

A REPORT TO THE CITIZENS OF THE COMMONWEALTH
Popular Annual Financial Report for the Fiscal Year Ended June 30, 2024 (Unaudited)

*Commonwealth of
Virginia*



**FINANCIAL
PERSPECTIVE**

December 13, 2024

Stephen E. Cummings
Secretary of Finance

Glenn Youngkin
Governor

Sharon H. Lawrence
Acting Comptroller

EXECUTIVE SUMMARY

The Commonwealth and its component units provide a wide range of services and funding to its citizens, including elementary, secondary and higher education; health and human services; economic development; environmental and natural resources; public safety, corrections, and regulation; transportation; agriculture; and general government services. The financial activities associated with these services are reflected in summary throughout this report.

The purpose of this report is to summarize and simplify the presentation of information contained in the Annual Comprehensive Financial Report (ACFR) of the Commonwealth of Virginia. The Commonwealth's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and are independently audited by the Auditor of Public Accounts. Much of the information in the audited financial statements is necessarily technical and complex. As a result, the full financial statements may not be particularly useful to the citizens of the Commonwealth who wish to better understand state government finances.

Virginia began issuing simplified financial reports in 1991. These reports, commonly referred to as popular reports, are intended to better inform the public about their government's financial condition, without excessive detail or the use of technical accounting terms.

This report summarizes and explains the information contained in the financial statements for fiscal year 2024 in easily understood terms. This report represents the ongoing commitment of Commonwealth officials to keep Virginia's citizens informed about state finances and to be accountable, in all respects, for the receipt and expenditure of public funds.

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ON THE COVER: *Once among our nation's most visited natural wonders and known as One of the Seven Natural Wonders of the Modern World, the Natural Bridge inspired the Monacan Indians to worship it, young George Washington to survey it, Thomas Jefferson to purchase it, and famous artists to paint and illustrate it. It stands tall as a National Historic Landmark and the gateway to the historic Cedar Creek Trail, and the Monacan Indian Living History Village.* Photo by Kelsey Johnson

CURRENT PAGE: *Motorcyclists enjoy a scenic drive in Grayson County.* Photo by Michael Speed

All photos courtesy of Virginia Tourism Corp.

Virginia’s Economy

In fiscal year 2024, Virginia’s economy expanded for the third consecutive year after the pandemic. The Federal Reserve raised the benchmark federal funds rate to 5.3-5.5 percent at the beginning of the fiscal year and held it at that level to combat post-pandemic inflation. The inflation rate drifted towards the Fed’s 2.0 percent target during the fiscal year, and national employment growth slowed. Virginia employment growth slowed from the previous fiscal year, while personal income growth increased. The state unemployment rate did not change. Other state economic activity measures, such as real taxable sales and residential building permits, decreased. High mortgage interest rates chilled Virginia home sales and building activity. However, limited housing inventory continued to support rising home prices. Evidence suggests that the economy was headed towards a “soft landing” in the next fiscal year, whereby the economy would slow before resuming a more sustainable pace of growth without high inflation.

Figure 1
Virginia Economic Indicators

	FY 2023	FY 2024
Personal Income	1.6%	3.0%
Nonfarm Employment Growth	2.9%	1.8%
Average Unemployment Rate	2.8%	2.8%
Real Taxable Sales	(0.5)%	(1.0)%

3.0%

State Personal Income

Personal income provides an important gauge of the health of Virginia’s economy and is a key determinant of consumer spending. The state personal income rate rose to 3.0 percent in fiscal year 2024, compared to a 1.6 percent increase in fiscal year 2023. Real wages and salaries, which make up most of total personal income, grew 3.9 percent.

1.8%

State Nonfarm Payroll Employment

During fiscal year 2024, Virginia gained 74,100 jobs, bringing the total employment level to over 4.2 million, another all-time high. Education and health services had the largest gain of 26,100 jobs. The leisure and hospitality sector also added significant jobs during the fiscal year, while the information and retail trade sectors lost jobs.

2.8%

Average Unemployment

Virginia’s average unemployment rates remained steady at 2.8 percent from the prior fiscal year. Five metropolitan areas had unemployment rates above the statewide average, including Lynchburg (3.4 percent), Kingsport-Bristol, Virginia Beach-Norfolk-Newport News, Richmond (all 3.0 percent), and Harrisonburg (2.9 percent).

-1.0%

Taxable Sales Rate

Taxable sales data is a useful proxy for retail sales, even though they do not include motor vehicle or motor fuel sales, yet do include sales at restaurants and lodging sales. During fiscal year 2024, taxable sales decreased by 1.0 percent during fiscal year 2024 compared to a 0.5 percent rate of decrease the previous fiscal year. This decrease is consistent with the national pattern of declining real retail sales.

Virginia's Economy, continued

Virginia's economy expanded for the third year in a row in fiscal year 2024. Employment grew 1.8 percent compared to 2.9 percent the year before, indicating a gradual cooling in the labor market. On the other hand, real personal incomes increased by 3.0 percent compared to 1.6 percent in fiscal year 2023, showing that the economy retained some buoyancy. Some other economic metrics were not as positive. Real taxable sales decreased by 1.0 percent, perhaps reflecting a combination of continued post-pandemic consumer spending shifts towards services and a weakening in spending by lower income consumers. Virginia housing market activity adjusted somewhat to higher mortgage interest rates. Existing home sales, and residential building permit issuance decreased, albeit at a slower pace than the year before. The rate of housing price appreciation also slowed a bit, but limited housing inventories continued to put pressure on housing prices.

Inflation began to ease during fiscal year 2024 as a result of the Federal Reserve's continued restrictive monetary policy. The Fed had begun raising its benchmark federal funds interest rate in March 2022, with the last quarter percentage point increase occurring in July 2023. Towards the end of fiscal year 2024, inflationary gauges such as the Personal Consumption Expenditures (PCE) Price Index and Consumer Price Index (CPI) were approaching the Fed target of 2.0 percent. This progress was achieved by slowing employment growth but not tipping the economy into recession. The success in taming inflation opened the possibility that the Fed would lower interest rates in the next fiscal year, creating conditions that are favorable for the economy to experience a "soft landing." Continued Fed monetary easing could support economic growth in the next fiscal year.

