



COMMONWEALTH of VIRGINIA

September 14, 2012

PO Box 1475
Richmond, VA. 23218

MEMORANDUM

TO: The Honorable Robert F. McDonnell

THROUGH: The Honorable Martin Kent

FROM: Richard D. Brown *Richard D. Brown*

SUBJECT: August Revenue Data

August is not a significant month for revenue collections, with collections mainly from withholding payments, sales taxes, and other sources that have regular monthly payments.

Total general fund revenue collections rose 6.6 percent in August, driven by solid growth in individual withholding, sales, corporate, and recordation tax receipts. On a year-to-date basis, total revenue collections rose 2.7 percent through the first two months of the fiscal year, close to the annual forecast of 2.9 percent growth. Adjusting for the accelerated sales tax program, total revenues grew 1.1 percent through August, trailing the adjusted forecast of 2.7 percent growth.

National Economic Indicators

Current national indicators suggest the modest economic expansion is slowing.

- According to the second estimate, real GDP grew at an annualized rate of 1.7 percent in the second quarter of 2012, slowing from 2.0 percent in the first quarter and 4.1 percent in the fourth quarter of 2011.
- Labor market growth again slowed in August, as employers added only 96,000 jobs. In addition, figures for June and July were revised down by a combined 41,000 jobs. In a separate report, the unemployment rate fell from 8.3 percent to 8.1 percent in August; however, this was mainly due to a contraction in the labor force. About 368,000 persons dropped out of the labor force.

- Initial claims for unemployment fell by 12,000 to 365,000 during the week ending September 1. The four-week moving average increased slightly to 371,250. Over the last few months, claims have been rising and falling, reflecting the uneven recovery in the labor market.
- The Conference Board's index of leading indicators rose 0.4 percent in July, the fourth increase in the last six months. Lower jobless claims and improving building permits contributed the most to the increase. The recent behavior of the index is consistent with a slow recovery.
- The Conference Board's index of consumer confidence unexpectedly fell from 65.4 to 60.6 in August. The expectations component led the decline as the present situation component remained essentially unchanged. This very low level suggests consumer spending is not likely to accelerate.
- Activity in the manufacturing sector slowed in August. The Institute of Supply Management index fell from 49.8 to 49.6, marking the third consecutive month below the expansionary threshold of 50.0.
- Inflation remains low. The CPI was unchanged in both June and July, and stands 1.4 percent above July 2011. Core inflation (excluding food and energy prices) rose 0.1 percent in July, and has increased 2.1 percent from July 2011.
- The Federal Reserve announced at its August meeting that it will keep the federal funds target rate at 0.0 to 0.25 percent.

Virginia Economy

In Virginia, employment rose 1.8 percent in July from July of last year. (Employment growth for July 2012 was overstated due to a Bureau of Labor Statistics procedural change in accounting for school closings in the reporting sample.) Northern Virginia posted growth of 2.4 percent; Hampton Roads grew 0.9 percent; and Richmond-Petersburg rose 1.1 percent. The unemployment rate in the Commonwealth was unchanged at 6.0 percent in July and was 0.4 percentage point below the July 2011 rate.

The Virginia Leading Index rose 0.3 percent in July after falling 0.6 percent in June. All components except initial claims contributed to the increase. The Leading Index rose in ten of the 11 major metro areas in the Commonwealth in July, while the index for Winchester fell.

August Revenue Collections

Total general fund revenue collections rose 6.6 percent in August, driven by solid growth in individual withholding, sales, corporate, and recordation tax receipts. On a year-to-date basis, total revenue collections rose 2.7 percent through the first two months of the fiscal year, close to the annual forecast of 2.9 percent growth.

Net Individual Income Tax (67% of general fund revenues): Through August, collections of net individual income tax fell 1.3 percent from the same period last year, trailing the annual estimate of 2.8 percent growth. Performance in each component of individual income tax is as follows:

Individual Income Tax Withholding (64% of general fund revenues): Collections of payroll withholding taxes rose 4.3 percent in August. Year-to-date, withholding collections fell 1.3 percent compared with the same period last year, trailing the projected annual growth rate of 3.5 percent. The decline is largely due to timing issues. Specifically, July collections started one day later this year as fiscal year 2012 ended on Monday, July 2.

Individual Income Tax Nonwithholding (15% of general fund revenues): August is not a significant month for collections in this source since the first estimated payment for fiscal year 2012 is due in September.

Through the first two months of the fiscal year, collections were \$80.4 million compared with \$79.7 million in the same period last year.

