

August 23, 2004

Actual General Fund Revenues for Fiscal Year 2004 and the State of the Virginia Economy

*A presentation to the Senate
Finance, House Appropriations,
and House Finance Committees*



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Secretary of Finance

Overview...

- Economic Performance in FY2004
- Actual General Fund Collections for FY2004
- Financial Results for FY2004
- Economic Outlook for FY2005

The National Economy Recovered in FY2004...

- The national economic recovery was slightly stronger than last fall's forecast.

Summary of Key U.S. Economic Indicators

	<u>FY04 Forecast</u>	<u>FY04 Actual</u>
Real GDP	3.8	4.4
Employment	0.1	0.2
Personal Income	4.2	4.7
Wages & Salaries	3.6	4.2

- In the fourth quarter of FY2004, employment finally showed significant growth.
 - Best quarter since 2nd quarter of 2000.
- Recent economic data indicate that a slowdown occurred as 2004 ended.
 - In June, retail sales declined, industrial production fell, and job creation dropped below 100,000.
 - July revealed a mixed bounce back as sales improved modestly but job growth continued to slow – adding only 32,000 new jobs.

In Virginia, FY2004 Job Growth Advanced in Line with the Forecast...

- Virginia outperformed the U.S. in terms of job and income growth in fiscal year 2004.
- Actual employment growth of 1.4% was marginally better than the forecast of 1.2% growth.
 - Fiscal year 2004 had an increase of 49,000 jobs, eclipsing the declines in the two prior fiscal years.

Summary of Key Virginia Economic Indicators

	<u>FY04 Forecast</u>	<u>FY04 Actual</u>
Employment	1.2	1.4
Personal Income	4.8	5.6*
Wages & Salaries	4.8	5.8*

*Estimates

- Two quarters of actual data and one quarter of preliminary data suggest that both personal income and wages and salaries were somewhat stronger than forecast.

FY2004 Ended with a Significant Revenue Surplus...

Summary of Fiscal Year 2004 Revenue Collections (millions of dollars)

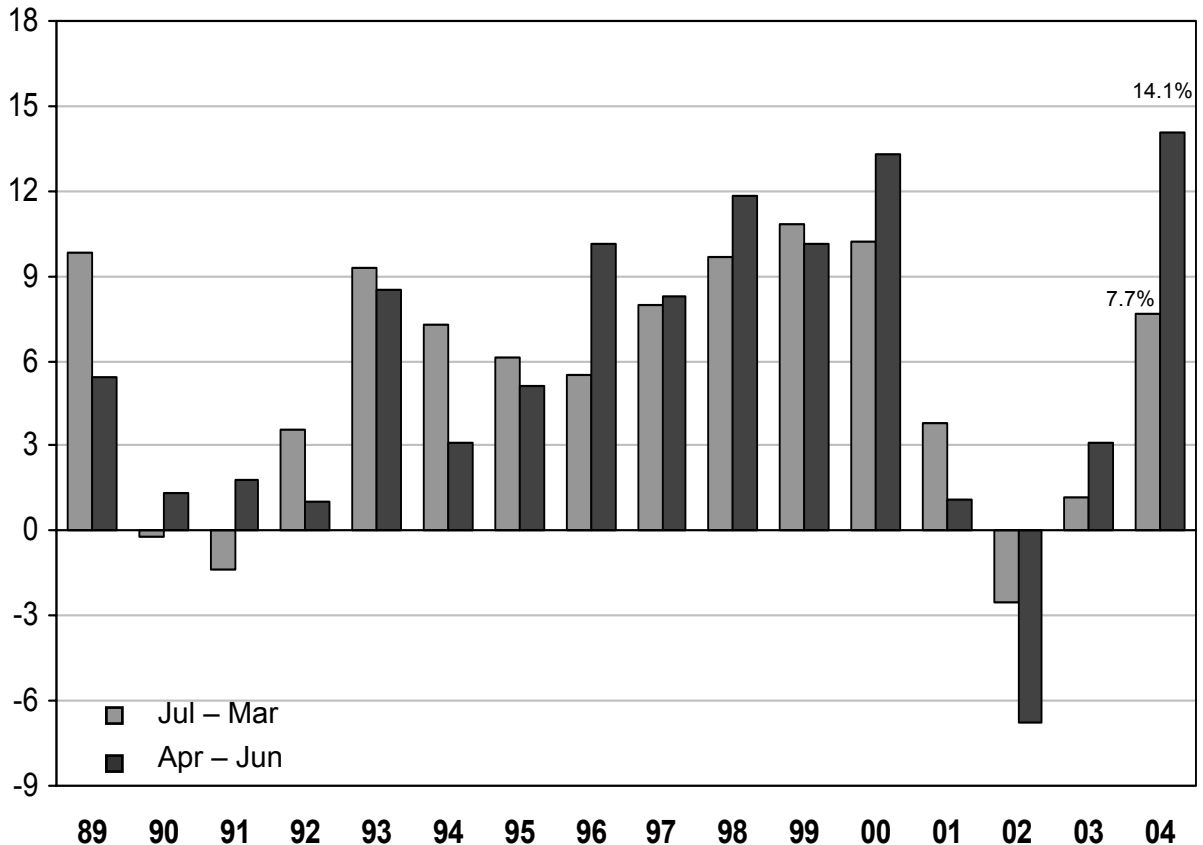
<u>Source</u>	<u>Forecast</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Growth</u>
Withholding	\$ 6,957.7	\$ 7,039.3	\$ 81.6	7.2 %
Nonwithholding	1,508.1	1,562.8	54.7	11.4
Refunds	1,230.4	1,217.2	(13.2)	1.9
Net Individual	7,235.4	7,384.9	149.5	9.0
Sales and Use Tax*	2,507.2	2,562.3	55.1	9.7
Corporate Income Tax	365.9	425.7	59.8	24.0
Insurance Premiums	347.8	351.3	3.5	5.5
Public Service	84.4	86.9	2.5	(4.8)
All Other	1,053.4	1,106.8	53.4	12.0
Total GF Revenue	\$ 11,594.1	\$ 11,917.9	\$ 323.8	9.7 %
Lottery Profits	\$ 385.1	\$ 407.8	\$ 22.7	8.7 %

* Includes Accelerated Sales Tax Payments - - growth without acceleration was 10.1%

- Actual collections exceeded the forecast by 2.8%.

General Fund Revenue Growth Surged in the Final Quarter of 2004...

General Fund Revenue Growth Fiscal Year 1989-2004
 July-March Compared to April-June
 (Percent)



- In FY2004, fourth quarter revenue growth was almost twice the growth in the first three quarters of the fiscal year.
 - In the past 20 years, 4th quarter revenue growth has exceeded 14.1% only once (FY1988).
 - Result of Federal Tax Reform in 1986.

Additional Rainy Day Fund Deposits and Existing Obligations Fully Consume the FY2004 Surplus...

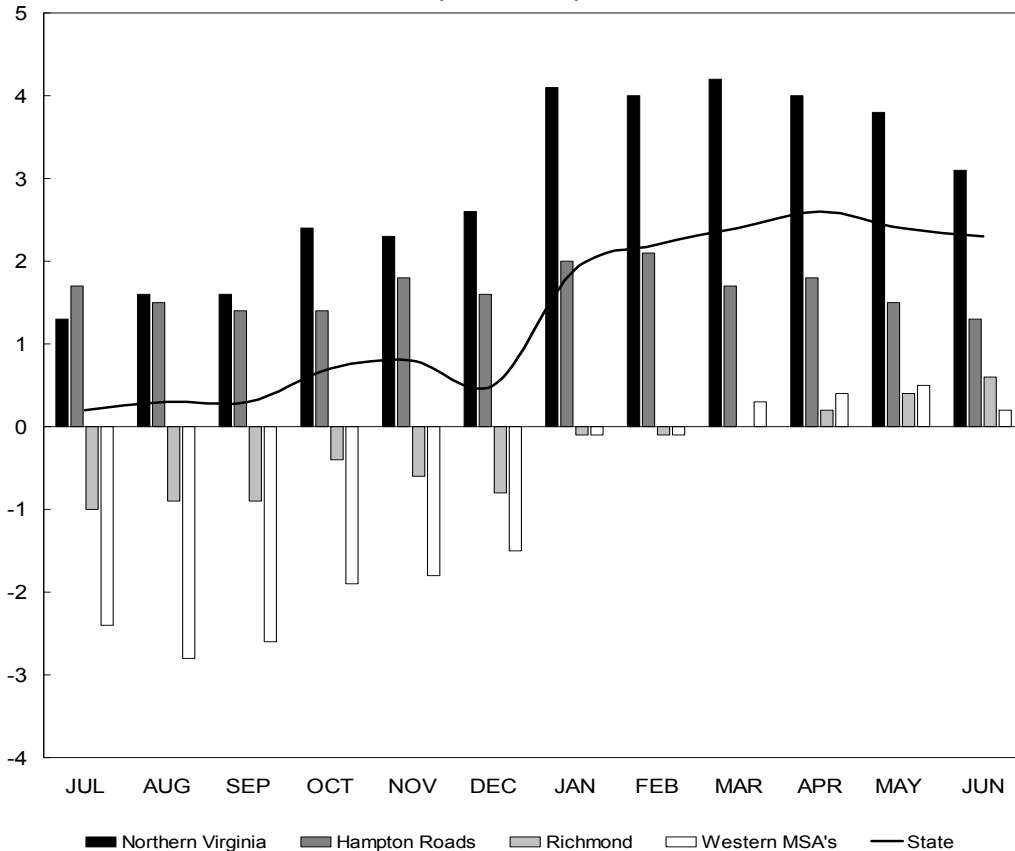
- All of the \$323.8 million revenue surplus is committed:
 - \$52.0 million for a constitutionally required deposit to the Revenue Stabilization Fund (\$87 million is already appropriated in the 2004-2006 budget);
 - \$113.0 million for a Revenue Stabilization Fund super-deposit;
 - \$40.0 million to compensate for the September 1 effective date of HB 5018;
 - \$32.4 million to the Water Quality Improvement Fund;
 - \$28.3 million to implement on January 1, 2005 rather than January 1, 2006 an increase from \$800 to \$900 in the income tax personal exemption;
 - \$26.0 million for the State's share of disaster relief costs;
 - \$23.8 million for the return to transportation of the Transportation Trust Fund share of Accelerated Sales tax; and
 - \$7.6 million for returning to nongeneral funds the fourth quarter interest earned by each Fund.

What Explains the Significant Revenue Surplus in FY2004?

1. Individual Income Tax Withholding
2. Individual Income Tax Nonwithholding
3. Corporate Income Tax
4. Sales and Use Tax
5. Recordation Taxes

Payroll Withholding Collections Exceeded the Forecast by 1.2% - \$81.6 million...

**FY04 Total Nonagricultural Employment Growth
State Compared with Regions
(Percent)**



- Overall employment growth was very close to the forecast, but growth in Northern Virginia was unusually strong.
 - In the last 6 months of FY2004, average monthly growth in employment in Northern Virginia was about 4 percent.
- Close to 40% of the surplus in withholding came from higher collections from the top 15 defense-related and high-tech companies in Northern Virginia.

The Mix of Jobs Created is Partly Responsible for the Surplus in Withholding Collections...

FY04 Employment Gains/Losses by Sector Forecast versus Actual

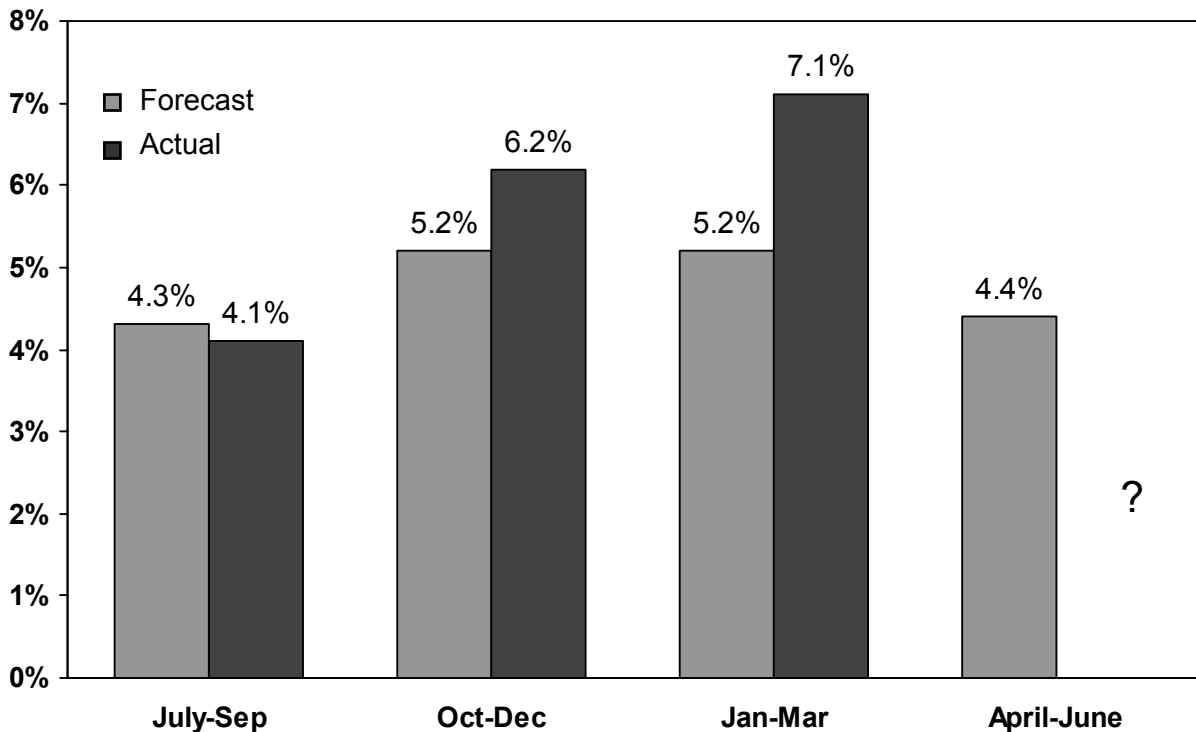
<u>Employment Sector</u>	<u>Forecast</u>	<u>Actual</u>	<u>Difference</u>
Professional & Business Services	10.6	16.9	6.3
Financial Activities	1.6	6.2	4.6
Construction & Mining	7.0	11.4	4.4
Trade, Transportation, & Utilities	6.6	9.6	3.0
Federal Government	-0.5	1.9	2.4
Other Services	3.0	4.5	1.5
Information	-1.5	-1.5	0.0
Leisure & Hospitality Services	5.2	4.2	-1.0
Education & Health Services	8.3	6.1	-2.2
State and Local Government	10.5	5.7	-4.8
Manufacturing	-10.2	-15.8	-5.6
Total	40.8	49.0	8.2

- High wage, professional & business services jobs exceeded the forecast by 6,300.
 - In Northern Virginia, professional & business services jobs increased by 11,700.
- Stronger growth was seen in Financial Activities and Construction & Mining as the housing market continued to be very strong.

