

OFFICE OF FINANCE

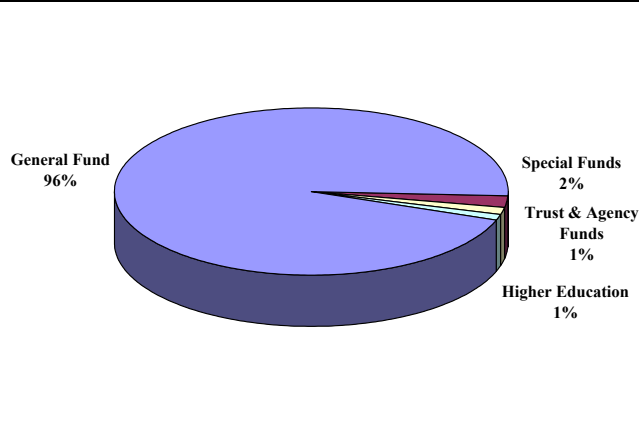
The Honorable Jody M. Wagner, Secretary of Finance

Finance agencies handle the financial transactions of the Commonwealth, from collecting taxes to paying the bills and distributing aid to localities. Responsibilities of Finance agencies include forecasting and collecting revenues, managing the Commonwealth's cash and investments, selling bonds, training agency internal auditors, and preparing and executing the Commonwealth's budget.

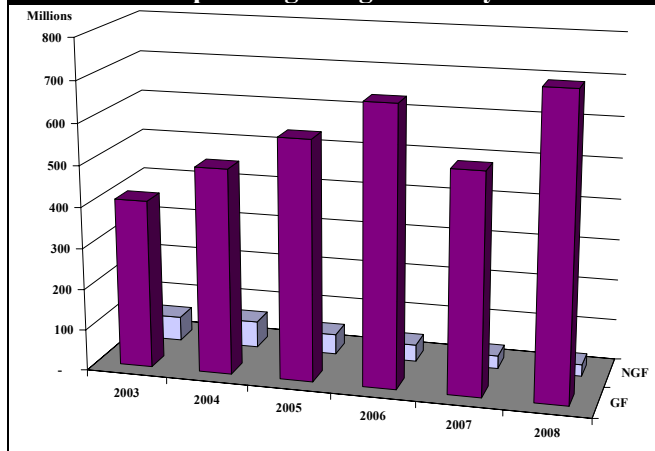
FINANCE AGENCIES INCLUDE:

- Department of Accounts
- Department of Planning and Budget
- Department of Taxation
- Department of the Treasury
- Treasury Board

Financing of Finance Agencies* (Based on FY 2006 - 2008 Biennial Operating Budget)



Office of Finance Operating Budget History



*Funds with totals less than 1% have not been included the graph.

Maintaining long-term stability: The Revenue Stabilization Fund

The Governor's budget amendments include additional deposits to the Revenue Stabilization Fund, more commonly called the "Rainy Day Fund," based on FY 2006 revenue collections. The deposits include an additional, or supplemental, deposit in FY 2007 (\$106.7 million) and a mandatory deposit in FY 2008 (an additional \$46.1 million for a total deposit of \$184.3 million) in FY 2008. These deposits will ensure that the fund remains at its Constitutional maximum through the biennium. (The fund reached its Constitutional maximum for the first time in FY 2006). Because these deposits will cause the fund to reach its Constitutional maximum in FY 2007 and FY 2008, the excess deposits will be transferred back to the general fund (estimated at \$36.9 million in FY 2007 and \$120.4 million in FY 2008).

Secretary of Finance

<http://www.finance.virginia.gov/>

Mission Statement:

Provide policy and technical guidance and assistance to the Governor of Virginia and other key state leaders regarding the financial matters of the Commonwealth. Provide policy and administrative guidance and leadership to the finance agencies of the Commonwealth, which include the Department of Accounts, the Department of Planning and Budget, the Department of Taxation, and the Department of the Treasury. These agencies are responsible for either making or overseeing all financial transactions of the Commonwealth including collecting taxes, paying businesses that provide services to the state, and distributing state funding support to local governments.