Individual Income Tax Refunds: Through August, TAX has issued \$72.6 million in refunds compared with \$71.2 million last year. Year to date, refunds have risen 2.0 percent, lagging the annual estimate of 7.8 percent growth.

Sales Tax (20% of general fund revenues): Collections of sales and use taxes, reflecting July sales, rose 12.3 percent in August. On a year-to-date basis, collections have risen 14.9 percent, compared with the annual estimate of 2.8 percent growth. The strong year-to-date growth is due to the partial repeal of the accelerated sales tax program, which ended the participation of numerous small dealers. Adjusting for this legislation, sales tax collections have grown by 4.5 percent year-to-date, ahead of the economic-base forecast of 1.7 percent growth.

Corporate Income Tax (5% of general fund revenues): As with nonwithholding, August is typically not a significant month in corporate income tax collections since the first estimated payment for the fiscal year is due in September. Through August, collections in this source were \$10.8 million above August of last year.

Wills, Suits, Deeds, Contracts (2% of general fund revenues): Collections of wills, suits, deeds, and contracts – mainly recordation tax collections – were \$32.0 million in August, compared with \$28.0 million in August of last year, a 14.3 percent increase. This was the seventh consecutive month of double digit growth in this source. On a year-to-date basis, collections are up 22.0 percent, ahead of the annual forecast of 0.3 percent growth.

Other Revenue Sources

The following list provides data on August collections for other revenue sources:

	<u>Year-to-Date</u>	<u>Annual Estimate</u>
Insurance Premiums Tax (2% GF revenues)	NA	16.1%
Interest Income (0.5% GF revenues)	9.7%	0.3%
ABC Taxes (1% GF revenues)	18.3%	-0.8%

Note: Monthly collections of insurance company premiums are being transferred to the Transportation Trust Fund per Chapter 896, 2007 Acts of the Assembly until the required amount of \$130.1 million has been deposited.

All Other Revenue (3% of general fund revenues): Receipts in All Other Revenue fell 16.3 percent in August – \$28.0 million compared with \$33.5 million last year. On a year-to-date basis, collections of All Other Revenue fell 6.1 percent, trailing the annual estimate of 3.7 percent growth.

Summary

August is not a significant month for revenue collections, with collections mainly from withholding payments, sales taxes, and other sources that have regular monthly payments.

Total general fund revenue collections rose 6.6 percent in August, driven by solid growth in individual withholding, sales, corporate, and recordation tax receipts. On a year-to-date basis, total revenue collections rose 2.7 percent through the first two months of the fiscal year, close to the annual forecast of 2.9 percent growth. Adjusting for the accelerated sales tax program, total revenues grew 1.1 percent through August, trailing the adjusted forecast of 2.7 percent growth.

September collections will complete the first quarter of fiscal year 2012 and provide a clearer assessment of revenue growth. The first estimated payments from individuals, corporations, and insurance companies are due in September.

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund Revenue Collections
For the Fiscal Years 2012 and 2013
(Dollars in Thousands)

Revenue	(1)	(2)	August			Year-To-Date			(9)
	FY 2013 Estimate	As a % of Gen Fund Rev	FY 2013	FY 2012	% Change	FY 2013	FY 2012	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$10,391,500	63.70	\$847,015	\$812,013	4.3	\$1,541,053	\$1,560,863	(1.3)	3.5
Tax Dues/Estimated Payments	2,443,600	14.98	37,198	40,504	(8.2)	80,412	79,674	0.9	3.6
Gross Individual Income Tax	\$12,835,100	78.68	\$884,213	\$852,517	3.7	\$1,621,465	\$1,640,537	(1.2)	3.5
Individual and Fiduciary Income (Refunds)	(1,923,800)	(11.79)	(34,765)	(32,730)	6.2	(72,645)	(71,247)	2.0	7.8
Net Individual Income Tax	\$10,911,300	66.89	\$849,448	\$819,787	3.6	\$1,548,820	\$1,569,290	(1.3)	2.8
Sales and Use Tax	\$3,207,900	19.65	\$257,334	\$229,237	12.3	\$426,242	\$370,991	14.9	2.8
Corporations Income Tax	886,000	5.43	16,128	(963)	#	13,690	2,878	375.7	3.0
Wills, Suits, Deeds, Contracts	322,900	1.98	32,040	28,041	14.3	63,754	52,243	22.0	0.3
Insurance Premiums	293,600	1.80	0	0	-	0	0	-	16.1
Interest Income (a)	77,400	0.47	9,218	10,179	(9.4)	19,099	17,415	9.7	0.3
Alcoholic Beverage Sales (b)	184,800	1.14	7,405	5,425	36.5	11,469	9,694	18.3	(0.8)
All Other Revenues	429,200	2.64	28,037	33,496	(16.3)	54,540	58,079	(6.1)	3.7
Total General Fund Revenues	\$16,313,100	100.00	\$1,199,610	\$1,125,202	6.6	\$2,137,614	\$2,080,590	2.7	2.9

Percentage is greater than or equal to 1,000%.

