COMMONWEALTH OF VIRGINIA

GENERAL FUND
PRELIMINARY (UNAUDITED)
ANNUAL REPORT

For the Fiscal Year Ended June 30, 2026

Presented on a Cash Basis

Sharon H. Lawrence
Comptroller
August 14, 2026

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COMMONWEALTH of VIRGINIA

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August 14, 2026

The Honorable Abigail D. Spanberger
Governor
Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor Spanberger:

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, 2026.

The Commonwealth ended fiscal year 2026 with a total fund balance in the General Fund of $14.8 billion measured on the cash basis of accounting. This is a decrease of $592.9 million from last year's ending fund balance of $15.4 billion. Planned (budgeted) decreases in the General Fund balance for this year were $5.4 billion. The difference between the planned decrease and actual decrease is primarily attributed to revenue collections and other sources being approximately $1.4 billion more than expected and expenditures and other uses being approximately $3.5 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 (GASBS No. 54), *Fund Balance Reporting and Governmental Fund Type Definitions.* Accordingly, $3.1 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 $3.0 billion restricted as a part of General Fund balance. No deposit is required during fiscal year 2027 based on fiscal year 2025 revenue collections. However, a deposit of $110.5 million is required during fiscal year 2028 based on fiscal year 2026 revenue collections.

<u>Revenue Reserve Fund</u>

The Revenue Reserve Fund is routinely segregated from the General Fund, but Virginia law directs that the Revenue Reserve Fund be included as a component of the General Fund for financial reporting purposes. Therefore, it is included here as both a cash asset and as a committed component of fund balance.

Section 2.2-1831.2 of the *Code of Virginia* established the Revenue Reserve Fund. As of June 30, 2026, the fund has principal and interest on deposit of $1.3 billion committed as part of the General 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.

A deposit of $312.3 million was made during fiscal year 2026. This amount represents the fiscal year 2025 revenue collected in excess of the estimate reduced by the amounts appropriated in Chapter 725, for the $20.0 million committed for the 2025 Virginia military survivors and dependents education program, as well as the statutory deposit to the Water Quality Fund for excess revenues. A withdrawal of $999.1 million was made during fiscal year 2026 pursuant to Chapter 7, 2026 Acts of Assembly, Section 3-1.01 J.1.3. Additional information is located in Note 11.

<u>Amounts Available for Reappropriation</u>

Section 4-1.05a.1 of Chapter 7, 2026 Acts of Assembly requires reappropriation of 2026 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, 2026, the following amounts have been committed: $2.3 billion for capital outlay project needs; $16.6 million for health care services; $47.5 million for central capital planning; $29.9 million for communication sales and use tax distributions; $43.6 million for natural disaster sum sufficient amounts; $1.3 billion for mandatory reappropriations; $585.5 million for excess revenue reserved for FY 2027 Balances; $242.8 million for supplant of bond-funds; $148.5 million pending transfer to the Water Quality Improvement Fund; $1.3 billion for the Revenue Reserve Fund; $70,000 for the Taxpayer Relief Fund; $3.3 million for the Individual Income Tax Rebate Fund; and $750,000 for local government fiscal distress relief.

In addition, the Department of Planning and Budget has identified $2.3 billion as available balances to meet the requirements of Chapter 7, 2026 Acts of Assembly. The Department of Planning and Budget has also identified $393.4 million to be assigned for discretionary reappropriations. As of June 30, 2026, sufficient cash is not available to assign the entire discretionary amount. Therefore, $365.0 million is assigned on the accompanying Balance Sheet as the amount available for discretionary reappropriations.

Additionally, restricted balances of $28.1 million, committed balances of $2.9 billion and assigned balances of $140.3 million are being reported due to the inclusion of additional funds pursuant to GASBS No. 54.

<u>Virginia Water Quality Improvement Fund</u>

Section 10.1-2128 of the *Code of Virginia* established the Virginia Water Quality Improvement Fund. The Fund has $614.3 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, 2026, the General Fund revenues collected in excess of the official estimate were committed for appropriated amounts pursuant to Chapter 1, 2026 Acts of Assembly, Special Session I, Item 471 J, for the excess revenue reserve and bond fund supplants. Therefore, no commitment is required for Water Quality Part A. The Balance Sheet reflects $40.6 million as a component of committed fund balance representing ten percent of any unrestricted and uncommitted fund balance not required for reappropriation. Additional information is located in Note 10.

<u>Basis of Presentation</u>

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, assurance 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.

<u>Final Report and Award</u>

The final Annual Report of the Comptroller, due on December 15, 2026, 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, 2025, 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 40 consecutive years. In addition, Virginia received a companion award from the GFOA for its fiscal year 2025 Popular Report, entitled *Virginia Financial Perspective*. Virginia’s Popular Report has received this award for 31 consecutive years.