Agency Goals:

- Maintain Virginia’s AAA bond rating.
- Maintain fiscal stability over the long-term.
- Replace financial management system.
- Improve recruitment of finance professionals.
- Strengthen oversight and improve agency internal financial controls.
- Increase use of electronic payment systems.
- Improve communication and information sharing with key state leaders.
- Advance the efforts of the Council on Virginia’s Future.

Customers Served:

Bondholders ♦ Executive Branch Officials, Agencies and Institutions ♦ Legislative Branch ♦ Boards and Authorities ♦ Local Government Officials and Participants ♦ Holders of Unclaimed Property ♦ Financial Institutions ♦ Insurance Companies ♦ Taxpayers of the Commonwealth

Operating Budget History:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2003	\$442,022	\$0	\$442,022	\$443,967	(\$1,945)	5.00
FY 2004	\$424,743	\$0	\$424,743	\$443,967	(\$19,224)	5.00
FY 2005	\$460,542	\$0	\$460,542	\$422,357	\$38,185	5.00
FY 2006	\$580,969	\$0	\$580,969	\$555,494	\$25,475	5.00

New Operating Budget Summary:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2007 Appropriation	\$626,392	\$0	\$626,392	\$596,459	\$29,933	5.00
FY 2007 TOTAL	\$626,392	\$0	\$626,392	\$596,459	\$29,933	5.00
FY 2008 Appropriation	\$626,592	\$0	\$626,592	\$596,459	\$30,133	5.00
FY 2008 TOTAL	\$626,592	\$0	\$626,592	\$596,459	\$30,133	5.00

Department of Accounts

<http://www.doa.virginia.gov/>

Mission Statement:

Provide a uniform system of accounting, financial reporting, and internal control adequate to protect and account for the Commonwealth’s financial resources while supporting and enhancing the recognition of Virginia as the best managed state in the nation.

Agency Goals:

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.
- Strengthen oversight and improve agency internal controls.
- Produce a comprehensive annual financial report (CAFR) that receives an unqualified audit opinion and receives the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).
- Coordinate and develop enterprise systems.
- Retain and develop staff.
- Efficiently and effectively operate service bureaus to serve the payroll and accounting needs of agencies participating.

Customers Served:

Commonwealth Agencies and Institutions ♦ Local Political Subdivisions ♦ Citizens of the Commonwealth ♦ Commonwealth Employees ♦ Commonwealth goods and service providers ♦ Bond Ratings Agencies ♦ Legislative Branch Members and Employees

Operating Budget History:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2003	\$69,221,342	\$3,086,778	\$72,308,120	\$7,683,553	\$64,624,567	102.00
FY 2004	\$150,383,729	\$4,236,778	\$154,620,507	\$6,400,491	\$148,220,016	102.00
FY 2005	\$8,182,413	\$42,000	\$8,224,413	\$6,873,371	\$1,351,042	103.00
FY 2006	\$8,546,452	\$42,000	\$8,588,452	\$7,526,523	\$1,061,929	97.00

New Operating Budget Summary:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2007 Appropriation	\$9,333,701	\$333,665	\$9,667,366	\$7,029,802	\$2,637,564	103.00
FY 2007 Amendments	\$129,850	\$50,000	\$179,850	\$50,000	\$129,850	2.00
FY 2007 TOTAL	\$9,463,551	\$383,665	\$9,847,216	\$7,079,802	\$2,767,414	105.00
FY 2008 Appropriation	\$9,322,917	\$333,665	\$9,656,582	\$7,029,802	\$2,626,780	103.00
FY 2008 Amendments	\$1,804,920	\$50,000	\$1,854,920	\$1,654,663	\$200,257	16.00
FY 2008 TOTAL	\$11,127,837	\$383,665	\$11,511,502	\$8,684,465	\$2,827,037	119.00

Recommended Operating Budget Amendments

► **Establish an alternate cold site location to enhance disaster recovery preparedness**

Provides funding to establish an alternate cold site location with additional information technology hardware to allow for the restoration of all critical business functions within two days. This cold site location will allow state government to continue doing business even in the worst case scenario. For 2008, \$100,000 (GF).

► **Upgrade web applications software**

Provides funding to upgrade the computer software that enables the Department of Accounts (DOA) to run WEB applications such as Reportline, Web FAACS, Payline, Redi Virginia and others. In addition to maintaining a stable and supported environment, upgrades will deliver more capabilities, flexibility and improve the ability to support future enhancements. For 2008, \$75,000 (GF).

