



COMMONWEALTH of VIRGINIA

Office of the Governor

Jody M. Wagner
Secretary of Finance

P.O. Box 1475
Richmond, Virginia 23218

October 12, 2007

MEMORANDUM

TO: The Honorable Timothy M. Kaine

THROUGH: The Honorable Wayne M. Turnage

FROM: Jody M. Wagner

A handwritten signature in cursive script that reads "Jody M. Wagner".

SUBJECT: September Revenue Data

September completes the first quarter of the fiscal year and is a significant month for revenue collections. Estimated payments from individuals, corporations, and insurance premiums are all due in September, along with regular monthly collections in withholding, sales, and other sources.

Total general fund revenue collections for the first quarter of fiscal year 2008 were close to the annual forecast. Revenues grew 4.0 percent in September compared to September 2006. On a year-to-date basis, revenues grew 3.6 percent over the same period last year, slightly ahead of the annual forecast of 3.0 percent. Sluggish growth in individual withholding is being offset by continued strength in nonwithholding collections and a substantial drop in refunds. Collections of corporate income tax and sales and use tax are close to their annual forecasts.

National Economic Indicators

Recent indicators suggest the national economy slowed over the summer as effects from the slowdown in the housing market continued to drag on growth. Turmoil in the subprime mortgage market escalated in August, deepening the uncertainty concerning the future path of the economy.

- Second quarter GDP growth was revised down from 4.0 percent in the preliminary estimate to 3.8 percent in the final estimate.
- The labor market is slightly healthier than previously reported. Payroll employment rose by 110,000 jobs in September. In addition, the August decline of 4,000 jobs was revised to a gain of 89,000. In a separate report, the unemployment rate rose from 4.6 to 4.7 percent.

- Initial claims for unemployment rose by 16,000 to 317,000 during the last week of September. The four-week moving average rose slightly, from 312,250 to 312,750. Initial claims activity is consistent with an expanding job market.
- Inflation pressures continue to ease. The Consumer Price Index fell 0.1 percent in August, following increases of just 0.1 percent in July and 0.2 percent in June. Energy prices fell for the third consecutive month. Core inflation, excluding food and energy, increased 0.2 percent in August, resulting in growth of 2.1 percent over the last year.
- Although the manufacturing sector is expanding, growth slowed in September. The Institute of Supply Management index fell from 52.9 to 52.0, its third consecutive decline.
- The Conference Board's index of leading indicators fell 0.6 percent to 137.8 in August, the largest decline since the 0.8 percent drop following Katrina in September 2005. The weakness was broad-based – eight of the ten components declined. Lower stock prices, higher initial jobless claims, a decline in building permits, and lower consumer expectations were the most significant drags on growth.
- The Conference Board's index of consumer confidence fell from 105.6 to 99.8 in September, its second consecutive drop and a 22-month low. Both the current situation and expectations components dropped sharply, led by weak assessments of the current job market.
- At its September meeting, the Federal Reserve lowered the federal funds rate by 50 basis points to 4.75, the first cut since 2003. The committee noted that “economic growth was moderate during the first half of the year, but the tightening of credit conditions has the potential to intensify the housing correction and to restrain economic growth more generally.”

Virginia Economy

In Virginia, payroll employment grew 1.7 percent in August. Jobs grew by 1.6 percent in Hampton Roads, 1.5 percent in Northern Virginia, 1.3 percent in Richmond-Petersburg, and 2.4 percent in the western MSAs. The unemployment rate was flat at 3.1 percent in August.

The Virginia leading index fell 0.2 percent in August, the second decline in nine months. A substantial drop in building permits and falling auto registrations offset an improvement in initial claims for unemployment. The regional indices increased in five of the state's eleven metropolitan areas in August. The indices in Blacksburg, Lynchburg, Charlottesville, Harrisonburg, and Danville increased for the month. Northern Virginia, Hampton Roads, Richmond, Bristol, and Winchester experienced slight declines, while Roanoke was unchanged.

September Revenue Collections

Total general fund revenue collections for the first quarter of fiscal year 2008 were close to the annual forecast. Revenues grew 4.0 percent in September compared to September 2006. On a year-to-date basis, revenues grew 3.6 percent over the same period last year, slightly ahead of the annual forecast of 3.0 percent. Growth in individual withholding remains sluggish, while nonwithholding collections continue to exceed expectations. Collections of corporate income tax and sales and use tax are close to their annual forecasts.

Individual Income Tax Withholding (57% of general fund revenues): With one less deposit day than September of last year, collections of payroll withholding taxes grew 4.8 percent in September.

Year-to-date withholding growth is 4.7 percent, lagging the projected annual growth rate of 6.0 percent.