Economic data and review prepared by the Weldon Cooper Center for Public Service at the University of Virginia



Source: Weldon Cooper Center for Public Service at the University of Virginia

Fun Facts about the Commonwealth

<p>Originally settled by colonists in 1610, Hampton is the oldest continuously-inhabited English settlement in North America. When visiting Hampton, you can learn all about the city's more than four centuries of notable history at the Hampton Museum.</p>	<p>Virginia's early judicial system influenced the Supreme Court. The Commonwealth created a system of superior courts in 1779, including the Supreme Court of Appeals, which became a model for the emerging U.S. Supreme Court, whose structure and influence were not described in detail in the Constitution (the creation of which was also spearheaded by Virginians!)</p>	<p>For centuries, Virginia was known for its lucrative tobacco industry, but the original settlers actually planned for the land to be a silk colony. After a fungus killed the trees that the silkworms fed on, they decided to plant tobacco instead.</p>	<p>Virginia contains 544 miles of the Appalachian Trail (AT), more than any other state. Virginia also boasts the most photographed spot on the AT, the picturesque view from McAfee Knob (see page 16).</p>	<p>Both wars fought on American soil, the American Revolution and the Civil War, ended in Virginia; the Civil War at Appomattox Courthouse National Historic Park, where Generals Grant and Lee would meet to sign the surrender, and the American Revolution in Yorktown, where the combined forces of the French and American armies would defeat General Cornwallis for a final victory in the war.</p>
<p>Founded in 1693, William & Mary in Williamsburg, Virginia is the second oldest college in the nation.</p>		<p>Naval Station Norfolk is the world's largest naval base, with more than 78 ships from the Atlantic fleet using the station as a home port.</p>	<p>One of the most popular sodas in the United States, Mountain Dew, was formulated in the mountains of Southwest Virginia.</p>	
<p>Petersburg's Pocahontas Island is the oldest free black community in the nation, and is listed on the National Historic Register of Historic Places.</p>			<p>Because of the Chesapeake Bay's diverse ecosystem, Virginia is the largest seafood producer on the East Coast and the third largest in the country. A large part of that industry is Virginia oysters, with eight distinct oyster regions in the Chesapeake Bay.</p>	

For more fun facts about Virginia, visit Virginia Tourism Corp. at www.virginia.org/blog/post/but-did-you-know-va-fun-facts



Financial Statement Information

Virginia state government reports on its finances on the basis of a fiscal year, which starts on July 1 and ends the following June 30. All information presented in this report is for fiscal year 2024 (FY 2024), which began on July 1, 2023, and ended on June 30, 2024.

Virginia's financial information is prepared by the Department of Accounts, an executive branch agency, under the direction of the Governor and the Secretary of Finance. The information is then audited by the Auditor of Public Accounts, who is an official of the legislative branch of government. In this way, the audit process is independent. The financial information for FY 2024 was audited and received an unmodified auditor's opinion.

Virginia accounts for its financial operations through government-wide financial statements and fund financial statements (governmental, proprietary, and fiduciary).

Government-wide Highlights:

The primary government's (Commonwealth's) assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2024, by \$50.7 billion. Net position of governmental activities (i.e., general fund, special revenue funds) increased by \$4.9 billion and net position of business-type activities (enterprise funds) increased by \$152.4 million.

Fund Highlights:

At the end of the fiscal year, the Commonwealth's governmental funds reported a combined ending fund balance of \$25.6 billion, an increase of \$3.4 billion in comparison with the prior year. Of this total fund balance, \$757.0 million represents nonspendable fund balance, \$6.0 billion represents restricted fund balance, \$16.0 billion represents committed fund balance, and \$2.9 billion represents assigned fund balance.

The Enterprise Funds reported net position at June 30, 2024, of \$3.5 billion, an increase of \$155.6 million during the year which is primarily attributable to increases for the Virginia College Savings Plan Fund.

The General Fund recognized higher total fund assets, expenditures, and revenues as well as lower total fund liabilities, when compared to fiscal year 2023.

Long-term Debt:

The Commonwealth's total debt rose during the fiscal year to \$57.5 billion, an increase of \$2.1 billion, or 3.8 percent. During the fiscal year, the Commonwealth issued new debt in the amount of \$1.4 billion and \$4.6 billion for the primary government and component units, respectively. Debt balances for the primary government increased to \$17.9 billion. Debt balances for the component units increased to \$39.6 billion.

Information is presented in this report on the GAAP basis of accounting. This means the data was compiled using the standardized set of reporting principles that have been established for all state and local governments.

This Popular Report contains information from only selected funds and accounts and does not include information of the state's discrete component units. Component units are legally separate entities that are accountable to the state. Some examples of component units are the public higher education institutions.

The full financial statements of the Commonwealth of Virginia, together with other economic and demographic information, are published in Virginia's Annual Comprehensive Financial Report, or ACFR. If you would like to view the ACFR, it is available for download at <https://www.doa.virginia.gov/reports/ACFReport/2024-ACFReport.shtml>.

Commonwealth Statement of Net Position and Statement of Activities

A *Statement of Net Position* summarizes all of the assets and deferred outflows of resources, and all the liabilities and deferred inflows of resources, with the difference reported as net position.

- At the end of FY 2024, Virginia had assets and deferred outflows of resources (i.e., cash, investments, property, receivables, and consumption of assets applicable to future reporting periods) of \$95.2 billion. These assets were partially offset by liabilities and deferred inflows of resources (i.e., amounts owed by the state to others and acquisition of assets applicable to future reporting periods) of \$44.5 billion.
- This left the state government with a net position (the amount left after liabilities and deferred inflows of resources are subtracted from assets and deferred outflows of resources) of \$50.7 billion, an increase of 11.2 percent over fiscal year 2023. The increase was primarily due to increases in cash, cash equivalents, and investments related to General Fund and Transportation Fund, receivables predominantly relating to Federal Trust Fund, and capital assets, which were offset by increases in long-term liabilities outstanding.

Figure 2 is a condensed Statement of Net Position for the Commonwealth.

Figure 2 Statement of Net Position

As of June 30, 2024
(Dollars in Millions)

	Primary Government				
	Governmental Activities	Business-type Activities	FY 2024 Total	FY 2023 Total as restated (Informational Only)	FY 2022 Total as restated (Informational Only)
Assets and Deferred Outflows of Resources	\$ 88,776	\$ 6,414	\$ 95,190	\$ 90,192	\$ 84,987
Liabilities and Deferred Inflows of Resources	41,593	\$ 2,906	44,499	\$ 44,587	42,592
Net Position	<u>\$ 47,183</u>	<u>\$ 3,508</u>	<u>\$ 50,691</u>	<u>\$ 45,605</u>	<u>\$ 42,395</u>



The Capitol was designed by Thomas Jefferson and first occupied in 1788 by Virginia's General Assembly, America's oldest English-speaking legislature. Free one-hour guided tours are offered daily, including some holidays. Visitors also may tour on their own. Impressive interior designs and colors from 1910 have been replicated in the Rotunda, House and Senate chambers. Photo by Bill Crabtree Jr.

Commonwealth Statement of Net Position and Statement of Activities, continued

The Statement of Activities (**Figure 3**) summarizes information showing how the state’s net position changed during the fiscal year.

