General Fund Revenue Overview

This section includes:

GENERAL FUND REVENUE OVERVIEW

SUMMARY OF GENERAL FUND REVENUE

Category	FY 2001 Actual	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan	Over the FY 2003 Advertised Budget Plan Increase/ (Decrease)	Percent Change
Real Estate Taxes - Current and Delinquent	$1,085,995,525	$1,229,727,617	$1,408,041,365	$1,384,758,240	($23,283,125)	-1.65%
Personal Property Taxes - Current and Delinquent[1]	437,316,910	467,940,919	469,678,651	469,239,604	(439,047)	-0.09%
Other Local Taxes	360,365,264	353,859,015	351,719,305	355,199,911	3,480,606	0.99%
Permits, Fees and Regulatory Licenses	31,908,008	28,990,840	29,354,826	29,354,826	0	0.00%
Fines and Forfeitures	9,116,533	10,024,451	10,243,510	10,997,380	753,870	7.36%
Revenue from Use of Money/Property	58,939,714	27,838,356	26,148,239	32,737,042	6,588,803	25.20%
Charges for Services	32,751,935	34,109,394	34,906,731	34,906,731	0	0.00%
Revenue from the Commonwealth and Federal Governments	119,545,408	128,085,410	119,269,755	118,765,742	(504,013)	-0.42%
Recovered Costs/ Other Revenue	5,434,555	5,582,309	5,677,428	5,677,428	0	0.00%
Total Revenue	**$2,141,373,852**	**$2,286,158,311**	**$2,455,039,810**	**$2,441,636,904**	**($13,402,906)**	**-0.55%**
Transfers In	1,683,800	2,914,594	3,165,732	3,165,732	0	0.00%
Total Receipts	**$2,143,057,652**	**$2,289,072,905**	**$2,458,205,542**	**$2,444,802,636**	**($13,402,906)**	**-0.55%**

[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.

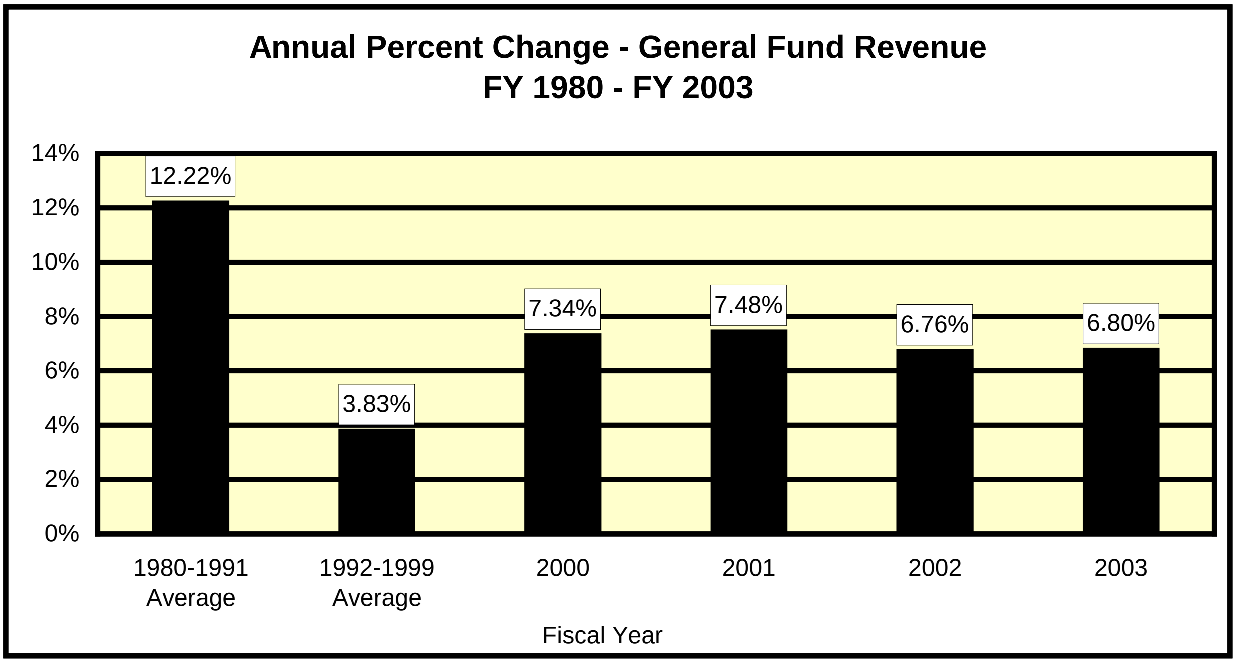
As reflected in the preceding table, FY 2003 General Fund revenues are projected to be $2,441,636,904, a decrease of $13,402,906, or 0.6 percent, from the FY 2003 Advertised Budget Plan. This decrease is primarily the result of a $0.02 reduction in the Real Estate Tax rate from $1.23 per $100 of assessed value to $1.21 per $100 of assessed value. The Real Estate Tax reduction is partially offset by an increase in Revenue from the Use of Money and Property due to an expected rise in interest rates and an increase in Other Local Taxes due to projected Business, Professional, and Occupational License Tax revenue.

GENERAL FUND REVENUE OVERVIEW

FY 2003 revenues are projected to increase $155,478,593, or 6.8 percent, over the *FY 2002 Revised Budget Plan*. The level of revenue growth in FY 2003 is primarily due to a 15.14 percent increase in the Real Estate tax base offset by a decrease in Revenue from the Commonwealth and Federal Government due to reductions in State aid.

Incorporating Transfers In, totaling $3.2 million, FY 2003 General Fund receipts are expected to be $2,444,802,636. The Transfer In to the General Fund reflects $1.5 million from Cable Communications for use of County rights of way and indirect support provided by General Fund agencies, as well as, a transfer of $1.7 million from the Department of Vehicle Services' Vehicle Replacement Reserve based on actual replacement requirements.

The following chart depicts General Fund revenue growth since FY 1980. From FY 1980 to FY 1991, average annual General Fund revenue growth exceeded 12 percent per year. Although the pace of the County's revenue growth has steadily accelerated in the last few years, it has not reached the double-digit growth experienced during the 1980s.



The slow economy, the unprecedented number of interest rate reductions, and especially the events of September 11 have all complicated the projection of County revenues for FY 2002 and FY 2003. The record 10-year expansion of the U.S. economy officially ended in March 2001. On the national level, real economic growth, as measured by the Gross Domestic Product (GDP), increased 1.2 percent in 2001, well below the 4.1 percent growth achieved in 2000.