Recommended Operating Budget Amendments

► Provide funding and 14 new positions to increase risk management and internal control standards and financial reporting quality assurance

The funding and 14 positions will enable the Department of Accounts (DOA) to provide agency guidance, assistance, training, monitoring and oversight of agency financial controls over financial reporting. National standards governing accountability and control over financial reporting, including OMB Circular A-123 and Statement on Auditing Standards No. 112 have evolved in response to corporate and government frauds and corresponding citizen demands for increased oversight and accountability. The requested resources will reduce the risk of inaccurate financial reporting and the related consequences, including reduced budgetary accountability, increased risk of financial losses due to mistakes or fraud, increased risk of audit deficiencies and/or failure to achieve a clean audit opinion on the statewide audit. Such failure would jeopardize the Commonwealth's AAA bond rating and have a significant impact on the Commonwealth's current ranking as the best financially managed state in the country. For 2007, \$129,850 (GF). For 2008, \$1.3 million (GF) and an increase of 14 positions.

► Increase salaries for DOA accounting professionals

Increases the salaries of the Department of Accounts (DOA) accounting professionals to enable the agency to compete against other governmental entities in order to attract and retain qualified accounting professionals. Due to the enactment of the Sarbanes-Oxley Act of 2002 (also known as the Public Company Accounting Reform and Investor Protection Act of 2002) and the ensuing nationwide demand for senior level accounting personnel, salaries in the entire accounting industry have been rising, making employee recruitment and retention a serious concern. For 2008, \$348,802 (GF).

► Provide additional funding and two positions for administration of the procurement card program

Provides the necessary funding and positions to administer the procurement card program. The Department of Accounts (DOA) has a contract with General Electric to provide procurement card services for the Commonwealth and the contract terms provide for rebates based upon certain levels of volume. DOA's administrative costs are paid through a portion of the rebate revenue. For 2007, \$50,000 (NGF) and two positions. For 2008, \$50,000 (NGF).

Key Objectives and Performance Measures:

Objective 1. Enhance Commonwealth Internal Controls

Measure 1: We will ensure that the number of recurring APA internal control findings are 20 or below.

Impact of Recommended Funding on this Objective:

Providing seven new positions dedicated to increasing risk management and internal control standards, as well as increasing salaries for accounting professionals in order to recruit and retain qualified employees, will allow the Department of Accounts to provide training to state agencies to enhance the overall effectiveness of the Commonwealth's internal controls.

Objective 2. Process payroll requests timely

Measure 1: We will review and process all payrolls by the final certification date.

Impact of Recommended Funding on this Objective:

Funding to upgrade web applications software and to establish an alternate cold site location will contribute to the Department of Accounts ability to process payroll requests in a timely manner even in the event of a disaster.

Objective 3. Produce a quality Comprehensive Annual Financial Report (CAFR)

Measure 1: We will receive the Certificate of Excellence in Financial Reporting for the 19th consecutive year.

Key Objectives and Performance Measures:

Impact of Recommended Funding on this Objective:

Providing seven new positions dedicated to financial reporting quality assurance, as well as increasing salaries for accounting professionals in order to recruit and retain qualified employees, will allow the Department of Accounts to provide financial reporting directive training and risk based financial reporting quality assurance program reviews which will contribute to a higher quality Comprehensive Annual Financial Report (CAFR).

Department of Accounts Transfer Payments

Mission Statement:

To provide financial assistance to the localities and to administer the Revenue Stabilization Fund, Virginia Education Loan Authority Reserve Fund, and the Line of Duty Act as required by the Code of Virginia.

Agency Goals:

- Process transfers/payments in a timely and efficient manner meeting Code requirements.