Respectfully submitted,

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, 2026
(Dollars in Thousands)

Assets		
Cash, Cash Equivalents, and Investments	$ 15,017,372	
Cash and Travel Advances	407	
Other Assets	645	
Due From Other Funds (Note 4)	5,780	
Total Assets		$ 15,024,204
Liabilities and Fund Equity		
Liabilities:		
Payments Awaiting Disbursement	151,247	
Deposits Pending Distribution	12,922	
Due To Other Funds (Note 4)	16,256	
Total Liabilities		$ 180,425
Fund Equity (Note 5):		
Restricted Fund Balance:		
Revenue Stabilization Fund (Note 6)	3,000,618	
Revenue Stabilization Fund 2028 (Note 6)	110,526	
Lottery Proceeds Fund (Note 7)	14,115	
Water Supply Assistance Grant Fund	28,139	
Total Restricted Fund Balance	3,153,398	
Committed Fund Balance (Note 8):		
Amount Required for Reappropriation of 2026 Unexpended Balances for Capital Outlay and Restoration Projects	2,321,786	
Virginia Health Care Fund	16,606	
Central Capital Planning Fund	47,499	
Communication Sales and Use Tax (Note 9)	29,899	
Commonwealth's Development Opportunity Fund	161,694	
Natural Disaster Sum Sufficient	43,642	
Amount Required for Mandatory Reappropriation	1,275,749	
Excess Revenue Reserved for FY 2027 Balances	585,500	
Supplant of Bond-Funds	242,787	
Virginia Water Quality Improvement Fund (Note 10)	614,327	
Virginia Water Quality Improvement Fund - Part A 2025 (Note 10)	55,200	
Virginia Water Quality Improvement Fund - Part B 2025 (Note 10)	52,695	
Virginia Water Quality Improvement Fund - Part B 2026 (Note 10)	40,559	
Revenue Reserve Fund (Note 11)	1,257,430	
Taxpayer Relief Fund	70	
Individual Income Tax Rebate	3,288	
Local Government Fiscal Distress	750	
Economic and Technological Development	1,013,549	
Educational and Training programs	650,131	
Health and Public Safety	154,811	
Environmental Quality and Natural Resource Preservation	98,179	
Transportation Activities	74,305	
Other	128,221	
Total Committed Fund Balance	8,868,677	
Assigned Fund Balance (Notes 8 and 12):		
Amount Required by Chapter 7	2,316,399	
Health and Public Safety	54,256	
Economic and Technological Development	20,465	
Environmental Quality and Natural Resource Preservation	19,751	
Employee Benefit Administration	9,504	
Educational and Training programs	8,424	
Amount Required for Discretionary Reappropriations	365,027	
Other	27,878	
Total Assigned Fund Balance	2,821,704	
Total Fund Equity		$ 14,843,779
Total Liabilities and Fund Balance		$ 15,024,204

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, 2022 through June 30, 2026
(Dollars in Thousands)

	Year Ended				
	June 30, 2026	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**
Revenues:					
Taxes:					
Individual and Fiduciary Income	$ 23,724,600	$ 21,892,442	$ 20,310,406	$ 18,983,556	$ 20,410,206
Sales and Use	5,749,924	5,400,646	5,283,586	5,291,545	5,080,580
Corporation Income	1,904,762	1,878,586	1,907,065	2,031,120	1,978,697
Communications Sales and Use (Note 9)	264,715	273,348	277,892	292,848	301,446
Deeds, Contracts, Wills, and Suits	547,178	477,680	412,602	437,137	665,602
Premiums of Insurance Companies	514,747	541,452	468,192	450,877	426,830
Alcoholic Beverage Sales	297,999	308,440	314,127	307,412	300,153
Tobacco Products	192,394	210,822	224,958	246,132	278,626
Estate	20	990	—	—	27
Public Service Corporations	120,227	114,467	106,903	104,449	102,586
Other Taxes	284,757	220,041	203,376	100,080	88,835
Total Taxes	33,601,323	31,318,914	29,509,107	28,245,156	29,633,588
Rights and Privileges	119,763	138,068	120,841	126,834	113,371
Sales of Property and Commodities	22,173	25,222	46,429	28,879	20,185
Assessments and Receipts for Support of Special Services	7,767	7,240	8,052	5,514	5,897
Institutional Revenue	41,794	39,283	38,912	32,955	33,673
Interest, Dividends, and Rents	850,528	912,071	969,643	442,145	82,207
Fines, Forfeitures, Court Fees, Penalties, and Escheats	281,830	258,615	258,227	258,492	220,132
Federal Grants and Contracts	16,386	11,382	11,547	11,259	11,725
Receipts from Cities, Counties, and Towns	9,588	9,073	8,358	7,659	7,122
Private Donations, Gifts and Contracts	606	407	791	431	336
Tobacco Master Settlement	45,753	48,210	50,822	56,987	62,813
Other	318,858	393,032	341,127	466,650	403,039
Total Revenues (Note 2)	35,316,369	33,161,517	31,363,856	29,682,961	30,594,088
Expenditures:					
General Government	3,720,550	2,744,034	3,578,649	2,715,673	2,783,669
Education	15,187,521	14,903,673	13,687,155	12,708,311	11,330,277
Transportation	120,571	155,523	20,574	6,349	164
Resources and Economic Development	1,062,658	1,066,196	918,748	770,440	616,873
Individual and Family Services	11,762,452	10,722,627	9,063,203	8,809,425	7,369,472
Administration of Justice	4,072,985	3,876,512	3,692,419	3,447,349	3,142,616
Capital Outlay	780,335	523,170	376,807	144,107	59,151
Debt Service:					
Principal Retirement	35,712	27,430	24,589	35,256	20,571
Interest and Charges	5,643	6,014	4,675	2,834	2,904
Total Expenditures	36,748,427	34,025,179	31,366,819	28,639,744	25,325,697
Revenues Over (Under) Expenditures	(1,432,058)	(863,662)	(2,963)	1,043,217	5,268,391
Other Financing Sources (Uses):					
Transfers:					
Operating Transfers In	1,303,898	1,552,420	1,278,203	1,168,403	1,172,516
Operating Transfers Out	(464,753)	(813,965)	(806,085)	(493,910)	(570,986)
Total Other Financing Sources (Uses)	839,145	738,455	472,118	674,493	601,530
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(592,913)	(125,207)	469,155	1,717,710	5,869,921
Fund Balance, July 1					
Restricted (Note 5)	2,935,340	2,804,457	2,712,576	2,690,501	1,783,359
Committed (Note 5)	11,063,791	9,071,466	7,770,839	5,692,557	2,469,243
Assigned (Note 5)	1,437,561	3,685,976	4,609,329	4,991,976	3,252,511
Fund Balance, July 1	15,436,692	15,561,899	15,092,744	13,375,034	7,505,113
Fund Balance, June 30					
Restricted (Note 5)	3,153,398	2,935,340	2,804,457	2,712,576	2,690,501
Committed (Note 5)	8,868,677	11,063,791	9,071,466	7,770,839	5,692,557
Assigned (Note 5)	2,821,704	1,437,561	3,685,976	4,609,329	4,991,976
Fund Balance, June 30	$ 14,843,779	$ 15,436,692	$ 15,561,899	$ 15,092,744	$ 13,375,034