Fairfax County's economy also slowed in 2001 from its record-setting pace of 2000. The economy was slowing well before September 11, but the terrorist attacks deepened the contraction by causing layoffs in many sectors of the economy. In 2001, the average unemployment rate was 1.9 percent compared to 1.2 percent in 2000. By the end of 2001, County Sales Tax revenues were hit especially hard by the economic slowdown, falling 7.2 percent from 2000. The surge in auto purchases during the fourth quarter of 2001 did not impact County Sales Tax receipts, as there is no local sales tax on vehicles. While the Federal Reserve took steps to moderate the economic downturn by lowering interest rates 11 times in 2001, for a total of 475 basis points, the interest rate cuts significantly reduced earnings on the County's investment portfolio in 2001. As a result, the revenue estimate for Investment Interest was lowered $18.6 million during the fall 2001 revenue review. The nonresidential housing market also did not fare well. The County's overall office vacancy rate rose from the 3.5 percent recorded at the end of 2000 to 6.4 percent at the end of 2001. The amount of sublet space on the market increased dramatically as the economy slowed and firms that had anticipated growth downsized during 2001. Including sublet space, the office vacancy rate was 12.5 percent by the end of 2001.

While the growth of the national economy in the coming months is still uncertain, measures to stimulate the economy have improved the prospects of a rebound in 2002. Low interest rate auto financing, heavy discounting by retailers, and the availability of cash from mortgage refinancing lead to a 5.4 percent jump in consumer spending in the last three months of 2001. Since January 2002, the Federal Reserve has left interest rates unchanged and has indicated that there are signs of renewed economic activity. Consumer Confidence, which had fallen dramatically in the fall of 2001, gained strength in the First Quarter of 2002. When consumers are optimistic, they are more likely to spend money, thus boosting economic activity. The U.S. Leading Index of Economic Indicators increased 2.2 percent during the six-month span through April 2002. Although a few indicators are pointing to possible improvements in the national economy, it is too early to determine if they represent a longer-term trend. For instance, many economists expect that unemployment, which lags other indicators, will increase during the coming months. The national unemployment rate rose to 6.0 percent in April, increasing 0.4 percentage points since January 2002. The increase in the number of unemployed workers from March to April was primarily in special trades such as heavy construction and general building contractor work.

Fairfax County Economic indicators have also shown signs of improvement in the local economy. Fairfax County's Leading Index, which is designed to forecast the performance of the County's economy nine to twelve months in advance, is outperforming its 12-month moving average and pointing to renewed growth in the economy by mid-2002. The residential housing market in Fairfax County will contribute to the rebound in the economy. Despite losses in employment and consumer spending, there was substantial price appreciation in real estate during 2001, driven by high demand, a tight housing supply and low mortgage rates. This trend is expected to continue into 2002. Through March, median home sales prices increased for new and existing home sales. In FY 2003, Current and Delinquent Real Estate Tax revenues in Fairfax County comprise 56.7 percent of General Fund Revenue and are the major driver of overall revenue changes. FY 2003 Real Estate property values were established as of January 1, 2002 and reflect market activity through calendar year 2001. The Real Estate Tax base is projected to increase 15.14 percent in FY 2003, and is comprised of an 11.72 percent rise in total equalization (reassessment of existing residential and non-residential properties), and new growth of 3.42 percent. Residential properties gained 16.27 percent as a result of equalization, while non-residential properties increased at a rate of only 0.52 percent. The nonresidential property base, however, did experience a somewhat higher rate of increase due to new construction, advancing 4.41 percent, whereas the residential base grew 3.01 percent as a result of new construction. The total value of nonresidential property increased 4.93 percent in FY 2003, while the value of residential property, representing 73.7 percent of the County's FY 2003 Real Estate Tax base, increased 19.28 percent.

Other factors that could contribute to an improvement in the Fairfax County economy include an increase in Federal procurement spending in Northern Virginia in response to the war on terrorism. Federal spending will likely expand overall employment rates. In March, Fairfax County's employment rate was 2.9 percent, a decrease of 0.2 percentage points from December 2001.

The FY 2003 General Fund revenue estimates discussed in this section are based on a review of all relevant indicators, including the Fairfax County Economic Index, consultations with the County's economic advisor, Dr. Stephen Fuller, actual FY 2001 collections and FY 2002 year-to-date trends.

GENERAL FUND REVENUE OVERVIEW

MAJOR REVENUE SOURCES

The following major revenue categories comprise 98.3 percent of total FY 2003 General Fund revenue and are discussed in this section. Unless otherwise indicated, comparative data are presented relative to the FY 2003 Advertised Budget Plan. The revenue estimates for all General Fund Revenue categories are shown in the Summary Schedule of General Fund Revenues in the section of this volume entitled "Financial, Statistical and Summary Tables."

					Over the FY 2003 Advertised Budget Plan	
Category	**FY 2001 Actual**	**FY 2002 Revised Budget Plan**	**FY 2003 Advertised Budget Plan**	**FY 2003 Adopted Budget Plan**	**Increase/ (Decrease)**	**Percent Change**
Real Estate Tax - Current	$1,079,282,128	$1,222,848,379	$1,401,162,127	$1,377,879,002	($23,283,125)	-1.66%
Personal Property Tax - Current	427,509,066	458,819,970	461,478,092	461,039,045	(439,047)	-0.10%
Paid Locally	308,716,530	260,997,837	259,475,033	259,035,986	(439,047)	-0.17%
Reimbursed by Commonwealth	118,792,536	197,822,133	202,003,059	202,003,059	0	0.00%
Local Sales Tax	133,492,619	125,063,140	126,898,084	126,898,084	0	0.00%
Recordation/Deed of Conveyance Taxes	16,337,407	18,749,039	13,632,881	14,498,840	865,959	6.35%
Vehicle License Tax	18,232,854	18,642,723	19,018,442	19,018,442	0	0.00%
Consumer Utility Tax	85,388,447	87,663,680	89,428,108	89,428,108	0	0.00%
Business, Professional and Occupational License Tax-Current	89,266,311	87,154,888	84,540,241	87,154,888	2,614,647	3.09%
Permits, Fees and Regulatory Licenses	31,908,008	28,990,840	29,354,826	29,354,826	0	0.00%
Interest on Investments	56,321,542	25,120,000	23,386,994	29,975,797	6,588,803	28.17%
Charges for Services	32,751,935	34,109,394	34,906,731	34,906,731	0	0.00%
Fines and Forfeitures	9,116,533	10,024,451	10,243,510	10,997,380	753,870	7.36%
Revenue from the Commonwealth and Federal Government[1]	119,545,408	128,085,410	119,269,755	118,765,742	(504,013)	-0.42%
Total Major Revenue Sources	**$2,099,152,258**	**$2,245,271,914**	**$2,413,319,791**	**$2,399,916,885**	**($13,402,906)**	**-0.56%**