- Total net position increased by \$5.1 billion. The net position of the governmental activities increased \$4.9 billion, or 11.7 percent, which was primarily attributable to an increase in a growth in employment and wages paired with a decrease in refunds due to policy changes within individual and fiduciary income taxes and program revenues associated with charges for services, which were offset by increases in education expenditures. Business-type activities had an increase of \$152.4 million, or 4.5 percent.
- Virginia recognized \$37.6 billion in program revenues and \$40.5 billion in general revenues, which was used to pay for \$73.2 billion of expenses.
- Program revenues are receipts that can be identified with specific expenses and are used to pay those expenses. Most of these receipts comes from user fees, charges to purchase items, and federal funding. General revenues consist primarily of tax revenue, as well as any other revenue that does not meet the definition of program revenue.

Figure 3
Statement of Activities
For the Fiscal Year Ended June 30, 2024
(Dollars in Millions)

	Primary Government				
	Governmental Activities	Business-type Activities	FY 2024 Total	FY 2023 Total as restated (Informational Only)	FY 2022 Total as restated (Informational Only)
Program Revenues:					
Charges for Services	3,536	8,206	11,742	10,598	9,383
Operating Grants and Contributions	24,041	3	24,044	24,078	26,442
Capital Grants and Contributions	1,809	—	1,809	1,977	1,588
Total Program Revenues	29,386	8,209	37,595	36,653	37,413
Expenses	66,359	6,851	73,210	69,165	64,774
Net (Expenses) Revenues	(36,973)	1,358	(35,615)	(32,512)	(27,361)
General Revenues	40,530	20	40,550	35,722	36,103
Transfers and Other Items	1,226	(1,226)	—	—	—
Change in Net Position	4,783	152	4,935	3,210	8,742
Net Position - July 1, as restated	42,400	3,356	45,756	42,395	33,653
Net Position - June 30	\$ 47,183	\$ 3,508	\$ 50,691	\$ 45,605	\$ 42,395



Virginia’s largest lake, John H. Kerr Reservoir/Bugg’s Island Lake, is more than 50,000 acres of fresh water with over 800 miles of beautiful shoreline. Photo by Sam Dean

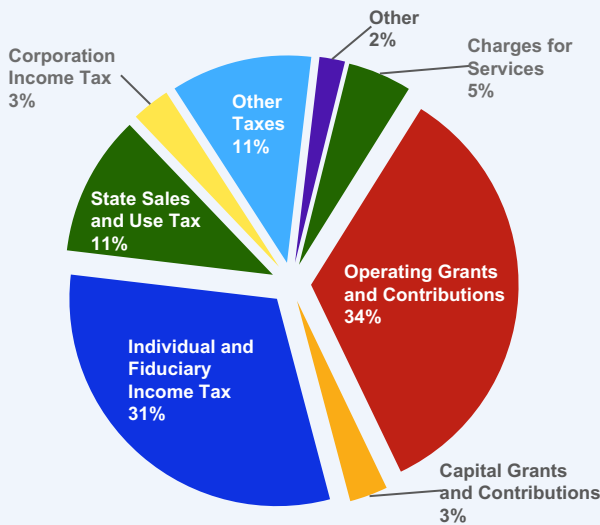
Commonwealth Statement of Net Position and Statement of Activities, continued

Although the total equity of Virginia is substantial and confirms the overall financial health of the Commonwealth, it is equally important to look at the financial condition of some of the individual funds. Governmental activities represent activities associated with the taxes and fees charged by most state agencies. Business-type activities are those like the Virginia Lottery that operate like a business.

Governmental Activities Revenues

The following is a graphical representation of the Statement of Activities (Figure 4) revenues for governmental activities.

Figure 4
Revenues by Source – Governmental Activities
FY 2024



Governmental Activities Expenses

The following is a graphical representation of the Statement of Activities (Figure 5) expenses for governmental activities.

Figure 5
Expenses by Type – Governmental Activities
FY 2024

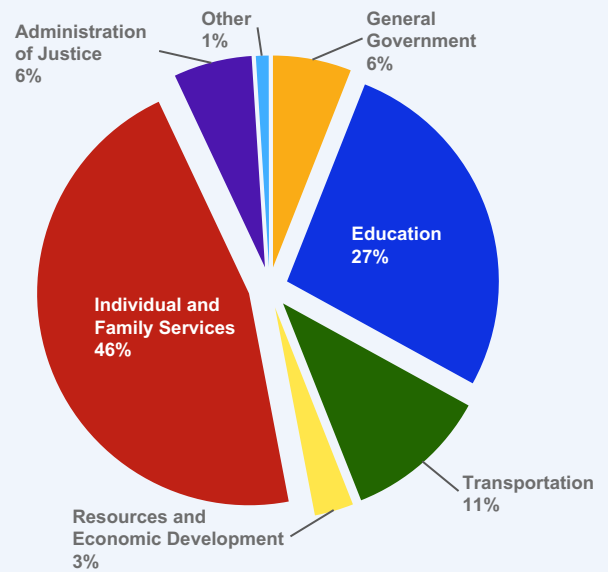
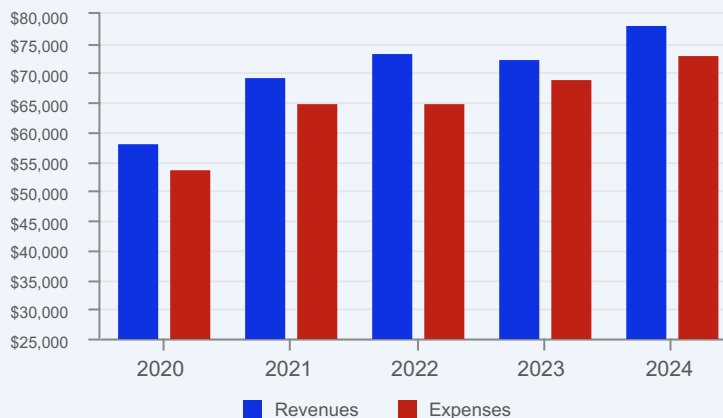


Figure 6 represents financial trend information for the primary government (governmental and business-type activities) to help the reader understand how the Commonwealth’s financial performance has changed over time.

Figure 6
Primary Government Total Revenues and Expenses

FY 2020 – FY 2024
(Dollars in Thousands)



Commonwealth of Virginia 2024 FINANCIAL PERSPECTIVE

Commonwealth Statement of Net Position and Statement of Activities, *continued*

The following table (dollars in millions) summarizes the Commonwealth's revenue and expenses by major source and category for the current and previous two fiscal years (as restated). For the Governmental Activities, program and general revenues exceeded governmental expenses by \$3.6 billion. Individual and fiduciary income taxes increased due primarily to a growth in employment and wages paired with a decrease in refunds due to policy changes within individual and fiduciary income taxes, which was offset by an increase in education expenses due to increases in spending approved by the legislature. For the Business-type Activities, the Virginia Lottery had a significant increase in charges for services due to an increase in lottery ticket sales as Lottery continues to grow in popularity, which led to an increase in operating expenses due to greater compensation provided to Lottery retailers.