Customers Served:

Localities-ABC net profits and Wine Tax ♦ Line of Duty claimants - Death Benefits ♦ Line of Duty claimants - Health Insurance Benefits ♦ Localities-Rolling Stock ♦ Localities- Recordation Tax ♦ Localities-Sales Taxes for qualified facilities ♦ Student Loan holder ♦ Localities - Tennessee Valley Authority

Operating Budget History:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2003	\$0	\$0	\$0	\$0	\$0	0.00
FY 2004	\$0	\$0	\$0	\$0	\$0	0.00
FY 2005	\$191,568,057	\$2,044,778	\$193,612,835	\$0	\$193,612,835	0.00
FY 2006	\$240,546,113	\$2,044,778	\$242,590,891	\$0	\$242,590,891	0.00

New Operating Budget Summary:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2007 Appropriation	\$62,567,064	\$1,044,778	\$63,611,842	\$0	\$63,611,842	0.00
FY 2007 Amendments	\$106,030,348	\$0	\$106,030,348	\$0	\$106,030,348	0.00
FY 2007 TOTAL	\$168,597,412	\$1,044,778	\$169,642,190	\$0	\$169,642,190	0.00
FY 2008 Appropriation	\$203,501,631	\$1,044,778	\$204,546,409	\$0	\$204,546,409	0.00
FY 2008 Amendments	\$45,394,274	\$0	\$45,394,274	\$0	\$45,394,274	0.00
FY 2008 TOTAL	\$248,895,905	\$1,044,778	\$249,940,683	\$0	\$249,940,683	0.00

Recommended Operating Budget Amendments

► **Provide additional funding for Revenue Stabilization Fund deposits**

Provides additional funds for the Revenue Stabilization Fund as required to meet the mandatory deposit called for in Article X, Section 8 of the Constitution of Virginia and the additional deposit called for in § 2.2-1829, Code of Virginia. The deposits are based on 2006 revenue collections. Because of the Constitutional provision regarding the maximum fund balance, a portion of the 2007 and 2008 deposits will be transferred back to the general fund. The deposit amounts are as follows: For 2007, \$106.7 million (GF). For 2008, \$46.1 million (GF).

Recommended Operating Budget Amendments

► Adjust appropriations for aid to localities program

Reduces funds for the agency's aid to localities program based on new revenue projections from the Department of Taxation. The agency is responsible for making distributions to localities from alcoholic beverage control profits, wine taxes, rolling stock taxes, recordation taxes, and Tennessee Valley Authority payments. In addition, the agency is responsible for remitting to municipalities any sales tax revenues generated in qualifying public facilities. For each year, a reduction of \$660,000 (GF).

Department of Planning and Budget

<http://www.dpb.virginia.gov/>

Mission Statement:

The Department of Planning and Budget promotes the creation and implementation of sound public policy by providing timely and accurate analytical information to the Governor and other state decision makers.

Agency Goals:

- Protect the Commonwealth's fiscal integrity through state of the art financial management.
- Provide objective, accurate, and timely information with respect to planning, analysis, and evaluation of the Commonwealth's fiscal, legislative, and regulatory policies.
- Continue to strengthen communications and relationships between DPB and state policy decision-makers, program managers, certain external groups, and the general public.
- Ensure that DPB attracts and retains highly qualified and energetic individuals to carry out the mission of the agency.

Customers Served:

Governor ♦ Governor's Secretaries and Deputy Secretaries ♦ Governor's Policy staff ♦ General Assembly members ♦ General Assembly (money committee) staff ♦ State agencies ♦ Council on Virginia's Future (members) ♦ Commonwealth Competition Council (members) ♦ Participants in the rulemaking process (members of public interest and regulated communities, members of the legal community) ♦ DPB staff ♦ General Public

Operating Budget History:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2003	\$4,957,795	\$0	\$4,957,795	\$5,088,855	(\$131,060)	66.00
FY 2004	\$4,608,962	\$0	\$4,608,962	\$4,174,274	\$434,688	64.00
FY 2005	\$5,551,734	\$250,000	\$5,801,734	\$5,018,489	\$783,245	67.00
FY 2006	\$7,002,532	\$250,000	\$7,252,532	\$5,255,397	\$1,997,135	68.00

New Operating Budget Summary:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2007 Appropriation	\$8,200,057	\$250,000	\$8,450,057	\$5,768,619	\$2,681,438	70.00
FY 2007 TOTAL	\$8,200,057	\$250,000	\$8,450,057	\$5,768,619	\$2,681,438	70.00
FY 2008 Appropriation	\$8,199,102	\$250,000	\$8,449,102	\$5,768,619	\$2,680,483	70.00
FY 2008 TOTAL	\$8,199,102	\$250,000	\$8,449,102	\$5,768,619	\$2,680,483	70.00

Key Objectives and Performance Measures:

Objective 1. Develop a financially sound budget in which proposed recurring spending can be maintained by recurring revenue over time

Measure 1: We will introduce a budget where recurring general fund revenue is equal to or greater than recurring general fund spending. (Recurring general fund revenue divided by recurring general fund spending is equal to or greater than one.)