Growth in Wages and Salaries Also Likely Exceeded the Forecast...

- 4.8% growth was forecast. Based on 2 quarters of actual data and a third quarter of preliminary data, the current estimate is 5.8% for FY2004.
 - The year will likely grow at a level close to the historical average of 5.9%.

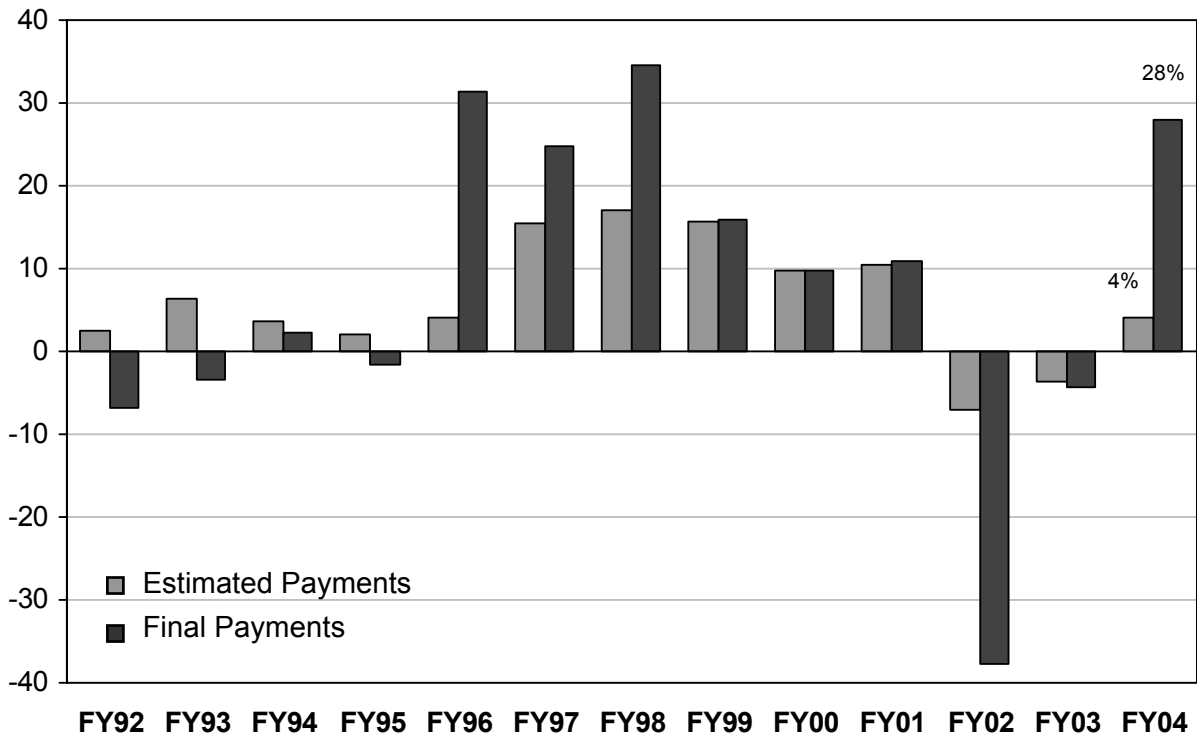
FY04 Virginia Wages and Salaries
Quarterly Growth
Forecast versus Actual



Note: Data on wages and salaries are released 4 months after the quarter has ended.

Nonwithholding Payments Exceeded the Forecast by \$54.7 million, due to Exceptional Growth in Final Payments...

Growth in Estimated and Final Payments, FY1992-2004
Percent Growth Over Prior Year



- Final payments in FY2004 rivaled two years of the technology/stock market boom.
- A shortfall of \$18.2 million in estimated payments was offset by a surplus of \$73.0 million in final payments.

	<u>Forecast</u>	<u>Actual</u>
Estimated Payments	6.1%	4.2%
Final Payments	10.8%	27.9%

Large Payments by Individuals Reflect 2003 Stock Market Gains and High Incomes...

Large Individual Payments Fiscal Year Totals

	<u>Number of Payments</u>	<u>Total \$ Amt of Payments*</u>
FY97	433	\$133.2
FY98	571	\$184.9
FY99	739	\$235.9
FY00	844	\$266.2
FY01	913	\$271.8
FY02	658	\$170.3
FY03	671	\$191.4
FY04	914	\$251.3

*Millions of Dollars

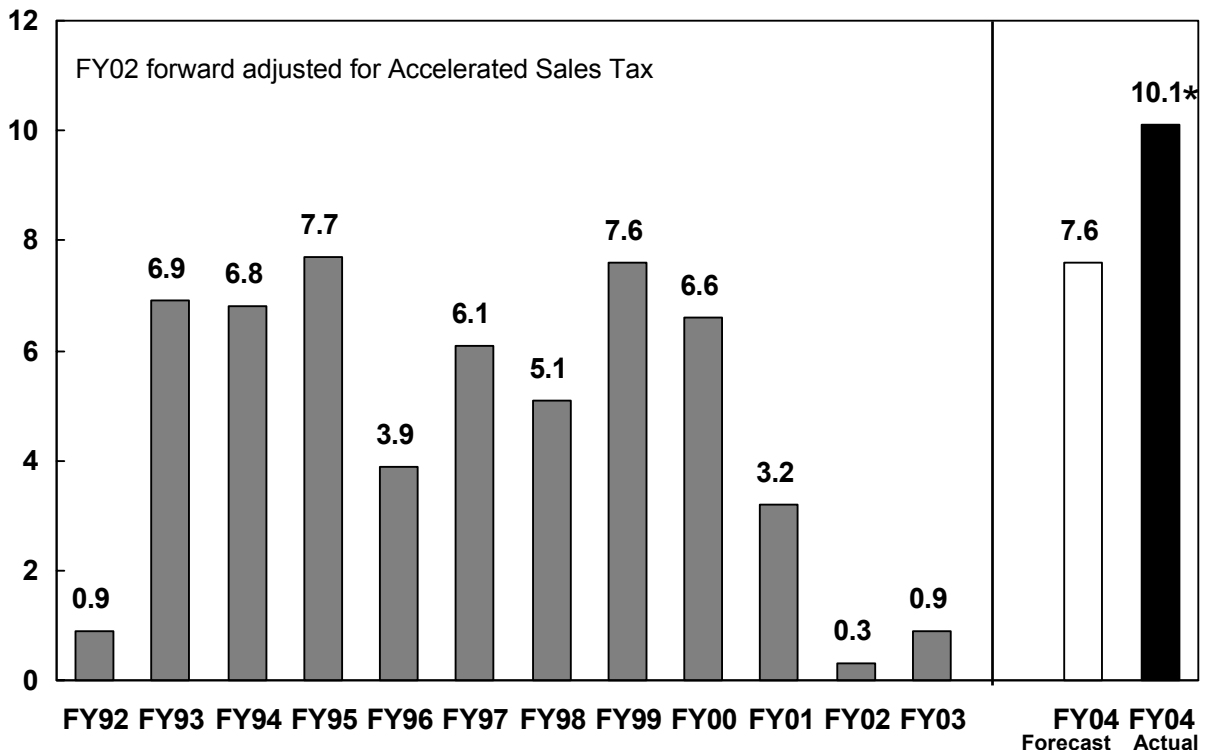
Large Individual Payments April - May

	<u>Number of Payments</u>	<u>Total \$ Amt of Payments*</u>
FY97	127	\$33.8
FY98	177	\$49.8
FY99	360	\$126.6
FY00	338	\$92.9
FY01	209	\$62.5
FY02	224	\$54.6
FY03	231	\$67.5
FY04	382	\$99.3

*Millions of Dollars

Sales Tax Collections Increased at the Fastest Pace since FY1985, Exceeding the Forecast by \$55.1 million...

History and Forecast Growth, FY1992-2004
Sales Tax Collections
(Percent)

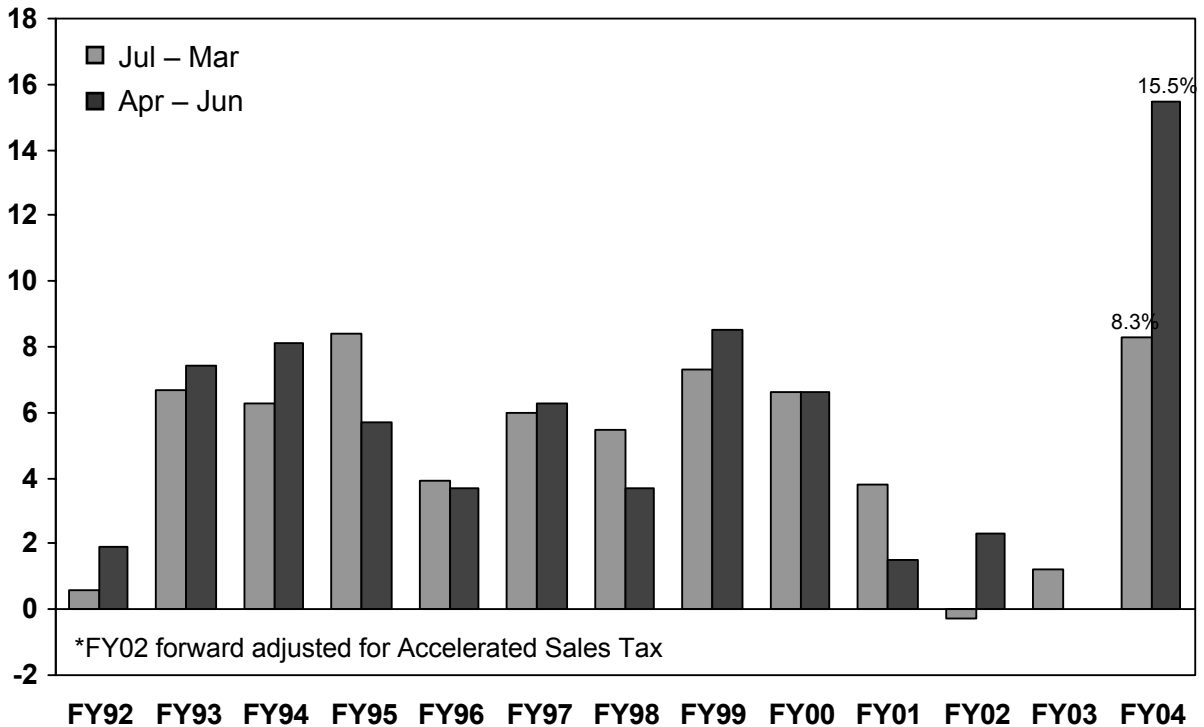


* 9.7% if not adjusted for Accelerated Sales Tax.

- Unusually strong sales tax growth in FY2004 was largely due to:
 1. Defense and homeland security spending at highest levels since Reagan defense build up in 1984-1985.
 2. Low interest rates, which spurred the housing market via new construction and refinancing.
 3. Federal tax cuts, which lowered payroll withholding and raised income tax refunds.

Sales Tax Collections Grew by 15.5% in the Final Quarter of FY2004 – the Strongest Quarter Since FY1984...

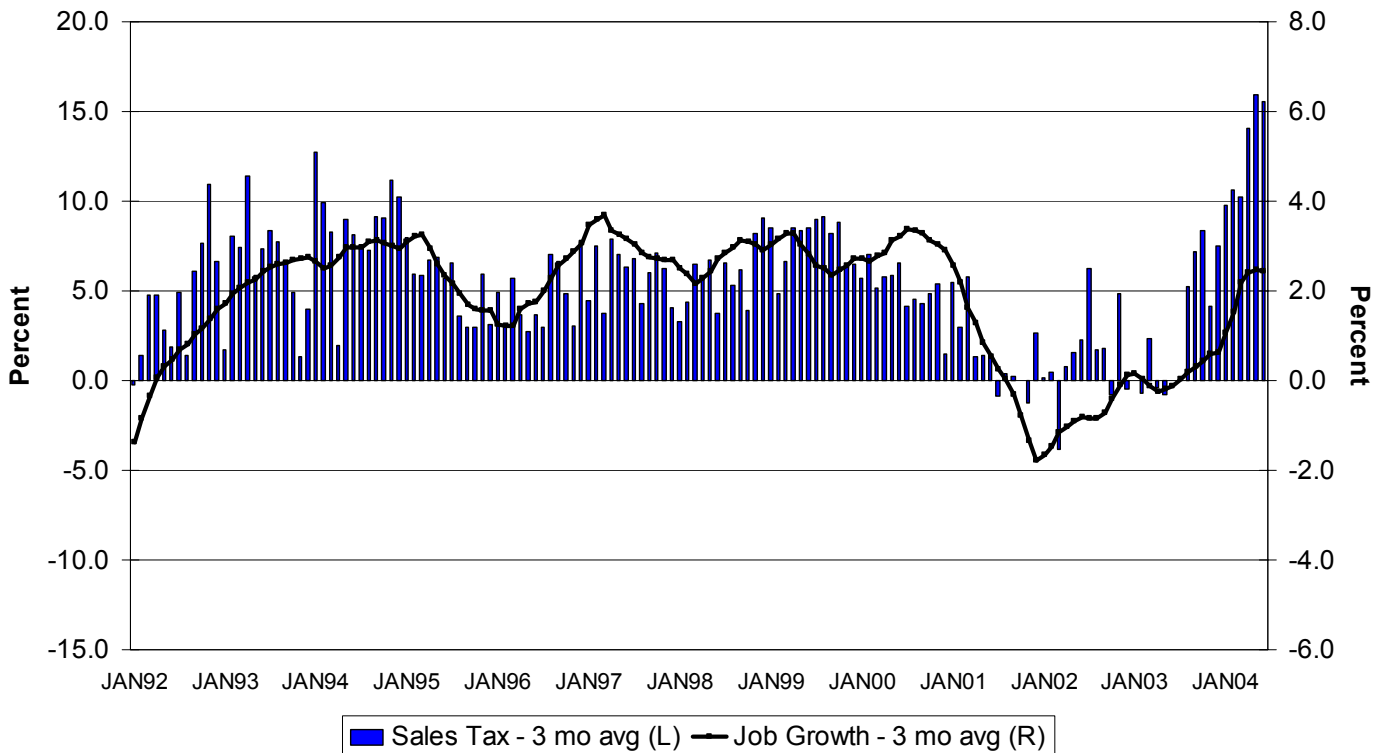
Period Growth, FY1992-2004
Sales Tax Collections
(Percent)



- Overall, sales tax collections in FY04 grew almost twice as fast as personal income.
- Sales tax growth was strongest in lumber and building materials (18%), furniture and home furnishings (14%) and machinery and equipment (14%).