Figure 7
Three Year Comparison of Revenues and Expenses

	2022 as restated	2023 as restated	2024	2023 / 2024 Positive (Negative)Variance
Expenses				
Governmental Activities:				
General Government	\$ 3,747	\$ 3,660	\$ 3,900	\$ (240)
Education	14,982	16,863	17,874	(1,011)
Transportation	6,569	6,799	7,403	(604)
Resources and Economic Development	1,634	1,738	2,115	(377)
Individual and Family Services	29,496	30,192	30,790	(598)
Administration of Justice	3,222	3,714	3,994	(280)
Interest and Charges on Long-term Debt	288	310	283	27
Total Governmental Activities Expenses	59,938	63,276	66,359	(3,083)
Business-type Activities:				
Virginia Lottery	2,951	3,737	4,575	(838)
Virginia College Savings Plan	123	221	223	(2)
Unemployment Compensation	170	191	275	(84)
Alcoholic Beverage Control	928	1,022	1,021	1
All Other Enterprise	664	718	758	(40)
Total Business-type Activities Expenses	4,836	5,889	6,852	(963)
Total Primary Government Expenses	\$ 64,774	\$ 69,165	\$ 73,211	\$ (4,046)
Program Revenues				
Governmental Activities:				
Charges for Services	\$ 3,435	\$ 3,303	\$ 3,536	\$ 233
Operating Grants and Contributions	25,387	24,071	24,041	(30)
Capital Grants and Contributions	1,585	1,977	1,809	(168)
Total Governmental Activities Program Revenues	30,407	29,351	29,386	35
Business-type Activities:				
Charges for Services	5,948	7,295	8,206	911
Operating Grants and Contributions	1,054	6	4	(2)
Capital Contributions	4	—	—	—
Total Business-type Activities Program Revenue	7,006	7,301	8,210	909
Total Primary Government Program Revenues	\$ 37,413	\$ 36,652	\$ 37,596	\$ 944
General Revenues				
Governmental Activities:				
Taxes:				
Individual and Fiduciary Income	\$ 19,564	\$ 17,846	\$ 21,673	\$ 3,827
Sales and Use	7,448	7,417	7,432	15
Corporation Income	2,000	2,072	2,003	(69)
Motor Fuel Related	2,987	3,101	3,231	130
Other Taxes	3,803	3,921	4,226	305
Investment Earnings	(538)	735	1,454	719
Miscellaneous	813	617	510	(107)
Total Governmental Activities	36,077	35,709	40,529	4,820
Business-type Activities:				
Other Taxes	9	9	9	—
Investment Earnings	—	4	10	6
Miscellaneous	16	1	1	—
Total Business-type Activities	25	14	20	6
Total Primary Government General Revenues	\$ 36,102	\$ 35,723	\$ 40,549	\$ 4,826
Total Governmental Activities Change in Net Position	\$ 6,546	\$ 1,784	\$ 3,556	\$ 1,772
Total Business-type Activities Change in Net Position	\$ 2,195	\$ 1,426	\$ 1,378	\$ (48)
Total Primary Government Change in Net Position	\$ 8,741	\$ 3,210	\$ 4,934	\$ 1,724

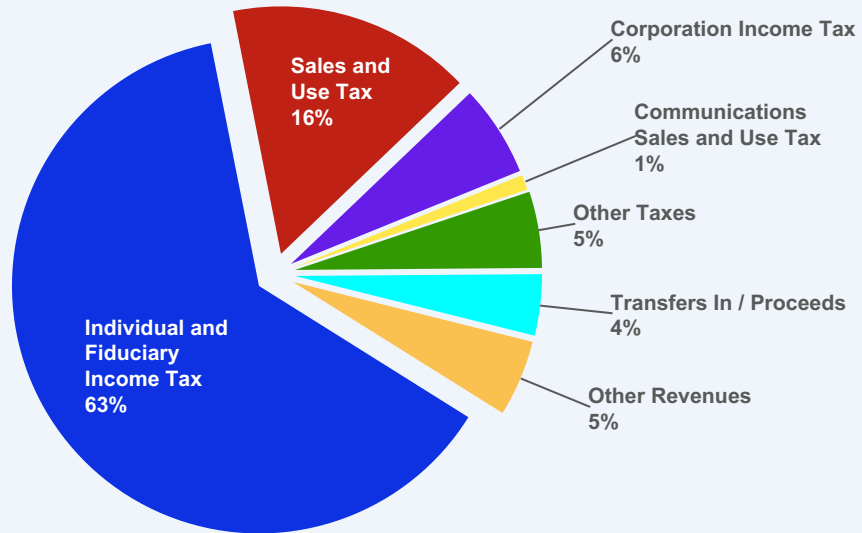
General Fund

During FY 2024, the General Fund received \$34.2 billion in resources. Figure 8 illustrates the various revenue sources.

- Individual and fiduciary income taxes accounted for 63.0 percent of the resources, while sales and use taxes made up 16.0 percent. These revenues plus other revenues totaled \$32.9 billion, or 96.1 percent.
- The remaining monies totaling \$1.3 billion came from other transfers from other funds, such as alcoholic beverage sales.
- Revenues (not including transfers) increased by \$4.5 million from FY 2023. This was due primarily to an overall increase in taxes collected of \$3.8 billion, which was primarily attributable to a growth in employment and wages paired with a decrease in refunds due to policy changes within individual and fiduciary income taxes. This was coupled with an increase in interest, dividends, and rents of \$705.3 million which was due to overall market interest rates.

