revenue on the Preliminary Financial Statements	136,764	127,265
	<u>\$ 1,621,665</u>	<u>\$ 1,659,206</u>

3. APPROPRIATION ACT TRANSFERS

For fiscal year ended June 30, 2022, Appropriation Act transfers are \$1.7 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>	Appropriation Act Transfers
Transfers In	\$ 1,135,380 (a)
Transfers Out	(19,288)
Intrafund Transfers between General Fund and:	
Public Education Standards of Quality Fund	522,472
Other Nongeneral Funds	47,143
Revenue - Other	5,320
Total Appropriation Act Transfers	<u>\$ 1,691,027</u>

(a) Includes ABC transfers of approximately \$237.4 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. For fiscal year 2022, sufficient cash is not available after other planned uses to require deposits for the Commonwealth Transportation fund and nonrecurring expenditures.

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. Further, an estimated deposit of \$904.7 million is required during fiscal year 2024 based on fiscal year 2022 revenue collections reduced by the estimated rebate amount that will be provided to taxpayers as required by Chapter 1, Item 3-5.24. The fiscal year 2022 revenue collections and mandatory deposit will be

certified by the Auditor of Public Accounts on or around November 1, 2022. The mandatory deposit of \$1.1 billion and estimated deposit of \$904.7 million are reported as restricted components of fund balance. For additional information regarding the Individual Income Tax Rebate, see Note 13.

In addition, Chapter 1, Item 274. C1, appropriated an advance reservation of \$498.7 million for any required deposit attributable to actual tax collections for fiscal year 2022 for deposit to the Revenue Stabilization Fund during the 2022-2024 biennium. This amount is included as part of the 2024 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 2022 when using the original fiscal year 2023 revenue estimate established in Chapter 2. However, in anticipation of a revised fiscal year 2023 revenue estimate that may require an additional deposit, \$452.3 million is reported as an assigned component of fund balance.

The Revenue Stabilization Fund has principal and interest on deposit of \$640.9 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 2022 is included in the Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance. The remaining cash balance of \$14.4 million is restricted as a component of the General Fund balance.

Additionally, \$843.4 million, which included the estimated net income for fiscal year 2022 of \$776.1 million and the residual transfer of \$67.3 million related to fiscal year 2021 net income, was deposited into the Lottery Proceeds Fund during fiscal year 2022 in accordance with Chapter 1, Section 3-1.01G. The final audited residual net profit of \$3.5 million will be deposited in fiscal year 2023.

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, 2022, the breakdown of Other Committed Fund Balance is as follows.

Other Committed	Amount (In Thousands)
Capital Outlay	\$ 3,876
Educational and Training Programs	1,511
Agriculture and Forestry	589
Governmental Operations - Administrative Services	300
Contract and Debt Administration	221
Total Other Committed Fund Balance	\$ <u>6,497</u>

B. OTHER ASSIGNED FUND BALANCE

As of June 30, 2022, the breakdown of Other Assigned Fund Balance is as follows.

Other Assigned	Amount (In Thousands)
Governmental Operations - Administrative Services	\$ 11,039
Governmental Operations - Legislative Services	5,628
Employee Benefit Administration	2,562
Capital Outlay	1,199
COVID-19	255
Transportation Activities	12
Regulatory Oversight	8
Agriculture and Forestry	3
Total Other Assigned Fund Balance	\$ <u>20,706</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 \$29.1 million is reported as committed fund balance.

10. ACCELERATED SALES TAX COLLECTIONS

Pursuant to *Code of Virginia*, Section 58.1-615, as amended by Chapter 552, Item 3-5.06, the Commonwealth previously collected and deposited in the General Fund accelerated sales and use tax. However, Chapter 1 repealed accelerated sales tax collections effective for fiscal year 2022.

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 \$113.3 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, 2022, \$88.8 million and \$42.2 million that represent ten percent of the revenue collected in excess of the official estimate reduced by the estimated rebate amount that will be provided to taxpayers as required by Chapter 1, Item 3-5.24, and ten percent of any unrestricted and uncommitted fund balance not required for reappropriation, respectively, have been committed. Additionally, \$255.8 million and \$57.2 million is reported as a component of committed fund balance, and represents ten percent of the 2021 revenue collected in excess of the official estimate and ten percent of fiscal year 2021 unrestricted and uncommitted fund balance not required for reappropriation, respectively. The amounts resulting from the 2021 revenue collections will be transferred to the Water Quality Improvement Fund during fiscal year 2023, and those resulting from the 2022 revenue collections will be transferred during fiscal year 2024.

12. REVENUE RESERVE FUND

As of June 30, 2022, the fund has principal and interest on deposit of \$2.0 billion recorded in the Commonwealth's general ledger and reported as cash on the Balance Sheet. Pursuant to Chapter 1, Item 274. C2, the general ledger balance includes the advance reservation of \$498.7 million for the fiscal year 2024 deposit to the Revenue Stabilization Fund discussed previously. Accordingly, only \$1.5 billion of the general ledger cash balance is included as a committed component of fund balance. This amount is set aside to mitigate certain anticipated revenue shortfalls when appropriations based on previous revenue forecasts exceed expected revenues in subsequent forecasts.

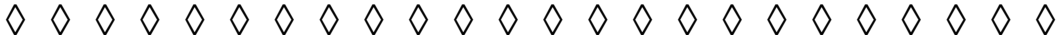
Sections 2.2-1831.2 and 2.2-1831.3 of the *Code of Virginia* established the Revenue Reserve Fund and specified required deposits to the Fund. Whenever there is a fiscal year in which there is not a mandatory deposit to the Revenue Stabilization Fund, a deposit is required if the general fund revenue 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 2022 revenues.

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 20.0 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. INDIVIDUAL INCOME TAX REBATE

Pursuant to Chapter 1, Item 3-5.24, an individual filing a return or married persons filing a joint return shall be issued a rebate in an amount up to \$250 for an individual, or \$500 for married persons filing a joint return, for taxable years beginning on and after January 1, 2021, but before January 1, 2022. The rebates specified in this item are in addition to any refund due pursuant to *Code of Virginia*, Section 58.1-309. The estimated individual income tax rebate of \$1.0 billion is reported as a component of committed fund balance and will be issued to taxpayers in fiscal year 2023.

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 2022 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, excluding the \$498.7 million advance reservation for the fiscal year 2024 Revenue Stabilization Fund mandatory 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.
 - **Individual Income Tax Rebate** – Pursuant to Chapter 1, Item 3-5.24, this represents the estimated amount that will be provided to taxpayers as a rebate in addition to any refund due pursuant to the *Code of Virginia*, Section 58.1-309.
 - **Virginia Retirement System, Interstate 64, Virginia Business Ready Sites, 2022 Capital Supplement Pool, and Major Headquarters Workforce Grant** – Pursuant to Chapter 2, Item 485. L, these amounts represent appropriations from general fund revenues collected for fiscal year 2022 in excess of the official fiscal year 2022 revenue estimate.
 - **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.
 - **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 2** – 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.
 - **Educational and Training Programs** – This portion of fund balance represents amounts anticipated to be used to promote and improve the Commonwealth's educational and training programs.
 - **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 2022 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 2023 revenue estimate that may require an additional deposit to the Revenue Stabilization Fund.
 - **Amount for Additional Taxpayer Relief** – This portion of fund balance represents the amount that is anticipated to be used to provide additional taxpayer relief in future years. This is separate from the 2019 Taxpayer Relief Fund.

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**

Copies of this report may be downloaded from The Department of Accounts' web site at **http://www.doa.virginia.gov**