
COMMONWEALTH OF VIRGINIA

GENERAL FUND PRELIMINARY (UNAUDITED) ANNUAL REPORT

For the Fiscal Year Ended June 30, 2023

Presented on a Cash Basis



Sharon H. Lawrence
Acting Comptroller
August 15, 2023

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COMMONWEALTH of VIRGINIA

SHARON H. LAWRENCE, CPA, CGMA
ACTING COMPTROLLER

Office of the Comptroller

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

August 15, 2023

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, 2023.

The Commonwealth ended fiscal year 2023 with a total fund balance in the General Fund of \$15.1 billion measured on the cash basis of accounting. This is an increase of \$1.7 billion from last year's ending fund balance of \$13.4 billion. Planned (budgeted) decreases in the General Fund balance for this year were \$5.1 billion. The difference between the planned decrease and actual increase is primarily attributed to revenue collections and other sources being approximately \$3.3 billion more than expected and expenditures and other uses being approximately \$3.6 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, \$1.7 billion 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 \$1.8 billion 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 \$904.7 million is required during fiscal year 2024 based on fiscal year 2022 revenue collections reduced by the estimated rebate provided to taxpayers as required by Chapter 1, 2022 Acts of Assembly Special Session I, Item 3-5.24. No deposit is required based on fiscal year 2023 revenue collections, adjusted to include the prior year estimated rebate to taxpayers.

In addition, Chapter 769, Item 267. D2, appropriates \$498.7 million from the Revenue Reserve Fund to be deposited to the Revenue Stabilization Fund during fiscal year 2024. This amount was provided in Chapter 1, 2022 Acts of Assembly Special Session I, as an advanced reservation for the fiscal year 2024 mandatory deposit. 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. No such deposit is required since the specified criteria were not met for fiscal year 2023.

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 769, Item 267. D2, 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 the 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. The amount to be deposited shall not exceed one percent of the general fund revenues collected in the prior fiscal year. The Department of Planning and Budget has identified a deposit of \$289.6 million to be made during fiscal year 2024. This amount represents the fiscal year 2023 revenue collected in excess of the estimate reduced by the fiscal year 2024 mandatory deposit to the Revenue Stabilization Fund, net of the advanced reservation, and statutory deposit to the Water Quality Fund for excess revenues. Additionally, this amount is subject to the one percent statutory limit adjusted to eliminate the impact of the prior year estimated rebate provided to taxpayers and is reported as part of the committed fund balance.

Amounts Available for Reappropriation

Section 4-1.05a.1 of Chapter 769 requires reappropriation of 2023 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. Chapter 769, 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, 2023, the following amounts have been committed: \$2.5 billion for capital outlay project needs; \$229.9 million for health care services; \$13.7 million for central capital planning; \$28.2 million for communication sales and use tax distributions; \$20.2 million for natural disaster sum sufficient amounts; \$695.3 million for mandatory reappropriations; \$644.5 million pending transfer to the Water Quality Improvement Fund; \$1.8 billion for the Revenue Reserve Fund; \$70,000 for the Taxpayer Relief Fund;

\$150.0 million for Interstate 64; \$50.0 million for Virginia Business Ready Sites; \$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 \$1.4 billion as available balances to meet the requirements of Chapter 769. The Department of Planning and Budget has also identified the following amounts to be assigned: \$942.5 million for discretionary reappropriations and \$2.1 billion for additional taxpayer relief and other budgetary priorities.

Additionally, restricted balances of \$8.0 million, committed balances of \$1.6 billion and assigned balances of \$89.2 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 \$335.4 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, 2023, \$408.7 million and \$104.7 million that represent ten percent of the revenue collected in excess of the official estimate as adjusted to eliminate the impact of the prior year estimated rebate provided to taxpayers, and ten percent of any unrestricted and uncommitted fund balance not required for reappropriation, respectively, have been committed. Additionally, \$88.8 million and \$42.2 million is reported as a component of committed fund balance, and represents ten percent of the 2022 revenue collected in excess of the official estimate reduced by the estimated rebate provided to taxpayers and ten percent of fiscal year 2022 unrestricted and uncommitted fund balance not required for reappropriation, respectively. The amounts resulting from the 2022 revenue collections will be transferred to the Water Quality Improvement Fund during fiscal year 2024, and those resulting from the 2023 revenue collections will be transferred during fiscal year 2025.

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.

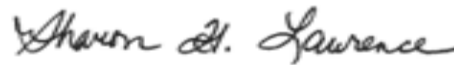
This preliminary report is presented on an unaudited basis. In preparing this report, we relied upon the internal accounting controls of the Commonwealth that are designed to provide management with reasonable, but not absolute, assurances that assets are safeguarded against loss from unauthorized use 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, 2023, 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, 2022, 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 37 consecutive years. In addition, Virginia received a companion award from the GFOA for its fiscal year 2022 Popular Report, entitled *Virginia Financial Perspective*. Virginia's Popular Report has received this award for 28 consecutive years.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sharon H. Lawrence".