(a) Interest will be allocated in accordance with Section 3-3.03 of Chapter 3, 2012 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 2012 and 2013
(Dollars in Thousands)

Revenue	(1)	(2)	(3) August		(5)	(6) Year-To-Date		(8)	(9)
	FY 2013 Estimate	As a % of Total Gen Fund Rev	FY 2013	FY 2012	% Change	FY 2013	FY 2012	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$10,391,500	63.70	\$847,015	\$812,013	4.3	\$1,541,053	\$1,560,863	(1.3)	3.5
Tax Dues/Estimated Payments	2,443,600	14.98	37,198	40,504	(8.2)	80,412	79,674	0.9	3.6
Gross Individual Income Tax	\$12,835,100	78.68	\$884,213	\$852,517	3.7	\$1,621,465	\$1,640,537	(1.2)	3.5
Individ and Fiduc Income (Refunds)	(1,923,800)	(11.79)	(34,765)	(32,730)	6.2	(72,645)	(71,247)	2.0	7.8
Net Individual Income Tax	\$10,911,300	66.89	\$849,448	\$819,787	3.6	\$1,548,820	\$1,569,290	(1.3)	2.8
Sales and Use Tax	3,207,900	19.65	257,334	229,237	12.3	426,242	370,991	14.9	2.8
Corporations Income	886,000	5.43	16,128	(963)	#	13,690	2,878	375.7	3.0
Public Service Corporations	93,900	0.58	7,063	11,751	(39.9)	12,989	16,914	(23.2)	(0.6)
Insurance Premiums	293,600	1.80	0	0	-	0	0	-	16.1
Alcoholic Beverage Excise	141,500	0.87	3,673	1,775	106.9	3,673	1,775	106.9	(1.3)
Beer and Beverage Excise	43,300	0.27	3,732	3,650	2.2	7,796	7,919	(1.6)	0.7
Wills, Suits, Deeds, Contracts	322,900	1.98	32,040	28,041	14.3	63,754	52,243	22.0	0.3
Inheritance, Gift, and Estate	0	0.00	15	(188)	108.0	15	(120)	112.5	(100.0)
Bank Franchise	19,300	0.12	(40)	129	(131.0)	79	254	(68.9)	2.2
Other Taxes	2,500	0.02	442	693	(36.2)	958	1,253	(23.5)	132.6
Total Taxes	\$15,922,200	97.61	\$1,169,835	\$1,093,912	6.9	\$2,078,016	\$2,023,397	2.7	2.9
Rights and Privileges:									
Licenses and Permits	\$4,300	0.03	\$463	\$472	(1.9)	\$658	\$672	(2.1)	1.4
Corp. Franchise and Charters	43,400	0.26	57	535	(89.3)	991	979	1.2	2.5
Fees for Misc. Privileges & Services	11,700	0.07	658	676	(2.7)	1,277	1,218	4.8	11.9
Total Rights and Privileges	\$59,400	0.36	\$1,178	\$1,683	(30.0)	\$2,926	\$2,869	2.0	4.2
Other Revenues:									
Sales of Property & Commodities	\$500	0.00	\$0	\$0	-	\$0	\$0	-	(88.6)
Assessmts & Rcpts for Support of Special Svcs	400	0.00	0	55	(100.0)	24	108	(77.8)	14.3
Institutional Revenue	6,200	0.04	371	431	(13.9)	985	846	16.4	6.1
Interest (a)	77,400	0.47	9,218	10,179	(9.4)	19,099	17,415	9.7	0.3
Dividends and Rent	300	0.00	80	78	2.6	103	115	(10.4)	(22.9)
Fines, Forfeitures & Fees	236,300	1.45	19,283	18,827	2.4	36,938	35,534	4.0	6.3
Other Revenue	8,300	0.05	298	604	(50.7)	452	849	(46.8)	(5.0)
Excess Fees	(7,500)	(0.05)	(1,148)	(981)	(17.0)	(2,054)	(1,620)	(26.8)	13.5
Private Donations, Gifts & Cont.	0	0.00	0	0	-	0	0	-	(100.0)
Cities, Counties, and Towns	9,600	0.07	495	414	19.6	1,125	1,077	4.5	8.3
Total Other Revenues	\$331,500	2.03	\$28,597	\$29,607	(3.4)	\$56,672	\$54,324	4.3	3.8
Total General Fund Revenues	\$16,313,100	100.00	\$1,199,610	\$1,125,202	6.6	\$2,137,614	\$2,080,590	2.7	2.9

Percentage is greater than or equal to 1,000%.