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

GENERAL FUND REVENUE OVERVIEW

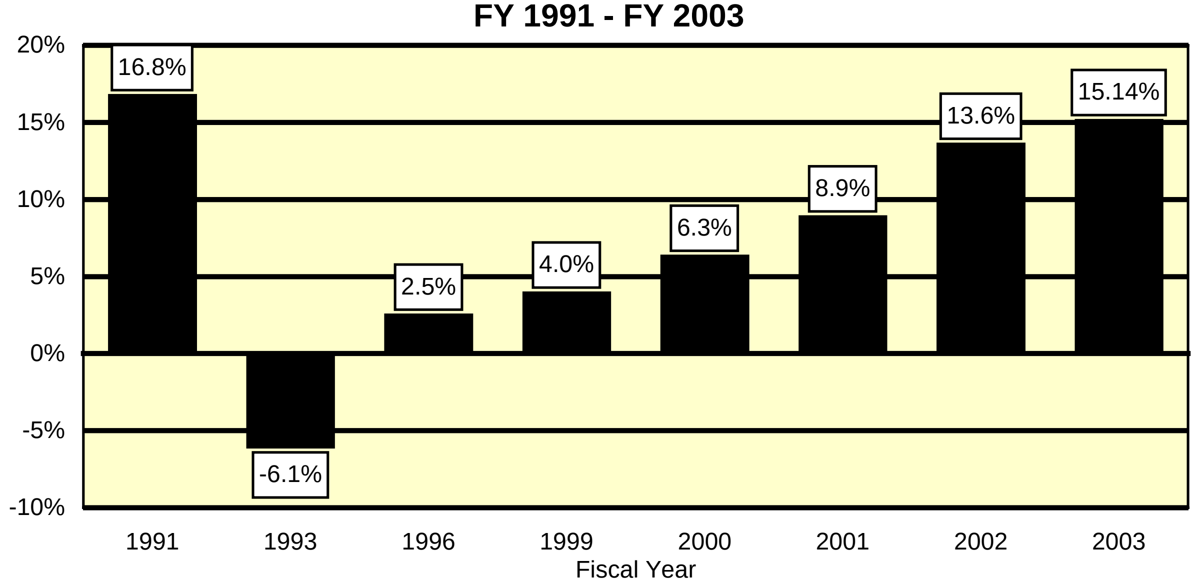
REAL ESTATE TAX-CURRENT

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$1,079,282,128	$1,222,848,379	$1,401,162,127	$1,377,879,002	($23,283,125)	-1.66%

The FY 2003 estimate of $1,377,879,002 for Current Real Estate Taxes represents a decrease of $23,283,125, or 1.7 percent, from the FY 2003 Advertised Budget Plan. This decrease is the result of the adoption of a $0.02 reduction in the Real Estate Tax rate and expansion of the Tax Relief Program for the Elderly and Disabled. The FY 2003 Real Estate Tax rate was reduced from $1.23 per $100 of assessed value to $1.21 per $100 of assessed value. The revenue decrease associated with the reduction in the tax rate is $22.8 million. In addition, as part of the FY 2003 Budget, the Board of Supervisors approved an increase in the maximum level of assets allowed for Real Estate tax relief eligibility from $150,000 to $160,000. This change in the Tax Relief Program is anticipated to reduce revenue by approximately $0.5 million.

The FY 2003 Real Estate estimate is based on a 15.14 percent increase in the FY 2003 valuation of real property, as compared to the FY 2002 Real Estate Land Book. The FY 2003 estimate is comprised of an increase in equalization of 11.72 percent and in normal growth of 3.42 percent, and an estimated total collection rate of 99.50 percent. The following chart shows changes in the County's assessed value base in FY 1991, FY 1993, FY 1996, and from FY 1999 to FY 2003. The FY 2003 figures reflected herein are based on the final assessments for Tax Year 2002 (FY 2003), which were established as of January 1, 2002. Real Estate Tax revenue in FY 2003 is projected to increase 14.7 percent after taking into account increased tax abatements as a result of the County's revitalization effort, and changes in the Tax Relief Program which will be discussed below. Throughout FY 2003, Real Estate Tax revenues will be adjusted as necessary to reflect changes in exonerations, tax abatements, and supplemental assessments, as well as any differences in the collection rate.

Percentage Change in Real Estate Assessed Value
FY 1991 - FY 2003



Equalization	**11.51%**	**-6.48%**	**0.36%**	**1.77%**	**2.96%**	**5.13%**	**9.70%**	**11.72%**
Res	13.06	-3.74	0.49	0.04	0.77	5.13	11.26	16.27
NonRes	7.85	-13.22	-0.09	7.12	9.24	5.15	5.92	0.52
Growth	**5.26**	**0.40**	**2.16**	**2.19**	**3.37**	**3.81**	**3.94**	**3.42**
Total	**16.77%**	**-6.08%**	**2.52%**	**3.96%**	**6.33%**	**8.94%**	**13.64%**	**15.14%**

GENERAL FUND REVENUE OVERVIEW

The FY 2003 **Main Assessment Book Value** is $114,902,589,425 and represents an increase of $15,109,197,695, or 15.14 percent, over the FY 2002 main assessment book of $99,793,391,730. This is the largest increase since FY 1991 when total assessments increased 16.8 percent. From FY 1992 to FY 1994, the assessment base declined an average of 2.8 percent. After the recession, the value of real property increased at modest annual rates, averaging 2.5 percent from FY 1995 through FY 1999. It was not until FY 1999 that the assessment base exceeded its FY 1991 level. The assessment base is now $114.9 billion, $41.9 billion higher than its FY 1991 level.

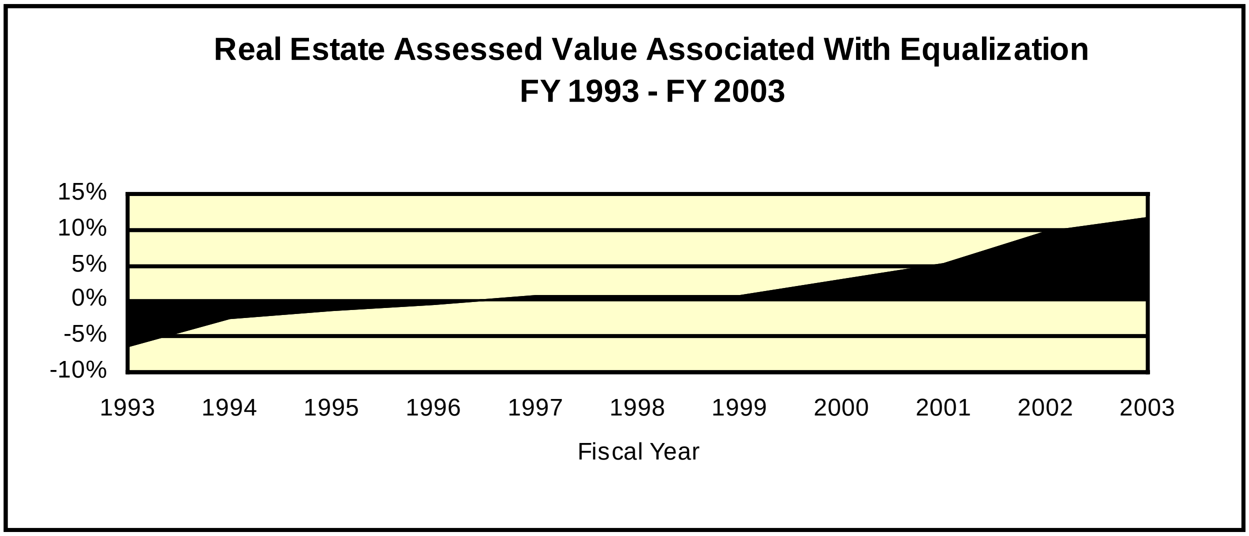
The overall increase in the assessment base includes **equalization,** the reassessment of existing properties, and **normal growth**, which is associated with construction of new properties in Fairfax County. The FY 2003 assessment base reflects a significant increase in the values of existing residential properties of 16.27 percent, while nonresidential properties grew a slight 0.52 percent, as a result of equalization. Nonresidential and residential properties experienced moderate growth due to new construction at 4.41 percent and 3.01 percent, respectively. As a result of these changes, the residential portion of the total assessment base rose from 71.1 percent in FY 2002 to 73.7 percent in FY 2003. The table below reflects changes in the Real Estate Tax assessment base from FY 1997 through FY 2003.

