



COMMONWEALTH of VIRGINIA

Office of the Governor

Jody M. Wagner
Secretary of Finance

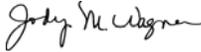
P.O. Box 1475
Richmond, Virginia 23218

February 12, 2006

MEMORANDUM

TO: The Honorable Timothy M. Kaine

THROUGH: The Honorable William H. Leighty

FROM: Jody M. Wagner 

SUBJECT: January Revenue Data

This month's revenue letter incorporates the revised general fund revenue forecast on which the introduced budget is based. It reflects the deliberations of the Governor's Advisory Board of Economists and the Advisory Council on Revenue Estimates, as well as policy actions recommended in the Governor's introduced budget. With the revisions, projected growth in general fund revenue for fiscal year 2006 is 6.1 percent. Net of tax policy changes, economics-based revenue growth in fiscal year 2006 is projected to be 8.4 percent.

January is a significant month for revenue collections. Individual estimated payments, sales taxes on December sales, and corporate income payments from large retailers are due. Total general fund revenue collections grew 10.5 percent in January. Most of the January revenue growth was due to strong individual nonwithholding payments and sales tax collections. Through January, revenues have grown 11.2 percent over the same period last year.

The Department of Taxation (TAX) continues its conversion process to the new Integrated Revenue Management System (IRMS). The conversion has resulted in a controlled production of individual and corporate extension returns processed during the conversion period. As the IRMS system moves toward full production, the backlog of refunds continues to reduce, and revenue growth is beginning to more closely reflect the underlying economic activity.

National Economic Indicators

Current indicators depict a slowly growing national economy heading into 2006.

- Real GDP grew 1.1 percent in the fourth quarter, significantly slower than third quarter growth of 4.1 percent. In 2005, real GDP grew 3.5 percent compared with 4.2 percent for calendar year 2004.

- Payroll employment added 193,000 jobs in January, far below expectations. However, November and December's gains were revised upward.
- Initial claims for unemployment fell to 273,000 during the last week of January. The four-week moving average fell to 284,250 – the lowest average since 2000. This level of claims is consistent with a labor market expansion.
- The Conference Board index of leading indicators rose 0.1 percent in December. Six of the ten components contributed positively to the index. The current reading indicates economic growth should continue in the near term.
- With falling energy prices, the Consumer Price Index fell 0.1 percent in December. Core inflation rose 0.2 percent for the month, bringing the annual rate of core inflation to 2.2 percent.
- The Conference Board's index of consumer confidence increased to 106.3 in January, its third consecutive gain.
- The manufacturing sector continues to expand; however, growth is slowing. Although the Institute of Supply Management index fell to 54.8 in January, it continues to depict a growing manufacturing sector.
- As expected, the Federal Reserve raised the federal funds rate another 25 basis points to 4.5 percent in January.

Virginia Economy

In Virginia, payroll employment grew by 1.1 percent in December compared with the same month last year – about where it has been since last May. In Northern Virginia, payrolls grew by 3.0 percent. In Richmond-Petersburg jobs grew by 2.7 percent, followed by the western MSAs with 2.2 percent, and Hampton Roads with 1.6 percent growth.

The Virginia Leading Index rose by 1.2 percent in December after falling 1.5 percent in November. All four components (Virginia auto registrations, Virginia single-family building permits, Virginia initial unemployment claims, and the U.S. Leading Index) contributed to the increase. The indexes in eight metropolitan areas of the state increased in December, while Richmond's was unchanged and Charlottesville and Winchester registered declines.

January Revenue Collections

January is a significant month for revenue collections. Individual estimated payments, sales taxes on December sales, and corporate income payments from large retailers are due. Total general fund revenue collections grew 10.5 percent in January. Most of the January revenue growth was due to strong individual nonwithholding payments and sales tax collections. Through January, revenues

have grown 11.2 percent over the same period last year.

Individual Income Tax Withholding (57% of general fund revenues): Collections of payroll withholding taxes grew 5.2 percent in January. Year-to-date withholding growth is 5.9 percent -- below the projection of 6.9 percent growth for the fiscal year.

Individual Income Tax Nonwithholding (14% of general fund revenues): Collections of nonwithholding payments were up 21.4 percent for the month. Collections of the fourth quarterly estimated payment due January 15, reflecting December and January receipts, were up 22 percent. Average check size increased about 25 percent, with about the same number of filers as there were in fiscal year 2005.

Year-to-date collections of nonwithholding are up 19.1 percent -- ahead of the estimate of 13.2 percent growth.

Individual Income Tax Refunds: This month, TAX issued \$35.8 million in refunds compared with \$36.7 million in January of last year. Fiscal year-to-date, \$148.8 million in refunds have been issued compared to \$205.6 million in the same period last year.

