

**SUMMARY OF
GENERAL FUND RECEIPTS**

Attachment II

Category	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2001 Actual Receipts	Over the FY 2001 Revised Budget Plan	
				Increase/ (Decrease)	Percent Change
Real Property Taxes	\$1,082,151,493	\$1,084,035,544	\$1,085,740,783	\$1,705,239	0.16%
Personal Property Taxes ¹	417,618,828	434,585,980	437,315,852	2,729,872	0.63%
General Other Local Taxes	356,920,431	356,672,408	360,365,264	3,692,856	1.04%
Permits, Fees and Regulatory Licenses	34,124,718	33,894,607	31,908,008	(1,986,599)	(5.86%)
Fines and Forfeitures	11,243,340	8,736,955	9,116,533	379,578	4.34%
Revenue from the Use of Money and Property	63,208,651	59,034,215	58,939,714	(94,501)	(0.16%)
Charges for Services	32,150,968	31,407,338	32,751,935	1,344,597	4.28%
Revenue from the Commonwealth/Federal Government ¹	126,361,713	123,676,336	119,545,408	(4,130,928)	(3.34%)
Recovered Costs/ Other Revenue	11,585,244	5,627,093	5,434,555	(192,538)	(3.42%)
Total Revenue	\$2,135,365,386	\$2,137,670,476	\$2,141,118,052	\$3,447,576	0.16%
Transfers In	1,683,800	1,683,800	1,683,800	0	0.00%
Total Receipts	\$2,137,049,186	\$2,139,354,276	\$2,142,801,852	\$3,447,576	0.16%

¹ The portion of the Personal Property Tax reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 is included in the Personal Property Tax category for the purpose of discussion in this section.

General Fund Revenues and Transfers In for FY 2001 are \$2,142,801,852, an increase of \$3,447,576, or 0.2 percent, over the *FY 2001 Revised Budget Plan* estimate and only 0.3 percent higher than estimated in the FY 2001 Adopted Budget Plan. This minimal variance leaves little margin for error when balancing revenues with expenditure requirements, particularly in times of economic uncertainty.

Aside from the adjustments noted in the Administrative Adjustment section, no other revenue changes have been made to FY 2002. Staff is closely monitoring all revenue categories and will make any necessary adjustments as part of the fall revenue review. Several categories deserve special note. Interest on Investments has been severely impacted by interest rates reductions by the Federal Reserve in 2001. During the Add-On process, FY 2002 estimated Interest on Investments was reduced \$10.7 million, primarily due to a decrease in the projected yield

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from 5.55 to 4.43 percent. Since Add-On, the Federal Reserve has reduced interest rates three more times for a total of six during the first seven months of 2001. Overall, these reductions have resulted in a decrease of 2.75 percentage points in the Federal Reserve's federal funds rate. The yield on instruments currently being purchased by the County is approximately 3.5 percent compared to the FY 2002 Adopted Budget Plan estimate of 4.43 percent. Also, many analysts expect that the Federal Reserve will reduce rates again at their August meeting. Therefore, a decrease in the FY 2002 Interest on Investment estimate is anticipated during the fall revenue review.

In addition, Sales Tax receipts increased at a rate of only 3.7 percent in FY 2001, the lowest rate of growth since the 1992-1994 recession. Also, in four out of the last five months of the fiscal year, Sales Tax receipts experienced negative growth from the previous year's level. If this trend continues, the FY 2002 Adopted Budget Plan estimate, which incorporates a growth rate of 6.0 percent, will need to be adjusted.

The \$3.4 million increase in FY 2001 receipts over the *FY 2001 Revised Budget Plan* is due primarily to variances in the revenue categories discussed on the following pages of this Attachment.

REAL PROPERTY TAXES

Actual Real Property Taxes in FY 2001 are \$1,085,740,783, an increase of \$1,705,239, or 0.2 percent, over the *FY 2001 Revised Budget Plan*. This increase is the result of higher than anticipated Current Real Estate Tax receipts of \$1,871,081 offset by a small decrease of \$165,842 in Delinquent Real Estate Tax collections.