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, 2026
(Dollars in Thousands)

	General Fund				
	Original Budget	**Final Budget**	**Variance with Original Budget - over(under) Final Budget**	**Actual**	**Variance with Final Budget - over(under) Actual**
Revenues:					
Taxes:					
Individual and Fiduciary Income	$ 21,714,200	$ 22,908,200	$ 1,194,000	$ 23,724,600	$ 816,400
Sales and Use	5,596,252	5,574,452	(21,800)	5,749,924	175,472
Corporation Income	2,025,500	1,974,300	(51,200)	1,904,762	(69,538)
Communications Sales and Use (Note 9)	275,000	276,829	1,829	264,715	(12,114)
Deeds, Contracts, Wills, and Suits	563,500	480,600	(82,900)	547,178	66,578
Premiums of Insurance Companies	503,700	536,900	33,200	514,747	(22,153)
Alcoholic Beverage Sales	317,500	305,700	(11,800)	297,999	(7,701)
Tobacco Products	223,000	195,400	(27,600)	192,394	(3,006)
Estate	—	—	—	20	20
Public Service Corporations	109,900	117,900	8,000	120,227	2,327
Other Taxes	224,437	261,969	37,532	284,757	22,788
Rights and Privileges	129,239	149,808	20,569	119,763	(30,045)
Sales of Property and Commodities	20,133	22,755	2,622	22,173	(582)
Assessments and Receipts for Support of Special Services	7,445	7,355	(90)	7,767	412
Institutional Revenue	58,024	46,948	(11,076)	41,794	(5,154)
Interest, Dividends, and Rents	1,079,298	588,110	(491,188)	850,528	262,418
Fines, Forfeitures, Court Fees, Penalties, and Escheats	268,374	260,172	(8,202)	281,830	21,658
Federal Grants and Contracts	15,920	15,920	—	16,386	466
Receipts from Cities, Counties, and Towns	8,300	8,400	100	9,588	1,188
Private Donations, Gifts and Contracts	228	332	104	606	274
Tobacco Master Settlement	50,800	46,480	(4,320)	45,753	(727)
Other	194,027	212,786	18,759	318,858	106,072
Total Revenues (Note 2)	33,384,777	33,991,316	606,539	35,316,369	1,325,053
Expenditures:					
Current:					
General Government	3,272,562	4,198,253	925,691	3,720,550	(477,703)
Education	15,153,560	15,806,709	653,149	15,187,521	(619,188)
Transportation	23,895	211,583	187,688	120,571	(91,012)
Resources and Economic Development	729,982	1,535,110	805,128	1,062,658	(472,452)
Individual and Family Services	11,223,084	12,198,963	975,879	11,762,452	(436,511)
Administration of Justice	3,822,047	4,192,592	370,545	4,072,985	(119,607)
Capital Outlay	1,559,419	2,060,051	500,632	780,335	(1,279,716)
Debt Service:					
Principal Retirement	35,712	35,712	—	35,712	—
Interest and Charges	5,643	5,643	—	5,643	—
Total Expenditures	35,825,904	40,244,616	4,418,712	36,748,427	(3,496,189)
Revenues Over (Under) Expenditures	(2,441,127)	(6,253,300)	(3,812,173)	(1,432,058)	4,821,242
Other Financing Sources (Uses):					
Transfers:					
Operating Transfers In	1,195,680	1,276,273	80,593	1,303,898	27,625
Operating Transfers Out	(458,981)	(460,498)	(1,517)	(464,753)	(4,255)
Total Other Financing Sources (Uses)	736,699	815,775	79,076	839,145	23,370
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,704,428)	(5,437,525)	(3,733,097)	(592,913)	4,844,612
Fund Balance, July 1	15,436,692	15,436,692	—	15,436,692	—
Fund Balance, June 30	$ 13,732,264	$ 9,999,167	$ (3,733,097)	$ 14,843,779	$ 4,844,612

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, 2026
(Dollars in Thousands)

	Original Budget Appropriations	Final Budget Appropriations	Actual Expenditures	Amount (Over) Under Final Budget
Enactment of Laws	$ 65,281	$ 126,705	$ 68,747	$ 57,958
Financial Assistance to Localities -- From Sale of Alcoholic Beverages and Other Distributions	30,380	13,904	13,457	447
Financial Assistance for Special State Revenue Sharing -- From Sales Tax	1,821,500	1,869,176	1,869,176	—
Cash Management Improvement Act Payment to the Federal Government	13,491	13,491	13,491	—
Totals	$ 1,930,652	$ 2,023,276	$ 1,964,871	$ 58,405