Individual Income Tax Nonwithholding (19% of general fund revenues): The first estimated payment of fiscal year 2008 was due in September. Collections of nonwithholding were \$24.4 million ahead of September 2006, an 8.1 percent increase. Year-to-date, collections in this source are 10.7 percent above the same period last year, ahead of the estimate of a 6.6 percent increase.

Individual Income Tax Refunds: Individual refunds were down 44.2 percent in September and 24.1 percent for the quarter. Through September, \$83.6 million have been refunded compared with \$110.2 million in the same period last year.

Summary of Net Individual Income Tax (65% of general fund revenues): Year-to-date net individual income tax growth is 7.1 percent, ahead of the projected annual growth rate of 5.4 percent.

Sales Tax (20% of general fund revenues): Collections of sales and use taxes, reflecting August sales, grew 3.5 percent in September. On a year-to-date basis, collections of sales and use taxes have increased 3.1 percent, close to the estimate of a 2.8 percent increase. This is the slowest first quarter increase in sales tax collections in five years as the slowdown in the housing industry and higher energy prices continue to dampen overall demand.

Corporate Income Tax (5% of general fund revenues): The first estimated payment of fiscal year 2008 was due in September. Collections in corporate income taxes fell 8.9 percent in September. On a year-to-date basis, corporate income tax collections have fallen 13.5 percent from the first quarter of last year, close to expectations of an 18.4 percent decline. Lower corporate payments and a substantial increase in refund activity both contributed to the decline.

Wills, Suits, Deeds, Contracts (3% of general fund revenues): Wills, suits, deeds, and contracts – mainly recordation tax collections – fell 21.3 percent in September as the housing market continued to slow. First quarter collections in this source declined 13.3 percent from last year, compared with

the estimate of a 9.0 percent annual decline.

Other Revenue Sources

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

	<u>Year-to-Date</u>	<u>Annual Estimate</u>
Insurance Premiums Taxes (2% GF revenues)	15.8%	2.9%
ABC Taxes (1% GF revenues)	-3.4%	0.7%
Interest Income (0.9% GF revenues)*	9.5%	-2.4%

**General fund interest earnings reflect the first quarter's interest earnings from nongeneral fund balances. That will be transferred to those nongeneral fund accounts in October.*

All Other Revenue: Receipts in All Other Revenue fell 15.4 percent in September – \$34.1 million compared with \$40.3 million in September of last year. The decline was broad based across minor sources, with the largest negative contribution from inheritance, gift, and estate taxes. For the fiscal year-to-date, collections of All Other Revenue are 11.5 percent below the same period in fiscal year 2007, lagging the annual estimate of 8.7 percent growth.

Lottery Revenues: Net income totaled \$36.2 million in September or \$1.6 million more than last year. September was 4.7 percent ahead of September of last year as a decline in expenses offset a small decline in sales. Year-to-date, net income is up 22.8 percent as compared to the annual forecast of a 7.3 percent decline. Comparisons to last year are affected because products currently offered (Fast Play Bingo, additional daily games' drawings) were not offered or included in sales and net income results from last year. In addition, jackpot sales were significantly depressed last year because of unusually low advertised jackpots.

Summary

Total general fund revenue collections for the first quarter of fiscal year 2008 were close to the annual forecast. Revenues grew 4.0 percent in September compared to September 2006. On a year-to-date basis, revenues grew 3.6 percent over the same period last year, slightly ahead of the annual forecast of 3.0 percent. Growth in individual withholding remains sluggish, while nonwithholding collections continue to exceed expectations. Collections of corporate income tax and sales and use tax are close to their annual forecasts.

The Honorable Timothy M. Kaine

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The fall revenue forecasting process has begun. The Governor's Advisory Board of Economists will meet October 17 to assess the outlook for the Virginia economy over the current and next biennium. The economic outlook recommended by the Board will drive the preliminary revenue forecast developed by the Department of Taxation. The Governor's Advisory Council on Revenue Estimates, comprised of business and legislative leaders, will meet in November to consider this preliminary revenue forecast. This forecast will serve as the basis for the final forecast to be released in December with the Executive Budget.