REAL ESTATE TAX - CURRENT

FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
\$993,049,391	\$1,075,272,255	\$1,077,156,306	\$1,079,027,387	\$1,871,081	0.17%

FY 2001 actual collections for current Real Estate Taxes are \$1,079,027,387, an increase of \$1,871,081 or 0.2 percent over the *FY 2001 Revised Budget Plan*. This increase is primarily due to lower than anticipated tax relief applications and an increase in the collection rate. FY 2001 represented the first year of a two-year plan to expand the income limits associated with the Real Estate Tax Relief Program for the Elderly and Disabled. The *FY 2001 Revised Budget Plan* included a \$9.3 million reduction in Real Estate Tax revenue from tax relief, which included an additional decrease of \$1.7 million for the first year of the expanded tax relief program. Actual tax relief in FY 2001 was \$8.2 million, \$1.1 million lower than anticipated. In addition, the *FY 2001 Revised Budget Plan* estimate included a collection rate of 99.50 percent. The actual FY 2001 collection rate was 99.60 percent. The increase in revenue due to the rise in the collection rate is \$0.8 million. The FY 2002 Adopted Budget Plan estimate for Current Real Estate Tax revenue incorporates estimates of the second year of expanded income limits for tax relief and a collection rate of 99.50 percent. Staff will closely monitor tax relief applications and collection trends to determine if adjustments are warranted.

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REAL ESTATE TAX - DELINQUENTS

FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
\$7,753,426	\$6,879,238	\$6,879,238	\$6,713,396	(\$165,842)	(2.41%)

Actual FY 2001 collections for delinquent Real Estate Taxes are \$6,713,396, a decrease of \$165,842, or 2.4 percent, from the *FY 2001 Revised Budget Plan*. Actual FY 2001 Real Estate delinquent revenue represents a reduction of \$1.0 million, or 13.4 percent, from actual FY 2000 collections as a result of high current year collection rates in both FY 2000 and FY 2001, which reduces the level of outstanding delinquent taxes to collect. Staff will evaluate all FY 2002 delinquent tax projections during the fall revenue review.

PERSONAL PROPERTY TAXES

Actual Personal Property Taxes in FY 2001 are \$437,315,852, an increase of \$2,729,872, or 0.6 percent, over the *FY 2001 Revised Budget Plan*. Current Personal Property Tax receipts reflect an increase of \$1,122,587 over the *FY 2001 Revised Budget Plan* estimate and Delinquent Personal Property Tax collections represent an increase of \$1,607,285 over the *FY 2001 Revised Budget Plan*.

PERSONAL PROPERTY TAX - CURRENT

	FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
Paid Locally	\$324,784,426	\$285,070,778	\$307,031,303	\$308,472,971	\$1,441,668	0.47%
Reimbursed by the State	62,305,165	124,347,491	119,354,118	119,035,037	(\$319,081)	(0.27%)
Total	\$387,089,591	\$409,418,269	\$426,385,421	\$427,508,008	\$1,122,587	0.26%

Actual FY 2001 collections for Current Personal Property Taxes, including the portion reimbursed by the Commonwealth of Virginia, are \$427,508,008, an increase of \$1,122,587 or 0.3 percent over the *FY 2001 Revised Budget Plan* estimate. The revenue increase is a result of higher than anticipated omitted levy and lower than anticipated exonerations. These components were responsible for revenue increases of \$1.2 million and \$0.9 million, respectively. These increases are partially offset by a slight decrease in the collection rate. The actual FY 2001 collection rate is 97.1 percent, just slightly lower than the 97.3 percent rate incorporated in the *FY 2001 Revised Budget Plan* estimate and the FY 2002 Adopted Budget Plan. The decrease in revenue associated with the decline in the collection rate is \$1.0 million.