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GENERAL FUND GRAPHICS AND SUPPLEMENTAL SCHEDULES

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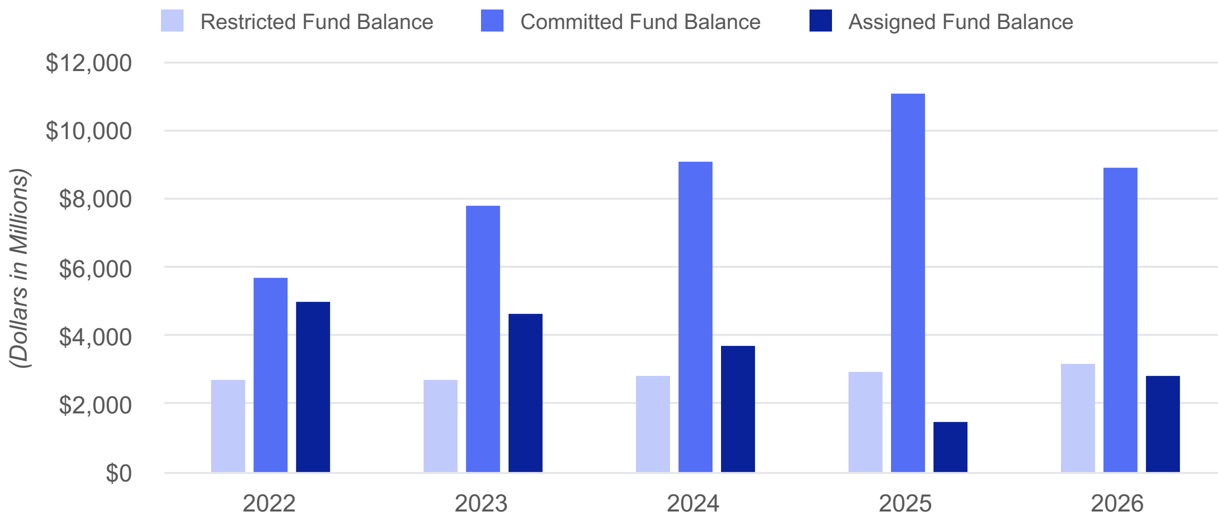
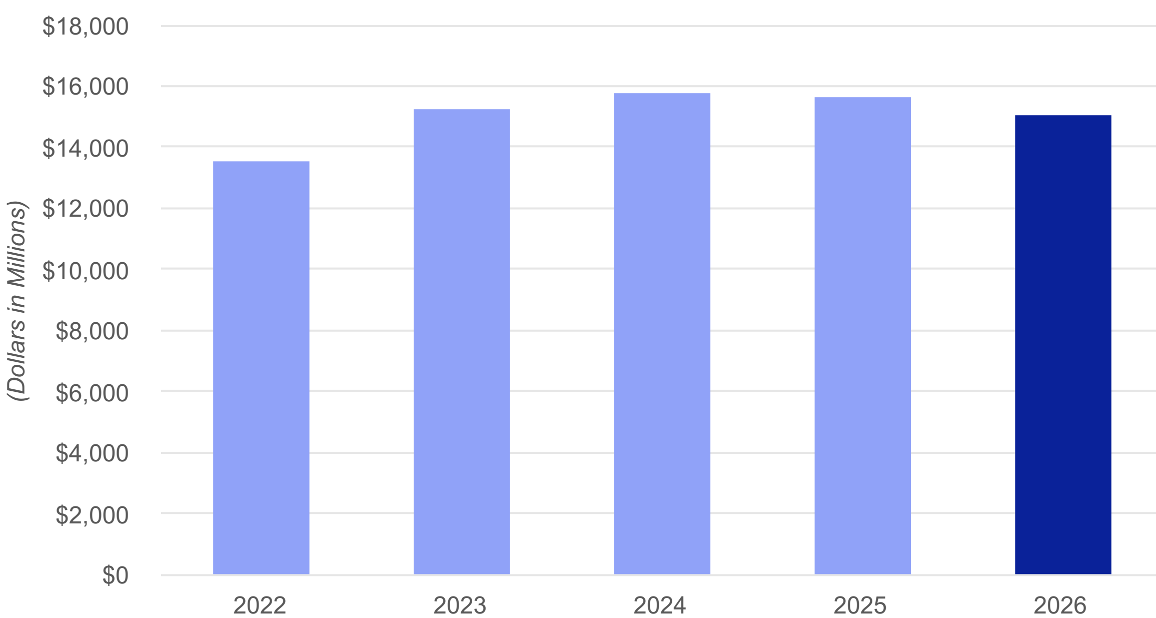
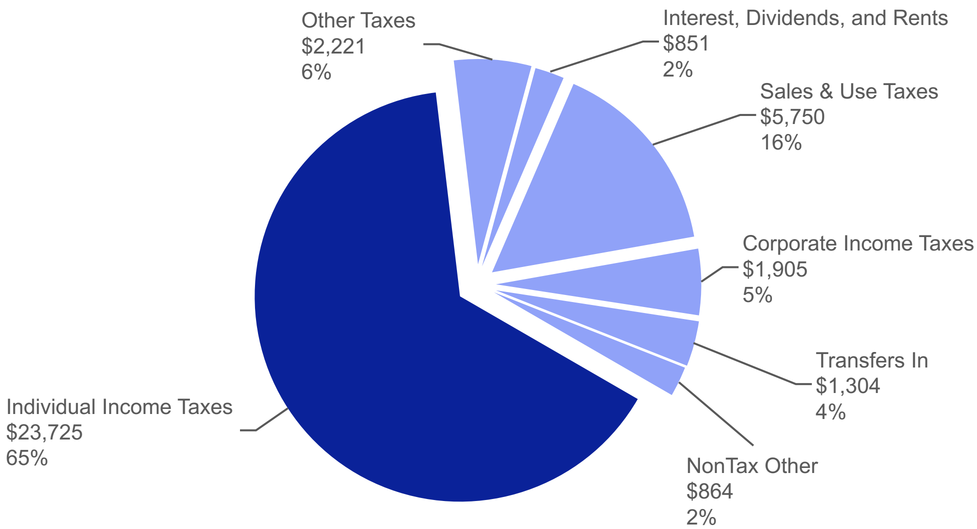
General Fund
Fund Balance
Fiscal Years 2022-2026