Sharon H. Lawrence

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SUMMARY OF GENERAL FUND ACTIVITY

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Commonwealth of Virginia
Preliminary Balance Sheet
General Fund - Cash Basis (Unaudited)
June 30, 2023
(Dollars in Thousands)

Assets		
Cash, Cash Equivalents, and Investments	\$ 15,223,511	
Cash and Travel Advances	454	
Other Assets	323	
Due From Other Funds (Note 4)	<u>4,080</u>	
Total Assets		<u><u>\$ 15,228,368</u></u>
Liabilities and Fund Equity		
Liabilities:		
Payments Awaiting Disbursement	112,582	
Deposits Pending Distribution	17,042	
Due To Other Funds (Note 4)	<u>6,000</u>	
Total Liabilities		<u>\$ 135,624</u>
Fund Equity (Note 5):		
Restricted Fund Balance:		
Revenue Stabilization Fund (Note 6)	1,782,005	
Revenue Stabilization 2024 (Note 6)	904,652	
Lottery Proceeds Fund (Note 7)	17,932	
Water Supply Assistance Grant Fund	<u>7,987</u>	
Total Restricted Fund Balance		<u><u>2,712,576</u></u>
Committed Fund Balance (Note 8):		
Amount Required for Reappropriation of 2023 Unexpended Balances for Capital Outlay and Restoration Projects	2,460,339	
Virginia Health Care Fund	229,922	
Central Capital Planning Fund	13,717	
Communication Sales and Use Tax (Note 9)	28,231	
Commonwealth's Development Opportunity Fund	102,302	
Natural Disaster Sum Sufficient	20,165	
Amount Required for Mandatory Reappropriation	695,305	
Virginia Water Quality Improvement Fund (Note 10)	335,399	
Virginia Water Quality Improvement Fund - Part A 2022 (Note 10)	88,797	
Virginia Water Quality Improvement Fund - Part A 2023 (Note 10)	408,741	
Virginia Water Quality Improvement Fund - Part B 2022 (Note 10)	42,232	
Virginia Water Quality Improvement Fund - Part B 2023 (Note 10)	104,718	
Revenue Reserve Fund (Note 11)	1,545,772	
Revenue Reserve 2024 (Note 11)	289,585	
Taxpayer Relief Fund	70	
Interstate 64	150,000	
Virginia Business Ready Sites	50,000	
Major Headquarters Workforce Grant	35,500	
Local Government Fiscal Distress	750	
Educational and Training programs	559,082	
Economic and Technological Development	472,612	
Health and Public Safety	67,166	
Environmental Quality and Natural Resource Preservation	63,400	
Other	<u>7,034</u>	
Total Committed Fund Balance		<u><u>7,770,839</u></u>
Assigned Fund Balance (Note 8):		
Amount Required by Chapter 769	1,449,577	
Health and Public Safety	36,917	
Environmental Quality and Natural Resource Preservation	16,599	
Economic and Technological Development	8,572	
Educational and Training programs	6,529	
Amount Required for Discretionary Reappropriations	942,458	
Amount for Additional Taxpayer Relief and Other Budgetary Priorities	2,128,074	
Other	<u>20,603</u>	
Total Assigned Fund Balance		<u><u>4,609,329</u></u>
Total Fund Equity		<u><u>\$ 15,092,744</u></u>
Total Liabilities and Fund Balance		<u><u>\$ 15,228,368</u></u>

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, 2019 through June 30, 2023
(Dollars in Thousands)