(a) Interest will be allocated in accordance with Section 3-3.03 of Chapter 3, 2012 Virginia Acts of Assembly.

**Commonwealth of Virginia/Department of Lottery
Summary Report on Lottery Collections
For the Fiscal Years 2012 and 2013
(Dollars in Thousands)**

	FY 2013 <u>Estimate</u> (a)	August			Year-To-Date			% Annual Growth Required By Estimate
		<u>FY 2013</u>	<u>FY 2012</u>	% <u>Change</u>	<u>FY 2013</u>	<u>FY 2012</u>	% <u>Change</u> (b)	
Lottery Collections								
Total Lottery Sales	\$1,592,400	\$137,812	\$122,057	12.9	\$260,107	\$240,175	8.3	(1.5)
Other Income	1,300	111 (c)	174	(36.2)	225 (c)	247	(8.9)	(33.7)
Total Income	<u>\$1,593,700</u>	<u>\$137,923</u>	<u>\$122,231</u>	<u>12.8</u>	<u>\$260,332</u>	<u>\$240,422</u>	<u>8.3</u>	<u>(1.5)</u>
Less:								
Prize Expenses	\$963,400	\$82,960	\$70,071	18.4	\$151,275	\$139,390	8.5	0.1
Retailer Commissions	90,100	7,581	6,889	10.0	14,343	13,582	5.6	(0.6)
Operating Expenses	82,900	6,360	4,872	30.5	12,766	8,672	47.2	6.4
Total Expenses	<u>\$1,136,400</u>	<u>\$96,901</u> (c)	<u>\$81,832</u>	<u>18.4</u>	<u>\$178,384</u> (c)	<u>\$161,644</u>	<u>10.4</u>	<u>0.5</u>
Net Proceeds from Operations								
Net Lottery Ticket Profits	\$457,300	\$41,022	\$40,399	1.5	\$81,948	\$78,778	4.0	(1.5)
Prior Year Residual Profit Transfer	-	22,971	9,011	154.9	22,971	9,011	154.9	-
Available to Lottery Proceeds Fund	<u>\$457,300</u>	<u>\$63,993</u>	<u>\$49,410</u>	<u>29.5</u>	<u>\$104,919</u>	<u>\$87,789</u>	<u>19.5</u>	<u>(3.3)</u>

- (a) Estimate established by Chapter 3, 2012 Virginia Acts of Assembly. Prior Year Residual Profit Transfer of \$22,971,151 was made on August 15, 2012. The Residual Profit Transfer from FY 2012 will be included in the Lottery's revised FY 2013 revenue estimate in the Governor's Revised Budget in December 2012.
- (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 expense, and game related administrative expenses.
- (c) Other Income, Prize Expenses, Retailer Commissions, and Operating Expenses are accrual-based estimates (unaudited closing).

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Selected Revenue Estimates & Collections
For the Fiscal Years 2012 and 2013
(Dollars in Thousands)

Revenue	FY 2013 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Estimate
			FY 2013	FY 2012	% Change	FY 2013	FY 2012	% Change	
Motor Fuel Taxes	\$851,700	22.73	\$71,853	\$74,974	(4.2)	\$81,154	\$78,356	3.6	2.2
Priority Transportation Fund (PTF)	161,800	4.31	6,032	4,942	22.1	12,599	7,024	79.4	2.9
Motor Vehicle Sales and Use Tax	576,200	15.38	56,907	51,823	9.8	109,010	99,914	9.1	(0.7)
State Sales and Use Tax	526,300	14.05	44,657	40,836	9.4	71,672	63,019	13.7	4.6
Motor Vehicle License Fees	241,800	6.45	23,180	21,908	5.8	45,138	42,931	5.1	2.6
International Registration Plan	62,600	1.67	3,983	6,072	(34.4)	8,564	8,754	(2.2)	0.1
Recordation Tax	38,400	1.02	3,897	3,352	16.3	7,746	6,271	23.5	(1.9)
Interest Earnings	17,600	0.47	19	0	-	19	10	90.0	25.9
Misc. Taxes, Fees, and Revenues	14,800	0.39	1,002	1,219	(17.8)	2,246	2,194	2.4	19.8
Total State Taxes and Fees	\$2,491,200	66.47	\$211,530	\$205,126	3.1	\$338,148	\$308,473	9.6	2.2