Main Real Estate Assessment Book Base Changes
(in millions)

Assessed Base Change Due To:	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Equalization	$392.6	$567.7	$1,289.6	$2,241.4	$4,139.5	$8,522.9	$11,699.8
% Change	0.57%	0.80%	1.77%	2.96%	5.13%	9.70%	11.72%
Residential	-0.23%	-0.50%	0.04%	0.77%	5.13%	11.26%	16.27%
Nonresidential	3.27%	5.05%	7.12%	9.24%	5.15%	5.92%	0.52%
Normal Growth	$1,472.6	$1,369.7	$1,598.0	$2,556.9	$3,067.6	$3,456.3	$3,409.4
% Change	2.13%	1.93%	2.19%	3.37%	3.81%	3.94%	3.42%
Total % Change	2.70%	2.73%	3.96%	6.33%	8.94%	13.64%	15.14%

Equalization, or reassessment of existing residential and nonresidential property, represents an increase in value of $11,699,818,655, or 11.72 percent in FY 2003. The increase in total equalization is due to a boost in residential property values and a slight increase in nonresidential property values. The significant increase in residential properties is a result of increased demand for homes in the County without a commensurate increase in the supply of existing homes. This trend mirrors that which is occurring on a regional and national basis. Changes in the assessment base as a result of equalization are shown in the following chart. The increase in the tax levy associated with the overall 11.72 percent increase in equalization is $141,567,806 based on a tax rate of $1.21 per $100 of assessed value.

GENERAL FUND REVENUE OVERVIEW



Over the last two years, **residential** equalization has experienced double digit growth, the highest in over a decade. Due to the recession, residential equalization declined notably from FY 1992 through FY 1994 and remained essentially flat from FY 1995 through FY 2000. Following a moderate increase in FY 2001, residential equalization rose 11.26 percent in FY 2002. In FY 2003, overall residential equalization increased a robust 16.27 percent. This increase reflects the strength of the housing market in the County and throughout the Northern Virginia area. As a result of the sustained increases in both sales volume and sales price, the majority of residential properties in the County will receive valuation increases. It should be noted that the County's median assessment to sales ratio is in the low 90 percent range, well within professional assessing standards of 90 percent to 110 percent.

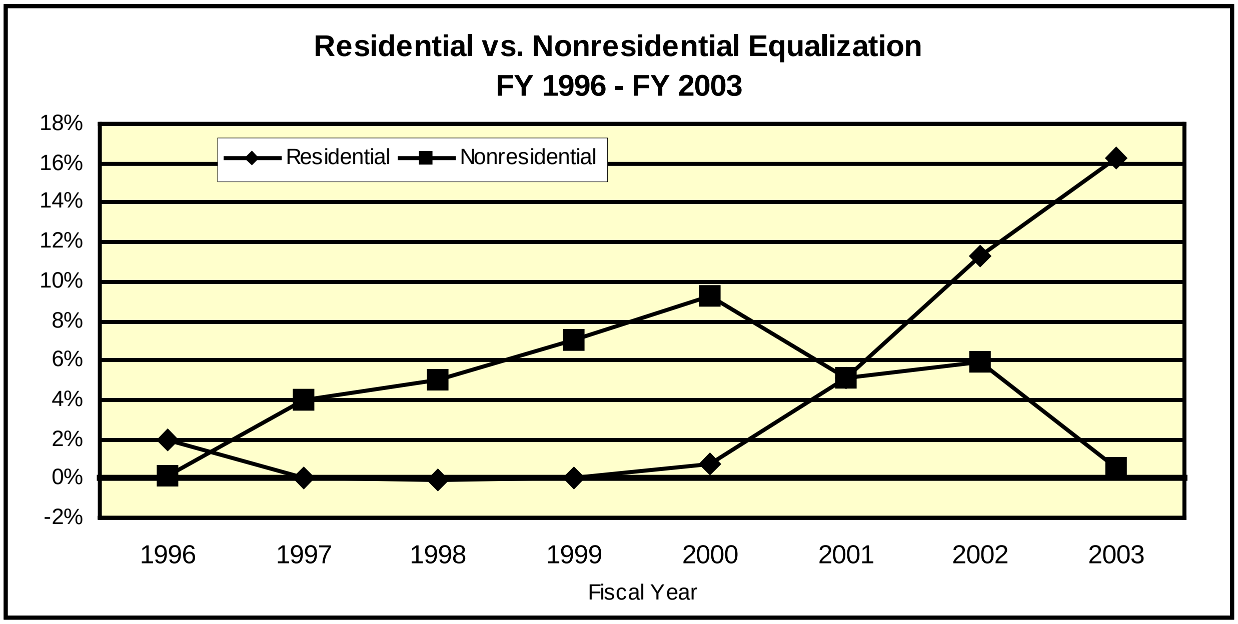
All types of residential property experienced increases in value in FY 2003. While townhouse and condominium property values experienced significant increases due to equalization, changes in the assessed value of single family homes have the most impact on the total residential base because they represent 75.3 percent of the total. Changes in residential equalization by housing type since FY 2000 are shown in the following table. It should be noted that changes represented in this chart are for the category as a whole. Individual neighborhoods and properties may have increased or decreased by different percentages based on neighborhood selling prices.

Residential Equalization Changes

Housing Type / (Percent of Base)	FY 2000	FY 2001	FY 2002	FY 2003
Single Family (75.3%)	1.26%	6.43%	12.08%	16.14%
Townhouse/Duplex (17.9%)	-0.16%	2.22%	10.98%	18.56%
Condominiums (5.8%)	-1.96%	1.17%	10.30%	21.19%
Vacant Land (0.8%)	1.24%	9.84%	7.90%	15.23%
Other (0.2%)[1]	0.49%	1.38%	5.73%	3.00%
Total Residential Equalization (100%)	**0.77%**	**5.13%**	**11.26%**	**16.27%**

[1] Includes, for example, affordable dwelling units, recreational use properties, and agricultural and forestal land use properties.