Figure 8
General Fund Resources

FY 2024, GAAP Basis



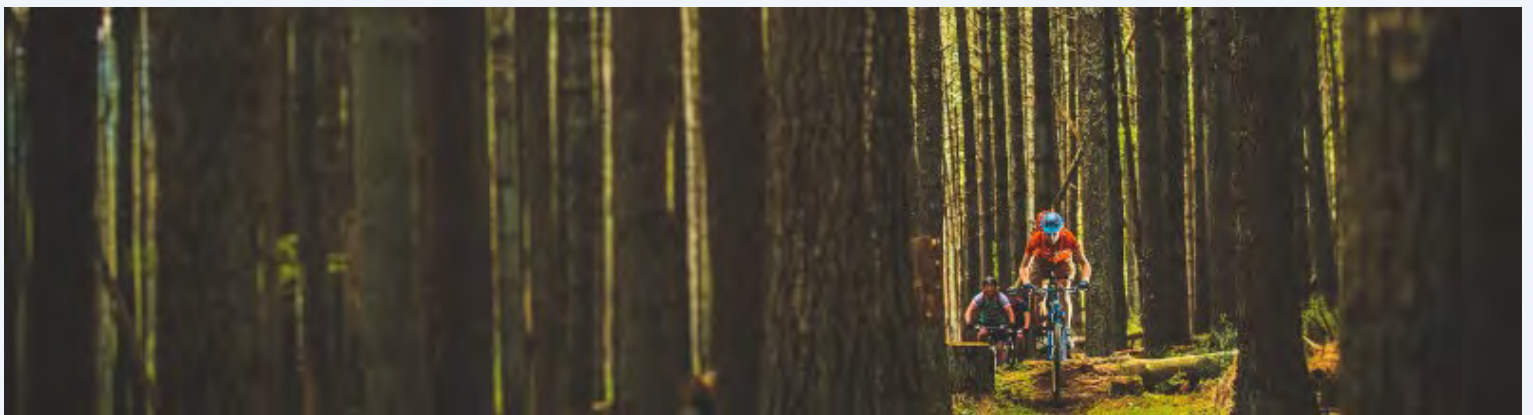
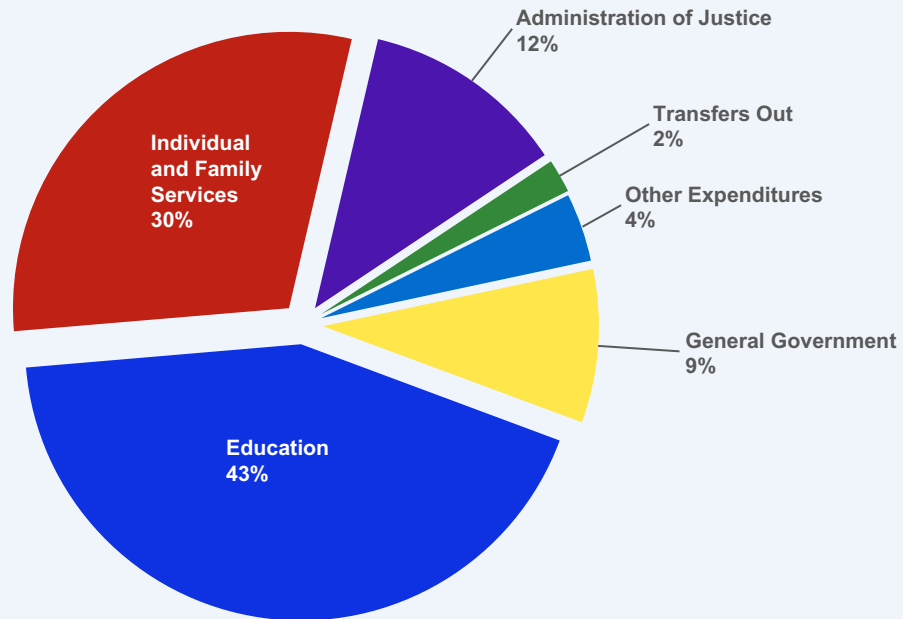
Breaks Interstate Park, located on the Virginia/Kentucky border, is one of only two Interstate Parks in the nation. The park encompasses 4,500 acres of greenwood lands and mountain scenery, including the "Grand Canyon of the South". The park offers cabin rentals, camping areas, hiking trails, fishing, paddle boats, playgrounds, a lodge, visitor center, convention center, restaurant, amphitheater and a gift shop.
Photo by Virginia Tourism Corp.

General Fund, *continued*

- General Fund disbursements, including transfers, for FY 2024 (**Figure 9**) totaled \$31.8 billion.
- Expenditures totaled \$31.0 billion and transfers to other funds were \$806.1 million. Education, including direct aid for primary and secondary schools as well as support for public college and universities, accounted for 43.0 percent.
- Support for social services, Medicaid, public health, and mental health consumed 30.0 percent of the General Fund. Disbursements for public safety were 12.0 percent, while only 9.0 percent was used to support the administration of general governmental operations.
- Expenditures (not including transfers) increased by \$2.7 billion over the prior year. This was primarily attributable to increases in individual and family services and education expenditures of \$1.2 billion and \$994.8 million, respectively.
- Other financing uses increased by \$312.2 million, which is primarily due to higher transfers out to nongeneral funds.

Figure 9
General Fund Disbursements

FY 2024, GAAP Basis



Carvins Cove Natural Reserve is the second largest municipal park in the US. It has more than 40 miles of multi-use trails including some that connect to the Appalachian Trail. Their reservoir also offers boating and fishing opportunities. Photo by Virginia Tourism Corp.

General Fund, *continued*

While the Commonwealth operates on the cash basis of accounting, GAAP accounting requires that Virginia recognize certain assets and liabilities that are not recognized on the cash basis of accounting. Therefore, the Commonwealth's GAAP basis financial statements differ from the cash basis of accounting. Overall, the additional liabilities recognized under GAAP exceeded the additional assets, reducing fund balance to a greater degree than is recognized on a cash basis of accounting. Several future liabilities are particularly significant.

- One is for tax refunds payable on returns filed in FY 2024 and paid during the months of July and August following year-end close of \$686.8 million.
- Another is estimated Medicaid claims payable of \$651.8 million, which represents medical services rendered in prior years that will not be paid for until FY 2025. These amounts are summarized in **Figure 10** that compares the General Fund on a cash and GAAP basis of accounting.

Figure 10
Analysis of General Fund Balance
Cash Basis versus GAAP Basis

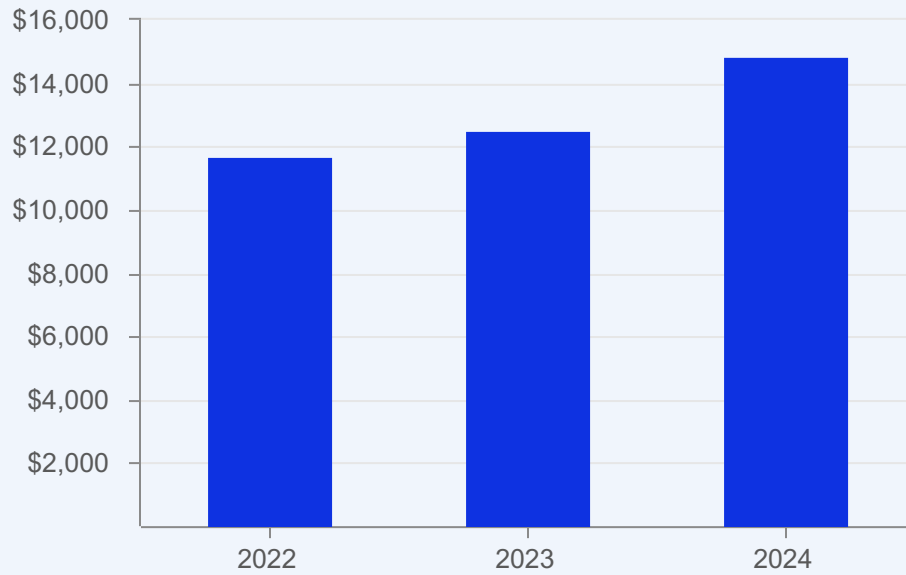
For Fiscal Years Ended June 30, 2024 and 2023
(Dollars in Millions)