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2007 and 2008
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2008 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	September FY 2008	September FY 2007	% Change	Year-To-Date FY 2008	Year-To-Date FY 2007	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$9,091,394	55.33	\$658,478	\$628,326	4.8	\$2,065,351	\$1,972,941	4.7	6.0
Tax Dues/Estimated Payments	3,026,321	18.42	325,977	301,579	8.1	406,713	367,561	10.7	6.6
Gross Individual Income Tax	<u>\$12,117,715</u>	<u>73.75</u>	<u>\$984,455</u>	<u>\$929,905</u>	<u>5.9</u>	<u>\$2,472,064</u>	<u>\$2,340,502</u>	<u>5.6</u>	<u>6.1</u>
Individual and Fiduciary Income (Refunds)	(1,724,000)	(10.49)	(20,237)	(36,288)	(44.2)	(83,636)	(110,164)	(24.1)	10.5
Net Individual Income Tax	<u>\$10,393,715</u>	<u>63.26</u>	<u>\$964,218</u>	<u>\$893,617</u>	<u>7.9</u>	<u>\$2,388,428</u>	<u>\$2,230,338</u>	<u>7.1</u>	<u>5.4</u>
Sales and Use Tax	\$3,135,958	19.09	\$257,128	\$248,403	3.5	\$785,788	\$762,331	3.1	2.8
Corporations Income Tax	726,193	4.42	189,030	207,565	(8.9)	223,855	258,795	(13.5)	(18.4)
Wills, Suits, Deeds, Contracts	530,481	3.23	36,096	45,886	(21.3)	130,699	150,773	(13.3)	(9.0)
Insurance Premiums	396,056	2.41	95,461	81,675	16.9	101,740	87,881	15.8	2.9
Interest Income (a)	136,800	0.82	30,637	27,826	10.1	93,440	85,307	9.5	(2.4)
Alcoholic Beverage Sales (b)	163,000	0.99	4,357	4,266	2.1	13,795	14,274	(3.4)	0.7
All Other Revenues	543,500	3.31	34,068	40,277	(15.4)	104,375	117,985	(11.5)	8.7
Total General Fund Revenues	<u>\$16,025,703</u>	<u>97.53</u>	<u>\$1,610,995</u>	<u>\$1,549,515</u>	<u>4.0</u>	<u>\$3,842,120</u>	<u>\$3,707,684</u>	<u>3.6</u>	<u>3.0</u>
Gross Lottery Revenue	\$1,304,430	7.94	\$103,883	\$107,966	(3.8)	\$340,231	\$312,757	8.8	(4.3)
Less: Expenses	(899,030)	(5.47)	(67,668)	(73,392)	(7.8)	(219,947)	(214,809)	2.4	(2.8)
Net Lottery Profits	<u>\$405,400</u>	<u>2.47</u>	<u>\$36,215</u>	<u>\$34,574</u>	<u>4.7</u>	<u>\$120,284</u>	<u>\$97,948</u>	<u>22.8</u>	<u>(7.3)</u>
Total General Fund Revenues and Net Lottery Profits	<u>\$16,431,103</u>	<u>100.00</u>	<u>\$1,647,210</u>	<u>\$1,584,089</u>	<u>4.0</u>	<u>\$3,962,404</u>	<u>\$3,805,632</u>	<u>4.1</u>	<u>2.7</u>