GENERAL FUND REVENUE OVERVIEW



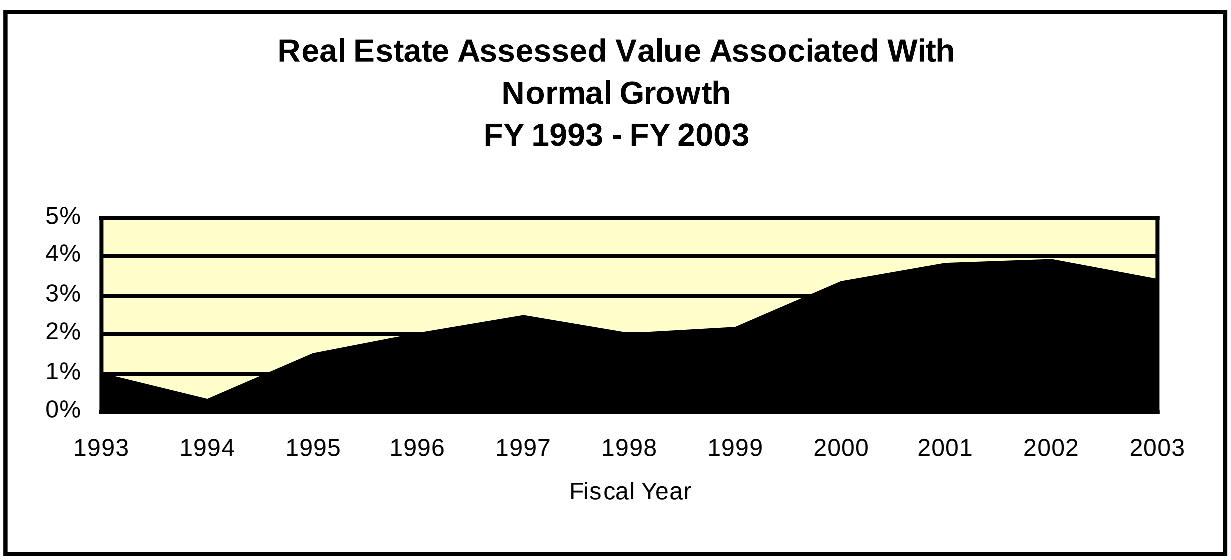
Based on the increase in residential equalization, the mean assessed value of all residential property in the County is $272,943. This is an increase of $38,194 over the FY 2002 value of $234,749. Compared to FY 2002, the typical residential annual tax bill will increase $415.20 in FY 2003, on average, based on a tax rate of $1.21 per $100 of assessed value.

Nonresidential equalization experienced slight growth of 0.52 percent in FY 2003, the smallest increase since FY 1996 when the change due to equalization was negative. As a result of rising office vacancy rates, increased supply, and recent sales activity, the values of elevator offices (mid- and high-rises), which comprise 40.6 percent of the nonresidential tax base, fell 2.48 percent. As the economy has slowed, office space that many companies had leased or purchased in anticipation of expansion has not been needed. As such, the amount of office space available for sublease has increased. The Economic Development Authority recently reported that the office vacancy rate climbed to 6.4 percent by the end of 2001, up from 3.5 percent at year-end 2000. Including sublet space, the office vacancy rate is 12.5 percent. Low-rise office property has fared somewhat better than mid- and high-rises, increasing 1.46 percent. The value in hotel property fell 15.39 percent in FY 2003. While hotels were experiencing slower growth than in the past several years even before September 11, during the fourth quarter of 2001, hotels experienced a precipitous drop in occupancy rates leading to the significant decline in value. Due to an ample supply of retail space, regional malls have exhibited a slight increase of 0.34 percent while other retail properties increased 1.91 percent in FY 2003. Nonresidential equalization changes by category since FY 2000 are presented in the following table.

Nonresidential Equalization Changes

Category (Percent of Base)	FY 2000	FY 2001	FY 2002	FY 2003
Apartments (15.64%)	3.43%	3.54%	6.53%	9.59%
Office Condominiums (2.04%)	0.48%	2.08%	4.95%	7.75%
Industrial (7.54%)	10.55%	7.46%	7.25%	2.08%
Retail (11.83%)	4.49%	2.73%	2.84%	1.91%
Regional Malls (3.69%)	3.08%	0.87%	2.20%	0.34%
Office Elevator (40.59%)	16.20%	6.74%	6.54%	-2.48%
Office - Low Rise (3.88%)	10.95%	6.05%	7.30%	1.46%
Vacant Land (4.93%)	19.86%	5.96%	6.36%	-0.08%
Hotels (4.74%)	24.40%	7.16%	6.58%	-15.39%
Other (5.12%)	4.88%	2.62%	6.35%	3.02%
Nonresidential Equalization (100%)	**9.24%**	**5.15%**	**5.92%**	**0.52%**

Normal Growth of $3,409,379,040, or 3.42 percent, over the FY 2002 assessment book value results from new construction, new subdivisions and rezoning. This level of growth is similar to the 3.81 percent and 3.94 percent increases realized in FY 2001 and FY 2002 (see following chart). Normal growth in FY 2003 continues to be well below the 6.9 percent average growth experienced during the 1980s. In FY 2003, the nonresidential property base experienced a somewhat higher rate of increase due to new construction, advancing 4.41 percent, whereas the residential base grew 3.01 percent as a result of new construction. The total rate of growth due to new construction is consistent with activity in the housing and commercial building industry throughout the Washington metropolitan area.



In addition to the final equalization and normal growth adjustments in the Main Book, the following projected adjustments were made to the FY 2003 Real Estate Tax revenue estimate:

GENERAL FUND REVENUE OVERVIEW

Additional Assessments expected to be included in the new real estate base are prorated assessments under the Norfolk Plan of $371.1 million and additional supplemental assessments of $31.3 million. The Norfolk Plan assessments are supplemental assessments, which are made during the year for new construction that is completed subsequent to finalizing the original assessment book. Supplemental assessments may also result due to changes in ownership or tax exempt status. The total value of the supplemental assessments will be closely monitored based on new construction and building permit activity.

Exonerations, Certificates and Tax Abatements are anticipated to reduce the Real Estate assessment base by $747.0 million in FY 2003, an additional $232.6 million over FY 2002. This increase is due to rising property values and an increase in tax abatements associated with the County's revitalization effort. Each $100.0 million change in the level of exonerations, certificates and tax abatements is equivalent to a change of $1.2 million in tax levy.

Tax Relief for the Elderly and Disabled is projected to reduce the Real Estate assessment base in FY 2003 by $971,130,000. During FY 2001 and FY 2002, the income limits associated with the Real Estate Tax Relief Program for the Elderly and Disabled were expanded as approved by the Board of Supervisors. In FY 2003, the income limits of the Tax Relief program remain the same as in FY 2002 and provides 100 percent exemption for elderly and disabled taxpayers with incomes up to $40,000; 50 percent exemption for eligible applicants with income between $40,001 and $46,000; and 25 percent exemption if income is between $46,001 and $52,000. As part of the FY 2003 Budget, the Board of Supervisors approved an increase in the allowable asset limit of $150,000 to $160,000 for all ranges of tax relief. The table below presents income thresholds for the Tax Relief Program for the Elderly and Disabled since FY 2000.