	Year Ended				
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Revenues:					
Taxes:					
Individual and Fiduciary Income	\$ 18,983,556	\$ 20,410,206	\$ 17,303,666	\$ 15,351,592	\$ 15,226,471
Sales and Use	5,291,545	5,080,580	4,624,549	4,112,843	3,973,011
Corporation Income	2,031,120	1,978,697	1,515,692	1,011,650	943,391
Communications Sales and Use (Note 9)	292,848	301,446	314,768	347,101	361,023
Deeds, Contracts, Wills, and Suits	437,137	665,602	694,822	493,389	394,062
Premiums of Insurance Companies	450,877	426,830	363,105	360,588	382,018
Alcoholic Beverage Sales	307,412	300,153	296,059	267,214	240,776
Tobacco Products	246,132	278,626	286,632	153,638	151,289
Estate	-	27	810	80	191
Public Service Corporations	104,449	102,586	101,114	97,039	98,890
Other Taxes	100,080	88,835	46,116	35,873	47,197
Total Taxes	<u>28,245,156</u>	<u>29,633,588</u>	<u>25,547,333</u>	<u>22,231,007</u>	<u>21,818,319</u>
Rights and Privileges	126,834	113,371	95,255	94,695	93,225
Sales of Property and Commodities	28,879	20,185	19,507	39,463	25,021
Assessments and Receipts for Support of Special Services	5,514	5,897	5,960	5,813	5,808
Institutional Revenue	32,955	33,673	32,283	37,963	37,937
Interest, Dividends, and Rents	442,145	82,207	94,461	136,821	103,670
Fines, Forfeitures, Court Fees, Penalties, and Escheats	258,492	220,132	225,120	214,750	224,783
Federal Grants and Contracts	11,259	11,725	9,693	8,029	10,573
Receipts from Cities, Counties, and Towns	7,659	7,122	6,597	8,469	11,216
Private Donations, Gifts and Contracts	431	336	481	904	965
Tobacco Master Settlement	56,987	62,813	100,515	54,134	56,487
Other	466,650	403,039	293,859	223,456	203,940
Total Revenues (Note 2)	<u>29,682,961</u>	<u>30,594,088</u>	<u>26,431,064</u>	<u>23,055,504</u>	<u>22,591,944</u>
Expenditures:					
General Government	2,715,673	2,783,669	2,532,665	2,872,703	2,446,484
Education	12,708,311	11,330,277	9,968,154	9,526,097	9,109,073
Transportation	6,349	164	147	140	203
Resources and Economic Development	770,440	616,873	532,353	530,365	432,029
Individual and Family Services	8,809,425	7,369,472	7,051,802	6,884,183	7,208,024
Administration of Justice	3,447,349	3,142,616	3,000,321	2,983,904	2,904,663
Capital Outlay	144,107	59,151	2,898	4,535	2,575
Debt Service:					
Principal Retirement	35,256	20,571	-	-	-
Interest and Charges	2,834	2,904	-	-	-
Total Expenditures	<u>28,639,744</u>	<u>25,325,697</u>	<u>23,088,340</u>	<u>22,801,927</u>	<u>22,103,051</u>
Revenues Over (Under) Expenditures	<u>1,043,217</u>	<u>5,268,391</u>	<u>3,342,724</u>	<u>253,577</u>	<u>488,893</u>
Other Financing Sources (Uses):					
Transfers:					
Operating Transfers In	1,168,403	1,172,516	1,052,608	911,229	938,306
Operating Transfers Out	(493,910)	(570,986)	(414,818)	(439,543)	(414,827)
Total Other Financing Sources (Uses)	<u>674,493</u>	<u>601,530</u>	<u>637,790</u>	<u>471,686</u>	<u>523,479</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,717,710	5,869,921	3,980,514	725,263	1,012,372
Fund Balance, July 1					
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)	4,991,976	3,252,511	1,518,866	687,225	440,885
Fund Balance, July 1	<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>
Fund Balance, June 30					
Restricted (Note 5)	2,712,576	2,690,501	1,783,359	650,540	638,838
Committed (Note 5)	7,770,839	5,692,557	2,469,243	1,355,193	1,473,273
Assigned (Note 5)	4,609,329	4,991,976	3,252,511	1,518,866	687,225
Fund Balance, June 30	<u>\$ 15,092,744</u>	<u>\$ 13,375,034</u>	<u>\$ 7,505,113</u>	<u>\$ 3,524,599</u>	<u>\$ 2,799,336</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, 2023
(Dollars in Thousands)

	General Fund			Final Budget/ Actual Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ 16,732,600	\$ 16,732,435	\$ 18,983,556	\$ 2,251,121
Sales and Use	5,004,713	5,004,713	5,291,545	286,832
Corporation Income	1,737,000	1,737,000	2,031,120	294,120
Communications Sales and Use (Note 9)	335,000	335,000	292,848	(42,152)
Deeds, Contracts, Wills, and Suits	608,700	608,700	437,137	(171,563)
Premiums of Insurance Companies	406,100	406,100	450,877	44,777
Alcoholic Beverage Sales	303,600	303,600	307,412	3,812
Tobacco Products	292,300	292,300	246,132	(46,168)
Public Service Corporations	103,500	103,500	104,449	949
Other Taxes	70,201	70,201	100,080	29,879
Rights and Privileges	100,385	100,385	126,834	26,449
Sales of Property and Commodities	11,772	15,772	28,879	13,107
Assessments and Receipts for Support of Special Services	6,321	6,321	5,514	(807)
Institutional Revenue	57,791	57,791	32,955	(24,836)
Interest, Dividends, and Rents	101,798	101,798	442,145	340,347
Fines, Forfeitures, Court Fees, Penalties, and Escheats	230,221	230,221	258,492	28,271
Federal Grants and Contracts	10,642	10,642	11,259	617
Receipts from Cities, Counties, and Towns	7,800	7,800	7,659	(141)
Private Donations, Gifts and Contracts	284	284	431	147
Tobacco Master Settlement	47,500	47,500	56,987	9,487
Other	322,186	322,141	466,650	144,509
Total Revenues (Note 2)	<u>26,490,414</u>	<u>26,494,204</u>	<u>29,682,961</u>	<u>3,188,757</u>
Expenditures:				
Current:				
General Government	3,173,670	3,082,613	2,715,673	366,940
Education	12,981,404	13,733,020	12,708,311	1,024,709
Transportation	41,534	235,962	6,349	229,613
Resources and Economic Development	1,213,811	1,396,977	770,440	626,537
Individual and Family Services	8,870,145	9,196,115	8,809,425	386,690
Administration of Justice	3,467,469	3,694,067	3,447,349	246,718
Capital Outlay	123,547	849,464	144,107	705,357
Debt Service:				
Principal Retirement	35,256	35,256	35,256	-
Interest and Charges	2,834	2,834	2,834	-
Total Expenditures	<u>29,909,670</u>	<u>32,226,308</u>	<u>28,639,744</u>	<u>3,586,564</u>
Revenues Over (Under) Expenditures	<u>(3,419,256)</u>	<u>(5,732,104)</u>	<u>1,043,217</u>	<u>6,775,321</u>
Other Financing Sources (Uses):				
Transfers:				
Operating Transfers In	1,075,378	1,075,380	1,168,403	93,023
Operating Transfers Out	<u>(468,273)</u>	<u>(468,273)</u>	<u>(493,910)</u>	<u>(25,637)</u>
Total Other Financing Sources (Uses)	<u>607,105</u>	<u>607,107</u>	<u>674,493</u>	<u>67,386</u>
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(2,812,151)	(5,124,997)	1,717,710	6,842,707
Fund Balance, July 1	<u>13,375,034</u>	<u>13,375,034</u>	<u>13,375,034</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 10,562,883</u>	<u>\$ 8,250,037</u>	<u>\$ 15,092,744</u>	<u>\$ 6,842,707</u>