Percentage is greater than or equal to 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 2007 and 2008
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2008 Estimate	As a % of Total Gen Fund Rev	September FY 2008	September FY 2007	% Change	Year-To-Date FY 2008	Year-To-Date FY 2007	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$9,091,394	56.73	\$658,478	\$628,326	4.8	\$2,065,351	\$1,972,941	4.7	6.0
Tax Dues/Estimated Payments	3,026,321	18.88	325,977	301,579	8.1	406,713	367,561	10.7	6.6
Gross Individual Income Tax	\$12,117,715	75.61	\$984,455	\$929,905	5.9	\$2,472,064	\$2,340,502	5.6	6.1
Individ and Fiduc Income (Refunds)	(1,724,000)	(10.75)	(20,237)	(36,288)	(44.2)	(83,636)	(110,164)	(24.1)	10.5
Net Individual Income Tax	\$10,393,715	64.86	\$964,218	\$893,617	7.9	\$2,388,428	\$2,230,338	7.1	5.4
Sales and Use Tax	3,135,958	19.57	257,128	248,403	3.5	785,788	762,331	3.1	2.8
Corporations Income	726,193	4.53	189,030	207,565	(8.9)	223,855	258,795	(13.5)	(18.4)
Public Service Corporations	95,100	0.59	2,862	8,128	(64.8)	19,594	20,797	(5.8)	8.1
Insurance Premiums	396,056	2.47	95,461	81,675	16.9	101,740	87,881	15.8	2.9
Alcoholic Beverage Excise	119,000	0.75	0	0	-	1,477	2,012	(26.6)	0.2
Beer and Beverage Excise	44,000	0.27	4,357	4,266	2.1	12,318	12,262	0.5	2.0
Wills, Suits, Deeds, Contracts	530,481	3.31	36,096	45,886	(21.3)	130,699	150,773	(13.3)	(9.0)
Inheritance, Gift, and Estate	129,400	0.81	14,418	16,626	(13.3)	34,275	49,400	(30.6)	(15.3)
Bank Franchise	13,300	0.08	0	59	(100.0)	52	66	(21.2)	5.8
Other Taxes	14,300	0.09	1,662	(381)	536.2	3,450	2,297	50.2	114.8
Total Taxes	\$15,597,503	97.33	\$1,565,232	\$1,505,844	3.9	\$3,701,676	\$3,576,952	3.5	2.7
Rights and Privileges:									
Licenses and Permits	\$5,000	0.03	\$480	\$506	(5.1)	\$1,249	\$1,209	3.3	3.5
Corp. Franchise and Charters	46,300	0.29	427	547	(21.9)	1,603	1,714	(6.5)	(3.4)
Fees for Misc. Privileges & Services	15,300	0.10	622	732	(15.0)	2,035	2,231	(8.8)	(2.2)
Total Rights and Privileges	\$66,600	0.42	\$1,529	\$1,785	(14.3)	\$4,887	\$5,154	(5.2)	(2.6)
Other Revenues:									
Sales of Property & Commodities	\$100	0.00	\$0	(\$12)	100.0	\$1	\$1	0.0	#
Assessmts & Rcpts for Support of Special Svcs	400	0.00	0	14	(100.0)	66	45	46.7	78.6
Institutional Revenue	8,800	0.05	687	683	0.6	1,825	2,164	(15.7)	22.8
Interest (a)	136,800	0.85	30,637	27,826	10.1	93,440	85,307	9.5	(2.4)
Dividends and Rent	300	0.00	22	32	(31.3)	135	117	15.4	9.9
Fines, Forfeitures & Fees	230,200	1.44	14,538	14,711	(1.2)	45,452	44,710	1.7	26.0
Other Revenue	6,800	0.05	258	418	(38.3)	751	1,073	(30.0)	73.6
Excess Fees	(32,000)	(0.20)	(2,517)	(2,918)	13.7	(8,372)	(10,209)	18.0	3.4
Private Donations, Gifts & Cont.	0	0.00	30	0	-	30	5	500.0	(100.0)
Cities, Counties, and Towns	10,200	0.06	579	1,132	(48.9)	2,229	2,365	(5.8)	(0.8)
Total Other Revenues	\$361,600	2.25	\$44,234	\$41,886	5.6	\$135,557	\$125,578	7.9	16.1
Total General Fund Revenues	\$16,025,703	100.00	\$1,610,995	\$1,549,515	4.0	\$3,842,120	\$3,707,684	3.6	3.0

Percentage is greater than or equal to 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 2007 and 2008
(Dollars in Thousands)**

	FY 2008 Estimate (a)	September			Year-To-Date			% Annual Growth Required By Estimate
		FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change (b)	
Lottery Collections								
Win for Life	\$45,136	\$3,308	\$3,919	(15.6)	\$9,341	\$11,686	(20.1)	9.2
Cash 5	25,121	2,335	2,198	6.2	7,078	6,556	8.0	(8.7)
Pick 4	167,717	13,853	14,086	(1.7)	44,469	41,339	7.6	(6.8)
Pick 3	251,279	20,182	21,654	(6.8)	64,213	62,782	2.3	(5.3)
Mega Millions	122,553	9,192	11,896	(22.7)	46,487	27,220	70.8	(5.9)
Scratch/Bingo/Raffle (c)	692,624	55,013	54,213	1.5	168,643	163,174	3.4	(3.5)
Gross Lottery Revenue	<u>1,304,430</u>	<u>103,883</u>	<u>107,966</u>	<u>(3.8)</u>	<u>340,231</u>	<u>312,757</u>	<u>8.8</u>	<u>(4.3)</u>
Expenses (d)	<u>899,030</u>	<u>67,668 (e)</u>	<u>73,392</u>	<u>(7.8)</u>	<u>219,947 (e)</u>	<u>214,809</u>	<u>2.4</u>	<u>(2.8)</u>
Net Lottery Ticket Profits	<u>\$405,400</u>	<u>\$36,215 (e)</u>	<u>\$34,574</u>	<u>4.7</u>	<u>\$120,284 (e)</u>	<u>\$97,948</u>	<u>22.8</u>	<u>(7.3)</u>

(a) Estimate established in December 2006.

(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) Fast Play Bingo began on February 4, 2007. Fast Play Bingo is an online game which plays like a Scratch game. Millionaire Raffle began on April 15, 2007, and drawing occurred on June 14, 2007.