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PERSONAL PROPERTY - DELINQUENT

FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
\$11,140,648	\$8,200,559	\$8,200,559	\$9,807,844	\$1,607,285	19.60%

Actual FY 2001 collections for Personal Property delinquents are \$9,807,844, an increase of \$1,607,285, or 19.6 percent, over the *FY 2001 Revised Budget Plan*. This increase reflects the significant discovery and enforcement efforts of Department of Tax Administration staff. The \$8.2 million projection for delinquent Personal Property Tax collections, which is incorporated in the *FY 2002 Adopted Budget Plan* will be analyzed during the fall revenue review. It should be noted that delinquent collections vary annually due to factors such as the economy and previous years' collections.

OTHER LOCAL TAXES

Actual FY 2001 collections for Other Local Taxes represent a net increase of \$3,692,856 over the *FY 2001 Revised Budget Plan* and is primarily due to an increase in Business, Professional and Occupational Licenses offset by a decline in Sales Tax receipts.

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
\$79,541,864	\$85,654,187	\$82,221,593	\$89,266,311	\$7,044,718	8.57%

FY 2001 actual Current Business, Professional, and Occupational License Tax receipts are \$89,266,311, an increase of \$7,044,718, or 8.6 percent, over the *FY 2001 Revised Budget Plan* primarily due to higher than anticipated growth in levy totaling \$4.8 million. Growth in real estate related businesses contributed significantly to this increase in FY 2001. BPOL receipts from Real Estate brokers increased 21.4 percent in FY 2001, while Money Lenders and Builder and Developers increased 13.4 percent and 12.8 percent, respectively. The Retail Merchants category, which comprises approximately 23 percent of total BPOL receipts, grew at a rate of 6.3 percent. In addition, the FY 2001 BPOL revenue increase reflects the unanticipated payment of BPOL taxes from gas and electric companies of \$2.2 million. Based on legislation that deregulated the electric and gas industries, the BPOL tax on electric and gas suppliers was replaced with a consumer consumption tax as of January 1, 2001. However, these companies remitted final BPOL payments to the County for taxes that had been withheld from consumers' bills during calendar year 2000.

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LOCAL SALES TAX

FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
\$128,787,605	\$142,588,571	\$137,158,799	\$133,492,619	(\$3,666,180)	(2.67%)

FY 2001 actual Sales Tax receipts are \$133,492,619, a decrease of \$3,666,180, or 2.7 percent, from the *FY 2001 Revised Budget Plan*. FY 2001 actual receipts represent 3.7 percent growth over FY 2000, the lowest rate of growth experienced since FY 1992. The estimate for Sales Tax receipts was not adjusted during the FY 2001 Third Quarter Review because year-to-date growth through February was 6.0 percent compared to the 6.5 percent incorporated in the FY 2001 budget estimate. Sales Tax receipts experienced negative growth in four out of the last five months of FY 2001. If this trend continues, the FY 2002 Adopted Budget Plan estimate, which incorporates a growth rate of 6.0 percent, will need to be reduced. Growth in Sales Tax receipts during FY 2002 will be closely monitored, as the local economy appears to be in transition. The County's economic advisor, Stephen Fuller has indicated that lower interest rates and the tax refund may boost consumer spending in the months ahead. Any necessary adjustments to the FY 2002 Sales Tax estimate will be made during the fall revenue review or as part of the FY 2002 Third Quarter review.

PERMITS, FEES AND REGULATORY LICENSES
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PERMITS, FEES AND REGULATORY LICENSES

FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
\$33,654,184	\$34,124,718	\$33,894,607	\$31,908,008	(\$1,986,599)	(5.86%)

Actual FY 2001 revenue from Permits, Fees and Regulatory Licenses is \$31,908,008, a decrease of \$1,986,599 or 5.9 percent, from the *FY 2001 Revised Budget Plan* estimate. This decrease is primarily due to declines of \$928,616 in fees charges by the Department of Public Works and Environmental Services (DPWES) for planning, building, and site permits; \$664,828 in Fire Marshall Fees; and, \$209,369 in Zoning Fees.