TAX continues to be in a controlled production mode for extension returns processed during its conversion to IRMS, which has resulted in fewer than normal individual refunds being processed. This has the effect of temporarily boosting apparent growth in individual income tax collections. Processing of individual refunds should increase in February as the tax filing season gets underway.

Sales Tax (22% of general fund revenues): Collections of sales and use taxes, representing December sales, grew 7.9 percent in January. Adjusting for the effects of tax relief on food, growth was 15.1 percent for the month. Year-to-date growth stands at 5.2 percent through January, ahead of the estimate of a 4.6 percent decline. Collections are expected to remain ahead of forecast until June when the reduced Accelerated Sales Tax program reduces collections by \$200.1 million.

February collections will reflect post-holiday sales and the redemption of gift cards, completing the picture for the holiday season.

Corporate Income Tax (4% of general fund revenues): Corporate profits and collections of corporate income taxes have hit all-time highs over the last year. Corporate income tax receipts grew 28.1 percent in January. In January of last year, year-to-date growth in this source stood at 80.1 percent, the highest growth in over 20 years. This year, collections in this source have grown 85.2 percent over the same period last year.

Although underlying growth in this source is very strong, it is also likely overstated to some degree. As with individual income tax collections, controlled production in the processing of extension returns has meant that fewer than normal extension returns are being fully processed. Last year at this time, \$89.5 million in corporate refunds had been issued. This year-to-date, about \$60 million

in corporate refunds have been issued.

Other Revenue Sources

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

	<u>Year-to-Date</u>	<u>Required to Meet Estimate</u>
Insurance Premiums Taxes (3% GF revenues)	-0.4%	5.1%
ABC Taxes (1.1% GF revenues)	5.2%	-0.5%
Public Service Corporations (0.7% GF revenues)	7.5%	2.6%
Interest Income (0.7% GF revenues)*	31.9%	17.3%

**Interest income for the October-December quarter attributable to nongeneral funds was transferred this month resulting in negative interest income for the general fund.*

All Other Revenue: All Other Revenue grew by 17.9 percent in January -- \$98.8 million compared with \$83.7 million in January of last year. Solid growth in the largest component of all other revenue – wills, suits, deeds, and contract fees – helped to offset declines in many of the minor sources. Wills, suits, deeds, and contract fees (mostly recordation tax receipts) grew by 16.8 percent in January. Year-to-date growth stands at 37.6 percent. For the fiscal year, collections of All Other Revenue are 9.5 percent above fiscal year 2005, trailing the annual estimate of 10.4 percent growth.

Lottery Revenues: Lottery net profits increased 7.9 percent for the month. Overall, expenses were down 5.8 percent due to prize rates for Pick 3 being lower than statistically expected.

With the strong sales growth so far, the year-to-date net income growth rate of 10.5 percent is well ahead of the projected 2.4 percent annual rate. The Lottery Department reports that comparisons to prior periods are greatly influenced by the size of advertised jackpots and prize expense rates that fluctuate with the “luck of the draw.” Also, the kick-off of the North Carolina lottery later this fiscal year is expected to slow the overall sales growth. Both factors have been incorporated into the Lottery’s revised revenue projections that was released in December.

Summary

This month’s revenue letter incorporates the revised general fund revenue forecast on which the introduced budget is based. With these revisions, projected growth in general fund revenue for fiscal year 2006 is 6.1 percent. Net of tax policy changes, economics-based revenue growth in fiscal year 2006 is projected to be 8.4 percent.

The Honorable Timothy M. Kaine

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Most of the January revenue growth was due to strong individual nonwithholding payments and sales tax collections. Through January, revenues have grown 11.2 percent over the same period last year.

This year, TAX's conversion to its new Integrated Revenue Management System (IRMS) has contributed to distortions in the collections data. Controlled production for individuals and corporations that filed extension returns has slowed the processing of refunds. As a result, revenue growth in these sources is over-stated. TAX continues to work these returns to insure taxpayers are not adversely affected by the conversion.