Real Estate Tax Relief for the Elderly and Disabled

	Income Limit	Percent Relief
FY 2000	Up to $30,000	100%
	Over $30,000 to $35,000	50%
	Over $35,000 to $40,000	25%
FY 2001	Up to $35,000	100%
	Over $35,000 to $40,000	50%
	Over $40,000 to $46,000	25%
FY 2002 &	Up to $40,000	100%
FY 2003	Over $40,000 to $46,000	50%
	Over $46,000 to $52,000	25%

FY 2003 Asset Limit Increased from $150,000 to $160,000

The FY 2003 local assessment base of $113,586,826,065 is derived from the main book assessment and subsequent adjustments discussed above. From this local assessment base, a local tax levy of $1,374,400,595 is calculated using a tax rate of $1.21 per $100 of assessed value. Based on an expected local collection rate of 99.50 percent, revenue from local assessments is estimated to be $1,367,528,592. In FY 2003, every 0.1 percentage point change in the collection rate on the locally assessed Real Estate Tax levy yields a revenue change of $1.4 million, while every penny on the tax rate yields $11.6 million in revenue.

Added to the local assessment base is an estimated $855,405,787 in assessed value for Public Service Corporations (PSC) property. Using a rate of $1.21 per $100 of assessed value, the tax levy on PSC property is $10,350,410. The collection rate on PSC property is expected to be 100.0 percent.

GENERAL FUND REVENUE OVERVIEW

The total assessment base, including Public Service Corporations, is $114,442,231,852 with a total tax levy of $1,384,751,005 at the $1.21 per $100 assessed value tax rate. Estimated FY 2003 revenue from the Real Estate Tax, including receipts from Public Service Corporations, totals $1,377,879,002 at the $1.21 per $100 assessed value tax rate, and reflects an overall collection rate of 99.50 percent. The total collection rates experienced in this category since FY 1988 are shown in the following table:

Real Estate Tax Collection Rates

Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
1988	99.58%	**1996**	99.47%
1989	99.59%	**1997**	99.56%
1990	99.49%	**1998**	99.54%
1991	98.96%	**1999**	99.50%
1992	98.87%	**2000**	99.63%
1993	99.03%	**2001**	99.53%
1994	99.15%	**2002 (estimated)**	99.50%
1995	99.32%	**2003 (estimated)**[1]	99.50%

[1] In FY 2003, every 0.1 percentage point change in the collection rate yields a revenue change of $1,397,629.

The Commercial/Industrial percentage of the County's Real Estate Tax base is 21.97 percent, a drop of 2.87 percentage points from the FY 2002 level of 24.84 percent. This reduction is due to the increase in the residential portion of the Real Estate Tax base. The Commercial/Industrial percentage is based on Virginia land use codes and excludes multi-family rental apartments, which comprises 4.37 percent of the County's Real Estate Tax base. Fairfax County's historical Commercial/Industrial percentages are detailed in the following table:

Commercial/Industrial Percentages

Fiscal Year	Percentage	Fiscal Year	Percentage
1988	25.49%	**1996**	19.04%
1989	26.73%	**1997**	19.56%
1990	26.76%	**1998**	20.47%
1991	26.25%	**1999**	21.84%
1992	25.66%	**2000**	24.32%
1993	22.82%	**2001**	25.37%
1994	20.94%	**2002**	24.84%
1995	19.59%	**2003**	21.97%

GENERAL FUND REVENUE OVERVIEW

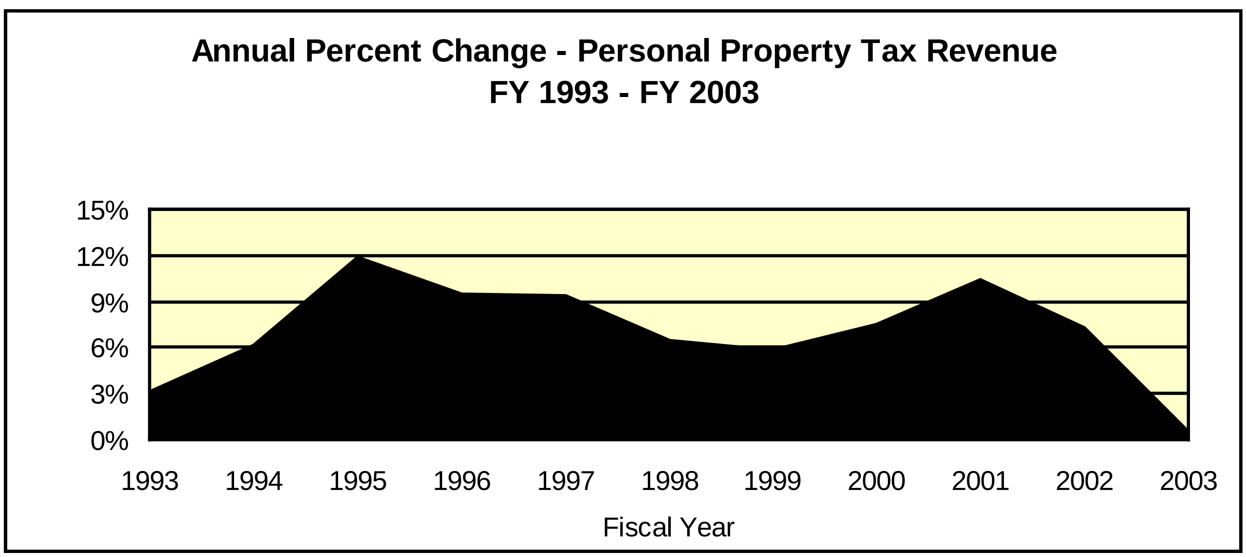
PERSONAL PROPERTY TAX-CURRENT

	FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
Paid Locally	$308,716,530	$260,997,837	$259,475,033	$259,035,986	($439,047)	-0.17%
Reimbursed by State	118,792,536	197,822,133	202,003,059	202,003,059	0	0.00%
Total	$427,509,066	$458,819,970	$461,478,092	$461,039,045	($439,047)	-0.10%

The FY 2003 Personal Property Tax revenue is expected to be $461,039,045, a decrease of $439,047, or 0.1 percent, from the FY 2003 Advertised Budget Plan estimate. This reduction is the result of the $0.02 decrease in the Real Estate Tax rate. The Real Estate Tax rate impacts two classes of personal property: mobile homes and non-vehicle Public Service Corporation property.