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, 2023
(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	\$ 59,457	\$ 98,951	\$ 50,233	\$ 48,718
Financial Assistance to Localities -- From Sale of Alcoholic Beverages and Other Distributions	30,380	11,439	11,203	236
Financial Assistance for Special State Revenue Sharing -- From Sales Tax	1,843,100	1,933,574	1,874,357	59,217
Cash Management Improvement Act Payment to the Federal Government	496	496	496	-
Totals	<u>\$ 1,933,433</u>	<u>\$ 2,044,460</u>	<u>\$ 1,936,289</u>	<u>\$ 108,171</u>

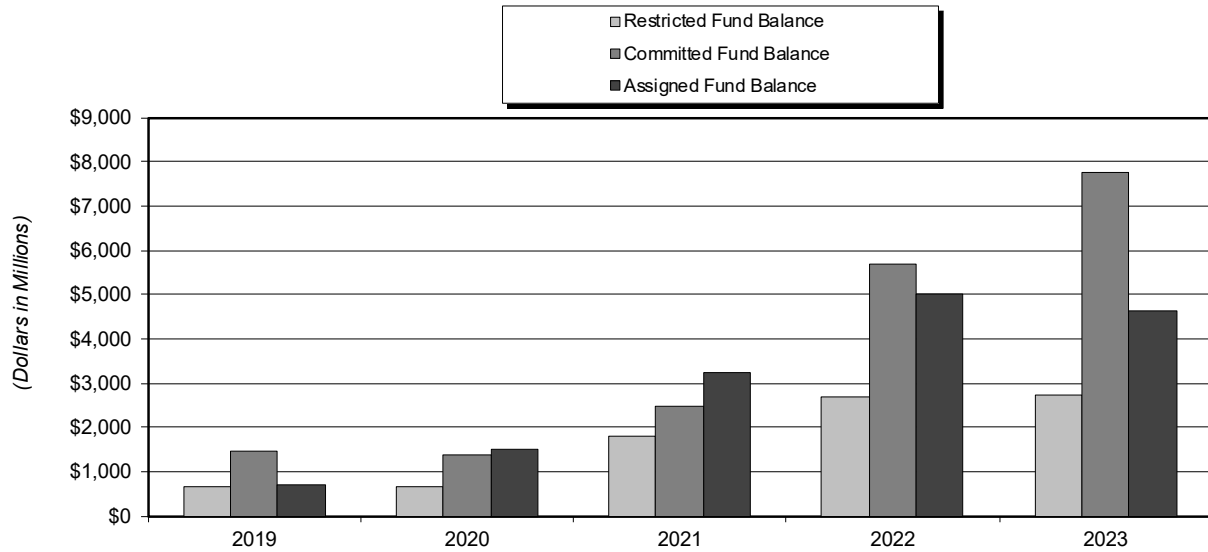
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**GENERAL FUND GRAPHICS AND SUPPLEMENTAL
SCHEDULES**