Attachments

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2006 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	January FY 2006	January FY 2005	% Change	Year-To-Date FY 2006	Year-To-Date FY 2005	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$8,031,800	53.68	\$710,074	\$675,057	5.2	\$4,605,919	\$4,348,623	5.9	6.9
Tax Dues/Estimated Payments	2,347,500	15.69	389,849	321,221	21.4	974,244	817,765	19.1	13.2
Gross Individual Income Tax	<u>\$10,379,300</u>	<u>69.37</u>	<u>\$1,099,923</u>	<u>\$996,278</u>	<u>10.4</u>	<u>\$5,580,163</u>	<u>\$5,166,388</u>	<u>8.0</u>	<u>8.3</u>
Individual and Fiduciary Income (Refunds)	(1,304,700)	(8.72)	(35,834)	(36,693)	(2.3)	(148,824)	(205,618)	(27.6)	5.7
Net Individual Income Tax	<u>\$9,074,600</u>	<u>60.65</u>	<u>\$1,064,089</u>	<u>\$959,585</u>	<u>10.9</u>	<u>\$5,431,339</u>	<u>\$4,960,770</u>	<u>9.5</u>	<u>8.6</u>
Sales and Use Tax	\$2,811,800	18.79	\$338,316	\$313,637	7.9	\$1,646,230	\$1,565,006	5.2	(4.6)
Corporations Income Tax	722,400	4.83	32,003	24,978	28.1	503,604	271,866	85.2	17.1
Public Service Corporations	90,600	0.61	7,373	9,091	(18.9)	46,918	43,637	7.5	2.6
Insurance Premiums	392,500	2.62	1,721	1,611	6.8	157,911	158,596	(0.4)	5.1
Interest Income (a)	98,400	0.66	(9,743)	(6,607)	(47.5)	56,213	42,610	31.9	17.3
Alcoholic Beverage Sales (b)	143,800	0.96	3,597	3,544	1.5	53,543	50,910	5.2	(0.5)
Tobacco Master Settlement	0	0.00	0	0	-	0	571	(100.0)	(100.0)
All Other Revenues	1,193,700	7.98	98,761	83,749	17.9	646,966	590,767	9.5	10.4
Total General Fund Revenues	<u>\$14,527,800</u>	<u>97.10</u>	<u>\$1,536,117</u>	<u>\$1,389,588</u>	<u>10.5</u>	<u>\$8,542,724</u>	<u>\$7,684,733</u>	<u>11.2</u>	<u>6.1</u>
Gross Lottery Revenue	\$1,388,262	9.28	\$108,182	\$110,210	(1.8)	\$810,435	\$744,347	8.9	4.1
Less: Expenses	(954,762)	(6.38)	(72,245)	(76,678)	(5.8)	(550,783)	(510,207)	8.0	4.9
Net Lottery Profits	<u>\$433,500</u>	<u>2.90</u>	<u>\$35,937</u>	<u>\$33,532</u>	<u>7.2</u>	<u>\$259,652</u>	<u>\$234,140</u>	<u>10.9</u>	<u>2.4</u>
Total General Fund Revenues and Net Lottery Profits	<u>\$14,961,300</u>	<u>100.00</u>	<u>\$1,572,054</u>	<u>\$1,423,120</u>	<u>10.5</u>	<u>\$8,802,376</u>	<u>\$7,918,873</u>	<u>11.2</u>	<u>6.0</u>

Percentage is greater than 1,000%.

(a) Interest Income for the October - December quarter attributable to nongeneral funds was transferred this month resulting in negative interest income for the general fund.

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

NOTE: Due to the Department of Taxation's implementation of a new accounting system, there are various estimates within the detailed tax line items listed above. While the total revenue represents the collections for the fiscal year, the classification within line items is largely a result of estimates provided by the Department of Taxation. In addition, the Department of Taxation has processed fewer refunds during this implementation phase which has the effect of reporting higher than normal revenue.

Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2006 Estimate	As a % of Total Gen Fund Rev	FY 2006	January FY 2005	% Change	FY 2006	Year-To-Date FY 2005	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$8,031,800	55.28	\$710,074	\$675,057	5.2	\$4,605,919	\$4,348,623	5.9	6.9
Tax Dues/Estimated Payments	2,347,500	16.16	389,849	321,221	21.4	974,244	817,765	19.1	13.2
Gross Individual Income Tax	\$10,379,300	71.44	\$1,099,923	\$996,278	10.4	\$5,580,163	\$5,166,388	8.0	8.3
Individ and Fiduc Income (Refunds)	(1,304,700)	(8.98)	(35,834)	(36,693)	(2.3)	(148,824)	(205,618)	(27.6)	5.7
Net Individual Income Tax	\$9,074,600	62.46	\$1,064,089	\$959,585	10.9	\$5,431,339	\$4,960,770	9.5	8.6
Sales and Use Tax	2,811,800	19.36	338,316	313,637	7.9	1,646,230	1,565,006	5.2	(4.6)
Corporations Income	722,400	4.97	32,003	24,978	28.1	503,604	271,866	85.2	17.1
Public Service Corporations	90,600	0.62	7,373	9,091	(18.9)	46,918	43,637	7.5	2.6
Insurance Premiums	392,500	2.70	1,721	1,611	6.8	157,911	158,596	(0.4)	5.1
Alcoholic Beverage Excise	101,800	0.70	0	0	-	27,374	25,365	7.9	(0.9)
Beer and Beverage Excise	42,000	0.29	3,597	3,544	1.5	26,169	25,545	2.4	0.5
Wills, Suits, Deeds, Contracts	772,000	5.32	51,984	44,488	16.8	424,923	308,816	37.6	29.5
Inheritance, Gift, and Estate	144,000	0.99	16,142	7,488	115.6	87,409	105,661	(17.3)	(4.0)
Tobacco Products	0	0.00	0	0	-	0	6,333	(100.0)	(100.0)
Bank Franchise	10,900	0.08	0	0	-	(180)	719	(125.0)	2.8
Other Taxes	4,300	0.03	79	1,378	(94.3)	3,230	11,308	(71.4)	(86.2)
Total Taxes	\$14,166,900	97.52	\$1,515,304	\$1,365,800	10.9	\$8,354,927	\$7,483,622	11.6	6.4
Rights and Privileges:									
Licenses and Permits	\$4,800	0.03	\$211	\$206	2.4	\$2,577	\$2,563	0.5	3.3
Corp. Franchise and Charters	44,300	0.31	11,686	11,479	1.8	15,115	14,910	1.4	2.9
Fees for Practice of Prof	0	0.00	0	0	-	0	0	-	-
Fees for Misc. Privileges & Services	13,400	0.09	1,504	1,537	(2.1)	6,562	6,551	0.2	0.9
Total Rights and Privileges	\$62,500	0.43	\$13,401	\$13,222	1.4	\$24,254	\$24,024	1.0	2.5
Other Revenues:									
Sales of Property & Commodities	\$5,200	0.04	\$1	\$135	(99.3)	\$5,826	\$11,328	(48.6)	(55.8)
Assessmts & Rcpts for Support of Special Svcs	400	0.00	0	3	(100.0)	125	149	(16.1)	20.1
Institutional Revenue	9,200	0.06	568	744	(23.7)	5,287	4,705	12.4	0.0
Interest (a)	98,400	0.68	(9,743)	(6,607)	(47.5)	56,213	42,610	31.9	17.3
Dividends and Rent	300	0.00	10	13	(23.1)	201	183	9.8	22.4
Fines, Forfeitures & Fees	221,100	1.52	15,534	17,598	(11.7)	110,047	123,013	(10.5)	0.8
Other Revenue	(6,200)	(0.04)	279	903	(69.1)	3,333	11,878	(71.9)	(144.4)
Excess Fees	(39,500)	(0.27)	23	(2,924)	100.8	(23,238)	(22,368)	(3.9)	(4.2)
Private Donations, Gifts & Cont.	0	0.00	0	0	-	67	0	-	(100.0)
Cities, Counties, and Towns	9,500	0.06	740	701	5.6	5,682	5,018	13.2	0.6
Tobacco Master Settlement	0	0.00	0	0	-	0	571	(100.0)	(100.0)
Total Other Revenues	\$298,400	2.05	\$7,412	\$10,566	(29.9)	\$163,543	\$177,087	(7.6)	(4.0)
Total General Fund Revenues	\$14,527,800	100.00	\$1,536,117	\$1,389,588	10.5	\$8,542,724	\$7,684,733	11.2	6.1

Percentage is greater than 1,000%.

(a) Interest Income for the October - December quarter attributable to nongeneral funds was transferred this month resulting in negative interest income for the general fund.

NOTE: Due to the Department of Taxation's implementation of a new accounting system, there are various estimates within the detailed tax line items listed above. While the total revenue represents the collections for the fiscal year, the classification within line items is largely a result of estimates provided by the Department of Taxation. In addition, the Department of Taxation has processed fewer refunds during this implementation phase which has the effect of reporting higher than normal revenue.

**Commonwealth of Virginia/Department of Lottery
Summary Report on Lottery Collections
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)**

	FY 2006 Estimate (d)	January			Year-To-Date			% Annual Growth Required By Estimate
		FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change (b)	
Lottery Collections								
Lotto South	\$65,122	\$4,470	\$6,369	(29.8)	\$39,410	\$38,204	3.2	(2.4)
Cash 5	27,453	2,352	2,322	1.3	16,428	16,338	0.6	(2.3)
Pick 4	174,669	14,260	14,253	0.0	101,150	95,701	5.7	3.2
Pick 3	254,789	21,946	21,248	3.3	151,678	141,361	7.3	0.6
Mega Millions	147,120	8,455	11,315	(25.3)	95,498	78,159	22.2	7.2
Scratch	719,109	56,699	54,703	3.6	406,271	374,584	8.5	5.8
Gross Lottery Revenue	<u>1,388,262</u>	<u>108,182</u>	<u>110,210</u>	<u>(1.8)</u>	<u>810,435</u>	<u>744,347</u>	<u>8.9</u>	<u>4.1</u>
Expenses (c)	<u>954,762</u>	<u>72,245 (a)</u>	<u>76,678</u>	<u>(5.8)</u>	<u>550,783 (a)</u>	<u>510,207</u>	<u>8.0</u>	<u>4.9</u>
Net Lottery Ticket Profits	<u>\$433,500</u>	<u>\$35,937 (a)</u>	<u>\$33,532</u>	<u>7.2</u>	<u>\$259,652 (a)</u>	<u>\$234,140</u>	<u>10.9</u>	<u>2.4</u>

(a) Current month includes operating expenses estimated (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 expense, 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 2005.