	<u>FY 2024</u>	<u>FY 2023</u>
Fund Balance, Cash Basis	\$ 15,561.9	\$ 15,092.7
ADD:		
Sales Taxes Receivable	545.2	518.1
Other Taxes Receivable	1,255.9	1,061.0
Other Receivables	1,960.8	1,787.5
Inventory/Prepaid Items	151.0	163.0
Other Accrued Items	(321.5)	(527.0)
Nonexchange Transactions Not Meeting Time Requirements	0.2	0.2
Total to be Added	<u>3,591.6</u>	<u>3,002.8</u>
LESS:		
Tax Refunds Payable	686.8	2,539.3
Estimated Tax Refunds Due	—	238.9
Medicaid Claims Payable	651.8	112.3
Sales Taxes Due to Localities	372.9	362.5
Other Accrued Items	930.5	866.5
Revenues Considered Unavailable	1,624.2	1,458.3
Total to be Subtracted	<u>4,266.2</u>	<u>5,577.8</u>
Difference	<u>(674.6)</u>	<u>(2,575.0)</u>
Fund Balance, GAAP Basis	<u>\$ 14,887.3</u>	<u>\$ 12,517.7</u>

General Fund, *continued*

- Fund balance increased to \$14.9 billion, compared to a balance of \$12.5 billion in FY 2023. (**Figure 11**).
- The increase in the General Fund balance from FY 2023 to FY 2024 is primarily due to increases in individual and fiduciary income taxes and interest, dividends, and rents offset by increases in individual and family services and education expenditures.

Figure 11
General Fund Balance
(Dollars in Millions)



Sunrise yoga session on the Virginia Beach oceanfront. Photo by Sam Dean

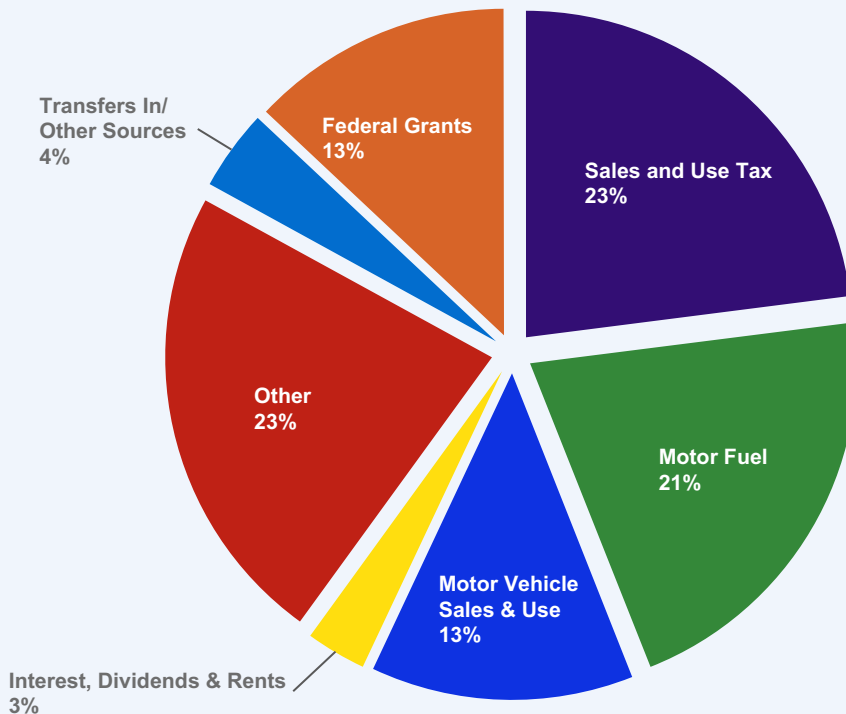
Commonwealth Transportation Fund

The Commonwealth Transportation Fund pays for the construction and maintenance of state highways. The fund also provides monies for other modes of transportation including rail, bus, aviation and seaports. The size of this fund reflects the fact that Virginia is one of only a few states that includes essentially all roads within the state highway system. Virginia has approximately 73,257 miles of state roads.

The Commonwealth Transportation Fund (**Figure 12**) is classified as a special revenue fund because revenues of the fund come from various taxes and fees that are restricted for use in the support of transportation programs.

- These revenue sources include the tax on motor fuel, vehicle registration and titling fees, and driver licensing fees. Also, since 1986, one half cent of the state's sales tax revenue is deposited into this fund. Effective with fiscal year 2014, an additional portion of the state's sales tax revenue is deposited into this fund.
- During FY 2024, the Commonwealth Transportation Fund had revenues and other sources of \$9.3 billion and expenditures and other uses of \$8.8 billion. At the end of FY 2024, the fund had a balance of \$5.8 billion.
- Highway construction projects often require several years to complete. The funding for these projects are comprised approximately of the following: state revenues (60.5 percent), federal government funding (22.0 percent), and bond proceeds (17.5 percent). Local governments also contribute to the cost of highway construction.

Figure 12
Commonwealth Transportation Fund Revenue Resources
 FY 2024



Alcoholic Beverage Control Fund

- The ABC fund accounts for the receipts and disbursements from the sale of alcoholic beverages.
- In FY 2024, ABC transferred \$252.5 million to the General Fund to use for current operations and for the care, treatment, study, and rehabilitation of alcoholics. Total ABC operating income for FY 2024 was \$248.5 million on \$1.3 billion in total sales.

Virginia College Savings Plan (VA529)

Proprietary Fund

The Virginia College Savings Plan (VCSP) Fund administers the Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 is closed to new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs.

- VCSP had current assets of \$210.0 million plus noncurrent assets such as investments and receivables of \$3.0 billion. These assets were held to satisfy current liabilities of \$219.6 million and noncurrent liabilities of \$1.1 billion.
- Net investment in capital assets of \$3.9 million, Restricted for Net Other Postemployment Benefit – Virginia Sickness and Disability Program was \$726,000 and total unrestricted net position was \$1.8 billion as of June 30, 2024.

Private Purpose Fund

The VCSP also administers the Defined Contribution 529 Program that allows participants to save for qualified higher education expenses by making contributions.