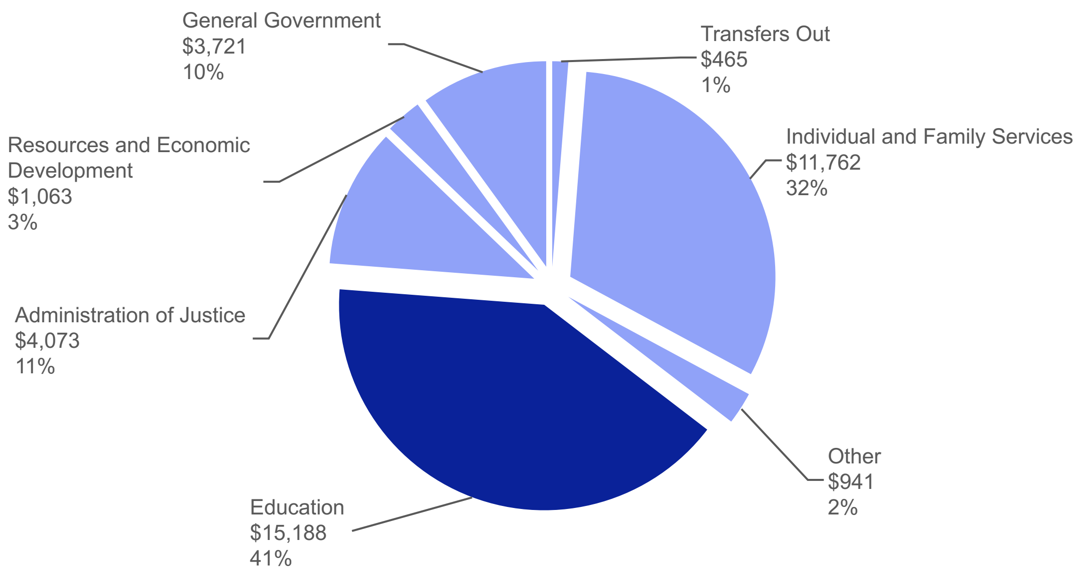
General Fund
Cash, Cash Equivalents, and Investments
Fiscal Years 2022-2026



General Fund
Revenues by Revenue Class and Other Sources
Fiscal Year 2026
(Dollars in Millions)

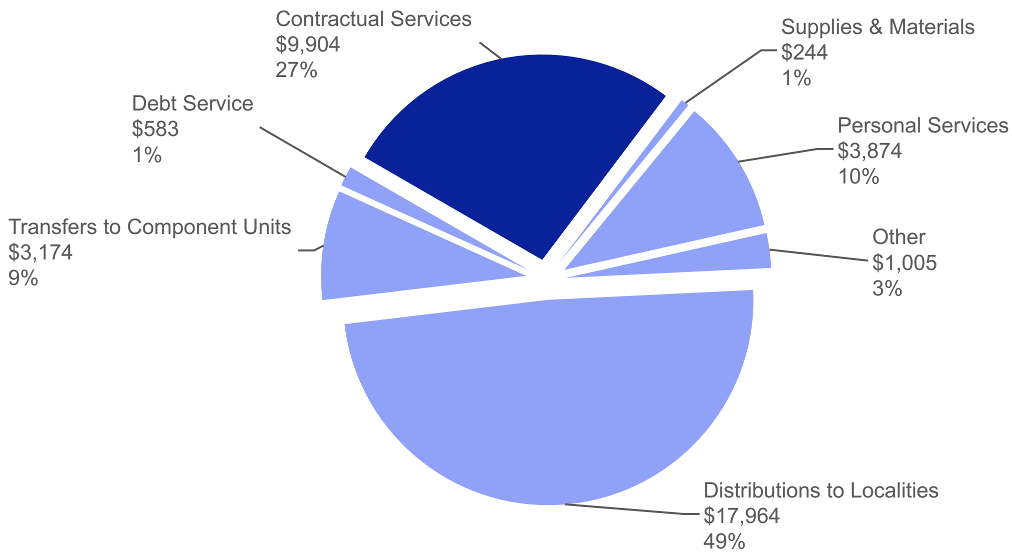


General Fund
Expenditures by Function and Other Uses
Fiscal Year 2026
(Dollars in Millions)