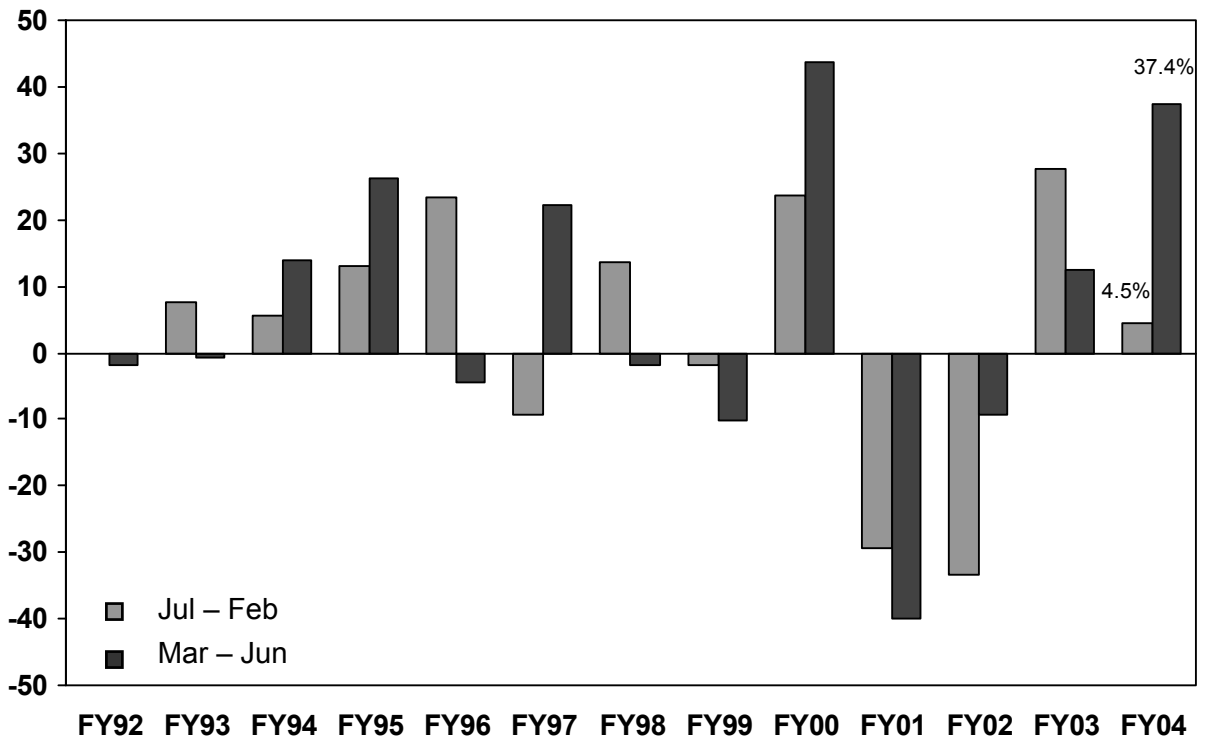
In FY2004, Retail Sales Grew at an Extra-ordinary Pace, Contradicting the Historical Link Between Sales and Employment Growth...

Sales Tax Collections and Job Growth, FY1992-2004



Corporate Income Tax Receipts in FY2004 Exceeded the Forecast by \$59.8 million, Largely due to Strong Collections Late in the Fiscal Year...

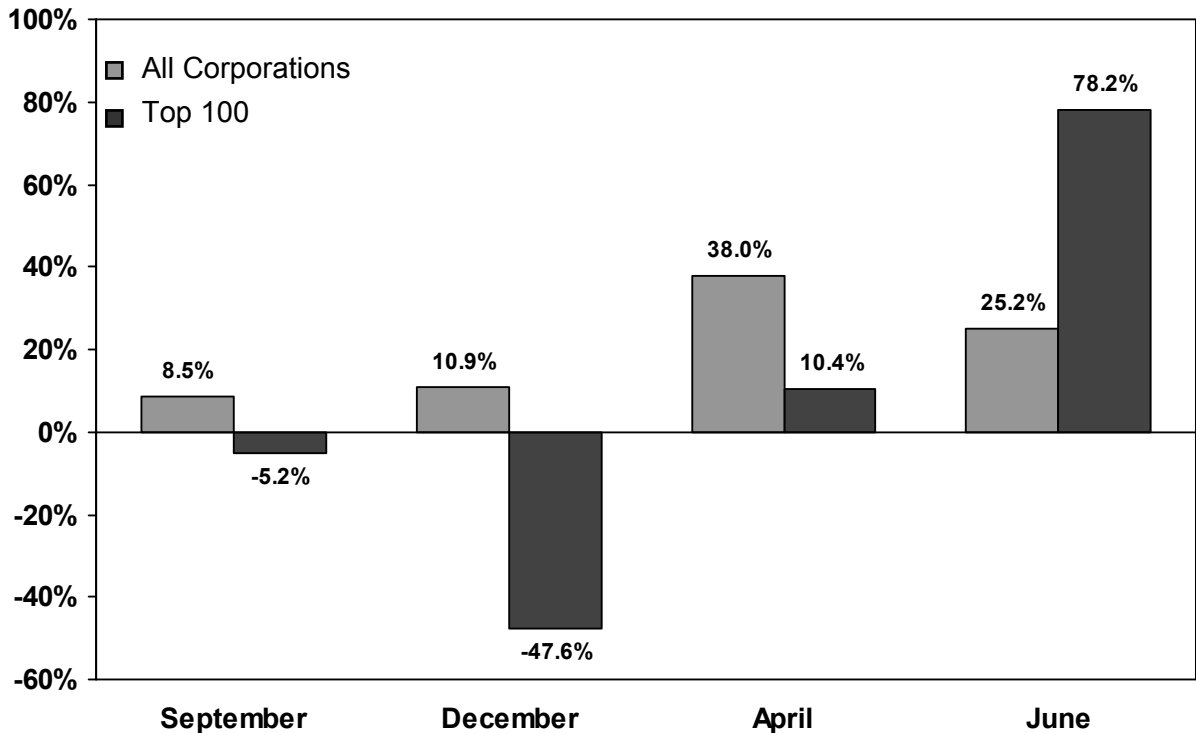
Period Growth, FY1992-2004
Corporate Income Tax Receipts
(Percent)



- Corporate income taxes grew 37.4% in the last four months of fiscal year 2004.
- The \$279.3 million received in the March to June time period is the second largest total in history, trailing only FY00, when a large, one-time payment skewed collections.

Corporate Income Tax Receipts (cont)...

Growth in Corporate Estimated Payments in FY2004 All Corporations and Top 100 Virginia Companies



- The largest 100 corporations pay almost 40 percent of total corporate income taxes.
 - Estimated payments by large corporations showed signs of weakness in the first half of fiscal year 2004.
- The surplus in corporate receipts was the direct result of extraordinary growth in estimated payments received in the fourth quarter of FY04.

(millions of \$)	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
Apr - May	138.8	145.7	179.1
% growth		4.9%	23.0%

Recordation Tax Revenues Exceeded the Forecast by \$41.4 million...

- Recordation tax collections are driven by:
 - Home sales;
 - Refinancings; and
 - Price appreciation
- Last fall's revenue forecast anticipated a significant slowing of growth in recordation tax collections.
 - Business leaders in the industry recommended caution as refinancing activity was "evaporating".
- Recordation tax collections totaled \$300.9 million in FY04. FY2004 collections grew 18% following three years which averaged 28% growth.
 - Interest rates remained low throughout the spring and refinancing activity declined somewhat but remained strong.
 - Housing sales and price appreciation also remained extraordinarily strong. Median home prices are up considerably over the last year.
 - Northern Virginia 23.0%
 - Norfolk 12.4%
 - Richmond 10.2%
- A key question going forward is how long the housing market can sustain its current momentum.

FY2004 Financial Results Show a Much Stronger Balance Sheet, but No Undesignated Fund Balance...

Budgetary (Cash) Basis Fiscal Year 2004 (Millions of Dollars)

Reserved Amounts:

Revenue Stabilization Fund	\$ 340.1
Payroll Reserve for July 1, 2004 Payroll	69.7
Unexpended Lottery Proceeds	<u>22.7</u>

Total Reserved Balance \$ 432.5

Unreserved (Designated) Amounts:

Mandatory Reappropriations	82.7
Discretionary Reappropriations	31.8
Capital Outlay	21.1
Amount Required by Ch. 4	127.9
WQIF Part A	32.4
WQIF Part B	3.5
Natural Disaster Sum Sufficient	26.0
Accelerated Sales Tax for TTF	23.8
Revenue Stabilization Fund Contribution	139.0
Revenue Stabilization Fund - Super Deposit	113.0
HB 5018 Personal Exemption-Tax Reform	28.3
Delay in Effective Date of HB 5018	40.0
Non-General Fund Interest Payment	<u>7.6</u>

Total Designated Balance 677.1

Total Undesignated Balance 0.0

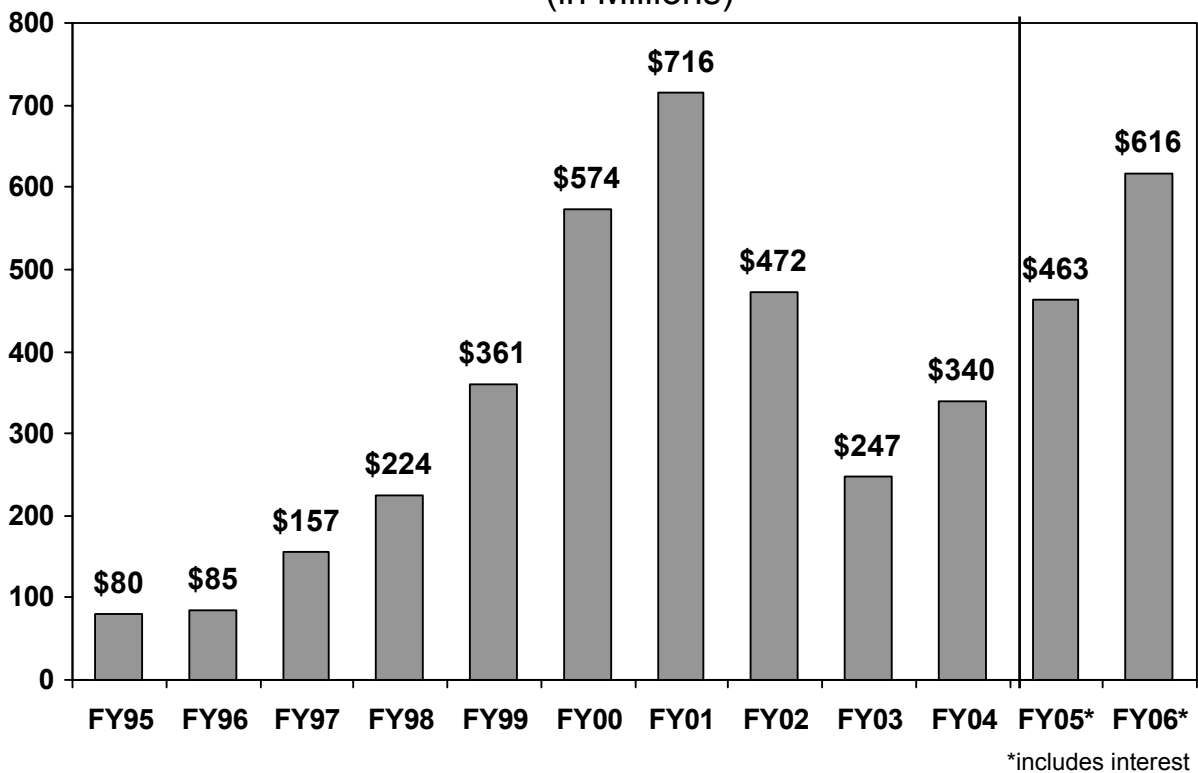
Total Unreserved Fund Balance \$ 677.1

Total Reserved and Unreserved General Fund Balance **\$ 1,109.6**

The FY2004 Revenue Surplus Will Allow Substantial Replenishment of the Revenue Stabilization Fund...

- By the end of FY2006, its balance could exceed \$616 million.

Revenue Stabilization Fund, FY 1995-2006
June 30 Balance
(in Millions)



- Deposits over the next biennium that have not been appropriated include:
 - \$139 million for a constitutionally required deposit.
 - \$113 million as a super-deposit per Section 2.2-1829 of the Code of Virginia.

The Fall Forecasting Process Will Re-Examine the Economic Outlook...

- Last fall's economic forecast projected healthy economic growth in fiscal year 2005, with growth slowing slightly in fiscal year 2006.
- Virginia was expected to continue to outperform the U.S.

	FY04 <u>Actual</u>	FY05 <u>Forecast</u>	FY06 <u>Forecast</u>
Real GDP	4.4	4.0	3.6
Employment			
U.S.	0.2	2.2	2.0
Virginia	1.4	2.4	2.2
Personal Income			
U.S.	4.7	5.5	5.5
Virginia	5.6	5.7	5.7
Wages & Salaries			
U.S.	4.2	6.0	5.8
Virginia	5.8	5.9	5.7

- Most national economists expect the economy to maintain its expansion.
 - Solid growth in employment and wages will be key to growth in national output.
- Central question: Will the recent "soft patch" in the national economy reverse itself?

Key Conditions for Fiscal Year 2005 Forecast...

- Job growth must continue at healthy levels.
- Consumer confidence must remain strong to sustain consumer spending.
- Energy prices must remain relatively stable.
- Wall Street performance will significantly influence non-withholding collections.

Appendix

Fiscal Year 2004 General Fund Collections: Actual versus Forecast

December and Official General Fund Forecast for Fiscal Year 2005 and Fiscal Year 2006

Growth in Total General Fund Tax Revenues for Fiscal Years 1961 to 2004

June Revenue Report

July Revenue Report

Note:

At the Department of Accounts web site, www.doa.state.va.us, the Preliminary General Fund Annual Report of the Comptroller to the Governor of Virginia, August 13, 2004, is available.

At the Secretary of Finance web site, www.finance.virginia.gov, this presentation is available.