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 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	January			Year-To-Date			% Annual Growth Required By Estimate
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
Motor Fuel Taxes	\$845,800	24.56	\$69,734	\$70,918	(1.7)	\$448,445	\$436,142	2.8	(0.4)
Priority Transportation Fund	20,000	0.58	2,000	2,000	0.0	10,000	10,000	0.0	0.0
Motor Vehicle Sales and Use Tax	636,600	18.48	49,188	44,187	11.3	369,473	353,391	4.6	3.5
State Sales and Use Tax	474,900	13.79	52,423	50,309	4.2	273,089	257,056	6.2	5.6
Motor Vehicle License Fees	169,200	4.91	13,542	12,402	9.2	94,643	89,334	5.9	2.9
International Registration Plan	58,600	1.70	4,162	7,205	(42.2)	19,286	22,256	(13.3)	(3.5)
Interest Earnings	25,700	0.75	6,994	4,262	64.1	14,219	7,754	83.4	45.7
Misc. Taxes, Fees, and Revenues	22,700	0.66	2,171	2,636	(17.6)	19,410	17,146	13.2	(14.2)
Total State Taxes and Fees	\$2,253,500	65.43	\$200,214	\$193,919	3.2	\$1,248,565	\$1,193,079	4.7	2.3

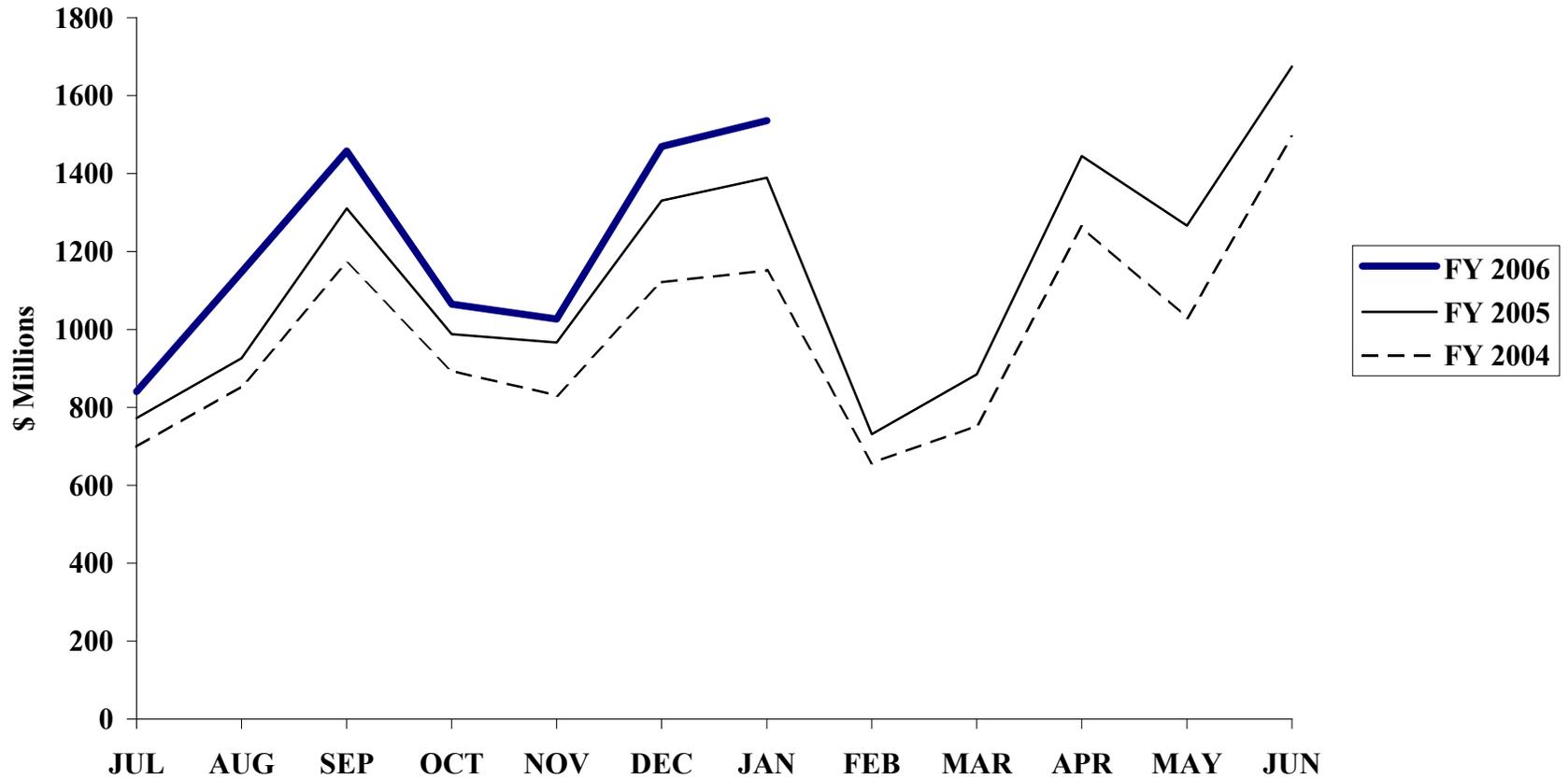
Percentage is greater than 1,000%.

