



# COMMONWEALTH of VIRGINIA

Office of the Governor

William H. Leighty  
Chief of Staff

May 21, 2007

## MEMORANDUM

TO: Heads of Executive Department Agencies

FROM: William H. Leighty *W. Leighty*

SUBJECT: Year-end Close

Today, the Secretary of Finance announced that recent revenue collections for FY 2007 indicate that general fund revenues are likely to be less than the 6.5 percent growth for this fiscal year anticipated in the Chapter 847, the 2007 Appropriation Act. At this time, the exact magnitude of the shortfall is uncertain.

In order to prepare and to minimize the impact of a pending revenue shortfall, I ask you to closely monitor discretionary expenditures incurred by your agencies and be as prudent as possible in your fiscal management. To assist you in preparing for FY 2008, the Governor has approved the carryforward of pre-identified unexpended June 30, 2007, discretionary general fund balances in your agency programs for use in offsetting any second year spending reductions which may be necessary. No later than June 1, using the attached form, you will need to notify the Department of Planning and Budget (DPB) of the amount of balances your agency wants to be used for this purpose. No submission will be accepted after 5:00 p.m. on June 1. After that date, there is no guarantee that unexpended June 30, 2007, balances will be brought forward and credited to the benefit of your agency.

Once approved, these carryforward amounts will be unallotted within your agency and will be credited against any FY 2008 savings amount. Actual balances not reported to DPB by June 1 will be subject to the normal carryforward procedures but will not be automatically credited to your agency's second-year spending reduction amount.

The above actions represent a unique opportunity for your agency to facilitate its budget planning as well as to offset the consequences of any budget reductions in the second year of the biennium. I urge you to take advantage of this one-time opportunity to the fullest extent possible.

WHL/mkh  
c: Cabinet Secretaries