Fiscal Year 2004 General Fund Collections: Actual and Forecast
(Dollars in Millions)

MAJOR TAX SOURCES	Fiscal Year 2003		Fiscal Year 2004						
	Actual	% Growth	Forecast	Actual	Forecast Variance		% Growth over FY 2003		
					Dollars	Percent	Forecast	Actual	
Corporate Income	\$ 343.3	(5.6) %	\$ 365.9	\$ 425.7	\$ 59.8	16.3 %	6.6 %	24.0 %	
Individual Income									
Gross	7,970.1	(1.1)	8,465.8	8,602.1	136.3	1.6	6.2	7.9	
Withholding	6,567.4	5.0	6,957.7	7,039.3	81.6	1.2	5.9	7.2	
Nonwithholding	1,402.7	(22.4)	1,508.1	1,562.8	54.7	3.6	7.5	11.4	
Refunds	(1,194.4)	43.0	(1,230.4)	(1,217.2)	13.2	1.1	3.0	1.9	
Net Individual Income	6,775.7	(6.2)	7,235.4	7,384.9	149.5	2.1	6.8	9.0	
Insurance Company Premiums	333.0	24.2	347.8	351.3	3.5	1.0	4.4	5.5	
Public Service GR / Consumption Tax	91.2	(2.3)	84.4	86.9	2.5	2.9	(7.5)	(4.8)	
State Sales & Use Tax	2,336.0	2.8	2,507.2	2,562.3	55.1	2.2	7.3	9.7	
Total Major Tax Sources	\$ 9,879.3	(3.4) %	\$ 10,540.7	\$ 10,811.1	\$ 270.4	2.6 %	6.7 %	9.4 %	
MISCELLANEOUS TAXES AND OTHER REVENUES									
Alcoholic Beverages State Tax	\$ 87.8	6.0 %	\$ 91.4	\$ 95.9	\$ 4.5	4.9 %	4.1 %	9.2 %	
Bank Franchise Tax	9.3	100.0	10.0	8.7	(1.3)	(13.4)	8.1	(6.4)	
Beer & Beverage Excise Tax	40.9	1.9	32.7	42.2	9.5	29.0	(20.1)	3.1	
Corporate Franchise & Charter Fees	36.7	60.5	37.3	39.1	1.8	4.8	1.6	6.4	
Excess & Other Fees From Officers	(27.5)	(149.2)	(33.0)	(34.9)	(1.9)	5.7	(19.8)	(26.6)	
Estate & Gifts	143.3	13.0	125.1	149.6	24.5	19.6	(12.7)	4.4	
Institutional Revenues	7.9	0.1	9.3	9.6	0.3	3.6	17.8	22.0	
Interest & Rents	83.1	(37.8)	64.3	61.7	(2.6)	(4.1)	(22.6)	(25.8)	
Licenses & Permits	1.5	(6.1)	1.6	4.6	3.0	188.3	4.2	200.3	
Miscellaneous Taxes & Penalties	182.2	38.7	225.1	221.9	(3.2)	(1.4)	23.6	21.8	
Other Miscellaneous Revenues	61.5	(42.0)	129.7	100.3	(29.4)	(22.6)	110.7	63.0	
Tobacco Master Settlement	60.0	17.0	50.5	51.4	0.9	1.7	(15.9)	(14.4)	
Tobacco Products Tax	15.3	1.6	19.0	16.1	(2.9)	(15.2)	24.1	5.3	
Wills, Suits, Deeds & Contract Fees	285.8	70.5	290.4	340.6	50.2	17.3	1.6	19.1	
Total Misc. Taxes & Other Revenues	987.9	12.2 %	\$ 1,053.4	1,106.8	53.4	5.1 %	6.6 %	12.0 %	
TOTAL GF REVENUES	\$ 10,867.1	(2.1) %	\$ 11,594.1	\$ 11,917.9	\$ 323.8	2.8 %	6.7 %	9.7 %	
TRANSFERS									
A.B.C. Profits	\$ 14.2	(49.5) %	\$ 9.0	\$ 16.8	\$ 7.8	86.7 %	(36.6) %	18.3 %	
Lottery Profits	375.1	13.9	385.1	407.8	22.7	5.9	2.7	8.7	
Transfers Per Appropriations Act	653.4	2,503.2	586.4	588.2	1.8	0.3	(10.3)	(10.0)	
Total Transfers	\$ 1,042.7	172.5 %	\$ 980.5	\$ 1,012.8	\$ 32.3	3.3 %	(6.0) %	(2.9) %	
TOTAL GENERAL FUND	\$ 11,909.8	3.7 %	\$ 12,574.6	\$ 12,930.7	\$ 356.1	2.8 %	5.6 %	8.6 %	

The Official forecast is based on the January 2004 Global Insight standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2004 General Assembly session -- Chapter 943.

The December and May Standard General Fund Forecast for Fiscal Year 2005
(Dollars in Millions)

May 7, 2004

	Fiscal Year 2005				
	December	May	Change	% Growth Over FY 04	
	Forecast	Forecast		December	May
MAJOR TAX SOURCES					
Corporate Income	\$ 453.3	\$ 407.7	\$ (45.6)	9.0 %	(4.2) %
Individual Income Tax:					
Gross	8,894.9	9,037.2	142.3	5.7	5.1
Withholding	7,309.1	7,366.0	56.9	5.1	4.6
Nonwithholding	1,585.8	1,671.2	85.4	8.7	6.9
Refunds	<u>(1,233.3)</u>	<u>(1,263.3)</u>	<u>(30.0)</u>	<u>4.5</u>	<u>3.8</u>
Net	7,661.6	7,773.9	112.3	5.9	5.3
Insurance Company Premiums	391.2	381.2	(10.0)	9.3	8.5
Public Service GR / Consumption Tax	86.3	86.3	0.0	2.3	(0.7)
State Sales & Use Tax	<u>3,041.9</u>	<u>2,852.3</u>	<u>(189.6)</u>	<u>23.8</u>	<u>11.3</u>
Total Major Tax Sources	\$ 11,634.3	\$ 11,501.4	\$ (132.9)	10.3 %	6.4 %
MISCELLANEOUS TAXES & OTHER REVENUES					
Alcoholic Beverages State Tax	\$ 93.3	\$ 93.3	\$ 0.0	2.1 %	(2.7) %
Bank Franchise Tax	10.3	10.3	0.0	3.0	19.0
Beer & Beverage Excise Tax	32.7	32.7	0.0	0.0	(22.5)
Corporate Franchise & Charter Fees	38.0	38.0	0.0	1.9	(2.7)
Excess & Other Fees From Officers	(20.0)	(20.0)	0.0	(23.1)	(42.6)
Estate & Gifts	68.4	119.3	50.9	(45.3)	(20.3)
Institutional Revenues	9.3	9.3	0.0	0.0	(3.5)
Interest & Rents	80.7	80.7	0.0	19.9	30.8
Licenses & Permits	1.6	1.6	0.0	0.0	(65.3)
Miscellaneous Taxes & Penalties	232.9	248.0	15.1	3.5	11.8
Other Miscellaneous Revenues	16.7	12.1	(4.6)	(86.8)	(87.9)
Tobacco Master Settlement	0.0	0.0	0.0	(100.0)	(100.0)
Tobacco Products Tax	0.0	0.0	0.0	(100.0)	(100.0)
Wills, Suits, Deeds & Contract Fees	<u>199.1</u>	<u>325.1</u>	<u>126.0</u>	<u>(26.4)</u>	<u>(4.5)</u>
Total Misc. Taxes & Other Revenues	\$ 763.0	\$ 950.4	\$ 187.4	(26.7) %	(14.1) %
TOTAL GF REVENUES	\$ 12,397.3	\$ 12,451.8	\$ 54.5	6.9 %	4.5 %
TRANSFERS					
A.B.C. Profits	\$ 11.6	\$ 11.6	\$ 0.0	28.9 %	(31.0) %
Lottery Proceeds Fund	395.0	395.0	0.0	2.3	(3.1)
Transfers Per Appropriations Act	<u>114.2</u>	<u>301.1</u>	<u>186.9</u>	<u>(80.5)</u>	<u>(48.8)</u>
Total Transfers	\$ 520.8	\$ 707.7	\$ 186.9	(46.9) %	(30.1) %
TOTAL GENERAL FUND	\$ <u>12,918.1</u>	\$ <u>13,159.5</u>	\$ <u>241.4</u>	<u>2.7 %</u>	<u>1.8 %</u>

The December standard forecast is based on the October 2003 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

The May forecast is based on the January 2004 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2004 General Assembly.

The December and May Standard General Fund Forecast for Fiscal Year 2006
(Dollars in Millions)

May 7, 2004

	Fiscal Year 2006						2005 - 2006 Biennium		
	December	May	Change	% Growth Over FY 05		December	May	Change	
	Forecast	Forecast		December	May	Forecast	Forecast		
MAJOR TAX SOURCES									
Corporate Income	\$ 453.7	\$ 411.4	\$ (42.3)	0.1 %	0.9 %	\$ 907.0	\$ 819.1	\$ (87.9)	
Individual Income Tax:									
Gross	9,377.3	9,547.4	170.1	5.4	5.6	18,272.2	18,584.6	312.4	
Withholding	7,676.2	7,766.3	90.1	5.0	5.4	14,985.3	15,132.3	147.0	
Nonwithholding	1,701.1	1,781.1	80.0	7.3	6.6	3,286.9	3,452.3	165.4	
Refunds	<u>(1,273.2)</u>	<u>(1,342.9)</u>	<u>(69.7)</u>	<u>3.2</u>	<u>6.3</u>	<u>(2,506.5)</u>	<u>(2,606.2)</u>	<u>(99.7)</u>	
Net	8,104.1	8,204.5	100.4	5.8	5.5	15,765.7	15,978.4	212.7	
Insurance Company Premiums	424.9	414.9	(10.0)	8.6	8.8	816.1	796.1	(20.0)	
Public Service GR / Consumption Tax	89.1	89.1	0.0	3.2	3.2	175.4	175.4	0.0	
State Sales & Use Tax	<u>3,387.0</u>	<u>2,984.1</u>	<u>(402.9)</u>	<u>11.3</u>	<u>4.6</u>	<u>6,428.9</u>	<u>5,836.4</u>	<u>(592.5)</u>	
Total Major Tax Sources	\$ 12,458.8	\$ 12,104.0	\$ (354.8)	7.1 %	5.2 %	\$ 24,093.1	\$ 23,605.4	\$ (487.7)	
MISCELLANEOUS TAXES & OTHER REVENUES									
Alcoholic Beverages State Tax	\$ 97.3	\$ 97.3	\$ 0.0	4.3 %	4.3 %	\$ 190.6	\$ 190.6	\$ 0.0	
Bank Franchise Tax	10.6	10.6	0.0	2.9	2.9	20.9	20.9	0.0	
Beer & Beverage Excise Tax	32.7	32.7	0.0	0.0	0.0	65.4	65.4	0.0	
Corporate Franchise & Charter Fees	39.0	39.0	0.0	2.6	2.6	77.0	77.0	0.0	
Excess & Other Fees From Officers	(21.0)	(21.0)	0.0	5.0	5.0	(41.0)	(41.0)	0.0	
Estate & Gifts	50.0	113.3	63.3	(26.9)	(5.0)	118.4	232.6	114.2	
Institutional Revenues	9.3	9.3	0.0	0.0	0.0	18.6	18.6	0.0	
Interest & Rents	90.0	90.0	0.0	11.5	11.5	170.7	170.7	0.0	
Licenses & Permits	1.6	1.6	0.0	0.0	0.0	3.2	3.2	0.0	
Miscellaneous Taxes & Penalties	228.3	243.4	15.1	(2.0)	(1.9)	461.2	491.4	30.2	
Other Miscellaneous Revenues	31.2	26.6	(4.6)	86.8	119.8	47.9	38.7	(9.2)	
Tobacco Master Settlement	0.0	0.0	0.0	n/a	n/a	0.0	0.0	0.0	
Tobacco Products Tax	0.0	0.0	0.0	n/a	n/a	0.0	0.0	0.0	
Wills, Suits, Deeds & Contract Fees	<u>206.8</u>	<u>346.7</u>	<u>139.9</u>	<u>3.9</u>	<u>6.6</u>	<u>405.9</u>	<u>671.8</u>	<u>265.9</u>	
Total Misc. Taxes & Other Revenues	\$ 775.8	\$ 989.5	\$ 213.7	1.7 %	4.1 %	\$ 1,538.8	\$ 1,939.9	\$ 401.1	
TOTAL GF REVENUES	\$ 13,234.6	\$ 13,093.5	\$ (141.1)	6.8 %	5.2 %	\$ 25,631.9	\$ 25,545.3	\$ (86.6)	
TRANSFERS									
A.B.C. Profits	\$ 13.3	\$ 13.3	\$ 0.0	14.7 %	14.7 %	\$ 24.9	\$ 24.9	\$ 0.0	
Lottery Proceeds Fund	402.0	402.0	0.0	1.8	1.8	797.0	797.0	0.0	
Transfers Per Appropriations Act	<u>110.4</u>	<u>344.9</u>	<u>234.5</u>	<u>(3.3)</u>	<u>14.5</u>	<u>224.6</u>	<u>646.0</u>	<u>421.4</u>	
Total Transfers	\$ 525.7	\$ 760.2	\$ 234.5	0.9 %	7.4 %	\$ 1,046.5	\$ 1,467.9	\$ 421.4	
TOTAL GENERAL FUND	\$ 13,760.3	\$ 13,853.7	\$ 93.4	6.5 %	5.3 %	\$ 26,678.4	\$ 27,013.2	\$ 334.8	

The December standard forecast is based on the October 2003 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

The May forecast is based on the January 2004 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2004 General Assembly.

Growth in Total General Fund Tax Revenues
Fiscal Year 1961 - Fiscal Year 2004

(Nominal - Actual Dollars)

<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>
61	230,998,887	-	83	2,975,687,935	6.4%
62	242,144,567	4.8%	84	3,397,710,261	14.2%
63	286,304,265	18.2%	85	3,790,816,000	11.6%
64	298,033,919	4.1%	86	4,131,778,000	9.0%
65	323,213,412	8.4%	87	4,590,434,000	11.1%
66	365,129,776	13.0%	88	5,054,382,000	10.1%
67	414,755,644	13.6%	89	5,478,912,000	8.4%
68	533,597,744	28.7%	90	5,494,884,000	0.3%
69	706,254,374	32.4%	91	5,471,879,000	-0.4%
70	743,721,322	5.3%	92	5,623,213,000	2.8%
71	807,954,651	8.6%	93	6,133,637,000	9.1%
72	922,653,686	14.2%	94	6,503,368,000	6.0%
73	1,054,469,443	14.3%	95	6,881,145,000	5.8%
74	1,168,562,871	10.8%	96	7,356,110,000	6.9%
75	1,303,178,893	11.5%	97	7,949,327,000	8.1%
76	1,428,421,157	9.6%	98	8,773,520,000	10.4%
77	1,636,301,819	14.6%	99	9,702,747,000	10.6%
78	1,923,085,084	17.5%	00	10,788,482,000	11.2%
79	2,115,211,522	10.0%	01	11,105,275,000	2.9%
80	2,344,928,934	10.9%	02	10,678,954,000	-3.8%
81	2,579,663,941	10.0%	03	10,867,149,000	1.8%
82	2,796,458,741	8.4%	04	11,917,867,000	9.7%

NOTE : Total Revenues exclude transfers.