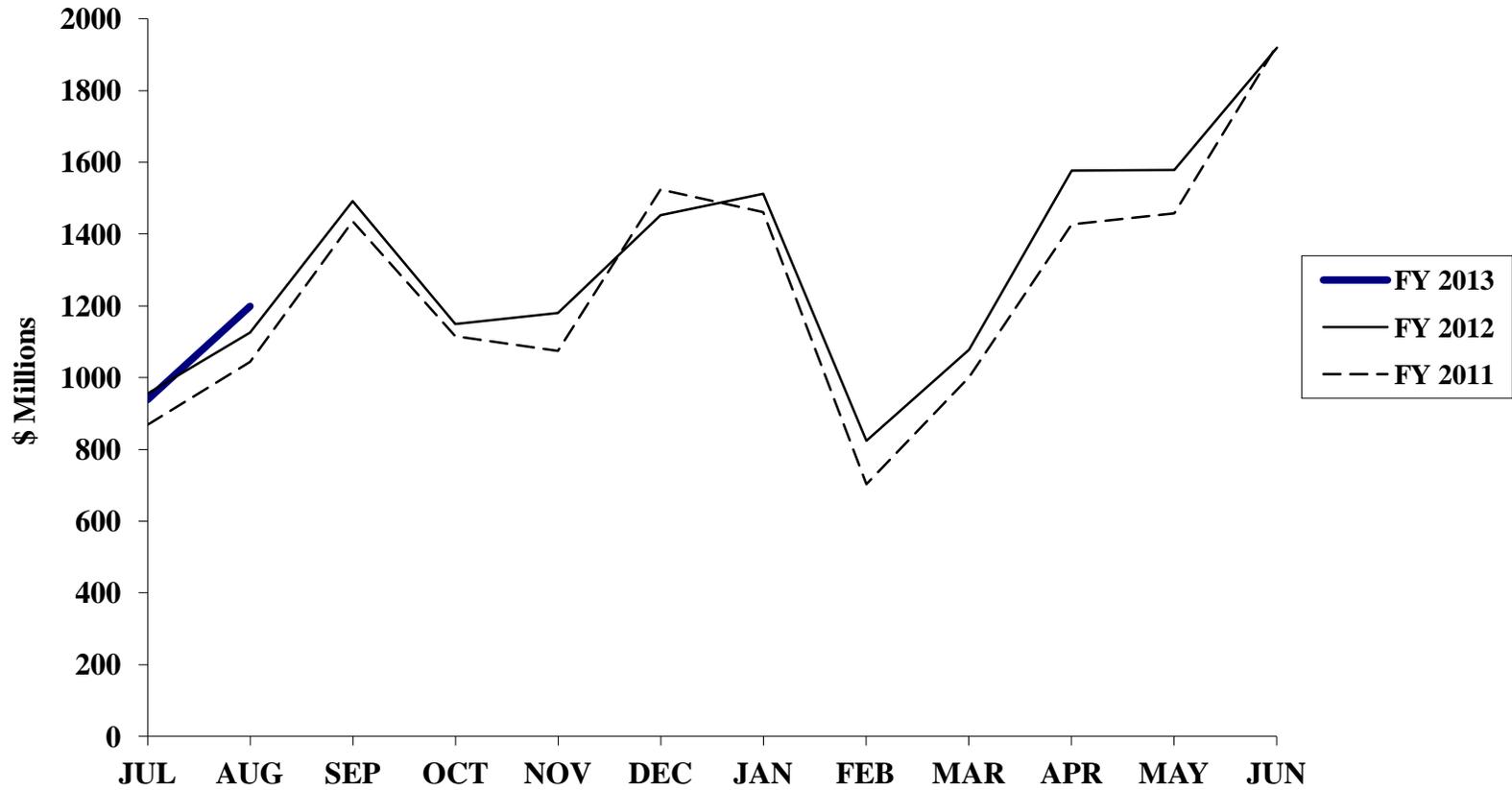
Percentage is greater than or equal to 1,000%.