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

(e) Current month includes operating expenses estimated (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 2007 and 2008
(Dollars in Thousands)

Revenue	FY 2008 Estimate	As a % of Total Fund	September			Year-To-Date			% Annual Growth Required By Estimate
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	Change	
Motor Fuel Taxes	\$897,500	23.64	\$78,336	\$71,249	9.9	\$158,243	\$151,654	4.3	4.4
Priority Transportation Fund	20,000	0.53	2,000	2,000	0.0	2,000	2,000	0.0	0.0
Motor Vehicle Sales and Use Tax	637,300	16.78	50,995	54,104	(5.7)	158,846	165,222	(3.9)	1.4
State Sales and Use Tax	536,000	14.12	43,493	42,373	2.6	133,835	129,575	3.3	3.6
Motor Vehicle License Fees	262,900	6.93	18,967	13,875	36.7	62,606	45,033	39.0	55.2
International Registration Plan	64,500	1.70	2,478	2,355	5.2	23,470	11,820	98.6	19.5
Interest Earnings	52,600	1.38	62	70	(11.4)	115	115	0.0	(2.5)
Misc. Taxes, Fees, and Revenues (a)	16,400	0.43	1,309	755	73.4	3,549	2,693	31.8	32.9
Total State Taxes and Fees (a)	\$2,487,200	65.51	\$197,640	\$186,781	5.8	\$542,664	\$508,112	6.8	7.4

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

(a) Certain Fiscal Year 2007 monthly and year-to-date amounts have been reclassified. Refer to (a) on page 5 for additional information.

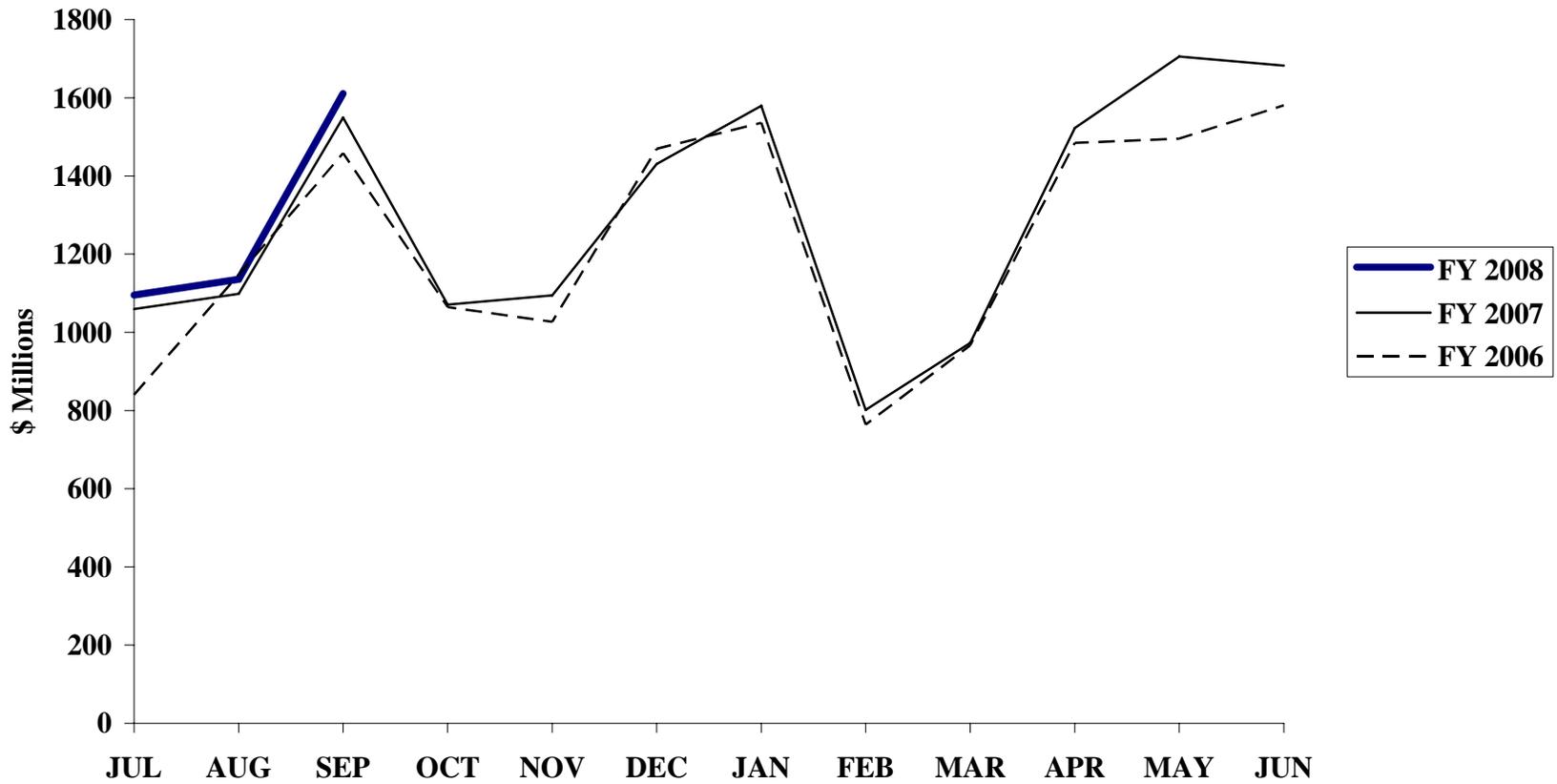
Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2007 and 2008
(Dollars in Thousands)