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2003 and 2004
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2004 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$6,957,700	58.08	\$616,402	\$563,198	9.4	\$7,039,287	\$6,567,408	7.2	5.9
Tax Dues/Estimated Payments	1,508,100	12.59	192,861	170,132	13.4	1,562,846	1,402,712	11.4	7.5
Gross Individual Income Tax	<u>\$8,465,800</u>	<u>70.67</u>	<u>\$809,263</u>	<u>\$733,330</u>	<u>10.4</u>	<u>\$8,602,133</u>	<u>\$7,970,120</u>	<u>7.9</u>	<u>6.2</u>
Individual and Fiduciary Income (Refunds)	(1,230,400)	(10.27)	(38,444)	(44,863)	(14.3)	(1,217,245)	(1,194,374)	1.9	3.0
Net Individual Income Tax	<u>\$7,235,400</u>	<u>60.40</u>	<u>\$770,819</u>	<u>\$688,467</u>	<u>12.0</u>	<u>\$7,384,888</u>	<u>\$6,775,746</u>	<u>9.0</u>	<u>6.8</u>
Sales and Use Tax	2,507,200	20.93	386,485	355,209	8.8	2,562,334	2,335,958	9.7	7.3
Corporations Income Tax	365,900	3.06	95,826	72,975	31.3	425,716	343,319	24.0	6.6
Public Service Corporations	84,400	0.70	11,360	6,017	88.8	86,870	91,247	(4.8)	(7.5)
Insurance Premiums	347,800	2.90	83,318	78,099	6.7	351,278	333,004	5.5	4.4
Interest Income (a)	64,000	0.53	928	857	8.3	61,413	81,687	(24.8)	(21.7)
Alcoholic Beverage Sales (b)	124,100	1.04	27,852	23,454	18.8	138,040	128,723	7.2	(3.6)
Tobacco Master Settlement	50,500	0.42	0	683	(100.0)	51,359	60,012	(14.4)	(15.9)
All Other Revenues	814,800	6.80	117,667	102,371	14.9	855,969	717,453	19.3	13.6
Total General Fund Revenues	<u>\$11,594,100</u>	<u>96.78</u>	<u>\$1,494,255</u>	<u>\$1,328,132</u>	<u>12.5</u>	<u>\$11,917,867</u>	<u>\$10,867,149</u>	<u>9.7</u>	<u>6.7</u>
Gross Lottery Revenue	\$1,195,445	9.98	\$126,256	\$105,888	19.2	\$1,262,358	\$1,135,729	11.1	5.3
Less: Expenses	(810,345)	(6.76)	(87,353)	(71,630)	22.0	(854,306)	(760,528)	12.3	6.6
Net Lottery Profits	<u>\$385,100</u>	<u>3.22</u>	<u>\$38,903</u>	<u>\$34,258</u>	<u>13.6</u>	<u>\$408,052</u>	<u>\$375,201</u>	<u>8.8</u>	<u>2.6</u>
Total General Fund Revenues and Net Lottery Profits	<u>\$11,979,200</u>	<u>100.00</u>	<u>\$1,533,158</u>	<u>\$1,362,390</u>	<u>12.5</u>	<u>\$12,325,919</u>	<u>\$11,242,350</u>	<u>9.6</u>	<u>6.6</u>

Percentage is greater than 1,000%.

(a) Interest income for the April - June quarter attributable to nongeneral funds was transferred in accordance with Section 3-5.08 of Chapter 943, 2004 Virginia Acts of Assembly.

(b) Includes Beer and Beverage Excise Tax and Alcoholic Beverage State Tax.

Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2003 and 2004

Revenue	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)
	FY 2004 Estimate	As a % of Total Gen Fund Rev	FY 2004	FY 2003	June	% Change	FY 2004	FY 2003	Year-To-Date % Change	% Annual Growth Req By Est
Taxes:										
Individual Income Tax - Withholding	\$6,957,700	60.01	\$616,402	\$563,198		9.4	\$7,039,287	\$6,567,408	7.2	5.9
Tax Dues/Estimated Payments	1,508,100	13.01	192,861	170,132		13.4	1,562,846	1,402,712	11.4	7.5
Gross Individual Income Tax	\$8,465,800	73.02	\$809,263	\$733,330		10.4	\$8,602,133	\$7,970,120	7.9	6.2
Individ and Fiduc Income (Refunds)	(1,230,400)	(10.61)	(38,444)	(44,863)		(14.3)	(1,217,245)	(1,194,374)	1.9	3.0
Net Individual Income Tax	\$7,235,400	62.41	\$770,819	\$688,467		12.0	\$7,384,888	\$6,775,746	9.0	6.8
Sales and Use Tax	2,507,200	21.62	386,485	355,209		8.8	2,562,334	2,335,958	9.7	7.3
Corporations Income	365,900	3.16	95,826	72,975		31.3	425,716	343,319	24.0	6.6
Public Service Corporations	84,400	0.73	11,360	6,017		88.8	86,870	91,247	(4.8)	(7.5)
Insurance Premiums	347,800	3.00	83,318	78,099		6.7	351,278	333,004	5.5	4.4
Alcoholic Beverage Excise	91,400	0.79	23,900	19,750		21.0	95,851	87,802	9.2	4.1
Beer and Beverage Excise	32,700	0.28	3,952	3,704		6.7	42,189	40,921	3.1	(20.1)
Wills, Suits, Deeds, Contracts	290,400	2.50	38,097	28,905		31.8	340,578	285,841	19.1	1.6
Inheritance, Gift, and Estate	125,100	1.08	7,333	11,884		(38.3)	149,648	143,325	4.4	(12.7)
Tobacco Products	19,000	0.16	1,515	1,288		17.6	16,118	15,314	5.3	24.1
Bank Franchise	10,000	0.09	7,670	6,501		18.0	8,657	9,250	(6.4)	8.1
Other Taxes	16,800	0.14	1,947	(258)		854.7	15,260	(9,008)	269.4	286.5
Total Taxes	\$11,126,100	95.96	\$1,432,222	\$1,272,541		12.5	\$11,479,387	\$10,452,719	9.8	6.4
Rights and Privileges:										
Licenses and Permits	\$1,600	0.01	\$426	\$160		166.3	\$4,613	\$1,536	200.3	4.2
Corp. Franchise and Charters	37,300	0.32	21,691	19,752		9.8	39,074	36,722	6.4	1.6
Fees for Practice of Prof	1,100	0.01	7	16		(56.3)	1,146	1,091	5.0	0.8
Fees for Misc. Privileges & Services	12,100	0.11	2,395	2,304		3.9	11,987	11,173	7.3	8.3
Total Rights and Privileges	\$52,100	0.45	\$24,519	\$22,232		10.3	\$56,820	\$50,522	12.5	3.1
Other Revenues:										
Sales of Property & Commodities	\$9,200	0.08	\$191	\$1,001		(80.9)	\$2,035	\$1,019	99.7	802.8
Assessmts & Rcpts for Support of Special Svcs	400	0.00	87	51		70.6	306	383	(20.1)	4.4
Institutional Revenue	9,300	0.08	647	610		6.1	9,633	7,896	22.0	17.8
Interest (a)	64,000	0.55	928	857		8.3	61,413	81,687	(24.8)	(21.7)
Dividends and Rent	300	0.00	39	45		(13.3)	265	1,386	(80.9)	(78.4)
Fines, Forfeitures & Fees	208,300	1.80	31,047	28,289		9.7	206,663	191,182	8.1	9.0
Other Revenue	97,500	0.84	6,419	4,316		48.7	75,889	38,755	95.8	151.6
Excess Fees	(33,000)	(0.28)	(2,676)	(3,347)		20.0	(34,866)	(27,536)	(26.6)	(19.8)
Private Donations, Gifts & Cont.	0	0.00	0	0		-	1	7	(85.7)	(100.0)
Cities, Counties, and Towns	9,400	0.08	832	854		(2.6)	8,962	9,117	(1.7)	3.1
Tobacco Master Settlement	50,500	0.44	0	683		(100.0)	51,359	60,012	(14.4)	(15.9)
Total Other Revenues	\$415,900	3.59	\$37,514	\$33,359		12.5	\$381,660	\$363,908	4.9	14.3
Total General Fund Revenues	\$11,594,100	100.00	\$1,494,255	\$1,328,132		12.5	\$11,917,867	\$10,867,149	9.7	6.7

Percentage is greater than 1,000%.

(a) Interest income for the April - June quarter attributable to nongeneral funds was transferred in accordance with Section 3-5.08 of Chapter 943, 2004 Virginia Acts of Assembly.

**Commonwealth of Virginia/Department of Lottery
Summary Report on Lottery Collections
For the Fiscal Years 2003 and 2004
(Dollars in Thousands)**

	FY 2004 Estimate	June			Year-To-Date			% Annual Growth Required By Estimate
		FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	
Lottery Collections								
Lotto South	\$71,750	\$5,593	\$5,828	(4.0)	\$73,003	\$71,607	1.9	0.2
Cash 5	27,129	2,299	2,209	4.1	28,037	28,431	(1.4)	(4.6)
Pick 4	151,166	12,778	11,880	7.6	156,931	146,854	6.9	2.9
Pick 3	238,067	19,288	18,990	1.6	241,426	240,423	0.4	(1.0)
Mega Millions	115,650	20,699	16,126	28.4	132,034	104,964	25.8	10.2
Scratch	591,683	65,599	50,855	29.0	630,927	543,450	16.1	8.9
Gross Lottery Revenue	<u>1,195,445</u>	<u>126,256</u>	<u>105,888</u>	<u>19.2</u>	<u>1,262,358</u>	<u>1,135,729</u>	<u>11.1</u>	<u>5.3</u>
Expenses (b)	<u>810,345</u>	<u>87,353 (a)</u>	<u>71,630</u>	<u>22.0</u>	<u>854,306 (a)</u>	<u>760,528</u>	<u>12.3</u>	<u>6.6</u>
Net Lottery Ticket Profits	<u>\$385,100</u>	<u>\$38,903 (a)</u>	<u>\$34,258</u>	<u>13.6</u>	<u>\$408,052 (a)</u>	<u>\$375,201</u>	<u>8.8</u>	<u>2.6</u>

(a) Current month includes operating expenses estimate (unaudited closing).

(b) "Expenses" includes prizes to winners, compensation to retailers, instant ticket printing costs, Lottery operating expenses, and net other income/expense.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Revenue Estimates & Collections
For the Fiscal Years 2003 and 2004
(Dollars in Thousands)

Revenue	FY 2004 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Estimate
			FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	
Motor Fuel Taxes	\$825,100	25.00	\$146,214	\$140,342	4.2	\$846,080	\$808,527	4.6	2.0
Priority Transportation Fund	20,000	0.61	2,000	2,000	0.0	20,000	20,000	0.0	0.0
Motor Vehicle Sales and Use Tax	573,600	17.39	57,011	53,819	5.9	604,078	542,743	11.3	5.7
State Sales and Use Tax	395,800	12.00	37,887	33,331	13.7	415,042	375,681	10.5	5.4
Motor Vehicle License Fees	156,600	4.74	15,067	15,194	(0.8)	162,754	158,703	2.6	(1.3)
International Registration Plan	58,800	1.78	8,179	7,866	4.0	54,349	57,569	(5.6)	2.1
Interest Earnings	9,900	0.30	157	1	#	10,670	14,625	(27.0)	(32.3)
Misc. Taxes, Fees, and Revenues	18,600	0.57	2,101	1,700	23.6	21,369	23,232	(8.0)	(19.9)
Total State Taxes and Fees	\$2,058,400	62.39	\$268,616	\$254,253	5.6	\$2,134,342	\$2,001,080	6.7	2.9

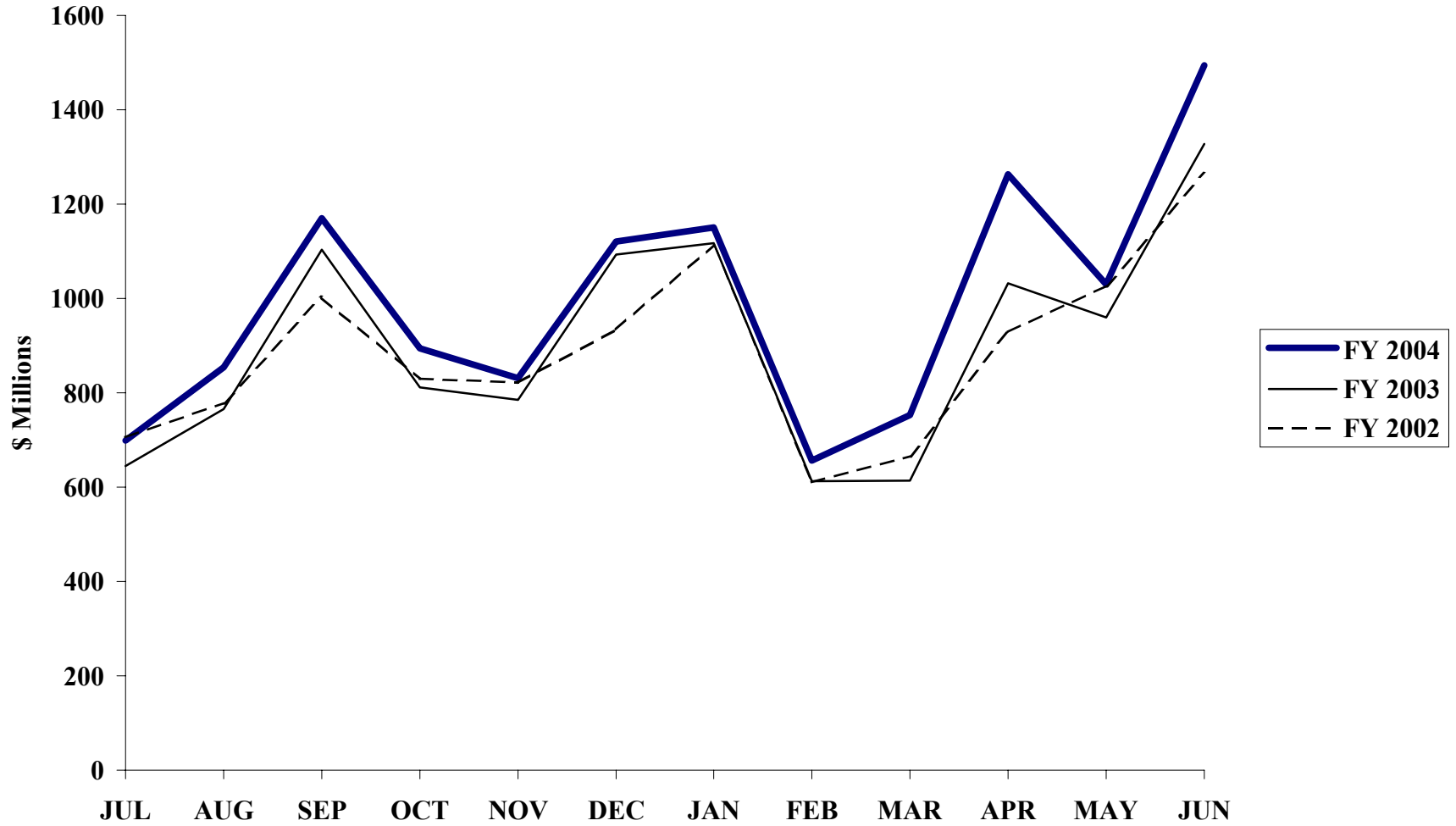
Percentage is greater than 1,000%.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2003 and 2004
(Dollars in Thousands)