**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 2012 and 2013
(Dollars in Thousands)**

Revenue	FY 2013 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Est
			FY 2013	FY 2012	% Change	FY 2013	FY 2012	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$734,100	19.59	\$62,684	\$65,082	(3.7)	\$70,784	\$68,554	3.3	2.3
Motor Vehicle Sales and Use Tax	354,100	9.45	35,054	31,735	10.5	67,772	61,053	11.0	(0.9)
Motor Vehicle License Fees	220,400	5.88	21,135	19,957	5.9	41,229	39,111	5.4	2.8
International Registration Plan	62,600	1.67	3,983	6,072	(34.4)	8,564	8,754	(2.2)	0.1
Recordation Tax (1 cent)	12,800	0.34	1,299	1,117	16.3	2,582	2,090	23.5	(1.9)
Misc. Taxes, Fees, and Revenues	14,800	0.39	1,002	1,219	(17.8)	2,246	2,194	2.4	19.8
Total State Taxes and Fees	\$1,398,800	37.32	\$125,157	\$125,182	0.0	\$193,177	\$181,756	6.3	1.5
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$3,552	\$3,928	(9.6)	\$5,742	\$5,056	13.6	(100.0)
Miscellaneous Revenues	10,604	0.29	1,818	1,497	21.4	3,538	3,109	13.8	(41.5)
Transfer (to) / from Transportation Trust Fund	363,551	9.70	0	0	-	20,000	0	-	(17.7)
Total Highway Maintenance and Operating Fund	\$1,772,955	47.31	\$130,527	\$130,607	(0.1)	\$222,457	\$189,921	17.1	(4.8)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$117,600	3.14	\$9,169	\$9,892	(7.3)	\$10,370	\$9,802	5.8	1.8
PTF Motor Fuels	20,000	0.53	0	0	-	0	0	-	0.0
PTF Insurance Premiums Tax	141,800	3.78	6,032	4,942	22.1	12,599	7,024	79.4	3.3
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	222,100	5.93	21,853	20,088	8.8	41,238	38,861	6.1	(0.4)
State Sales and Use Tax	526,300	14.05	44,657	40,836	9.4	71,672	63,019	13.7	4.6
Motor Vehicle License Fees	21,400	0.57	2,045	1,951	4.8	3,909	3,820	2.3	1.3
Recordation Tax (2 cents)	25,600	0.68	2,598	2,235	16.2	5,164	4,181	23.5	(1.9)
Interest Earnings	17,600	0.47	19	0	-	19	10	90.0	25.9
Total State Taxes and Fees	\$1,092,400	29.15	\$86,373	\$79,944	8.0	\$144,971	\$126,717	14.4	3.0
Other Revenues:									
Federal Grants and Contracts	\$996,925	26.60	\$264,992	\$111,326	138.0	\$380,092	\$182,075	108.8	3.6
Receipts from Cities/Counties	210,651	5.62	374	3,357	(88.9)	967	8,119	(88.1)	916.8
Toll Revenues (Includes Route 28)	30,312	0.81	876	1,580	(44.6)	1,746	1,580	10.5	68.2
Miscellaneous Revenues	7,953	0.21	2,524	3,515	(28.2)	24,682	7,971	209.6	(78.5)
Total Other Revenues	\$1,245,841	33.24	\$268,766	\$119,778	124.4	\$407,487	\$199,745	104.0	20.0
Transfer (to) / from Highway Maintenance and Operating Fund	(\$363,551)	(9.70)	\$0	\$0	-	(\$20,000)	\$0	-	17.7
Total Transportation Trust Fund	\$1,974,690	52.69	\$355,139	\$199,722	77.8	\$532,458	\$326,462	63.1	19.2
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,747,645	100.00	\$485,666	\$330,329	47.0	\$754,915	\$516,383	46.2	6.5