Objective 2. Provide state decision makers accurate, timely and meaningful analytical information

Measure 1: We will conduct a survey of the Governor's Office and Cabinet to assess their rating of timeliness and quality of DPB's analyses with respect to budget issues, proposed legislation, economic forecasting, regulatory review and evaluation status.

Department of Taxation

<http://www.tax.virginia.gov/>

Mission Statement:

The Virginia Department of Taxation’s mission is to serve the public by administering the tax laws of the Commonwealth of Virginia with integrity, efficiency, and consistency.

Agency Goals:

- Provide Accurate and Timely Analyses of Tax Related Issues, Effectively Resolve Complex Technical Issues, and Monitor Tax Issues Nationally.
- Ensure That Virginia Citizens and Businesses Understand and Comply with Virginia Tax Obligations as Prescribed by Law.
- Ensure Customer Satisfaction.
- Implement innovative technologies for core business services to maximize operational efficiency and effectiveness.
- Provide for the effective performance of TAX personnel.
- Provide Valuation and Assessment Assistance to Localities.

Customers Served:

Taxpayers of the Commonwealth ♦ Governor’s Office ♦ General Assembly ♦ Attorney General’s Office ♦ IRS / Professional Associations ♦ Federal/ State/ Local Governments ♦ Agency Management / Employees ♦ State Agencies ♦ Localities ♦ Local Assessing Officers ♦ Tobacco Wholesalers ♦ Cigarette Stamping Agents ♦ Motor Fuel Districts

Operating Budget History:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2003	\$62,525,152	\$41,742,735	\$104,267,887	\$46,056,898	\$58,210,989	916.00
FY 2004	\$64,066,688	\$41,742,735	\$105,809,423	\$51,735,028	\$54,074,395	918.50
FY 2005	\$81,690,979	\$32,605,335	\$114,296,314	\$54,030,867	\$60,265,447	935.50
FY 2006	\$81,425,023	\$21,476,094	\$102,901,117	\$55,169,734	\$47,731,383	908.50

New Operating Budget Summary:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2007 Appropriation	\$86,114,398	\$12,579,537	\$98,693,935	\$61,180,660	\$37,513,275	926.50
FY 2007 Amendments	\$0	\$0	\$0	\$0	\$0	20.00
FY 2007 TOTAL	\$86,114,398	\$12,579,537	\$98,693,935	\$61,180,660	\$37,513,275	946.50
FY 2008 Appropriation	\$85,905,593	\$9,315,597	\$95,221,190	\$61,249,457	\$33,971,733	926.50
FY 2008 Amendments	\$800,000	\$0	\$800,000	\$0	\$800,000	20.00
FY 2008 TOTAL	\$86,705,593	\$9,315,597	\$96,021,190	\$61,249,457	\$34,771,733	946.50

Recommended Operating Budget Amendments

► **Fund disaster recovery hot-site for equipment not housed at the Virginia Information Technology Agency**

Provides funding for a “hot site location” where the critical applications/systems of the Department of Taxation can be restored quickly in the event of a major disaster (i.e. fire, tornado, terrorist attack, etc). Without this location, critical agency related services could be disrupted, including direct services to the general public. For 2008, \$800,000 (GF).

► **Provide additional full-time positions**

Provides 20 additional FTEs. The additional FTEs will allow the agency to convert part-time positions primarily in the customer services and tax return processing operations to classified positions, based on the number of hours worked and the technical training investment required. This will permit the agency to retain qualified staff on a full-time basis and reduce turnover of trained employees while improving the level of customer service. No additional funding is required. For 2007, 20 positions.

Key Objectives and Performance Measures:

Objective 1. Increase electronic transactions with citizens

Measure 1: We will increase the number of taxpayer transactions through TAX's electronic channels by five percent.

Objective 2. Issue current year individual income tax refunds within 12 days of receipt of the return

Measure 1: We will issue current year refunds for 98 percent of electronically filed returns within 12 days of receipt of the return.