Revenue	FY 2004 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Est
			FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$703,200	21.31	\$127,126	\$120,174	5.8	\$727,945	\$688,411	5.7	2.1
Motor Vehicle Sales and Use Tax	368,700	11.18	36,629	34,293	6.8	388,736	347,915	11.7	6.0
Motor Vehicle License Fees	135,700	4.11	13,072	13,152	(0.6)	142,242	139,011	2.3	(2.4)
International Registration Plan	58,800	1.78	8,179	7,866	4.0	54,349	57,569	(5.6)	2.1
Misc. Taxes, Fees, and Revenues	18,600	0.57	2,101	1,700	23.6	21,369	23,232	(8.0)	(19.9)
Total State Taxes and Fees	\$1,285,000	38.95	\$187,107	\$177,185	5.6	\$1,334,641	\$1,256,138	6.2	2.3
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$1,061	\$988	7.4	\$13,419	\$13,634	(1.6)	(100.0)
Transfer (to) / from Transportation Trust Fund	\$20,200	0.61	\$0	(40,343)	100.0	\$56,902	96,927	(41.3)	(79.2)
Total Highway Maintenance and Operating Fund	\$1,305,200	39.56	\$188,168	\$137,830	36.5	\$1,404,962	\$1,366,699	2.8	(4.5)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$121,900	3.69	\$19,088	\$20,168	(5.4)	\$118,135	\$120,116	(1.6)	1.5
Priority Transportation Fund	20,000	0.61	2,000	2,000	0.0	20,000	20,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	204,900	6.21	20,382	19,526	4.4	215,342	194,828	10.5	5.2
State Sales and Use Tax	395,800	12.00	37,887	33,331	13.7	415,042	375,681	10.5	5.4
Motor Vehicle License Fees	20,900	0.63	1,995	2,042	(2.3)	20,512	19,692	4.2	6.1
Interest Earnings	9,900	0.30	157	1	#	10,670	14,625	(27.0)	(32.3)
Total State Taxes and Fees	\$773,400	23.44	\$81,509	\$77,068	5.8	\$799,701	\$744,942	7.4	3.8
Other Revenues:									
Federal Grants and Contracts	\$1,068,800	32.39	\$31,937	\$41,271	(22.6)	\$639,152	\$678,299	(5.8)	57.6
Receipts from Cities/Counties	45,500	1.38	493	(1,605)	130.7	31,701	25,284	25.4	80.0
Toll Revenues (Includes Route 28)	60,800	1.84	5,175	11,650	(55.6)	74,564	62,805	18.7	(3.2)
Miscellaneous Revenues	65,900	2.00	1,881	897	109.7	18,346	17,384	5.5	279.1
Total Other Revenues	\$1,241,000	37.61	\$39,486	\$52,213	(24.4)	\$763,763	\$783,772	(2.6)	58.3
Transfer (to) / from Highway Maintenance and Operating Fund	(\$20,200)	(0.61)	\$0	\$40,343	(100.0)	(\$56,902)	(\$96,927)	41.3	79.2
Total Transportation Trust Fund	\$1,994,200	60.44	\$120,995	\$169,624	(28.7)	\$1,506,562	\$1,431,787	5.2	39.3
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,299,400	100.00	\$309,163	\$307,454	0.6	\$2,911,524	\$2,798,486	4.0	17.9

Percentage is greater than 1,000%.

Total General Fund Revenues

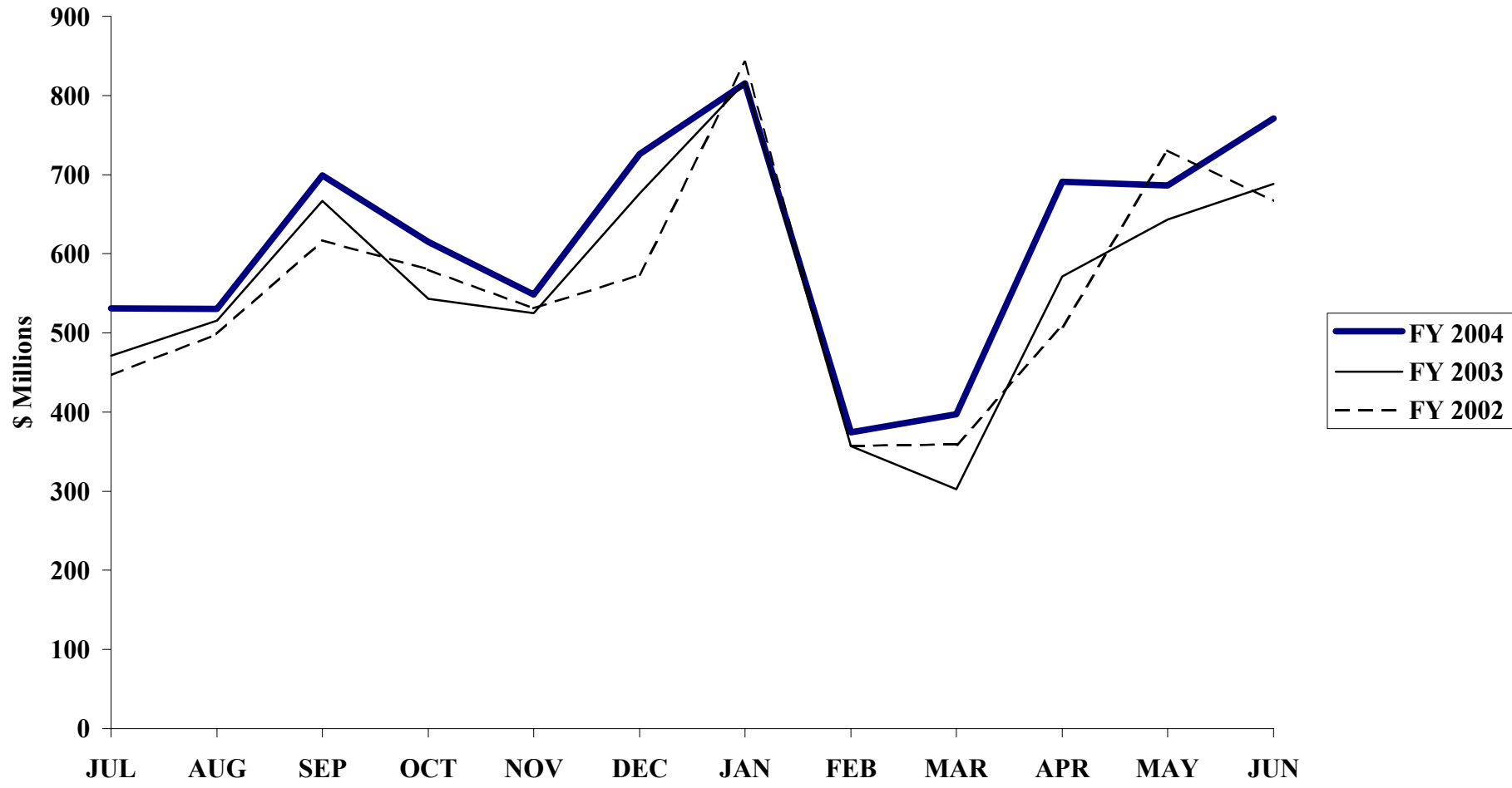


FY 2002 Actual = \$10,678.9 Million

FY 2003 Actual = \$10,867.1 Million

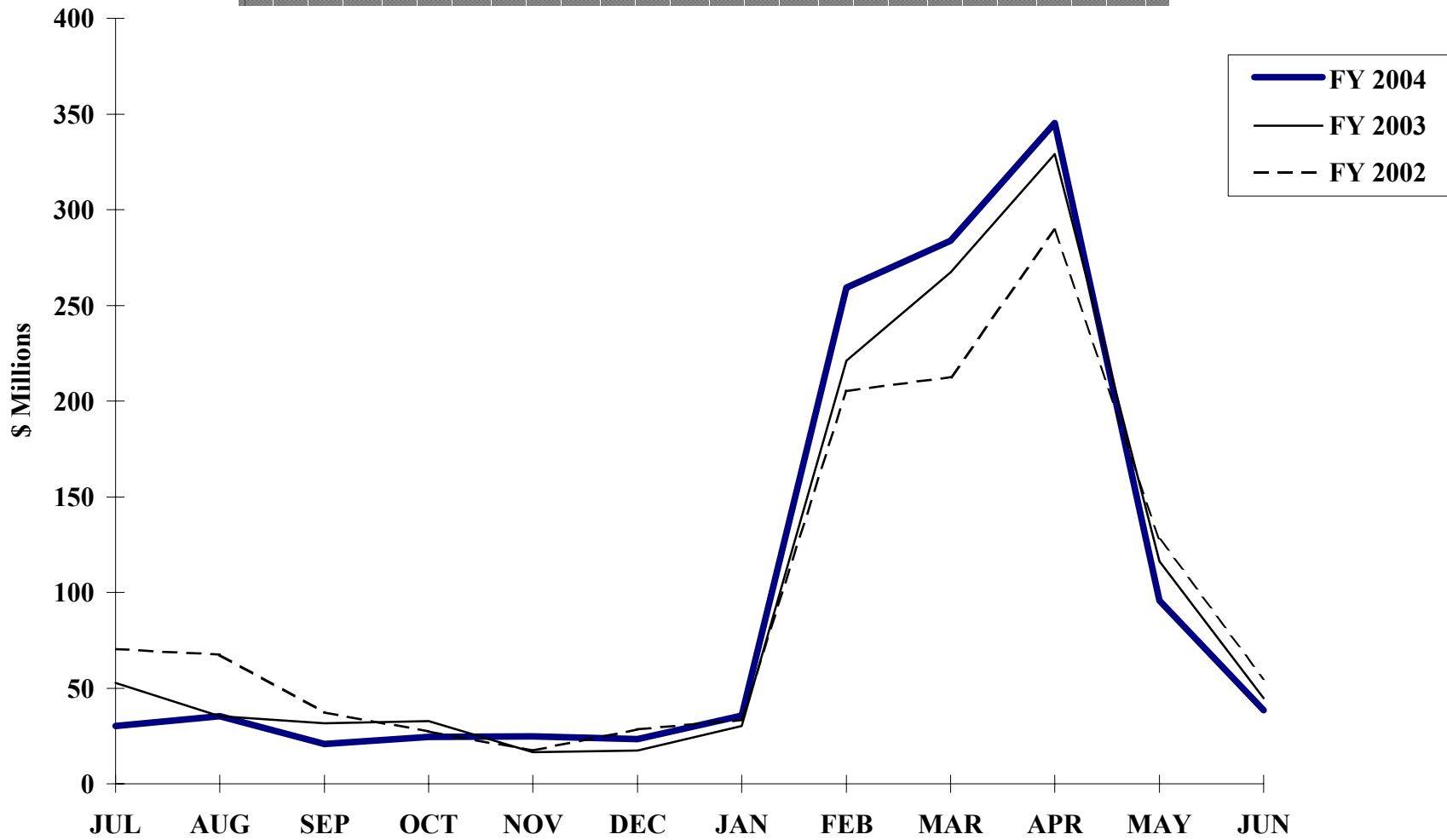
FY 2004 Actual = \$11,917.8 Million

Net Individual Income Tax



FY 2002 Actual = \$6,710.7 Million
FY 2003 Actual = \$6,775.7 Million
FY 2004 Actual = \$7,384.8 Million

Individual and Fiduciary Income Tax Refunds



FY 2002 Actual = \$1,171.1 Million
FY 2003 Actual = \$1,194.4 Million
FY 2004 Actual = \$1,217.2 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio
 Monthly Average Balances and Rates
 For the Fiscal Year 2004
 (Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION ^{1, 2}		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2003	\$2,176.4	1.94%	\$930.9	-36.69%	\$3,107.3	-9.63%
August	\$2,118.9	1.87%	\$843.1	4.04%	\$2,962.0	2.49%
September	\$2,504.2	1.74%	\$829.0	28.58%	\$3,333.2	8.41%
October	\$2,533.8	1.66%	\$834.8	-11.06%	\$3,368.6	-1.49%
November	\$2,475.1	1.63%	\$831.2	1.08%	\$3,306.3	1.49%
December	\$2,429.6	1.59%	\$834.9	9.26%	\$3,264.5	3.55%
January, 2004	\$2,820.9	1.53%	\$840.7	7.92%	\$3,661.6	3.00%
February	\$2,917.2	1.61%	\$847.6	12.13%	\$3,764.8	3.98%
March	\$2,793.5	1.55%	\$855.0	9.18%	\$3,648.5	3.34%
April	\$2,879.8	1.57%	\$847.4	-27.33%	\$3,727.2	-5.00%
May³	\$3,122.4	1.50%	\$835.9	-3.32%	\$3,960.2	0.48%
June	\$3,000.7	1.60%	\$837.5	4.59%	\$3,838.2	2.25%
Year-to-Date Average	\$2,647.7	1.64%	\$847.3	-0.49%	\$3,495.2	1.12%
Latest 12-month Average	\$2,647.7	1.64%	\$847.3	-0.49%	\$3,495.2	1.12%

¹ Performance on the extended duration portion of the General Account is now reported on an annualized total return basis. Total return includes unrealized gains and losses, which in the short term can make returns more volatile. Over an extended time period the fluctuations average out and total return approaches the portfolio yield.