Revenue	FY 2008 Estimate	As a % of Total Fund	September			Year-To-Date			% Annual Growth Required By Est
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$777,400	20.48	\$64,022	\$62,050	3.2	\$133,767	\$130,518	2.5	4.8
Motor Vehicle Sales and Use Tax	393,900	10.37	32,949	34,794	(5.3)	99,055	103,246	(4.1)	1.0
Motor Vehicle License Fees	241,300	6.36	17,364	12,170	42.7	57,429	39,399	45.8	62.8
International Registration Plan	64,500	1.70	2,478	2,355	5.2	23,470	11,820	98.6	19.5
Misc. Taxes, Fees, and Revenues (a)	16,400	0.43	1,309	755	73.4	3,549	2,693	31.8	32.9
Total State Taxes and Fees	\$1,493,500	39.34	\$118,122	\$112,124	5.3	\$317,270	\$287,676	10.3	11.0
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$758	\$2,309	(67.2)	\$3,899	\$5,967	(34.7)	(100.0)
Miscellaneous Revenues (a)	16,937	0.45	937	1,721	(45.6)	3,747	4,678	(19.9)	0.1
Transfer (to) / from Transportation Trust Fund	262,570	6.91	100,000	100,000	0.0	200,000	200,000	0.0	13.6
Total Highway Maintenance and Operating Fund	\$1,773,007	46.70	\$219,817	\$216,154	1.7	\$524,916	\$498,321	5.3	9.1
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$120,100	3.16	\$14,314	\$9,199	55.6	\$24,476	\$21,136	15.8	1.8
Priority Transportation Fund	20,000	0.53	2,000	2,000	0.0	2,000	2,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	243,400	6.41	18,046	19,310	(6.5)	59,791	61,976	(3.5)	2.0
State Sales and Use Tax	536,000	14.12	43,493	42,373	2.6	133,835	129,575	3.3	3.6
Motor Vehicle License Fees	21,600	0.57	1,603	1,705	(6.0)	5,177	5,634	(8.1)	1.7
Interest Earnings	52,600	1.38	62	70	(11.4)	115	115	0.0	(2.5)
Total State Taxes and Fees	\$993,700	26.17	\$79,518	\$74,657	6.5	\$225,394	\$220,436	2.2	2.5
Other Revenues:									
Federal Grants and Contracts	\$1,100,568	28.98	\$62,337	\$57,792	7.9	\$231,446	\$175,479	31.9	77.9
Receipts from Cities/Counties (a)	78,428	2.07	6,712	3,921	71.2	22,746	9,161	148.3	86.4
Toll Revenues (Includes Route 28)	100,598	2.65	11,127	9,606	15.8	27,776	23,331	19.1	(3.0)
Miscellaneous Revenues	12,854	0.34	667	(1,676)	139.8	3,265	2,068	57.9	(40.4)
Total Other Revenues	\$1,292,448	34.04	\$80,843	\$69,643	16.1	\$285,233	\$210,039	35.8	64.5
Transfer (to) / from Highway Maintenance and Operating Fund	(\$262,570)	(6.91)	(\$100,000)	(\$100,000)	0.0	(\$200,000)	(\$200,000)	0.0	(13.6)
Total Transportation Trust Fund	\$2,023,578	53.30	\$60,361	\$44,300	36.3	\$310,627	\$230,475	34.8	32.8
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,796,585	100.00	\$280,178	\$260,454	7.6	\$835,543	\$728,796	14.6	20.6