Impact of Recommended Funding on this Objective:

By increasing the number of full-time positions for key operational areas, such as customer services and tax return processing, the department will be able to continue to issue current year individual income tax refunds within established timeframes.

Objective 3. Respond to taxpayer inquiries in a timely manner

Measure 1: We will answer 87 percent of calls before the caller disconnects.

Impact of Recommended Funding on this Objective:

By increasing the number of full-time positions for key operational areas, such as customer services and tax return processing, the department will be able to continue to respond to taxpayer calls in a timely manner.

Department of the Treasury

<http://www.trsvirginia.gov/>

Mission Statement:

The Department of the Treasury is dedicated to serving the Commonwealth by providing excellent financial management and outstanding customer service.

Agency Goals:

- Encourage a culture of continuous improvement, delivering the highest quality, customer-focused services possible and driven by a diverse, well-trained workforce capable of accomplishing the agency's mission and being accountable for their actions.
- Deliver high-quality cash management services, driven by cost effective solutions, creativity and fiduciary prudence.
- Deliver debt management and issuance services in the most efficient and effective manner while striving to maintain the Commonwealth's high debt ratings.
- Deliver the highest quality, cost effective risk management services to meet the needs of the Commonwealth.
- Deliver the most efficient and responsive unclaimed property program possible in an effort to meet the needs of our citizens and holders.
- Deliver statewide and agency accounting, budgeting, trust, and operational services timely and accurately while striving to improve efficiency, promote accountability, and reduce costs.

Customers Served:

Virginia Citizens ♦ Bondholders ♦ Executive Branch Officials, Agencies and Institutions ♦ Legislative Branch ♦ Boards and Authorities ♦ Local Governments for K-12 Financing Services ♦ Local Government Officials and Participants - Insurance Services ♦ Local Government Investment Pool Customers ♦ Holders of Unclaimed Property ♦ Financial Institutions Holding Virginia Public Deposits ♦ Insurance Companies Conducting Business in Virginia ♦ Intra-Agency Staff ♦ Business Partners

Operating Budget History:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2003	\$9,307,151	\$7,852,999	\$17,160,150	\$7,134,493	\$10,025,657	118.00
FY 2004	\$9,104,443	\$7,869,443	\$16,973,886	\$6,546,792	\$10,427,094	117.00
FY 2005	\$9,452,975	\$7,548,369	\$17,001,344	\$7,077,141	\$9,924,203	120.00
FY 2006	\$8,513,986	\$7,885,709	\$16,399,695	\$7,314,176	\$9,085,519	122.00

New Operating Budget Summary:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2007 Appropriation	\$9,688,512	\$8,283,847	\$17,972,359	\$7,782,139	\$10,190,220	123.00
FY 2007 Amendments	\$0	\$68,500	\$68,500	\$0	\$68,500	0.00
FY 2007 TOTAL	\$9,688,512	\$8,352,347	\$18,040,859	\$7,782,139	\$10,258,720	123.00
FY 2008 Appropriation	\$8,851,264	\$8,289,772	\$17,141,036	\$7,792,390	\$9,348,646	123.00
FY 2008 Amendments	(\$1,000,000)	\$208,407	(\$791,593)	\$133,907	(\$925,500)	0.00
FY 2008 TOTAL	\$7,851,264	\$8,498,179	\$16,349,443	\$7,926,297	\$8,423,146	123.00

Recommended Operating Budget Amendments

► Transfer appropriation to the correct fund

Transfers appropriation from special fund to the Insurance Collateral Assessment Fund, in accordance with § 38.2-1057, Code of Virginia, which allows the Department of the Treasury to charge insurance companies authorized to operate in Virginia an assessment fee to offset the department's costs to provide insurance collateral safekeeping and custodial service, as required by the Code.

► Fund costs for the administration of the Local Government Investment Pool

Provides additional appropriation for the administration of the Local Government Investment Pool (LGIP) required for the LGIP to maintain its credit agency rating obtained last year. Costs include the annual rating fee, research material, and licenses required in the administration of the LGIP. For each year, \$68,500 (NGF).

► Administer and enhance the Division of Risk Management's on-line applications

Provides funding for the development, enhancement, and database management needs of the Division of Risk Management's (DRM) on-line applications. New modules will be developed to unify the billing function, generate reports for legislative and actuarial requirements, and streamline the data transfer functions between claimants, the agency, and actuaries. For 2008, \$78,396 (NGF).