² Unaudited.

³ External Management Average Balance revised after month-end.

**Commonwealth of Virginia/Department of Accounts
Report on the Revenue Stabilization Fund
For the Fiscal Year 2004
(Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$247,481	\$0	\$0	\$247,481
August	\$247,481	\$0	\$0	\$247,481
September	\$247,481	\$0	\$0	\$247,481
October	\$247,481	\$0	\$1,860	\$249,341
November	\$249,341	\$0	\$0	\$249,341
December	\$249,341	\$0	\$0	\$249,341
January	\$249,341	\$0	\$1,472	\$250,813
February	\$250,813	\$0	\$0	\$250,813
March	\$250,813	\$0	\$0	\$250,813
April	\$250,813	\$0	\$1,162	\$251,975
May	\$251,975	\$0	\$0	\$251,975
June	\$251,975	\$87,000 (B)	\$1,092	\$340,067

Notes: (A) Interest is earned monthly but credited to nongeneral funds on a quarterly basis and will appear on this report in the months of October, January, April, and final June.

(B) Deposit made per Item 278.10 D of Chapter 943 (2004 Acts of Assembly).

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2004 and 2005
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2005 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2005	July FY 2004	% Change	FY 2005	Year-To-Date FY 2004	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$7,366,000	57.34	\$573,985	\$540,907	6.1	\$573,985	\$540,907	6.1	4.6
Tax Dues/Estimated Payments	1,671,200	13.01	28,823	20,005	44.1	28,823	20,005	44.1	6.9
Gross Individual Income Tax	<u>\$9,037,200</u>	<u>70.35</u>	<u>\$602,808</u>	<u>\$560,912</u>	<u>7.5</u>	<u>\$602,808</u>	<u>\$560,912</u>	<u>7.5</u>	<u>5.1</u>
Individual and Fiduciary Income (Refunds)	(1,263,300)	(9.83)	(28,680)	(30,250)	(5.2)	(28,680)	(30,250)	(5.2)	3.8
Net Individual Income Tax	<u>\$7,773,900</u>	<u>60.52</u>	<u>\$574,128</u>	<u>\$530,662</u>	<u>8.2</u>	<u>\$574,128</u>	<u>\$530,662</u>	<u>8.2</u>	<u>5.3</u>
Sales and Use Tax	2,852,300	22.20	88,173	84,322	4.6	88,173	84,322	4.6	11.3
Corporations Income Tax	407,700	3.17	14,181	6,488	118.6	14,181	6,488	118.6	(4.2)
Public Service Corporations	86,300	0.67	6,342	5,351	18.5	6,342	5,351	18.5	(0.7)
Insurance Premiums	381,200	2.97	1,923	2,516	(23.6)	1,923	2,516	(23.6)	8.5
Interest Income (a)	80,400	0.63	8,015	7,300	9.8	8,015	7,300	9.8	30.9
Alcoholic Beverage Sales (b)	126,000	0.98	3,912	3,679	6.3	3,912	3,679	6.3	(8.7)
Tobacco Master Settlement	0	0.00	0	0	-	0	0	-	(100.0)
All Other Revenues	744,000	5.79	75,852	58,932	28.7	75,852	58,932	28.7	(13.1)
Total General Fund Revenues	<u>\$12,451,800</u>	<u>96.93</u>	<u>\$772,526</u>	<u>\$699,250</u>	<u>10.5</u>	<u>\$772,526</u>	<u>\$699,250</u>	<u>10.5</u>	<u>4.5</u>
Gross Lottery Revenue	\$1,262,500	9.82	\$98,514	\$87,040	13.2	\$98,514	\$87,040	13.2	0.0
Less: Expenses	(867,500)	(6.75)	(67,177)	(59,661)	12.6	(67,177)	(59,661)	12.6	1.5
Net Lottery Profits	<u>\$395,000</u>	<u>3.07</u>	<u>\$31,337</u>	<u>\$27,379</u>	<u>14.5</u>	<u>\$31,337</u>	<u>\$27,379</u>	<u>14.5</u>	<u>(3.2)</u>
Total General Fund Revenues and Net Lottery Profits	<u>\$12,846,800</u>	<u>100.00</u>	<u>\$803,863</u>	<u>\$726,629</u>	<u>10.6</u>	<u>\$803,863</u>	<u>\$726,629</u>	<u>10.6</u>	<u>4.2</u>

Percentage is greater than 1,000%.

(a) Approximately 60% of the interest for the current quarter is due to nongeneral funds and will be transferred in October.

(b) Includes Beer and Beverage Excise Tax and Alcoholic Beverage State Tax.

Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2004 and 2005

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2005 Estimate	As a % of Total Gen Fund Rev	FY 2005	July FY 2004	% Change	FY 2005	Year-To-Date FY 2004	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$7,366,000	59.16	\$573,985	\$540,907	6.1	\$573,985	\$540,907	6.1	4.6
Tax Dues/Estimated Payments	1,671,200	13.42	28,823	20,005	44.1	28,823	20,005	44.1	6.9
Gross Individual Income Tax	\$9,037,200	72.58	\$602,808	\$560,912	7.5	\$602,808	\$560,912	7.5	5.1
Individual and Fiduc Income (Refunds)	(1,263,300)	(10.15)	(28,680)	(30,250)	(5.2)	(28,680)	(30,250)	(5.2)	3.8
Net Individual Income Tax	\$7,773,900	62.43	\$574,128	\$530,662	8.2	\$574,128	\$530,662	8.2	5.3
Sales and Use Tax	2,852,300	22.91	88,173	84,322	4.6	88,173	84,322	4.6	11.3
Corporations Income	407,700	3.28	14,181	6,488	118.6	14,181	6,488	118.6	(4.2)
Public Service Corporations	86,300	0.69	6,342	5,351	18.5	6,342	5,351	18.5	(0.7)
Insurance Premiums	381,200	3.06	1,923	2,516	(23.6)	1,923	2,516	(23.6)	8.5
Alcoholic Beverage Excise	93,300	0.75	0	0	-	0	0	-	(2.7)
Beer and Beverage Excise	32,700	0.26	3,912	3,679	6.3	3,912	3,679	6.3	(22.5)
Wills, Suits, Deeds, Contracts	325,100	2.61	33,109	34,482	(4.0)	33,109	34,482	(4.0)	(4.5)
Inheritance, Gift, and Estate	119,300	0.96	7,295	5,027	45.1	7,295	5,027	45.1	(20.3)
Tobacco Products	0	0.00	1,358	1,600	(15.1)	1,358	1,600	(15.1)	(100.0)
Bank Franchise	10,300	0.08	844	30	#	844	30	#	19.0
Other Taxes	30,800	0.25	2,283	(153)	#	2,283	(153)	#	101.8
Total Taxes	\$12,112,900	97.28	\$733,548	\$674,004	8.8	\$733,548	\$674,004	8.8	5.5
Rights and Privileges:									
Licenses and Permits	\$1,600	0.01	\$198	\$235	(15.7)	\$198	\$235	(15.7)	(65.3)
Corp. Franchise and Charters	38,000	0.30	575	636	(9.6)	575	636	(9.6)	(2.7)
Fees for Practice of Prof	1,000	0.01	0	25	(100.0)	0	25	(100.0)	(12.7)
Fees for Misc. Privileges & Services	12,100	0.10	751	1,068	(29.7)	751	1,068	(29.7)	0.9
Total Rights and Privileges	\$52,700	0.42	\$1,524	\$1,964	(22.4)	\$1,524	\$1,964	(22.4)	(7.3)
Other Revenues:									
Sales of Property & Commodities	\$100	0.00	\$10,596	\$1	#	\$10,596	\$1	#	(95.1)
Assessmts & Rcpts for Support of Special Svcs	400	0.00	35	21	66.7	35	21	66.7	30.7
Institutional Revenue	9,300	0.08	139	658	(78.9)	139	658	(78.9)	(3.5)
Interest (a)	80,400	0.65	8,015	7,300	9.8	8,015	7,300	9.8	30.9
Dividends and Rent	300	0.00	12	21	(42.9)	12	21	(42.9)	13.2
Fines, Forfeitures & Fees	217,200	1.74	17,205	17,089	0.7	17,205	17,089	0.7	5.1
Other Revenue	(11,100)	(0.09)	5,994	3,146	90.5	5,994	3,146	90.5	(114.6)
Excess Fees	(20,000)	(0.16)	(5,189)	(5,595)	7.3	(5,189)	(5,595)	7.3	42.6
Private Donations, Gifts & Cont.	0	0.00	0	0	-	0	0	-	(100.0)
Cities, Counties, and Towns	9,600	0.08	647	641	0.9	647	641	0.9	7.1
Tobacco Master Settlement	0	0.00	0	0	-	0	0	-	(100.0)
Total Other Revenues	\$286,200	2.30	\$37,454	\$23,282	60.9	\$37,454	\$23,282	60.9	(25.0)
Total General Fund Revenues	\$12,451,800	100.00	\$772,526	\$699,250	10.5	\$772,526	\$699,250	10.5	4.5

Percentage is greater than 1,000%.

(a) Approximately 60% of the interest for the current quarter is due to nongeneral funds and will be transferred in October.

**Commonwealth of Virginia/Department of Lottery
Summary Report on Lottery Collections
For the Fiscal Years 2004 and 2005
(Dollars in Thousands)**

	FY 2005 Estimate (d)	July			Year-To-Date			% Annual Growth Required By Estimate
		FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change (b)	
Lottery Collections								
Lotto South	\$71,100	\$5,899	\$5,645	4.5	\$5,899	\$5,645	4.5	(2.6)
Cash 5	26,500	2,438	2,359	3.3	2,438	2,359	3.3	(5.5)
Pick 4	159,000	13,457	12,519	7.5	13,457	12,519	7.5	1.3
Pick 3	240,100	20,302	19,845	2.3	20,302	19,845	2.3	(0.5)
Mega Millions	115,700	17,572	7,282	141.3	17,572	7,282	141.3	(12.4)
Scratch	650,100	38,846	39,390	(1.4)	38,846	39,390	(1.4)	3.0
Gross Lottery Revenue	<u>1,262,500</u>	<u>98,514</u>	<u>87,040</u>	<u>13.2</u>	<u>98,514</u>	<u>87,040</u>	<u>13.2</u>	<u>0.0</u>
Expenses (c)	<u>867,500</u>	<u>67,177 (a)</u>	<u>59,661</u>	<u>12.6</u>	<u>67,177 (a)</u>	<u>59,661</u>	<u>12.6</u>	<u>1.5</u>
Net Lottery Ticket Profits	<u>\$395,000</u>	<u>\$31,337 (a)</u>	<u>\$27,379</u>	<u>14.5</u>	<u>\$31,337 (a)</u>	<u>\$27,379</u>	<u>14.5</u>	<u>(3.2)</u>

(a) Current month includes operating expenses estimate (unaudited closing).

(b) The current-year figures on this chart, including growth percentages, are not an indicator of the probable outcome for the fiscal year.

Lottery revenues can have dramatic swings up and down month-to-month depending on the lotto jackpots, prize expenses and game related administrative expenses.

(c) "Expenses" includes prizes to winners, compensation to retailers, instant ticket printing costs, Lottery operating expenses, and net other income/expense.

(d) Estimate established in December 2003.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Revenue Estimates & Collections
For the Fiscal Years 2004 and 2005
(Dollars in Thousands)

Revenue	FY 2005 Estimate	As a % of Total Fund	July			Year-To-Date			% Annual Growth Required By Estimate
			FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change	
Motor Fuel Taxes	\$860,500	28.51	\$1,558	\$1,928	(19.2)	\$1,558	\$1,928	(19.2)	1.7
Priority Transportation Fund	20,000	0.66	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax	600,200	19.90	50,478	51,906	(2.8)	50,478	51,906	(2.8)	(0.6)
State Sales and Use Tax	417,500	13.84	15,607	14,562	7.2	15,607	14,562	7.2	0.6
Motor Vehicle License Fees	146,700	4.86	12,875	15,379	(16.3)	12,875	15,379	(16.3)	(9.9)
International Registration Plan	61,500	2.04	4,019	2,102	91.2	4,019	2,102	91.2	13.2
Interest Earnings	15,400	0.51	(153)	5	#	(153)	5	#	44.3
Misc. Taxes, Fees, and Revenues	18,600	0.62	2,150	1,838	17.0	2,150	1,838	17.0	(13.0)
Total State Taxes and Fees	\$2,140,400	70.94	\$86,534	\$87,720	(1.4)	\$86,534	\$87,720	(1.4)	0.3