The Personal Property Tax estimate is comprised of two components, that which is paid by citizens locally and that which is reimbursed by the Commonwealth of Virginia to the County as a result of the Personal Property Tax Relief Act (PPTRA) of 1998. The PPTRA phases out the Personal Property Tax on the first $20,000 of the value for vehicles owned by individuals. In FY 1999, the first year of implementation, taxpayers were billed for the entire amount of tax levy and received a refund of 12.5 percent of the tax on the first $20,000 of the value of their personal vehicle from the Commonwealth of Virginia. Vehicles valued less than $1,000 were refunded 100 percent. In FY 2000 to FY 2002, the PPTRA reduced the Personal Property Taxes paid by citizens by 27.5 percent, 47.5 percent, and 70 percent, respectively with an offsetting reimbursement paid to the County by the Commonwealth. Under the original approved plan, taxes paid by individuals were to be reduced by 100 percent in FY 2003. However, due to the State’s lower than anticipated General Fund revenue growth, the reimbursement rate will remain at 70 percent in FY 2003. The PPTRA has no impact on the assessment or projection of Personal Property Tax revenues; therefore, for purposes of this narrative, aspects of the total Personal Property Tax will be discussed.

The Personal Property Tax consists of two major components: vehicles and business personal property. The vehicle component, which represents approximately 67 percent of the total category in FY 2003, is the major driver of the overall category. Both the vehicle and business components, however, are sensitive to changes in the national and local economies. Annual changes in total Personal Property Tax revenues are shown in the following chart.



Total Personal Property Tax revenues experienced average annual growth of 10.2 percent from FY 1994 through FY 1997. More moderate gains of 6.4, 5.9, and 7.5 percent in total Personal Property Tax revenue were experienced in FY 1998 through FY 2000, respectively. Strong job growth and business expansion pushed total Personal Property Tax growth to 10.4 percent in FY 2001. In FY 2002, Personal Property Tax revenue is anticipated to grow at a more moderate rate of 7.3 percent. This rate of growth is primarily due to the business component as a result of business expansion during calendar year 2000.

The FY 2003 estimate incorporates an increase of 1.1 percent in the average vehicle levy from $370 to $374. This modest rise is the result of slight growth in the price of new vehicles. Many automakers have kept the price of new model vehicles low in order to encourage sales. In addition, during the fall of 2001 many manufacturers were offering low or zero percent financing to new vehicle buyers. When the price of new vehicles remains low, used vehicles become less attractive and their value declines faster than the historical norm. Contributing to the decline in used vehicle prices is the large number of vehicles coming off leases and being added to the supply of used vehicles. The volume of vehicles in FY 2003 is anticipated to increase at a modest rate of 1.8 percent. This rate reflects a slowing in the number of new model vehicle purchased in calendar year 2002 as consumer demand was satisfied in late 2001. Incorporating changes in average levy and volume, the overall vehicle component of the Personal Property Tax base is expected to increase 1.2 percent in FY 2003. Changes in vehicle volume and levy since FY 1998 are shown in the following table.

Personal Property Vehicles

Fiscal Year	Growth in Vehicle Volume	Average Vehicle Levy	Growth in Average Levy
FY 1998	2.6%	$315	1.6%
FY 1999	3.2%	$320	1.7%
FY 2000	4.2%	$336	4.9%
FY 2001	4.5%	$359	6.9%
FY 2002 (est.)	2.3%	$370	2.9%
FY 2003 (est.)	1.8%	$374	1.1%

Business Personal Property is primarily comprised of assessments on furniture and fixtures and computer equipment. Growth in the business component is mainly associated with increased purchases from existing companies. The number of companies is expected to increase 0.3 percent in FY 2002 and rise slightly to 0.5 percent in FY 2003. Business levy is anticipated to experience growth of 13.4 percent in FY 2002 as a result of significant purchases of new equipment during calendar year 2001. This level of purchases is not expected to continue into calendar year 2002 due to slowing job growth and the sluggish economy. Levy from new purchases is expected to be offset by property depreciation, resulting in an overall drop in business levy of 0.9 percent in FY 2003.

In accordance with assessment principles and the *Code of Virginia*, which require that property is taxed at fair market value, the Department of Tax Administration (DTA) annually reviews the depreciation rate schedule for computer hardware due to the speed with which computer values change. To reflect market trends, the computer depreciation schedule was changed in FY 1999. The schedule was adjusted further in FY 2000 to accelerate the depreciation of computer equipment in the first and second years. In FY 2001, the depreciation of computer equipment that was purchased 3 years prior was adjusted. The depreciation schedule was not changed in FY 2002; however, based on current trends, the computer depreciation schedule for equipment purchased one to three years prior will be adjusted in FY 2003. This change to the computer depreciation schedule is anticipated to reduce Personal Property revenue by approximately $5.0 million. Previous and current computer depreciation schedules are shown in the following table. The percentages from the depreciation schedule are applied to the original purchase price of the computer equipment to determine its fair market value. Personal Property Taxes are then levied on this value. Fairfax County's FY 2003 computer depreciation schedule reduces the value upon which the tax is levied more rapidly than any other Northern Virginia locality.

GENERAL FUND REVENUE OVERVIEW

Computer Depreciation Schedules
FY 1998 - FY 2003
Percent of Original Purchase Price Taxed

Year of Acquisition	FY 1998	FY 1999	FY 2000	FY 2001 and FY 2002	FY 2003
1	80%	65%	60%	60%	55%
2	55%	45%	40%	40%	35%
3	35%	30%	30%	25%	20%
4	10%	10%	10%	10%	10%
5 or more	10%	2%	2%	2%	2%

Personal Property Tax revenue estimates are based on a tax rate of $4.57 per $100 of valuation for vehicles and business property, and $1.21 per $100 of valuation for mobile homes and non-vehicle Public Service Corporations properties. The following table details the estimated assessed value and associated levy for components of the Personal Property Tax.

FY 2003 Estimated Personal Property Assessments and Tax Levy

Category	FY 2003 Assessed Value	Tax Rate (per $100)	FY 2003 Tax Levy	Percent of Total Levy
Vehicles				
Privately Owned	$7,783,431,023	$4.57	$281,935,240	59.3%
Business Owned	440,133,636	4.57	16,519,555	3.5%
Leased	663,080,905	4.57	22,180,840	4.7%
Subtotal	$8,886,645,564		$320,635,635	67.4%
Business Personal Property				
Furniture and Fixtures	$1,487,362,740	$4.57	$67,902,205	14.3%
Computer Equipment	1,080,297,077	4.57	49,366,843	10.4%
Machinery and Tools	161,538,990	4.57	7,382,332	1.6%
Research and Development	6,727,315	4.57	307,438	0.1%
Subtotal	$2,735,926,122		$124,958,818	26.3%
Public Service Corporations				
Equalized	$2,178,259,756	$1.21	$26,356,943	5.5%
Vehicles	9,532,976	4.57	435,657	0.1%
Subtotal	$2,187,792,732		$26,792,600	5.6%
Other				
Mobile Homes	$17,729,756	$1.21	$212,385	0.0%
Other (Trailers, Misc.)	8,407,248	4.57	310,044	0.1%
Subtotal	$26,137,004		$522,429	0.1%
Penalty for Late Filing			$2,701,548	0.6%
TOTAL	**$13,836,501,422**		**$475,611,030**	**100.0%**

GENERAL FUND REVENUE OVERVIEW

A collection rate of 96.74 percent is applied to the total local tax levy for FY 2003, a rate that is consistent with the FY 2001 actual and the rate projected for FY 2002. The application of the projected collection rate to the local levy estimate for FY 2003 results in projected tax revenue of $434,249,840. In addition, it is projected that a 100.0 percent collection rate will be achieved on the Public Service Corporations tax levy of $26,792,600. The resulting collection rate for all categories of personal property is estimated to be 97.0 percent and is shown in the following table with historical collection rates.