Actual FY 2001 revenue from planning, building and site permits is \$26,351,242, a decrease of \$928,616 or 3.4 percent from the *FY 2001 Revised Budget Plan* estimate. FY 2001 fees represent a decrease of 5.3 percent from actual FY 2000 receipts. This reduction and the declines in Fire Marshall Fees and Zoning Fees reflect the level of construction activity in the County.

The FY 2002 budget estimate for Permits, Fees and Regulatory Licenses was based on anticipated receipts in FY 2001 and will be evaluated during the fall revenue review.

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REVENUE FROM THE USE OF MONEY AND PROPERTY

Actual FY 2001 Revenue From the Use of Money and Property is \$58,939,714, a decrease of \$94,501, or 0.2 percent, from the *FY 2001 Revised Budget Plan* estimate and is due to a decline in Interest on Investments.

INTEREST ON INVESTMENTS

FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
\$47,351,748	\$60,588,653	\$56,396,832	\$56,294,028	(\$102,804)	(0.18%)

Actual FY 2001 Interest on Investments is \$56,294,028, a decrease of \$102,804, or 0.2 percent, from the *FY 2001 Revised Budget Plan*. This decrease is the result of a lower than anticipated average yield and General Fund percentage offset by an increase in the average portfolio. The average actual FY 2001 portfolio of \$1,500.8 million earned a yield of 6.14 percent compared to the FY 2001 estimated portfolio and yield of \$1,472.2 million and 6.24 percent, respectively. Total FY 2001 Interest on pooled cash is \$92.1 million. The \$56.3 million General Fund portion represents a General Fund percentage of 61.11 percent compared to the estimated 62.46 percent. Investment interest is difficult to project, particularly in terms of average interest rate earned, and is affected by Federal Reserve interest rate reductions and the impact of these reductions on the market and the availability of investment instruments.

CHARGES FOR SERVICES

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FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
\$29,572,596	\$32,150,968	\$31,407,338	\$32,751,935	\$1,344,597	4.28%

FY 2001 actual Charges for Services are \$32,751,935, an increase of \$1,344,597, or 4.3 percent, over the *FY 2001 Revised Budget Plan*. This increase is primarily due to higher than anticipated receipts for County Clerk Fees and the School Aged Child Care (SACC) Program. Actual FY 2001 County Clerk fees were \$773,290 higher than anticipated in the *FY 2001 Revised Budget Plan*, as a result of continued strong housing market activity in the last quarter of FY 2001. Actual FY 2001 SACC fee revenue is \$17,009,536, an increase of \$583,088, or 3.5 percent, over the *FY 2001 Revised Budget Plan* and is partially due to aggressive revenue collection activity of current year delinquent accounts and the collection of fees outstanding from previous years.

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REVENUE FROM THE COMMONWEALTH AND FEDERAL GOVERNMENT

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2000 Actual	FY 2001 Adopted	FY 2001 Revised	FY 2001 Actual	Increase/ (Decrease)	Percent Change
\$118,660,545	\$126,361,713	\$123,676,336	\$119,545,408	(\$4,130,928)	(3.34%)

¹Excludes Personal Property Taxes that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998.

Actual FY 2001 revenues from the Commonwealth/Federal Government are \$119,545,408, a net decrease of \$4,130,928, or 3.3 percent, from the *FY 2001 Revised Budget Plan*. This decrease is primarily due to a reduction of \$3.8 million in various public assistance programs associated with Department of Family Services intergovernmental revenue. Revenue for the Child Care Assistance Program was \$1.1 million less than anticipated as a result of a net decline in client enrollment. In addition, FY 2001 revenue associated with the Comprehensive Services Act was \$2.0 million less than the *FY 2001 Revised Budget Plan* estimate due to decreased caseload and the Medicaid Initiative, which provides services directly to eligible clients. These revenue decreases are offset with associated expenditure decreases.