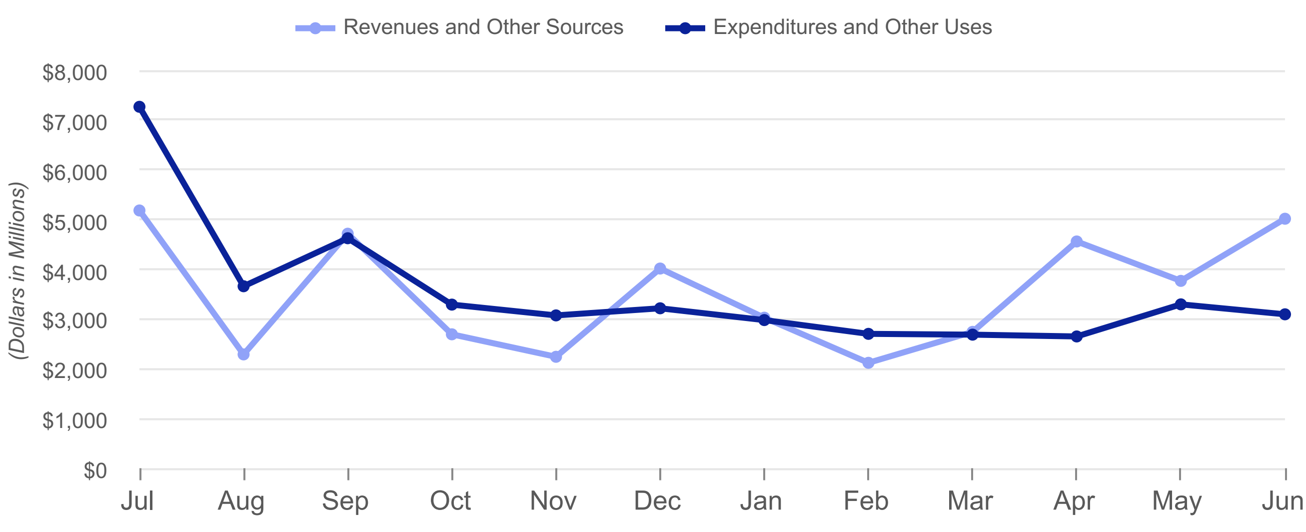


Note: General Government expenditures include $950.0 million paid to localities pursuant to the Personal Property Tax Relief Act of 1998 and $264.2 million in communication sales tax distributions. This represents 32.6 percent of the General Government expenditures.

General Fund
Expenditures by Object
Fiscal Year 2026
(Dollars in Millions)



General Fund
Revenues and Other Sources and
Expenditures and Other Uses by Month
Fiscal Year 2026



Note: July expenditures include $1.7 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 2026
(Dollars in Thousands)

Function:	Significant Service Area:	Amount	Totals
Education	Grades K-12	$ 10,945,405	
	Higher Education	4,035,555	
	Other	206,561	
			15,187,521
Individual and Family Services	Medical Assistance Services	8,402,805	
	Behavioral Health and Developmental Services	1,528,283	
	Social Services	883,210	
	Children's Services	404,171	
	Health	275,992	
	Other	267,991	
			11,762,452
Administration of Justice	Corrections	2,115,187	
	Sheriffs and Inmate Confinement - Compensation Board	697,644	
	Courts	599,888	
	State Police	504,457	
	Other	155,809	
			4,072,985
General Government	Car Tax Relief (PPTRA)	950,000	
	Individual Income Tax Rebate	875,056	
	Debt Service - Component Units	583,648	
	Constitutional Officers - Compensation Board	270,312	
	Communication Sales Tax Distribution	264,188	
	Criminal Justice - Locality Assistance	229,612	
	Tax Administration	162,532	
	Other	385,202	
			3,720,550
Resources and Economic Development	Conservation and Recreation	293,962	
	Environmental Quality	167,308	
	Economic Development Partnership	153,300	
	Housing and Community Development	111,834	
	Agriculture	56,056	
	Innovation Partnership Authority	42,487	
	Forestry	29,991	
	Tourism	26,734	
	Marine Resources	23,058	
	Health - Water Improvement and Environmental Safety	21,962	
	Historic Resources	21,599	
	Energy	21,176	
	Labor and Industry	14,579	
	Social Services - Regulation of Facilities and Services	11,235	
	Fort Monroe	8,232	
	Other	59,145	
			1,062,658
Other	Capital Outlay	780,335	
	Transportation	120,571	
	Debt Service - Principal Retirement	35,712	
	Debt Service - Interest and Charges	5,643	
			942,261
			$ 36,748,427

General Fund
Other Financing Sources and Uses by Significant Service Area
Fiscal Year 2026
(Dollars in Thousands)

Other Financing Sources (Transfers In):

Significant Service Area	**Amount**	**Total**
Lottery	$ 923,627	
ABC Transfers	235,517	
Transfers from Other Funds	144,754	
		$ 1,303,898

Other Financing Uses (Transfers Out):

Significant Service Area	**Amount**	**Total**
Debt Service	$ 403,991	
Transfers to Other Funds	60,762	
		$ 464,753

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GENERAL FUND NOTES

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COMMONWEALTH OF VIRGINIA

NOTES TO PRELIMINARY FINANCIAL STATEMENTS

JUNE 30, 2026

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, 2026.

B. Budget

Budgetary amounts shown in the General Fund Statement of Revenue Collections and Estimates represent Chapter 725, 2025 Acts of Assembly Reconvened Session (original), and Chapter 7, 2026 Acts of Assembly (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, 2026. 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.

