



COMMONWEALTH OF VIRGINIA GENERAL FUND PRELIMINARY ANNUAL REPORT

REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED JUNE 30, 2026

Auditor of Public Accounts
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The Honorable Abigail Spanberger
Governor of Virginia

Joint Legislative Audit
and Review Commission

Mark D. Sickles
Secretary of Finance

Sharon H. Lawrence
Comptroller, Commonwealth of Virginia

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the cash basis General Fund Preliminary (Unaudited) Annual Report of the Comptroller to the Governor of Virginia (Preliminary Report) for the year ended June 30, 2026. Department of Accounts (DOA) management and staff have responsibility for the preparation of the Preliminary Report and the disclosures management believes are necessary for a fair presentation of the financial information.

DOA management and staff have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the compilation of the Preliminary Report for the year ended June 30, 2026. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Agreed-Upon Procedures Related to the Preliminary Report

As agreed to by DOA management and staff, reporting of exceptions to the procedures will be limited to those exceptions that exceed \$5,000,000. The procedures and the associated findings are as follows:

1. We agreed the General Fund accounts (including 01000 and non-01000 funds) listed on the June 30, 2026, Cardinal Trial Balance Report, by Business Unit and Fund, as adjusted by DOA staff, to the Preliminary Report for the purpose of determining propriety of General Fund classification.
2. We agreed the actual amounts on the Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Cash Basis (Unaudited) as follows:
 - A) Actual revenues to the Cardinal YTD Revenue Accounts Report.
 - B) Actual expenditures to the Cardinal YTD Expenditure Accounts Report.
 - C) Transfers to the Cardinal Trial Balance Report, by Business Unit and Fund.
 - D) The sources referred to in items A, B, and C were adjusted by DOA staff to:
 - (a) reclassify transfers to higher education institutions as expenditures since these entities will be presented as discrete component units in the Annual Comprehensive Financial Report (ACFR);
 - (b) reclassify principal and interest payments that will be recorded in the Debt Service Fund;
 - (c) eliminate intra-fund activity occurring within General Fund ACFR Class accounts;
 - (d) reclassify certain other revenues, expenditures, and transfers as detailed in DOA staff's adjustment schedule; and
 - (e) exclude load cash transfers for General Fund budgetary transactions.
3. We agreed the budgeted amounts on the Preliminary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund - Cash Basis (Unaudited) as follows:
 - A) Original budgeted revenues to the monthly General Fund Statement of Revenue Collections and Estimates, which DOA staff reconciled to Chapter 725 of the 2025 Acts of Assembly, and the Cardinal YTD Revenue Accounts Report as of August 31, 2025.
 - B) Final budgeted revenues to the monthly General Fund Statement of Revenue Collections and Estimates, which DOA staff reconciled to Chapter 7 of the 2026 Acts of Assembly, and the Cardinal YTD Revenue Accounts Report as of June 30, 2026.
 - C) Original budgeted expenditures to Chapter 725 of the 2025 Acts of Assembly, and the Analysis of Appropriation by ACFR Class Report as of July 31, 2025, and final budgeted expenditures to the Analysis of Appropriation by ACFR Class Report as of June 30, 2026, as adjusted by DOA staff.

- D) Original budgeted transfers to Chapter 725 of the 2025 Acts of Assembly, the “Appropriation Act Transfer Analysis” prepared by DOA staff, and the “General Fund Transfer Analysis” prepared by DOA staff; and final budgeted transfers to Chapter 7 of the 2026 Acts of Assembly, the “Appropriation Act Transfer Analysis” prepared by DOA staff, and the “General Fund Transfer Analysis” prepared by DOA staff.
 - E) The sources and analysis referred to in items A, B, C, and D were adjusted by DOA staff to: (a) reclassify budgeted transfers to higher education institutions as expenditures, since these entities will be presented as discrete component units in the ACFR; (b) reclassify principal and interest payments that will be recorded in the Debt Service Fund; and (c) reclassify certain other budgeted revenues, expenditures, and transfers as detailed in DOA staff’s adjustment schedule.
4. We agreed the reported fund balance classifications of restricted, committed, and assigned on the Preliminary Balance Sheet - General Fund - Cash Basis (Unaudited) to support provided by DOA staff including various Cardinal reports and queries; computations and analysis prepared by DOA staff; Chapter 7 of the 2026 Acts of Assembly; and information provided by the Departments of Planning and Budget and Taxation.

We determined an adjustment should be made to decrease the amount of fund balance committed for the Individual Income Tax Rebate Fund by \$99,500,000 to properly reflect the legislative intent of the General Assembly and Governor. This resulted in an increase in the amount committed for the Water Quality Improvement Fund of \$9,950,000 and an increase in the amount assigned for the Amount Required for Discretionary Reappropriations of \$89,550,000. Following adjustment, we found the fund balance classifications of restricted, committed, and assigned to be properly stated.

5. We reviewed the Preliminary Comparison of Selected Sum-Sufficient Final Budget Appropriations with Actual Expenditures – General Fund – Cash Basis (Unaudited) as follows:
- A) We agreed original appropriations to Chapter 725 of the 2025 Acts of Assembly and final appropriations to the Analysis of Appropriation by ACFR Class Report, Chapter 7 of the 2026 Acts of Assembly, or “Department of Treasury Cash Management Improvement Act Letter.”
 - B) We agreed actual expenditures to the Cardinal YTD Expenditure Accounts Report.
 - C) We make no representation as to whether the Schedule includes all sum-sufficient appropriations specified in Chapter 725 of the 2025 Acts of Assembly or Chapter 7 of the 2026 Acts of Assembly.

We were engaged by DOA management and staff to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an audit of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Department of Accounts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Department of Accounts and its management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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