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

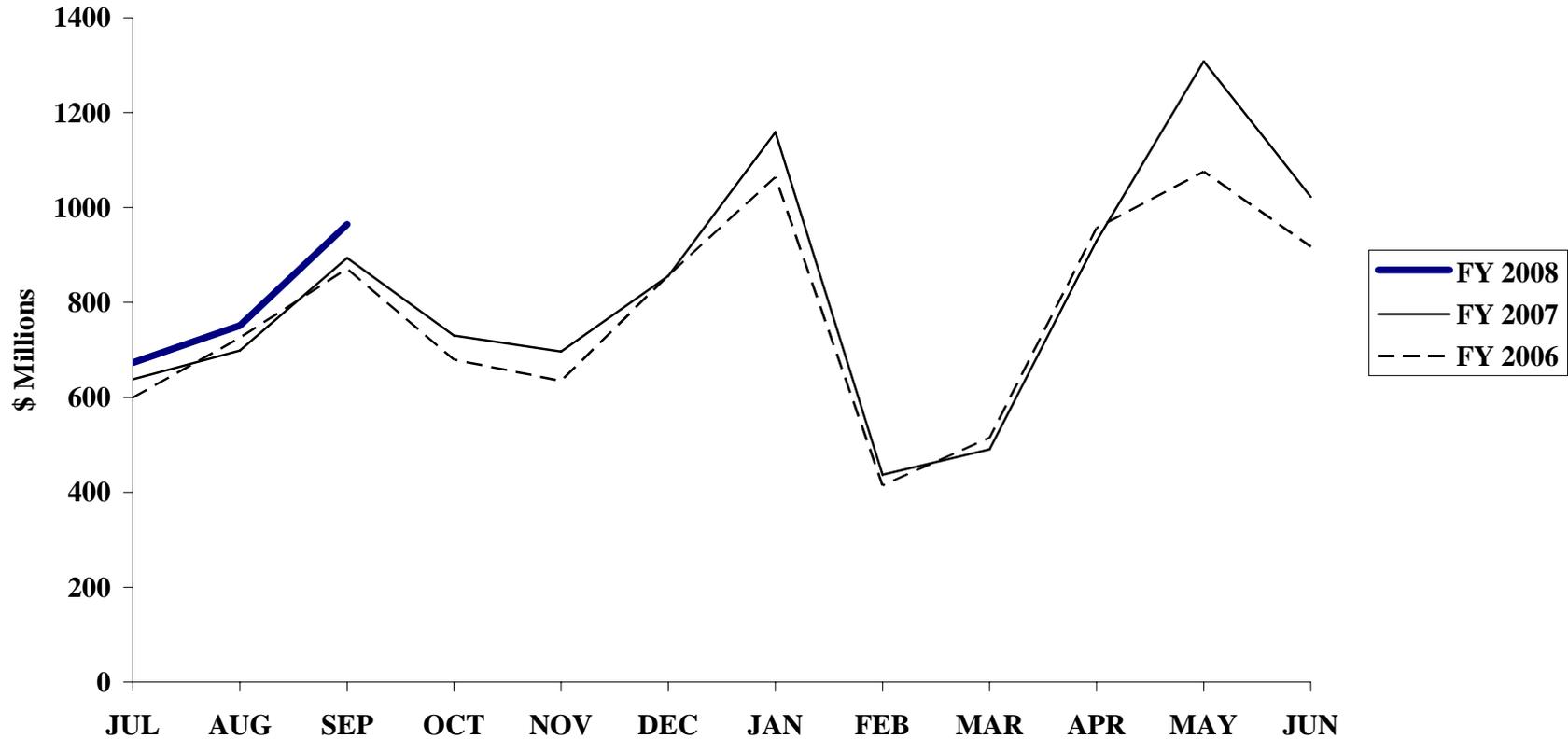
(a) A new line, "Miscellaneous Revenues", was added to the Highway Maintenance and Operating Fund Revenue Forecast in FY 2007. A portion of the amounts previously reported in "Miscellaneous Taxes, Fees, and Revenues" and "Receipts from Cities/Counties" were reclassified to "Miscellaneous Revenues". In order to provide comparable data, the Fiscal Year 2007 monthly and year-to-date amounts were likewise reclassified.