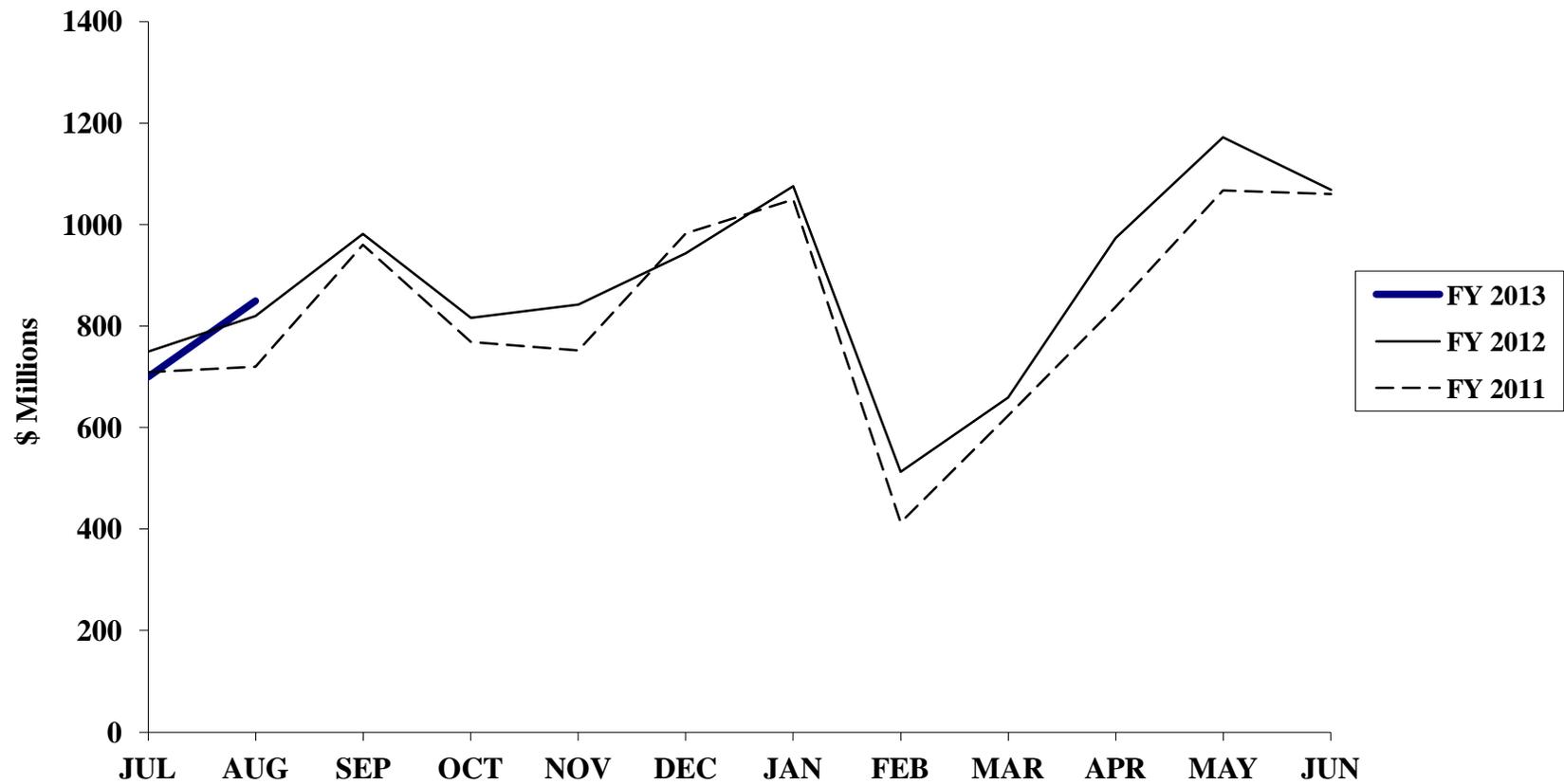
Percentage is greater than or equal to 1,000%.