- Total investments in the VCSP Defined Contribution 529 Program totaled \$8.9 billion, and the net position held in trust as of June 30, 2024, was \$9.4 billion.
- For FY 2024, VCSP reported contributions from plan participants of \$1.1 billion. Deductions for FY 2024 totaled \$701.4 million, including \$655.3 million in educational expense benefits paid and \$46.1 million in redeemed shares.

Virginia Lottery Fund

- The Virginia Lottery Fund (**Figure 13**) accounts for all receipts and disbursements from the sale of lottery tickets for various games.
- During FY 2024, the Virginia Lottery had operating revenues of \$5.5 billion and expenses, including lottery prize payments, of \$4.6 billion. Nonoperating revenue and expenses for the year, including interest earnings, were \$10.4 million.
- During FY 2024, \$955.0 million was transferred out to be spent for public education as required by law.

Figure 13
Revenues, Expenses and
Changes in Fund Net Position
Virginia Lottery

Operating Revenues:	
Charges for Sales and Services	\$ 5,520,866
Other Revenues	—
Total Operating Revenue	<u>5,520,866</u>
Operating Expenses:	
Personal Services	39,270
Contractual Services	42,853
Supplies and Materials	501
Depreciation and Amortization	10,466
Prizes and Claims	4,225,206
Cost of Sales and Services	254,491
Other Expenses	1,877
Total Operating Expenses	<u>4,574,664</u>
Operating Income	<u>946,202</u>
Nonoperating Revenues:	
Interest, Dividends, and Rents	9,838
Other	523
Total Nonoperating Revenues	<u>10,361</u>
Income Before Transfers and Changes	956,563
Transfers In	139
Transfers Out	<u>(955,007)</u>
Change in Net Position	1,695
Total Net Position, July 1	<u>(23,421)</u>
Total Net Position, June 30	<u>\$ (21,726)</u>

Debt Administration

Virginia has held its AAA bond rating, the best rating possible, since 1938. This is longer than any other state and is a reflection of the confidence placed in the Commonwealth's fiscal health by bond raters and finance professionals. Virginia's bond rating allows it to borrow money at the most competitive rates available. Having a good credit rating means Virginia can save millions of taxpayer dollars in interest payments when it finances debt, such as borrowing for construction costs. With less interest to pay, Virginia's resources can be used where needed, and the state can maintain more favorable tax rates for citizens and industries.

- Discrete Component Units are generally excluded from this document. However, the debt of Component Units is included in the Debt Administration section in order to provide a complete presentation of the Commonwealth's total debt.
- The total outstanding debt on the books of the Commonwealth as of the end of FY 2024 was \$57.5 billion (**Figure 14**). Debt on the books of the Commonwealth can be classified into three categories:
 1. general obligation bonds of Virginia taxpayers;
 2. limited obligations, which may use tax revenue to pay principal and interest (Other Tax Supported); and
 3. debt issued by state-created authorities and institutions of higher education, which is not an obligation of Virginia taxpayers and does not use tax revenues (Non-Tax Supported).
- As illustrated in **Figure 14**, a total of \$1.1 billion, or 1.8 percent, of all debt, is a general obligation of Virginia taxpayers and supported by a pledge of all tax revenues and other monies of the Commonwealth. This kind of pledge is also referred to as "full faith and credit" debt. General obligation debt is issued as provided for in the State Constitution.
- The next category of debt, limited obligations which may use tax revenue, does not carry the "full faith and credit" of the Commonwealth, but does use certain tax revenues, in whole or in part, to pay principal and interest. Examples of other tax supported debt include certain bonds issued by the Virginia Port Authority to improve Virginia ports, most highway construction bonds, bonds issued to construct state office buildings, hospitals and prisons, as well as long-term leases, long-term subscription-based information technology arrangements and installment purchase contracts entered into by state agencies and institutions of higher education. A total of \$23.2 billion of this type of tax supported debt was outstanding at the end of FY 2024. This is 40.4 percent of all debt on the books of the Commonwealth.



McAfee Knob is the most photographed site along the Appalachian Trail. It has an almost 270 degree panorama of the Catawba Valley and North Mountain, Tinker Cliffs to the north, and the Roanoke Valley to the east. Photo by Katie Yarborough

Debt Administration, *continued*

- Non-tax Supported Debt makes up 59.6 percent of all debt in the Commonwealth. The majority of this debt is issued by various authorities that are created under state law to issue bonds to finance programs considered to provide a benefit to the public. Total debt in this category at the end of FY 2024 was \$34.3 billion.
- The largest of the authorities is the Virginia Housing Development Authority, which has \$6.3 billion in debt outstanding secured by various mortgages. Other issuers include the Virginia Public School Authority and the Virginia Resources Authority. In each case, the debt of these authorities is secured only by the fees paid for services. Colleges and teaching hospitals also issue bonds secured only by fees paid for services. No tax revenues are used to support this debt and it is not considered a legal obligation of the Commonwealth. However, \$918.0 million of the total carries a “moral obligation” promise by the Commonwealth to consider funding any deficiencies in debt service reserves from tax revenues. To date, no such deficiencies have occurred.

Figure 14
State Debt/Obligations
Tax Supported and Non-Tax Supported

As of June 30, 2024
(Dollars in Thousands)

	Total	Percent of Total
Tax-Supported Debt/Obligations		
General Obligation Bonds		
Public Facilities Bonds	\$ 120,065	0.2 %
Parking Facilities Bonds	3,582	0.1 %
Higher Education Bonds	929,445	1.5 %
Total General Obligation Bonds	<u>1,053,092</u>	<u>1.8 %</u>
Other Tax-Supported Debt/Obligations		
Transportation	2,632,683	4.6 %
Virginia Port Authority	353,816	0.6 %
Virginia Public Building Authority	3,524,062	6.1 %
Virginia College Building Authority	5,872,402	10.2 %
Long-term Lease Liabilities	614,948	1.1 %
Long-term SBITA Liabilities	237,263	0.4 %
Compensated Absences Obligations	809,085	1.4 %
Net Pension Liability	6,030,110	10.5 %
Net OPEB Liability	1,444,939	2.5 %
Total OPEB Liability	343,604	0.6 %
Installment Purchases	309,686	0.5 %
Other Long-term Debt/Obligations	27,690	0.1 %
Total Other	<u>22,200,288</u>	<u>38.6 %</u>
Total Tax-Supported Debt/Obligations	<u>23,253,380</u>	<u>40.4 %</u>
Non-Tax Supported Debt/Obligations		
Higher Education	4,488,843	7.8 %
Virginia Housing Development Authority	6,266,161	10.9 %
Virginia Public School Authority	3,994,960	6.9 %
Virginia Resources Authority	3,249,715	5.7 %
Other Long-term Debt/Obligations	16,261,224	28.3 %
Total Non-Tax Supported Debt/Obligations	<u>34,260,903</u>	<u>59.6 %</u>
Total Commonwealth Debt/Obligations	<u><u>\$ 57,514,283</u></u>	<u><u>100.0 %</u></u>

Debt Administration, *continued*

Figure 15 shows the ratio of general obligation debt per person.