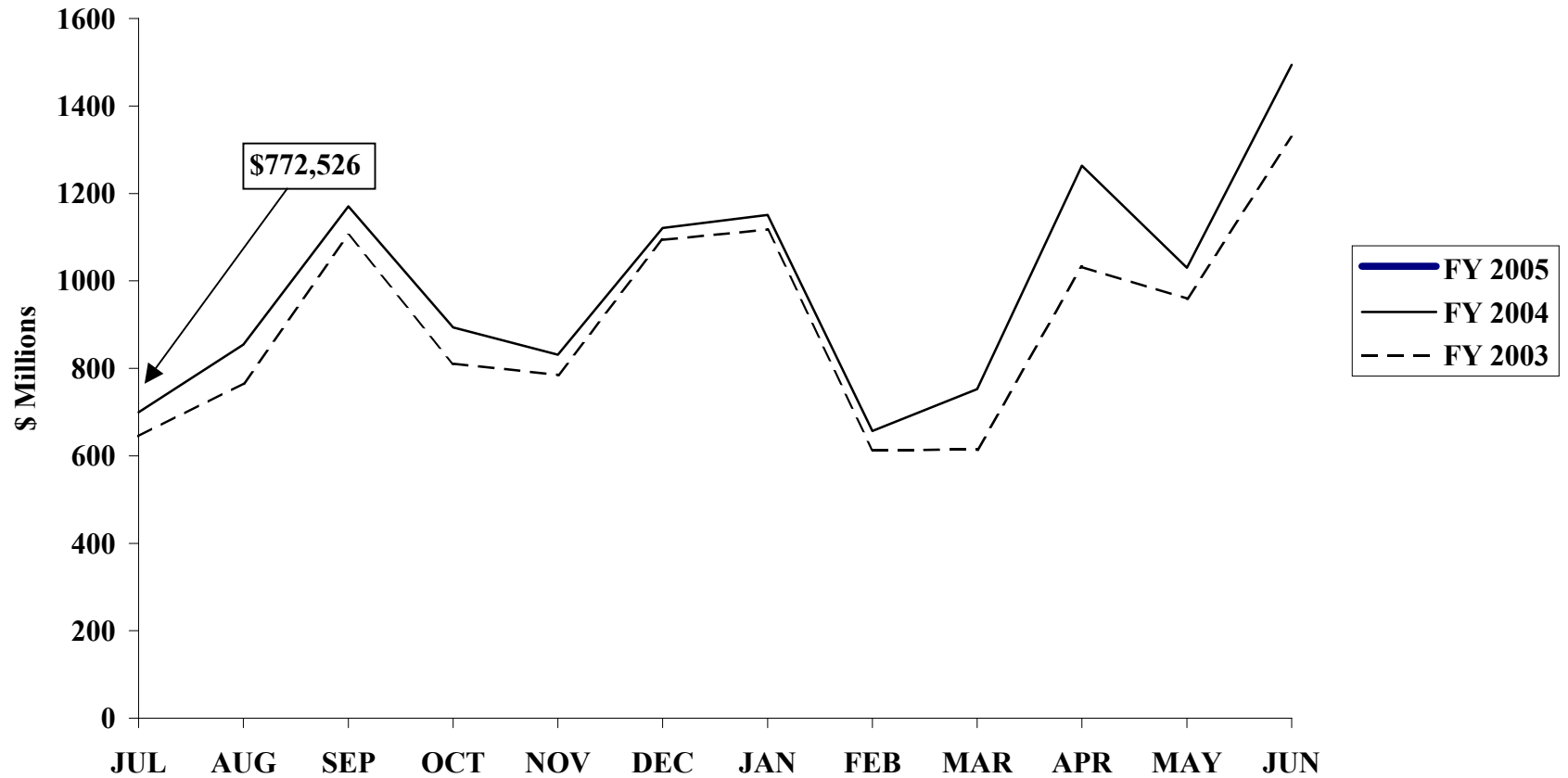
Percentage is greater than 1,000%.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2004 and 2005
(Dollars in Thousands)

Revenue	FY 2005 Estimate	As a % of Total Fund	July			Year-To-Date			% Annual Growth Required By Est
			FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$733,700	24.31	(\$66)	\$94	(170.2)	(\$66)	\$94	(170.2)	0.8
Motor Vehicle Sales and Use Tax	385,800	12.79	32,522	33,258	(2.2)	32,522	33,258	(2.2)	(0.8)
Motor Vehicle License Fees	125,400	4.15	11,297	13,514	(16.4)	11,297	13,514	(16.4)	(11.8)
International Registration Plan	61,500	2.04	4,019	2,102	91.2	4,019	2,102	91.2	13.2
Misc. Taxes, Fees, and Revenues	18,600	0.62	2,150	1,838	17.0	2,150	1,838	17.0	(13.0)
Total State Taxes and Fees	\$1,325,000	43.91	\$49,922	\$50,806	(1.7)	\$49,922	\$50,806	(1.7)	(0.7)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$795	\$560	42.0	\$795	\$560	42.0	(100.0)
Transfer (to) / from Transportation Trust Fund	\$244,600	8.11	\$146,771	\$20,177	627.4	\$146,771	\$20,177	627.4	329.9
Total Highway Maintenance and Operating Fund	\$1,569,600	52.02	\$197,488	\$71,543	176.0	\$197,488	\$71,543	176.0	11.7
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$126,800	4.20	\$1,624	\$1,834	(11.5)	\$1,624	\$1,834	(11.5)	7.3
Priority Transportation Fund	20,000	0.66	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	214,400	7.11	17,956	18,648	(3.7)	17,956	18,648	(3.7)	(0.4)
State Sales and Use Tax	417,500	13.84	15,607	14,562	7.2	15,607	14,562	7.2	0.6
Motor Vehicle License Fees	21,300	0.71	1,578	1,865	(15.4)	1,578	1,865	(15.4)	3.8
Interest Earnings	15,400	0.51	(153)	5	#	(153)	5	#	44.3
Total State Taxes and Fees	\$815,400	27.03	\$36,612	\$36,914	(0.8)	\$36,612	\$36,914	(0.8)	2.0
Other Revenues:									
Federal Grants and Contracts	\$764,800	25.35	\$37,763	\$54,951	(31.3)	\$37,763	\$54,951	(31.3)	19.7
Receipts from Cities/Counties	43,700	1.45	3,253	6,692	(51.4)	3,253	6,692	(51.4)	37.9
Toll Revenues (Includes Route 28)	62,900	2.08	5,103	4,246	20.2	5,103	4,246	20.2	(15.6)
Miscellaneous Revenues	5,500	0.18	11,281	1,164	869.2	11,281	1,164	869.2	(70.0)
Total Other Revenues	\$876,900	29.06	\$57,400	\$67,053	(14.4)	\$57,400	\$67,053	(14.4)	14.8
Transfer (to) / from Highway Maintenance and Operating Fund	(\$244,600)	(8.11)	(\$146,771)	(\$20,177)	(627.4)	(\$146,771)	(\$20,177)	(627.4)	(329.9)
Total Transportation Trust Fund	\$1,447,700	47.98	(\$52,759)	\$83,790	(163.0)	(\$52,759)	\$83,790	(163.0)	(3.9)
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,017,300	100.00	\$144,729	\$155,333	(6.8)	\$144,729	\$155,333	(6.8)	3.6

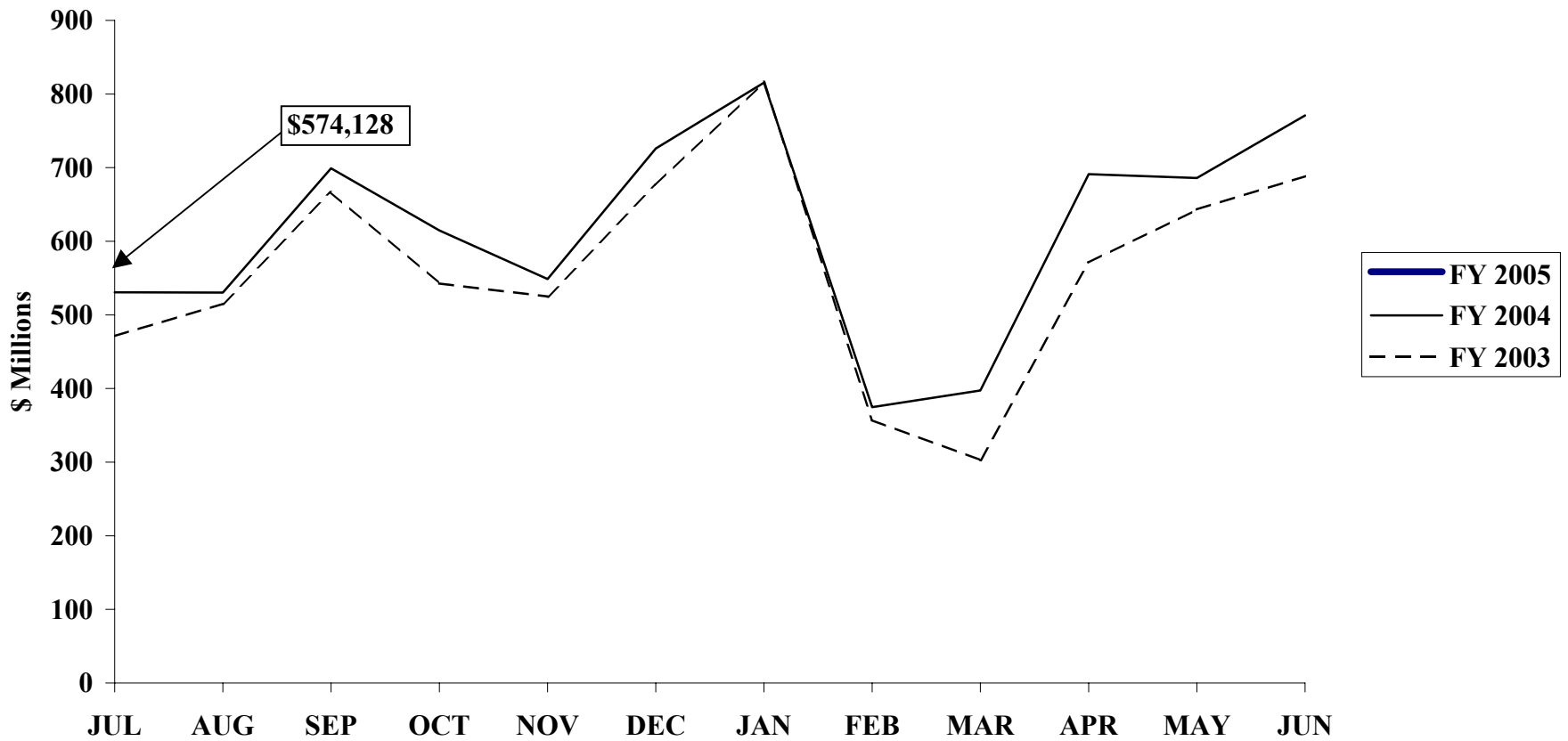
Percentage is greater than 1,000%.

Total General Fund Revenues



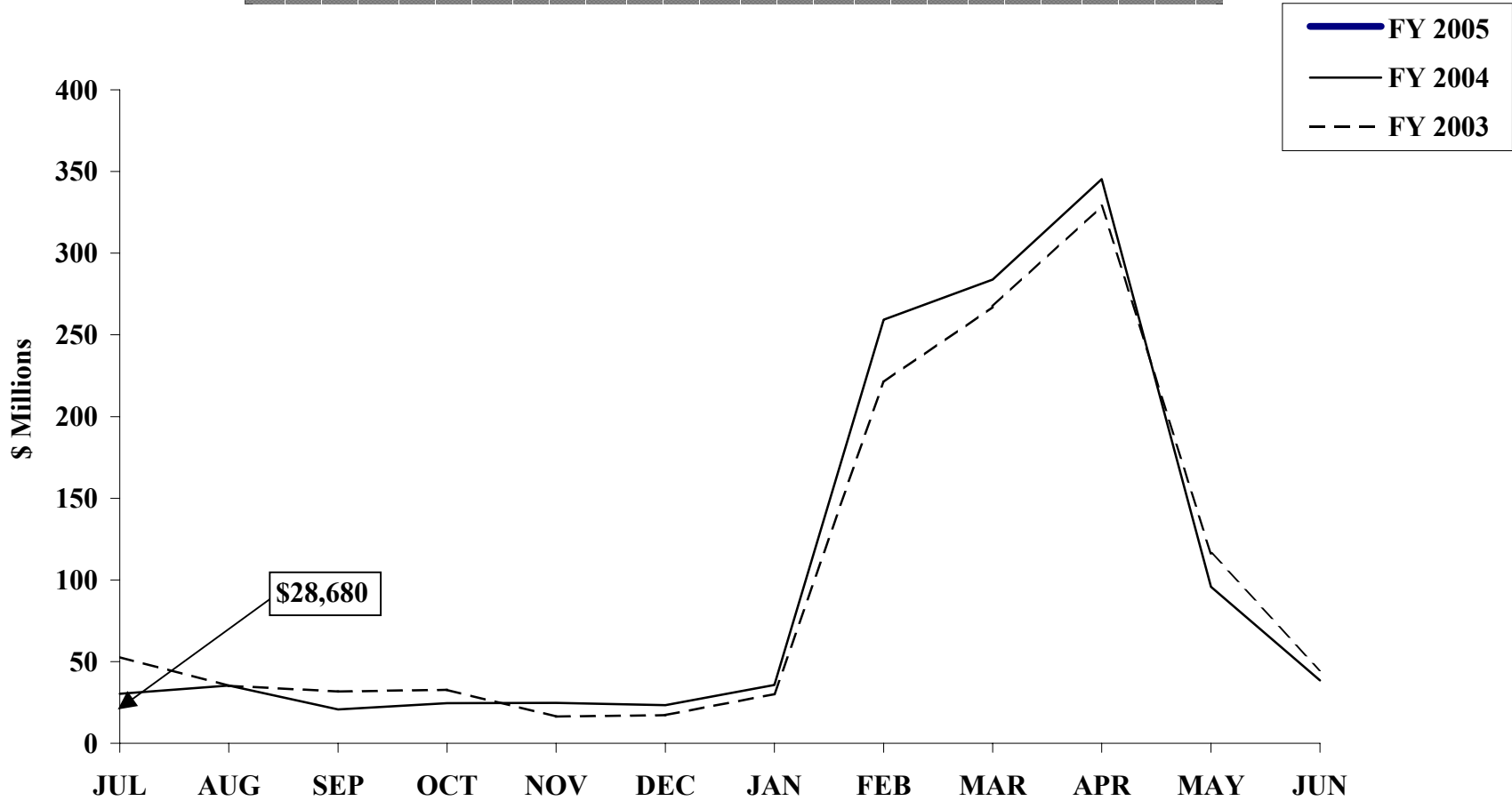
FY 2003 Actual = \$10,867.1 Million
FY 2004 Actual = \$11,917.8 Million
FY 2005 Estimate = \$12,451.8 Million

Net Individual Income Tax



FY 2003 Actual = \$6,775.7 Million
FY 2004 Actual = \$7,384.8 Million
FY 2005 Estimate = \$7,773.9 Million

Individual and Fiduciary Income Tax Refunds



FY 2003 Actual = \$1,194.4 Million
FY 2004 Actual = \$1,217.2 Million
FY 2005 Estimate = \$1,263.3 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio
 Monthly Average Balances and Rates
 For the Fiscal Year 2005
 (Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION ^{1, 2}		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2004	\$3,038.8	1.66%	\$842.2	9.21%	\$3,881.0	3.30%
August						
September						
October						
November						
December						
January, 2005						
February						
March						
April						
May						
June						
Year-to-Date Average	\$3,038.8	1.66%	\$842.2	9.21%	\$3,881.0	3.30%
Latest 12-month Average	\$2,719.6	1.62%	\$839.9	3.67%	\$3,559.7	2.10%

¹ Performance on the extended duration portion of the General Account is now reported on an annualized total return basis. Total return includes unrealized gains and losses, which in the short term can make returns more volatile. Over an extended time period the fluctuations average out and total return approaches the portfolio yield.

² Unaudited.

**Commonwealth of Virginia/Department of Accounts
 Report on the Revenue Stabilization Fund
 For the Fiscal Year 2005
 (Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$340,067	\$0	\$0	\$340,067
August				
September				
October				
November				
December				
January				
February				
March				
April				
May				
June				

Notes: (A) Interest is earned monthly but credited to nongeneral funds on a quarterly basis and will appear on this report in the months of October, January, April, and final June.