(Dollars in Thousands)	Final Revenue Budget	Total Actual Revenue
Amount per Preliminary Financial Statements	$ 33,991,316	$ 35,316,369
Amount per Monthly Statement of Revenue	32,383,700	33,322,559
	$ 1,607,616	$ 1,993,810
Variance Attributable to the Following:		
Public Education Standards of Quality Fund - Sales and Use Tax revenue included on the Preliminary Financial Statements	$ 606,852	$ 625,105
Virginia Communications Sales and Use Tax Fund - Sales and Use Tax revenue included on the Preliminary Financial Statements	276,829	264,715
Virginia Natural Resources Commitment Fund - Deeds, Contracts, Wills & Suits Tax revenue included on the Preliminary Financial Statements	6,500	7,152
Virginia Health Care Fund - Tobacco Products Tax revenue included on the Preliminary Financial Statements	195,400	192,394
Virginia Communications Sales and Use Tax Fund - Rights and Privileges revenue included on the Preliminary Financial Statements	599	446
Revenue Stabilization Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	—	118,405
Lottery Proceeds Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	5,765	5,866
Water Supply Assistance Grant Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	381	1,034
Revenue Reserve Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	—	77,123
Virginia Natural Resources Commitment Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	3,900	18,483
Virginia Water Quality Improvement Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	24,958	10,358
Commonwealth's Development Opportunity Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	—	6,162
Virginia Communications Sales and Use Tax Fund - Interest, Dividends and Rents revenue included on the Preliminary Financial Statements	—	1,107
Virginia Health Care Fund - Fines, Forfeitures, Court Fees, Costs, Penalties, and Escheats revenue included on the Preliminary Financial Statements	—	11
Water Supply Assistance Grant Fund - Fines, Forfeitures, Court Fees, Costs, Penalties, and Escheats revenue included on the Preliminary Financial Statements	5	25
Virginia Health Care Fund - Tobacco Master Settlement revenue included on the Preliminary Financial Statements	46,480	45,753
Virginia Health Care Fund - Medicaid Claims Payable Recoveries revenue included as other revenue on the Preliminary Financial Statements	154,185	174,513
Central Capital Planning Fund - Other Revenue included on the Preliminary Financial Statements	—	929
Commonwealth's Development Opportunity Fund - Other Revenue included on the Preliminary Financial Statements	—	349
Virginia Water Quality Improvement Fund - Other Revenue included on the Preliminary Financial Statements	45	2,788
Virginia Natural Resources Commitment Fund - Other Revenue included on the Preliminary Financial Statements	—	24,175
Lottery Proceeds Fund - Other Revenue included on the Preliminary Financial Statements	—	11
Transfers from Fiduciary Funds and Component Units included in revenue on the Preliminary Financial Statements	6,817	35,269
Other items included in revenue on the Preliminary Financial Statements	278,900	381,637
	$ 1,607,616	$ 1,993,810

3. APPROPRIATION ACT TRANSFERS

For fiscal year ended June 30, 2026, Appropriation Act transfers are $2.9 billion. The following analysis shows where Appropriation Act transfers are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

(Dollars in Thousands)		Appropriation Act Transfers	
Transfers In	$	1,274,364	(a)
Transfers Out		(22,272)	
Intrafund Transfers between General Fund and:			
Public Education Standards of Quality Fund		625,105	
Revenue Reserve Fund		999,078	
Other Nongeneral Funds		38,643	
Revenue - Other		7,163	
Total Appropriation Act Transfers	$	2,922,081	

(a) Includes ABC transfers of approximately $235.5 million

4. DUE FROM / TO OTHER FUNDS

These amounts are included in the accompanying statements pursuant to the requirements of GASBS 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 2026, sufficient cash is not available after other planned uses to require deposits for the Commonwealth Transportation Fund and nonrecurring expenditures.

6. 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.

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*, no deposit is required during fiscal year 2027 based on fiscal year 2025 revenue collections. However, a deposit of $110.5 million is required during fiscal year 2028 based on fiscal year 2026 revenue collections.

The Revenue Stabilization Fund has principal and interest on deposit of $3.0 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. This maximum was not exceeded as of June 30, 2026.

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 2026 is included in the Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance. The remaining cash balance of $14.1 million is restricted as a component of the General Fund balance.

Additionally, $923.6 million, which included the estimated net income for fiscal year 2026 of $890.3 million and the residual transfer of $33.3 million related to fiscal year 2025 net income, was deposited into the Lottery Proceeds Fund during fiscal year 2026 in accordance with Chapter 7, 2026 Acts of Assembly, Section 3-1.01G. The final audited residual net profit, estimated at $24.0 million, will be deposited in fiscal year 2027.

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, 2026, the breakdown of Other Committed Fund Balance is as follows.

Other Committed		Amount (In Thousands)	
Governmental Operations - Administrative Services	$	117,491	(a)
Capital Outlay		6,541	
Agriculture and Forestry		4,102	
Contract and Debt Administration		87	
Total Other Committed Fund Balance	$	128,221	

(a) Includes $107.7 million relating to amounts to be used for the development and implementation of Lighthouse, a new system at the Department of Taxation.

B OTHER ASSIGNED FUND BALANCE

As of June 30, 2026, the breakdown of Other Assigned Fund Balance is as follows.

Other Assigned		Amount (In Thousands)
Governmental Operations - Administrative Services	$	19,833
Governmental Operations - Legislative Services		6,850
Capital Outlay		1,123
COVID-19		60
Regulatory Oversight		9
Agriculture and Forestry		3
Total Other Assigned Fund Balance	$	27,878

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 $29.9 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 $614.3 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, 2026, the General Fund revenues collected in excess of the official estimate were committed for appropriated amounts pursuant to Chapter 1, 2026 Acts of Assembly, Special Session I, Item 471 J, for the excess revenue reserve and bond fund supplants. Therefore, no commitment is required for Water Quality Part A. The Balance Sheet reflects $40.6 million as a component of committed fund balance representing ten percent of any unrestricted and uncommitted fund balance not required for reappropriation.