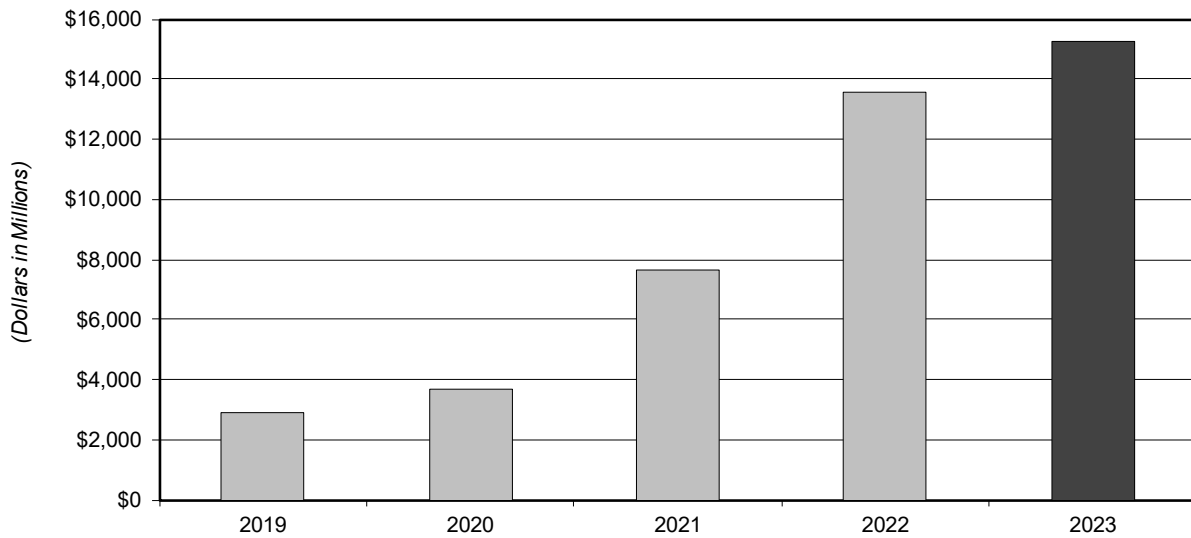


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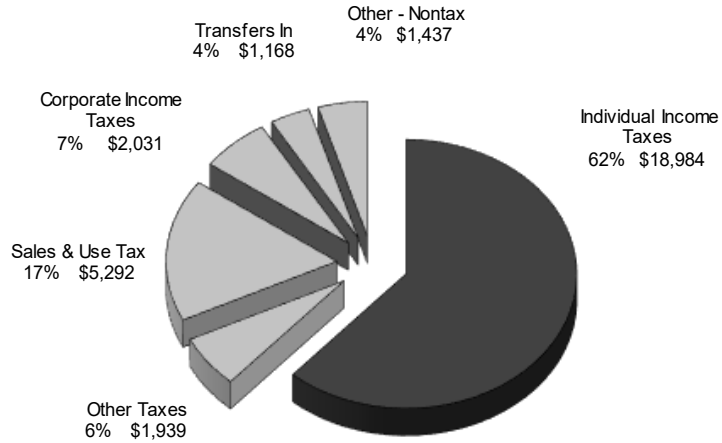
**General Fund
Fund Balance
Fiscal Years 2019-2023**



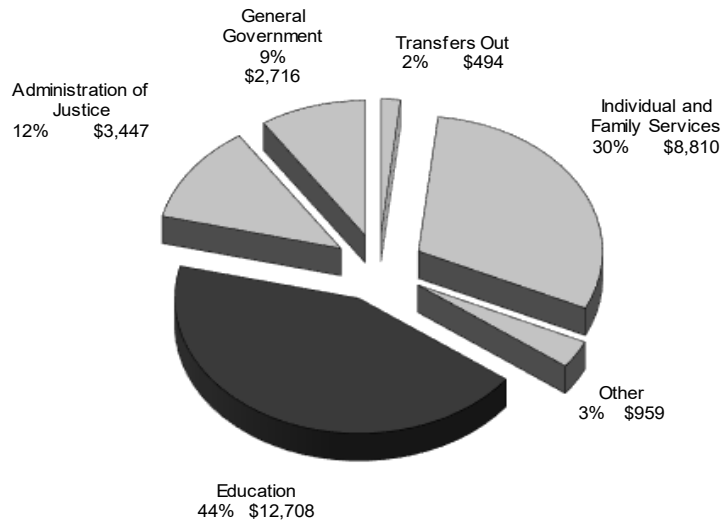
**General Fund
Cash, Cash Equivalents, and Investments
Fiscal Years 2019-2023**