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 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	January			Year-To-Date			% Annual Growth Required By Est
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$725,500	21.07	\$60,827	\$61,403	(0.9)	\$389,615	\$376,844	3.4	(0.7)
Motor Vehicle Sales and Use Tax	395,200	11.47	30,437	28,353	7.4	228,390	227,585	0.4	(0.2)
Motor Vehicle License Fees	147,900	4.29	11,881	10,852	9.5	82,937	78,229	6.0	2.8
International Registration Plan	58,600	1.70	4,162	7,205	(42.2)	19,286	22,256	(13.3)	(3.5)
Misc. Taxes, Fees, and Revenues	22,700	0.66	2,171	2,636	(17.6)	19,410	17,146	13.2	(14.2)
Total State Taxes and Fees	\$1,349,900	39.19	\$109,478	\$110,449	(0.9)	\$739,638	\$722,060	2.4	(0.5)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$2,371	\$1,149	106.4	\$20,729	\$11,315	83.2	(100.0)
Transfer (to) / from Transportation Trust Fund									
	186,200	5.41	0	0	-	186,199	194,977	(4.5)	(4.5)
Total Highway Maintenance and Operating Fund	\$1,536,100	44.60	\$111,849	\$111,598	0.2	\$946,566	\$928,352	2.0	(2.9)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$120,300	3.49	\$8,907	\$9,515	(6.4)	\$58,830	\$59,298	(0.8)	1.0
Priority Transportation Fund	20,000	0.58	2,000	2,000	0.0	10,000	10,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	241,400	7.01	18,751	15,834	18.4	141,083	125,806	12.1	10.1
State Sales and Use Tax	474,900	13.79	52,423	50,309	4.2	273,089	257,056	6.2	5.6
Motor Vehicle License Fees	21,300	0.62	1,661	1,550	7.2	11,706	11,105	5.4	3.5
Interest Earnings	25,700	0.75	6,994	4,262	64.1	14,219	7,754	83.4	45.7
Total State Taxes and Fees	\$903,600	26.24	\$90,736	\$83,470	8.7	\$508,927	\$471,019	8.0	6.7
Other Revenues:									
Federal Grants and Contracts	\$1,011,300	29.36	\$28,331	\$23,286	21.7	\$285,623	\$263,209	8.5	121.8
Receipts from Cities/Counties	70,400	2.04	9,868	22,377	(55.9)	31,655	37,442	(15.5)	174.6
Toll Revenues (Includes Route 28)	88,700	2.58	11,030	5,670	94.5	64,704	52,487	23.3	(20.5)
Miscellaneous Revenues	20,200	0.59	732	961	(23.8)	9,724	19,722	(50.7)	(25.7)
Total Other Revenues	\$1,190,600	34.57	\$49,961	\$52,294	(4.5)	\$391,706	\$372,860	5.1	91.9
Transfer (to) / from Highway Maintenance and Operating Fund									
	(\$186,200)	(5.41)	\$0	\$0	-	(\$186,199)	(\$194,977)	4.5	4.5
Total Transportation Trust Fund	\$1,908,000	55.40	\$140,697	\$135,764	3.6	\$714,434	\$648,902	10.1	50.0
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,444,100	100.00	\$252,546	\$247,362	2.1	\$1,661,000	\$1,577,254	5.3	20.7