Figure 15
Ratio of General Obligation Debt Per Capita
(Amounts in Thousands, Except for Per Capita)

For the Fiscal Year Ended June 30,	Population (1)	General Obligation Debt (2)	General Long-term Debt Per Capita
2024	8,737	\$ 1,053,092	\$ 121
2023	8,705	1,118,617	129
2022	8,667	1,144,081	132
2021	8,582	1,240,590	145
2020	8,603	1,228,437	143

(1) Population figures are estimated.

(2) Includes 9(a), 9(b) and 9(c) debt, net of unamortized premiums and discounts.

Figure 16 summarizes the outstanding debt owed by the Commonwealth in all categories over three fiscal years.

Figure 16
Percentage of Annual Debt Service Expenditures for Governmental Debt to Total Noncapital Expenditures – All Governmental Fund Types
(Dollars in Thousands)

For the Fiscal Year Ended June 30,	Debt Service (1)	Total Noncapital Expenditures (2)	Percentage
2024	\$ 935,349	\$ 64,119,382	1.46
2023	1,348,338	59,665,412	2.26
2022	864,376	60,118,624	1.44

(1) Includes principal and interest payments related to general bonded debt reflected in the governmental activities column of the Government-wide Statement of Net Position. The principal outstanding at June 30, 2024, was \$10.0 billion.

(2) Includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

Source: Department of Accounts

**Award for
Outstanding
Achievement
in
Popular Annual
Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) recognized the Commonwealth through its Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2023.

This is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, reader appeal, and understandability. The award is valid for a period of one year only.

The Commonwealth has received this award for the last 29 consecutive years (fiscal years 1995-2023).

It is expected that the current report continues to conform to the Popular Annual Financial Reporting requirements.



Government Finance Officers Association

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For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

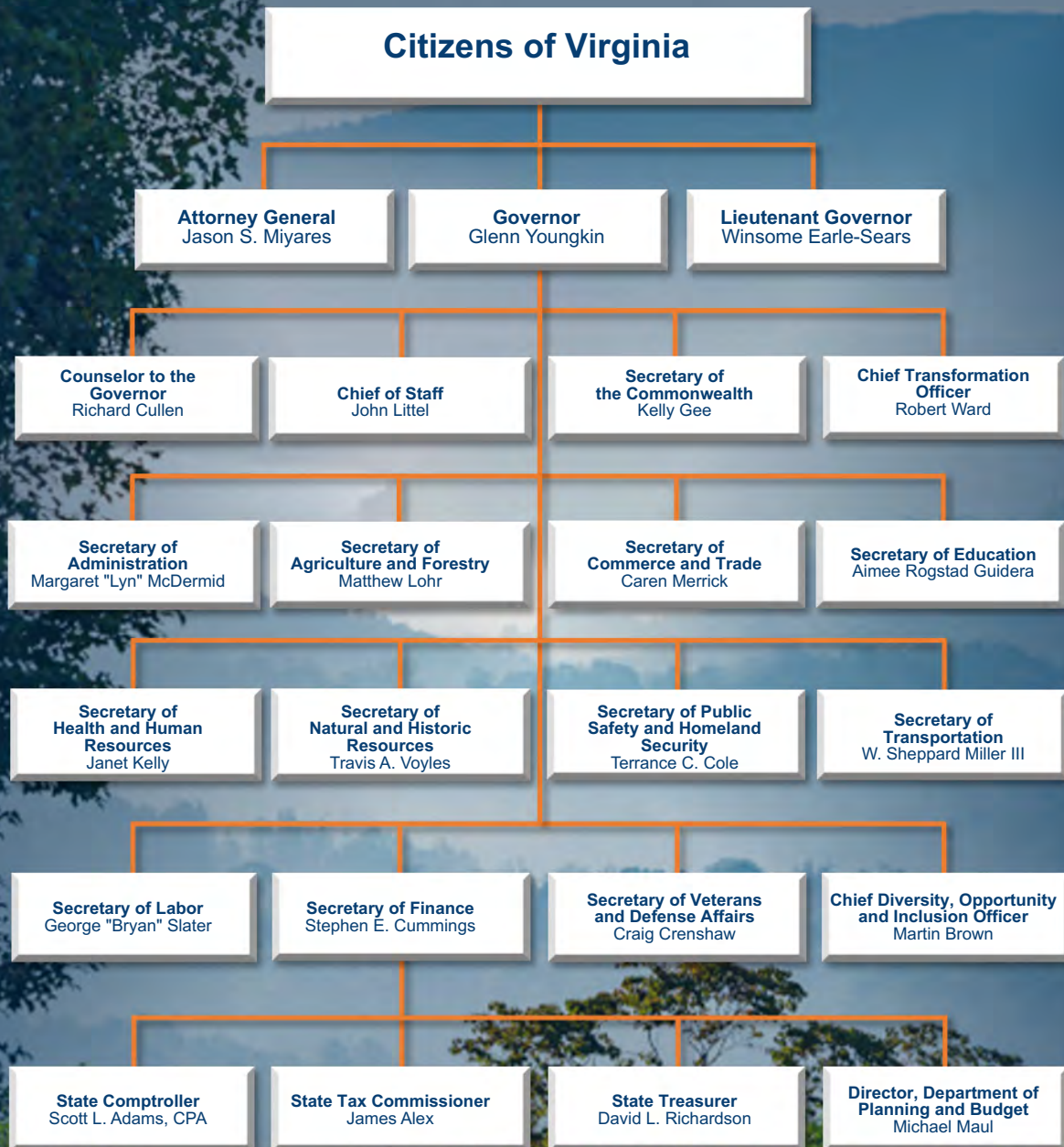
Executive Director/CEO

Big Meadows is a recreational area of Shenandoah National Park located on the Skyline Drive. A select number of days each year are designated "Night Skies" evenings in Big Meadows where visitors can join amateur astronomers as they give presentations on controlling light pollution as you gaze at the stars through telescopes. Photo by John Plashal

All photos courtesy of Virginia Tourism Corp.

Organization of Government

Selected Government Officials - Executive Branch



For more information on Virginia's government, please visit www.virginia.gov.
To view an electronic copy of Virginia's Annual Comprehensive Financial Report
Please visit <https://www.doa.virginia.gov/reports/ACFReport/2024-ACFReport.shtml>.

This report was prepared by staff of the Virginia Department of Accounts.

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