**General Fund
Revenues by Revenue Class and Other Sources
Fiscal Year 2023
(Dollars in Millions)**

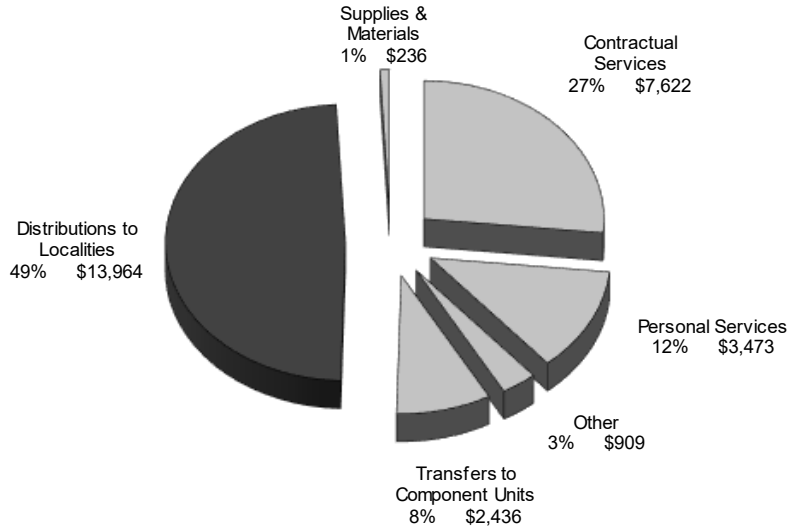


**General Fund
Expenditures by Function and Other Uses
Fiscal Year 2023
(Dollars in Millions)**

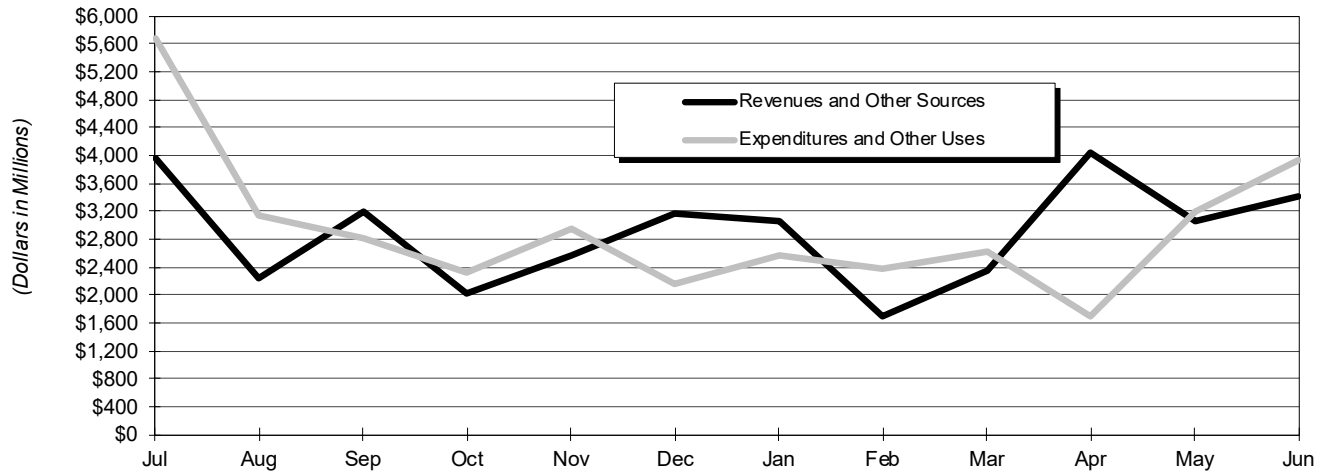


Note: General Government expenditures include \$950.0 million paid to localities pursuant to the Personal Property Tax Relief Act of 1998 and \$292.1 million in communication sales tax distributions. This represents 45.7 percent of the General Government expenditures.

**General Fund
Expenditures by Object
Fiscal Year 2023
(Dollars in Millions)**



**General Fund
Revenues and Other Sources and
Expenditures and Other Uses by Month
Fiscal Year 2023**



Note: July expenditures include \$1.4 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 2023
(Dollars in Thousands)

Function:	Significant Service Area:	Amount	Totals
Education	Grades K-12	\$ 9,380,566	
	Higher Education	3,001,859	
	Virginia Retirement System - Public School Teacher Plans	151,461	
	Other	174,425	
		<u>12,708,311</u>	\$ 12,708,311
Individual and Family Services	Medical Assistance Services	6,536,049	
	Behavioral Health and Developmental Services	1,098,938	
	Social Services	476,233	
	Children's Services	285,378	
	Health	226,380	
	Other	186,447	
	<u>8,809,425</u>	8,809,425	
Administration of Justice	Corrections	1,845,093	
	Sheriffs and Inmate Confinement - Compensation Board	583,742	
	Courts	487,608	
	State Police	404,625	
	Other	126,281	
		<u>3,447,349</u>	3,447,349
General Government	Car Tax Relief (PPTRA)	950,000	
	Debt Service - Component Units	529,689	
	Communication Sales Tax Distribution	292,058	
	Constitutional Officers - Compensation Board	211,751	
	Criminal Justice - Locality Assistance	210,751	
	Virginia Retirement System - Various State Employee Plans	123,848	
	Tax Administration	115,647	
	Other	281,929	
		<u>2,715,673</u>	2,715,673
	Resources and Economic Development	Conservation and Recreation	204,743
Housing and Community Development		110,471	
Economic Development Partnership		93,166	
Environmental Quality		70,745	
Innovation Partnership Authority		47,865	
Agriculture		45,123	
Historic Resources		30,888	
Tourism		27,465	
Forestry		24,157	
Marine Resources		17,060	
Energy		15,738	
Labor and Industry		14,998	
Health - Water Improvement and Environmental Safety		12,017	
Social Services - Regulation of Facilities and Services		9,729	
Fort Monroe		7,125	
Other		39,150	
		<u>770,440</u>	770,440
Other	Capital Outlay	144,107	
	Transportation	6,349	
	Debt Service - Principal Retirement	35,256	
	Debt Service - Interest and Charges	2,834	
	<u>188,546</u>	188,546	
		<u>\$ 28,639,744</u>	<u>\$ 28,639,744</u>

General Fund
Other Financing Sources and Uses by Significant Service Area
Fiscal Year 2023
(Dollars in Thousands)

Other Financing Sources (Transfers In):

Significant Service Area	Amount	Total
Lottery	\$ 784,672	
ABC Transfers	238,847	
Transfers from Other Funds	144,884	
		\$ 1,168,403

Other Financing Uses (Transfers Out):

Significant Service Area	Amount	Total
Debt Service	\$ 411,735	
Transfers to Other Funds	82,175	
		\$ 493,910

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GENERAL FUND NOTES



COMMONWEALTH OF VIRGINIA

NOTES TO PRELIMINARY FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023.