Total General Fund Revenues



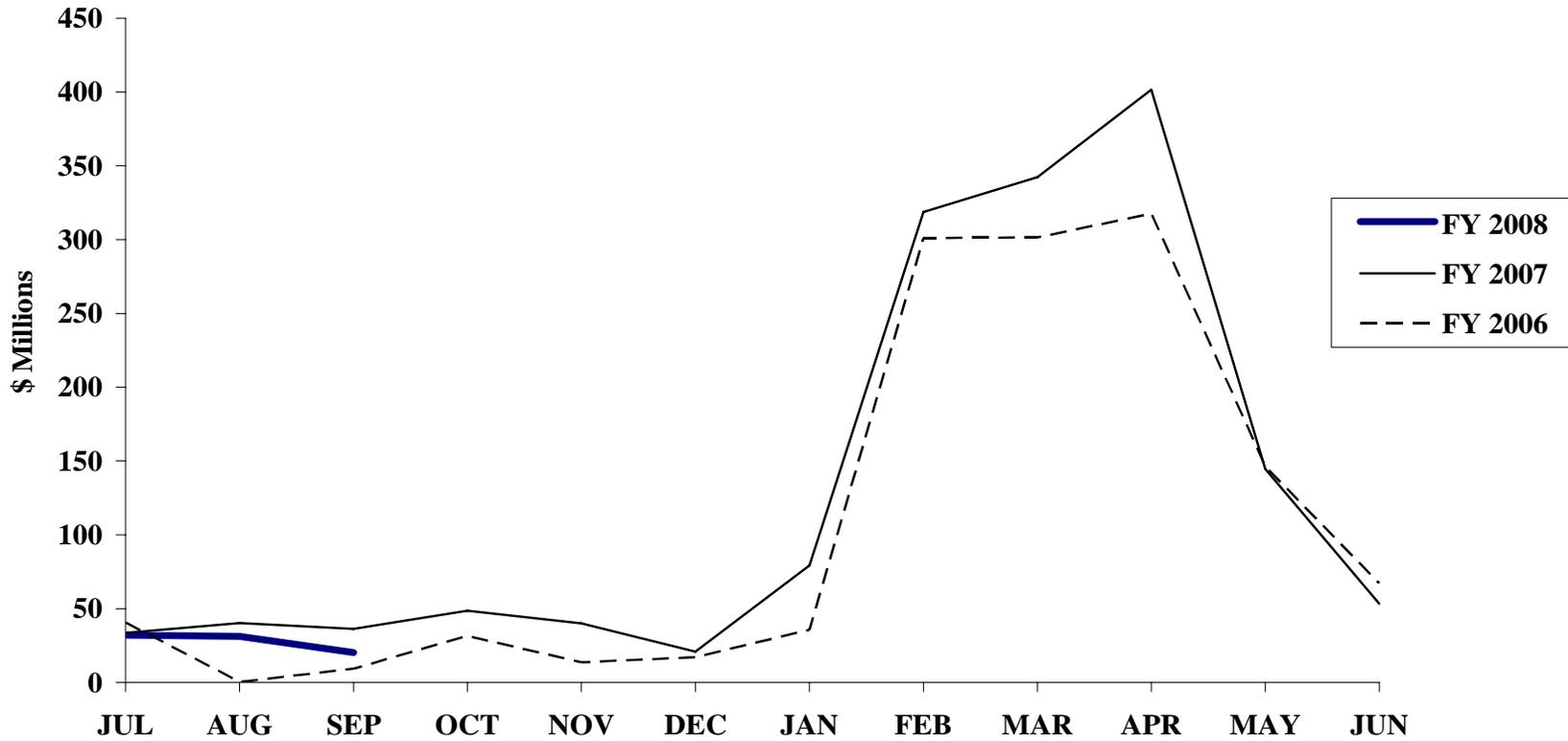
FY 2006 Actual = \$14,834.3 Million
FY 2007 Actual = \$15,565.8 Million
FY 2008 Estimate = \$16,025.7 Million

Net Individual Income Tax



FY 2006 Actual = \$9,308.6 Million
FY 2007 Actual = \$9,857.0 Million
FY 2008 Estimate = \$10,393.7 Million

Individual and Fiduciary Income Tax Refunds



FY 2006 Actual = \$1,282.6 Million
FY 2007 Actual = \$1,559.8 Million
FY 2008 Estimate = \$1,724.0 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2008

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2007	\$5,727.9	5.35%	\$1,723.0	9.69%	\$7,450.9	6.35%
August	\$5,110.8	5.45%	\$1,737.9	11.29%	\$6,848.7	6.93%
September	\$5,243.4	5.58%	\$1,752.3	8.79%	\$6,995.7	6.38%
October						
November						
December						
January, 2008						
February						
March						
April						
May						
June						
Year-to-Date Average	\$5,360.7	5.46%	\$1,737.7	9.92%	\$7,098.4	6.55%

- 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.

- Unaudited.

**Commonwealth of Virginia/Department of Accounts
Report on the Revenue Stabilization Fund
For the Fiscal Year 2008**

Month	Beginning Balance	Deposits	Withdrawals	Interest Allocated (A)	Ending Balance
July	\$1,189,834,417	\$0	\$0	\$0	\$1,189,834,417
August	\$1,189,834,417	\$0	\$0	\$0	\$1,189,834,417
September	\$1,189,834,417	\$0	\$0	\$0	\$1,189,834,417
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.