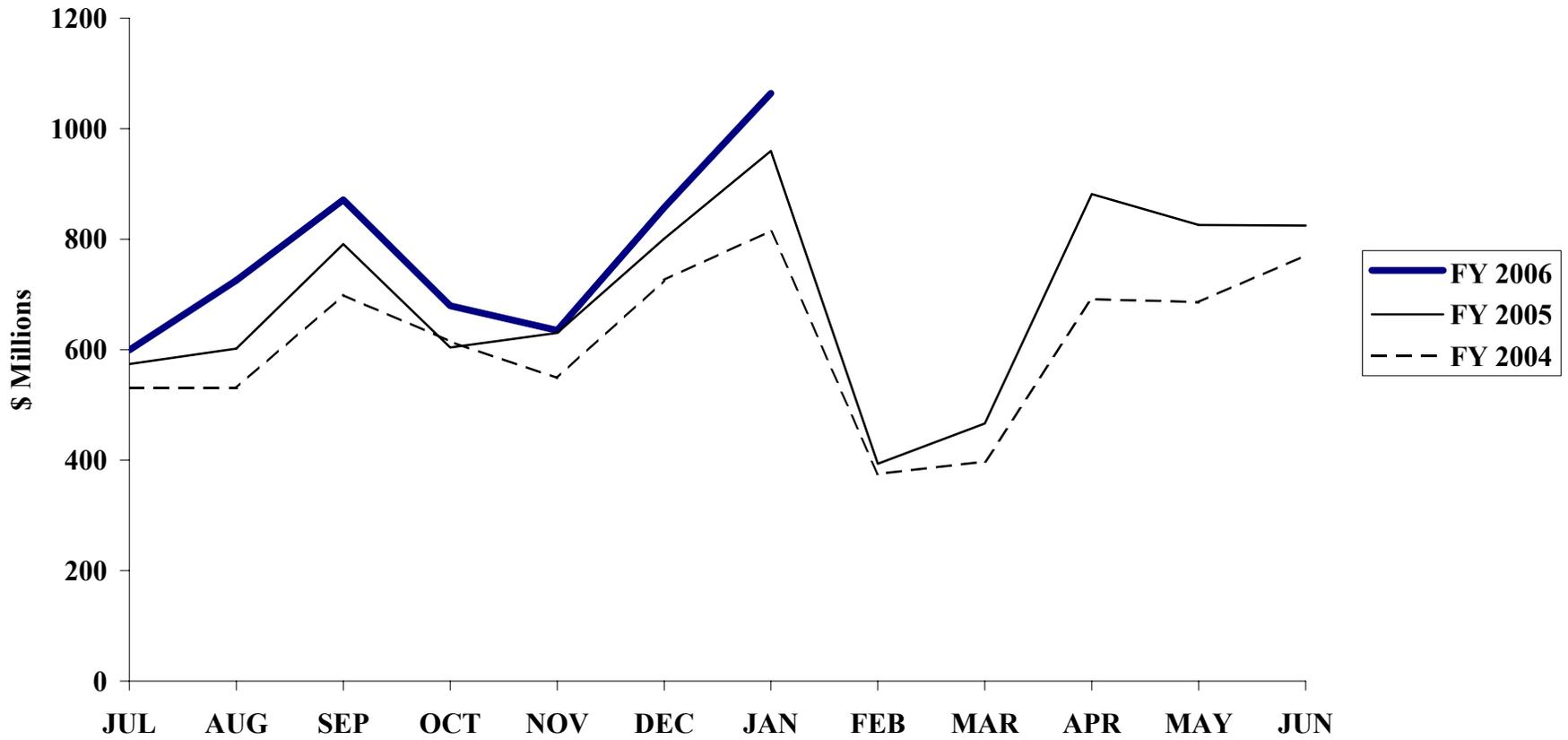
Percentage is greater than 1,000%.