Total General Fund Revenues



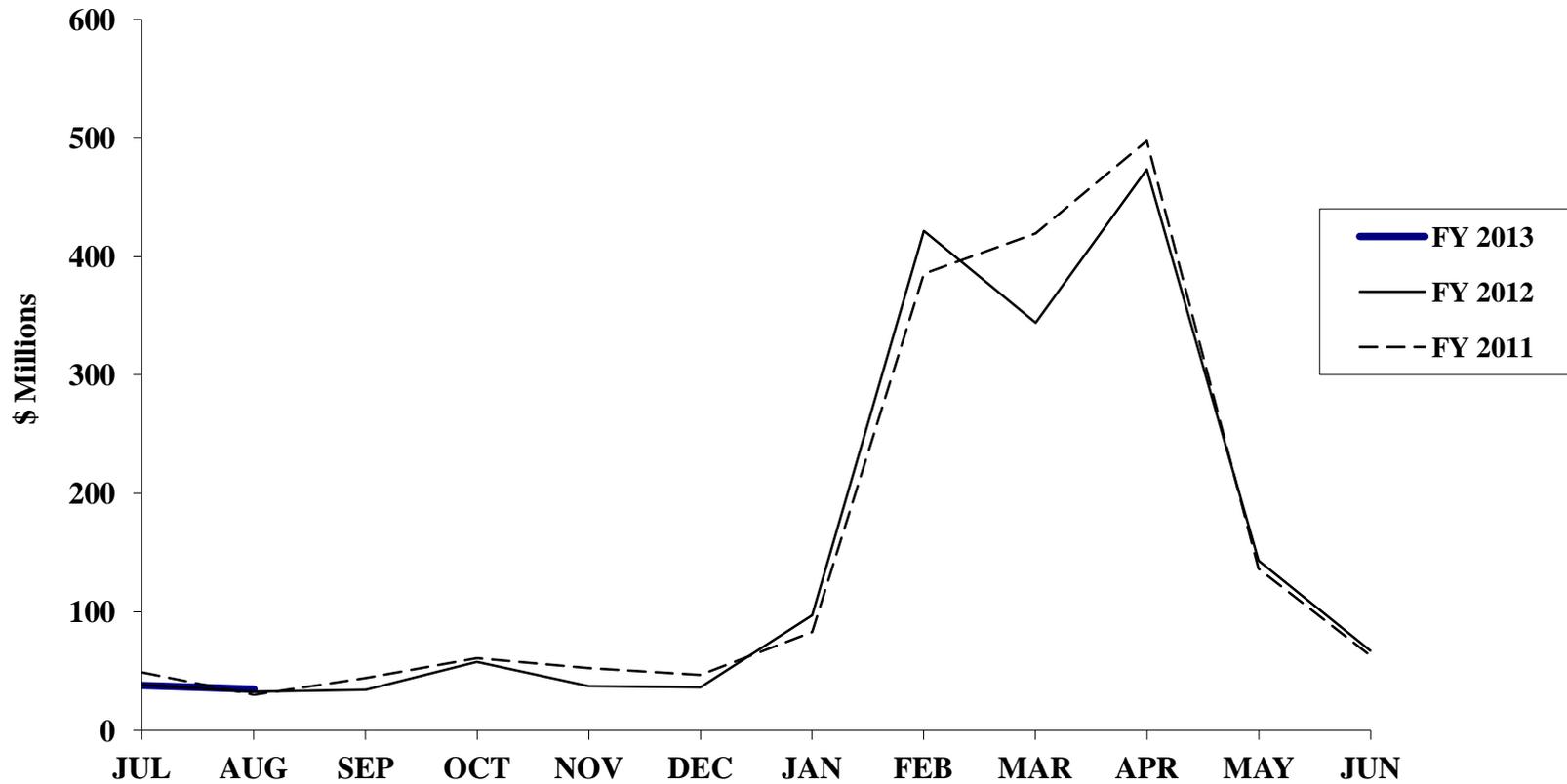
FY 2011 Actual = \$15,040.2 Million
FY 2012 Actual = \$15,846.7 Million
FY 2013 Estimate = \$16,313.1 Million

Net Individual Income Tax



FY 2011 Actual = \$9,944.4 Million
FY 2012 Actual = \$10,612.8 Million
FY 2013 Estimate = \$10,911.3 Million

Individual and Fiduciary Income Tax Refunds



FY 2011 Actual = \$1,869.3 Million
FY 2012 Actual = \$1,784.7 Million
FY 2013 Estimate = \$1,923.8 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio
 Monthly Average Balances and Rates
 For the Fiscal Year 2013
 (Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION		COMPOSITE		TREASURY 1 YR. CONSTANT MATURITY ¹
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate	Yield
July, 2012	\$3,859.5	0.35%	\$1,355.6	14.19%	\$5,215.1	3.95%	0.19%
August	\$3,211.0	0.19% ²	\$1,364.9	2.81%	\$4,575.9	0.97% ²	0.18%
September							
October							
November							
December							
January, 2013							
February							
March							
April							
May							
June							
Year-to-Date Average	\$3,535.3	0.28%	\$1,360.3	8.48%	\$4,895.6	2.56%	0.19%

• Performance on the extended duration portion of the General Account is 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.

• Unaudited.

¹ Federal Reserve Bank H.15 Release.

² The Primary Liquidity Yield of 0.19% reflects a \$381,340.44 write down of Morgan Stanley 2007-HE5 in the securities lending portfolio. Without the write down, the Primary Liquidity Yield was 0.33% and the Composite Rate was 1.07%.

**Commonwealth of Virginia/Department of Accounts
Report on the Revenue Stabilization Fund
For the Fiscal Year 2013**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$303,574,094	\$0	\$0	\$0	\$303,574,094
August	\$303,574,094	\$0	\$0	\$0	\$303,574,094
September					
October					
November					
December					
January					
February					
March					
April					
May					
June					

Notes: (A) Interest is earned monthly but credited to the Revenue Stabilization Fund on a quarterly basis.