Additionally, $55.2 million and $52.7 million is reported as a component of committed fund balance, and represents ten percent of the fiscal year 2025 revenue collected in excess of the official estimate as adjusted to eliminate amounts appropriated in Chapter 7, 2026 Acts of Assembly, for the Virginia military survivors and dependents education program and ten percent of fiscal year 2025 unrestricted and uncommitted fund balance. Chapter 1, 2026 Acts of Assembly Special Session I, Item 362, appropriates these amounts for transfer during fiscal year 2027.

11. <u>REVENUE RESERVE FUND</u>

The Revenue Reserve Fund is routinely segregated from the General Fund, but Virginia law directs that the Revenue Reserve Fund be included as a component of the General Fund for financial reporting purposes. Therefore, it is included here as both a cash asset and as a committed component of fund balance.

Section 2.2-1831.2 of the *Code of Virginia* established the Revenue Reserve Fund. As of June 30, 2026, the fund has principal and interest on deposit of $1.3 billion committed as part of the General 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.

A deposit of $312.3 million was made during fiscal year 2026. This amount represents the fiscal year 2025 revenue collected in excess of the estimate reduced by the amounts appropriated in Chapter 725, 2025 Acts of Assembly Reconvened Session, for the $20.0 million committed for the 2025 Virginia military survivors and dependents education program, as well as the statutory deposit to the Water Quality Fund for excess revenues. A withdrawal of $999.1 million was made during fiscal year 2026 pursuant to Chapter 7, 2026 Acts of Assembly, Section 3-1.01 J.1.3.

Section 2.2-1831.3 of the *Code of Virginia* specifies 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. No deposit is required in the Revenue Reserve Fund since there is a mandatory deposit for the Revenue Stabilization Fund based on fiscal year 2026 revenues.

Additionally, Section 2.2-1831.3 of the *Code of Virginia* indicates that the combined balance of the Revenue Reserve Fund and the Revenue Stabilization Fund should not exceed fifteen percent of the total Commonwealth’s average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years, however, the maximum may be exceeded if the balance of the Revenue Reserve fund does not exceed ten percent of the average revenues. For fiscal year 2026, the combined fund limit of $4.2 billion was exceeded however, as of June 30, 2026, the revenue reserve fund balance of $1.3 billion does not exceed ten percent of the average revenues.

12. PLANNED DISBURSEMENTS

The amounts committed and assigned on the Balance Sheet represent plans for future utilization of current financial resources. For the year ended June 30, 2026, the Department of Planning and Budget certified total assigned fund balance of $2.9 billion as follows.

Assigned Fund Balance		Amount (In Thousands)
Amount Required by Chapter 7	$	2,316,399
Health and Public Safety		54,256
Economic and Technological Development		20,465
Environmental Quality and Natural Resource Preservation		19,751
Employee Benefit Administration		9,504
Educational and Training programs		8,424
Amount Required for Discretionary Reappropriations		393,447
Other		27,878
Total Assigned Fund Balance	$	2,850,124

The Balance Sheet reflects assigned fund balance of $2.8 billion for the above purposes. Sufficient cash is not available for the remaining $28.4 million of planned disbursements from assigned fund balance. Further, sufficient cash is not available to require deposits pursuant to Section 2.2-1514 of the *Code of Virginia* for the Commonwealth Transportation Fund and nonrecurring expenditures for fiscal year 2026.

GLOSSARY

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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 monies 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 2026 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.
   - **Excess Revenue Reserved for FY 2027 Balances** – This portion of fund balance represents fiscal year 2026 revenue collections in excess of the estimate for the purpose of anticipated additions to appropriation balances for fiscal year 2027 reflected in Chapter 1, 2026 Acts of Assembly Special Session I.

- **Supplant of Bond-Funds** – This portion of fund balance represents fiscal year 2026 revenue collections in excess of the estimate for the purpose of funding the projects authorized in Item C-29 of Chapter 1, 2026 Acts of Assembly Special Session I in lieu of bond proceeds. Item 471 J.2. reserved up to $1.1 billion; however, only $242.8 million was committed in fund balance since sufficient revenues were not available for the remaining amount.
- **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 or identified 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.
- **Individual Income Tax Rebate Fund** – This fund represents the remaining amount that is expected to be refunded to individuals as a rebate for taxable years beginning on and after January 1, 2021, but before January 1, 2022, pursuant to Chapter 1, 2023 Acts of Assembly Special Session I, Item 3-5.22. Also, this fund captured the estimated amount to be provided to individuals as a rebate for taxable years beginning on and after January 1, 2024, but before January 1, 2025, pursuant to Chapter 725, 2025 Acts of Assembly Reconvened Session, Item 258 GG.
- **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.
- **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.
- **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.
- **Transportation Activities** – This portion of fund balance represents amounts that will be used for the Eligible Drivers Toll Relief Program that will support toll relief and redeem outstanding customer balances and fees for eligible drivers.

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 7** – 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.
- **Economic and Technological Development** – This portion of fund balance represents amounts anticipated to be used to promote growth in the Commonwealth's economy.
- **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.
- **Employee Benefit Administration** – This portion of fund balance represents amounts anticipated to be used to administer employee benefits in the Commonwealth.
- **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 2026 unexpended appropriations which the Department of Planning and Budget anticipates reappropriating in the next fiscal year.

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. In fiscal year 2024, this included $850.3 million for the Individual Income Tax Rebate provided to citizens for tax year 2023. In fiscal year 2026, this included $875.1 million for the Individual Income Tax Rebate provided to citizens for tax year 2025. 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 Principal 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.

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