► Hire a claims paralegal assistant for the unclaimed property division

Provides funding to support a paralegal in the unclaimed property division. The position will assist in interpreting wills, trust and estate documents, ensuring compliance with the Course of Descents when the account owner has died intestate, and contacting the appropriate court personnel when additional legal documents or further clarification is required. For 2008, \$61,511 (NGF).

► Rebalance bank service fees and compensating balances

A one-time reduction to Treasury's bank service fees and compensating balances. The one-time savings is a result of: negotiating a favorable earnings credit rate increase from, and consolidating compensating fund balances at, a financial institution; and rising interest rates in general. For 2008, a decrease of \$1.0 million (GF).

► Increase line of credit for the State Insurance Reserve Trust Fund administered by the Department of the Treasury

Increases the line of credit in § 3-2.03 of the Appropriation Act for the State Insurance Reserve Trust Fund administered by the Department of the Treasury by \$10 million, to \$25 million. The additional authorization is needed as a fall back to address catastrophic property events, such as a major hurricane and flooding.

Key Objectives and Performance Measures:

Objective 1. Over a trailing five-year period, the yield on the state's general fund investment earnings in the Primary Liquidity Portfolio will exceed the one-year industry benchmark

Measure 1: We will exceed the industry benchmark by 15 basis points.

Objective 2. Virginia will achieve better rates on its bonds than the average rates of comparable bonds issued nationwide

Measure 1: We will achieve an average yield on bond issuances equal to or better than the market proxy (Delphis Hanover Scale) for comparable bond issuances.

Objective 3. Ensure that Commonwealth checks are printed and distributed accurately and timely in accordance with agency procedures

Measure 1: We will deliver over 99.7 percent of checks in a timely and accurate manner.

Treasury Board

Mission Statement:

To provide sufficient appropriations for the payment of outstanding and future debt obligations of the Commonwealth.

(While the Treasury Board is tasked by statute with many duties, the Treasury Board budget is limited to amounts required to pay principal and interest on tax-supported debt obligations of the Commonwealth.)

Customers Served:

Virginia Public Broadcasting Board ♦ Virginia Public Building Authority ♦ Virginia College Building Authority ♦ Institutions of Higher Education ♦ Treasury Board members (citizen) ♦ Citizens using general obligation bond funded facilities/bondholders

Operating Budget History:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2003	\$262,619,883	\$6,438,630	\$269,058,513	\$2,300	\$269,056,213	0.00
FY 2004	\$271,002,845	\$10,295,408	\$281,298,253	\$2,300	\$281,295,953	0.00
FY 2005	\$284,718,976	\$6,995,367	\$291,714,343	\$2,300	\$291,712,043	0.00
FY 2006	\$328,968,004	\$9,415,155	\$338,383,159	\$2,300	\$338,380,859	0.00

New Operating Budget Summary:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2007 Appropriation	\$357,634,475	\$9,269,878	\$366,904,353	\$2,300	\$366,902,053	0.00
FY 2007 Amendments	(\$9,957,783)	\$0	(\$9,957,783)	\$0	(\$9,957,783)	0.00
FY 2007 TOTAL	\$347,676,692	\$9,269,878	\$356,946,570	\$2,300	\$356,944,270	0.00
FY 2008 Appropriation	\$413,055,671	\$9,268,364	\$422,324,035	\$2,300	\$422,321,735	0.00
FY 2008 Amendments	(\$1,203,895)	\$0	(\$1,203,895)	\$0	(\$1,203,895)	0.00
FY 2008 TOTAL	\$411,851,776	\$9,268,364	\$421,120,140	\$2,300	\$421,117,840	0.00

Recommended Operating Budget Amendments

► Adjust debt service funding

Adjusts debt service funding to reflect amounts owed on outstanding obligations and for amounts estimated to be needed on projects authorized for General Obligation, the Virginia College Building Authority, and the Virginia Public Building Authority. The estimates reflect the latest schedules for the issuance of bonds, changes in size of issues, changes in interest rate assumptions, and refunding and refinancing activity. For 2007, a decrease of \$10.0 million (GF). For 2008, a decrease of \$1.2 million (GF).