B. Budget

Budgetary amounts shown in the General Fund Statement of Revenue Collections and Estimates represent Chapter 2, 2022 Acts of Assembly Special Session I (original), and Chapter 769, 2023 Acts of Assembly Reconvened Session (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, 2023. 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	\$ 26,494,204	\$ 29,682,961
Amount per Monthly Statement of Revenue	24,871,135	27,909,932
	<u>\$ 1,623,069</u>	<u>\$ 1,773,029</u>
Variance Attributable to the Following:		
Public Education Standards of Quality Fund - Sales and Use Tax revenue included on the Preliminary Financial Statements	\$ 506,913	\$ 557,007
Virginia Communications Sales and Use Tax Fund - Sales and Use Tax revenue included on the Preliminary Financial Statements	335,000	292,848
Virginia Water Quality Improvement Fund - Deeds, Contracts, Wills & Suits Tax revenue included on the Preliminary Financial Statements	15,000	6,584
Virginia Health Care Fund - Tobacco Products Tax revenue included on the Preliminary Financial Statements	292,300	246,132
Virginia Communications Sales and Use Tax Fund - Rights and Privileges revenue included on the Preliminary Financial Statements	475	561
Revenue Stabilization Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	13,349
Lottery Proceeds Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	1,765	3,495
Water Supply Assistance Grant Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	49	93
Revenue Reserve Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	38,202
Taxpayer Relief Fund - Other Revenue included on the Preliminary Financial Statements	-	8
Virginia Water Quality Improvement Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	647	6,820
Commonwealth's Development Opportunity Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	1,584
Virginia Communications Sales and Use Tax Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	-	450
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	5
Virginia Water Quality Improvement Fund - Private Donations, Gifts and Contracts revenue included on the Preliminary Financial Statements	25	20
Virginia Health Care Fund - Tobacco Master Settlement revenue included on the Preliminary Financial Statements	47,500	56,987
Virginia Health Care Fund - Medicaid claims payable recoveries included as other revenue on the Preliminary Financial Statements	271,301	389,745
Commonwealth's Development Opportunity Fund - Other Revenue included on the Preliminary Financial Statements	-	7,549
Virginia Water Quality Improvement Fund - Other revenue included on the Preliminary Financial Statements	28	8,126
Lottery Proceeds Fund - Other revenue included on the Preliminary Financial Statements	-	27
Transfers from Fiduciary Funds and Component Units included in revenue on the Preliminary Financial Statements	6,681	8,729
Other items included in revenue on the Preliminary Financial Statements	145,376	134,708
	<u>\$ 1,623,069</u>	<u>\$ 1,773,029</u>

3. **APPROPRIATION ACT TRANSFERS**

For fiscal year ended June 30, 2023, Appropriation Act transfers are \$1.6 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	\$ 1,075,631 (a)
Transfers Out	(21,588)
Intrafund Transfers between General Fund and:	
Public Education Standards of Quality Fund	557,007
Other Nongeneral Funds	19,457
Revenue - Other	3,108
Total Appropriation Act Transfers	<u>\$ 1,633,615</u>

(a) Includes ABC transfers of approximately \$238.8 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 2023, 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 \$904.7 million is required during fiscal year 2024 based on fiscal year 2022 revenue collections reduced by the estimated rebate provided to taxpayers as required by Chapter 1, Item 3-5.24. No deposit is required based on fiscal year 2023 revenue collections, adjusted to include the prior year estimated rebate to taxpayers.

In addition, Chapter 769, Item 267. D2, appropriates \$498.7 million from the Revenue Reserve Fund to be deposited to the Revenue Stabilization Fund during fiscal year 2024. This amount was provided in Chapter 1, 2022 Acts of Assembly Special Session I, as an advanced reservation for the fiscal year 2024 mandatory deposit. 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. No such deposit is required since the specified criteria were not met for fiscal year 2023.

The Revenue Stabilization Fund has principal and interest on deposit of \$1.8 billion 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 2023 is included in the Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance. The remaining cash balance of \$17.9 million is restricted as a component of the General Fund balance.

Additionally, \$784.7 million, which included the estimated net income for fiscal year 2023 of \$781.2 million and the residual transfer of \$3.5 million related to fiscal year 2022 net income, was deposited into the Lottery Proceeds Fund during fiscal year 2023 in accordance with Chapter 769, Section 3-1.01G. The final audited residual net profit, estimated at \$86.2 million will be deposited in fiscal year 2024.

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, 2023, the breakdown of Other Committed Fund Balance is as follows.

Other Committed	Amount (In Thousands)
Capital Outlay	\$ 4,442
Agriculture and Forestry	2,090
Governmental Operations - Administrative Services	289
Contract and Debt Administration	213
Total Other Committed Fund Balance	<u>\$ 7,034</u>

B. OTHER ASSIGNED FUND BALANCE

As of June 30, 2023, the breakdown of Other Assigned Fund Balance is as follows.

Other Assigned	Amount (In Thousands)
Governmental Operations - Administrative Services	\$ 10,867
Governmental Operations - Legislative Services	5,262
Employee Benefit Administration	2,545
Capital Outlay	1,076
COVID-19	837
Regulatory Oversight	9
Transportation Activities	4
Agriculture and Forestry	3
Total Other Assigned Fund Balance	<u>\$ 20,603</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 \$28.2 million is reported as committed fund balance.