Total General Fund Revenues



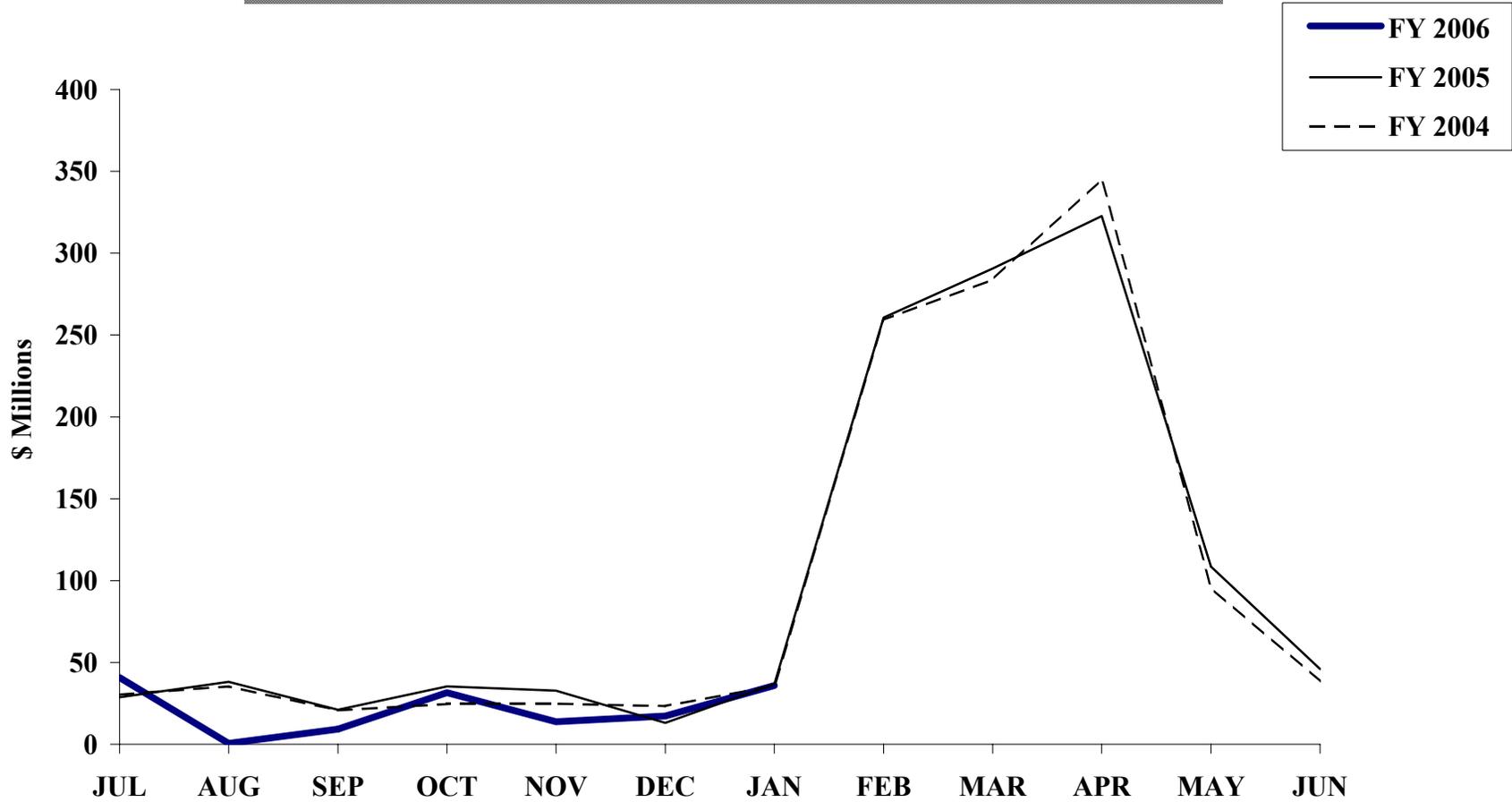
FY 2004 Actual = \$11,917.8 Million
FY 2005 Actual = \$13,687.3 Million
FY 2006 Estimate = \$14,527.8 Million

Net Individual Income Tax



FY 2004 Actual = \$7,384.8 Million
FY 2005 Actual = \$8,352.4 Million
FY 2006 Estimate = \$9,074.6 Million

Individual and Fiduciary Income Tax Refunds



FY 2004 Actual = \$1,217.2 Million
FY 2005 Actual = \$1,234.2 Million
FY 2006 Estimate = \$1,304.7 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2006

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION ^{1, 2, 3}		COMPOSITE ³	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2005	\$4,108.3	3.13%	\$1,030.1	-9.54%	\$5,138.4	0.59%
August	\$4,049.1	3.29%	\$1,031.9	14.20%	\$5,081.0	5.51%
September	\$4,407.7	3.54%	\$1,033.8	-9.21%	\$5,441.5	1.12%
October	\$4,423.6	3.60%	\$1,027.1	-5.99%	\$5,450.7	1.79%
November	\$4,364.1	3.79%	\$1,026.5	5.00%	\$5,390.6	4.02%
December	\$4,136.2	3.92%	\$1,132.7	8.78%	\$5,268.9	4.97%
January, 2006	\$4,646.4	4.11%	\$1,237.0	0.72%	\$5,883.4	3.40%
February						
March						
April						
May						
June						
Year-to-Date Average	\$4,305.1	3.64%	\$1,074.2	0.68%	\$5,379.3	3.05%
Latest 12-month Average	\$4,124.5	3.27%	\$1,024.5	2.19%	\$5,149.0	3.06%

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 Revised External Manager and Composite balances and return for the months of July, August, September and October.

**Commonwealth of Virginia/Department of Accounts
 Report on the Revenue Stabilization Fund
 For the Fiscal Year 2006
 (Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$482,259	\$0	\$0	\$482,259
August	\$482,259	\$0	\$0	\$482,259
September	\$482,259	\$0	\$0	\$482,259
October	\$482,259	\$0	\$3,947	\$486,206
November	\$486,206	\$0	\$0	\$486,206
December	\$486,206	\$0	\$0	\$486,206
January	\$486,206	\$0	\$3,967	\$490,173
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.