10. VIRGINIA WATER QUALITY IMPROVEMENT FUND

Section 10.1-2128 of the *Code of Virginia* established the Virginia Water Quality Improvement Fund. The Fund has \$335.4 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, 2023, \$408.7 million and \$104.7 million that represent ten percent of the revenue collected in excess of the official estimate as adjusted to eliminate the impact of the prior year estimated rebate provided to taxpayers, and ten percent of any unrestricted and uncommitted fund balance not required for reappropriation, respectively, have been committed. Additionally, \$88.8 million and \$42.2 million is reported as a component of committed fund balance, and represents ten percent of the 2022 revenue collected in excess of the official estimate reduced by the estimated rebate provided to taxpayers and ten percent of fiscal year 2022 unrestricted and uncommitted fund balance not required for reappropriation, respectively. The amounts resulting from the 2022 revenue

collections will be transferred to the Water Quality Improvement Fund during fiscal year 2024, and those resulting from the 2023 revenue collections will be transferred during fiscal year 2025.

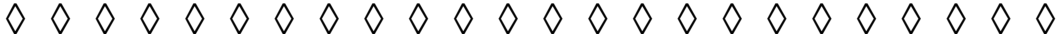
11. REVENUE RESERVE FUND

As of June 30, 2023, 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 769, Item 267. D2, 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 the 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. The amount to be deposited shall not exceed one percent of the general fund revenues collected in the prior fiscal year. The Department of Planning and Budget has identified a deposit of \$289.6 million to be made during fiscal year 2024. This amount represents the fiscal year 2023 revenue collected in excess of the estimate reduced by the statutory deposit to the Water Quality Fund for excess revenues. Additionally, this amount is subject to the one percent statutory limit adjusted to eliminate the impact of the prior year estimated rebate provided to taxpayers and is reported as part of the committed fund balance.

Additionally, 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.

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. **Other Assets** – Amounts for balances that are miscellaneous in nature that are not specifically classified elsewhere.
4. **Due From Other Funds** – Amounts to be received from other nongeneral funds.
5. **Payments Awaiting Disbursement** – This represents amounts where a payment has been recorded in the general ledger and the disbursement has not yet been made.
6. **Deposits Pending Distribution** – This represents miscellaneous amounts held by several agencies in suspense accounts pending distribution.
7. **Due to Other Funds** – Amounts owed to other nongeneral funds.
8. **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.
9. **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 2023 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, or required for future 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.
 - **Interstate 64, Virginia Business Ready Sites, 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.
 - **Educational and Training Programs** – This portion of fund balance represents amounts that will be used to promote and improve the Commonwealth’s educational and training programs.
 - **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 that will be used to improve and preserve the Commonwealth’s natural resources.
10. **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 769** – 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.
 - **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.
 - **Amount Required for Discretionary Reappropriation** – This portion of fund balance represents fiscal year 2023 unexpended appropriations which the Department of Planning and Budget anticipates reappropriating in the next fiscal year.
 - **Amount for Additional Taxpayer Relief and Other Budgetary Priorities** – This portion of fund balance represents the amount that is anticipated to be used to provide additional taxpayer relief in future years and other budgetary priorities. This taxpayer relief is separate from the 2019 Taxpayer Relief Fund.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Revenues:

11. **Taxes** – Charges of money imposed by the Commonwealth on persons or property for public purposes.
12. **Rights and Privileges** – Registration fees, licenses, and permits. Examples include domestic and foreign corporate registration fees and marriage licenses.
13. **Sales of Property and Commodities** – Revenue collected from sales of Commonwealth assets and goods. Examples include sales of State publications.
14. **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.
15. **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.
16. **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.
17. **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.
18. **Federal Grants and Contracts** – Revenue collected from the Federal government that can be used for any purpose within the mission of the receiving agencies.
19. **Receipts from Cities, Counties, and Towns** – Revenue collected from city and county treasurers representing miscellaneous fees and allowances of local law enforcement officials.
20. **Private Donations, Gifts, and Contracts** – This amount represents donations and grants from individuals and private companies to State programs.
21. **Tobacco Master Settlement** – This amount represents the revenue generated from the Tobacco Master Settlement Agreement with tobacco companies.
22. **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:

23. **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 I (2004), the General Assembly established a limit of \$950.0 million on the amount for personal property tax relief beginning with fiscal year 2007.
24. **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.
25. **Transportation** – Expenditures related to the movement of people, goods, and services and their regulation. Examples include ground, water and air transportation.

- 26. **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.
- 27. **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.
- 28. **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.
- 29. **Capital Outlay** – Construction and preparation of Commonwealth assets.
- 30. **Debt Service Principle Retirement** – Expenditures associated with the retirement of long-term debt principal for the current fiscal year associated with installment purchases, leases, subscription-based information technology arrangements, debt not accounted for in the Debt Service Fund etc.
- 31. **Debt Service Interest and Charges** – Expenditures associated with the payment of interest and charges relating to long-term debt for the current fiscal year associated with installment purchases, leases, subscription-based information technology arrangements, debt not accounted for in the Debt Service Fund etc.

Other Financing Sources (Uses):

- 32. **Operating Transfers In** – This balance reflects transfers in from other nongeneral funds.
- 33. **Operating Transfers Out** – This balance represents transfers from the General Fund to other nongeneral funds which includes transfers to the Debt Service Fund.



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**