Total Personal Property Tax Collection Rates

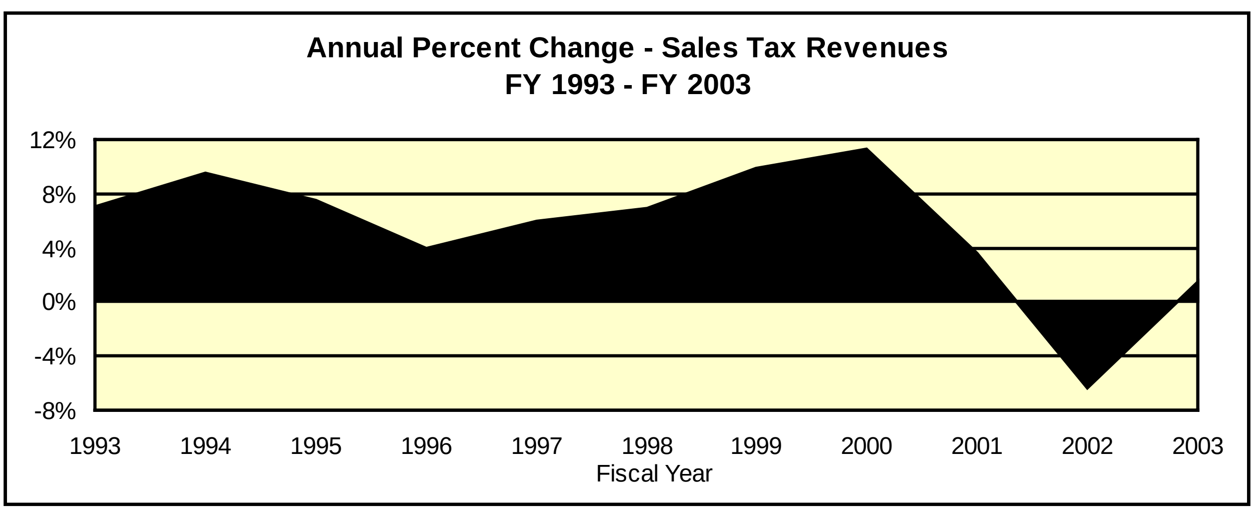
Fiscal Year	Collection Rate	Fiscal Year	Collection Rate
1988	95.5%	**1996**	97.2%
1989	96.3%	**1997**	97.3%
1990	96.2%	**1998**	97.3%
1991	95.5%	**1999**	97.3%
1992	94.4%	**2000**	97.3%
1993	96.0%	**2001**	97.1%
1994	95.6%	**2002 (estimated)**	97.0%
1995	96.8%	**2003 (estimated)[1]**	97.0%

[1] Each 0.1 percentage point change in the collection rate on the local tax levy will impact revenues by approximately $0.5 million, and each penny on the tax rate yields a revenue change of $0.9 million.

LOCAL SALES TAX

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$133,492,619	$125,063,140	$126,898,084	$126,898,084	$0	0.00%

The FY 2003 estimate of $126,898,084 reflects no change from the FY 2003 Advertised Budget Plan estimate and represents an increase of $1,834,944, or 1.5 percent, over the *FY 2002 Revised Budget Plan* estimate. This increase reflects the expectation that the local economy will slightly improve in FY 2003.



Even before the terrorist attack in September 2001, FY 2002 Sales Tax receipts were declining. During the fall 2001 review of revenue, the FY 2002 estimate for Sales Tax receipts was dropped from the 6.0 percent incorporated in the FY 2002 Adopted Budget Plan to negative 2.0 percent, a loss of $14.6 million. Because Sales Tax receipts continued to decline during the first seven months of FY 2002, the estimate for FY 2002 receipts was reduced an additional $5.8 million during the Third Quarter Review representing a loss of 6.3 percent from FY 2001 receipts. Since Third Quarter, FY 2002 Sales Tax collections have continued to decline. Sales Tax receipts through May, representing retail purchases from June through March are down 6.5 percent from the same period in FY 2001. Through May, Sales Tax receipts have declined in 14 out of the last 15 months. If Sales Tax receipts continue to fall at a 6.5 percent rate for the last two months of the fiscal year, an additional shortfall of $0.4 million would occur in FY 2002.

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$16,337,407	$18,749,039	$13,632,881	$14,498,840	$865,959	6.35%

The FY 2003 estimate of $14,498,840 reflects an increase of $865,959, or 6.4 percent, over the FY 2003 Advertised Budget Plan and a decrease of $4,250,199, or 22.7 percent, from the *FY 2002 Revised Budget Plan*. The FY 2003 estimate is comprised of $10,686,119 in Recordation Tax revenues and $3,812,721 in Deed of Conveyance Tax revenues. Recordation and Deed of Conveyance Taxes are levied in association with the sale or transfer of real property located in the County. Recordation Taxes are also levied when mortgages on property located in the County are refinanced, making Recordation Tax revenues more sensitive to interest rate fluctuations than Deed of Conveyance Tax revenues.

During the first ten months of FY 2002, Recordation revenues increased 27.0 percent and Deed of Conveyance revenues declined 3.3 percent from the same period in FY 2001. Overall receipts grew due to the strong demand relative to housing supply as well as rising median sales prices. Increased mortgage refinancing due to low mortgage rates boosted Recordation collections. During the first 10 months of FY 2002, the average rate on 30-year conventional mortgages was 6.9 percent, down from 7.8 percent during the same period of FY 2001.

In FY 2003, Recordation and Deed of Conveyance receipts are expected to fall from their FY 2002 level as interest rates are projected to increase by the second quarter of CY 2002 and mortgage refinancing is anticipated to drop.

VEHICLE LICENSE TAX

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$18,232,854	$18,642,723	$19,018,442	$19,018,442	$0	0.00%

The FY 2003 estimate for Vehicle License Tax of $19,018,442 remains at the level projected in the FY 2003 Advertised Budget Plan and represents a 2.0 percent increase over the *FY 2002 Revised Budget Plan* estimate. This growth rate is consistent with historical trends.

Vehicle License Tax rates remain unchanged in FY 2003 at $25 for passenger vehicles; $18 for motorcycles; and $23 for certain passenger vehicles used for compensation, e.g., taxis. The renewal date for vehicle licenses is October 5, which links the purchase of vehicle decals with the payment due date for Personal Property Taxes.

GENERAL FUND REVENUE OVERVIEW

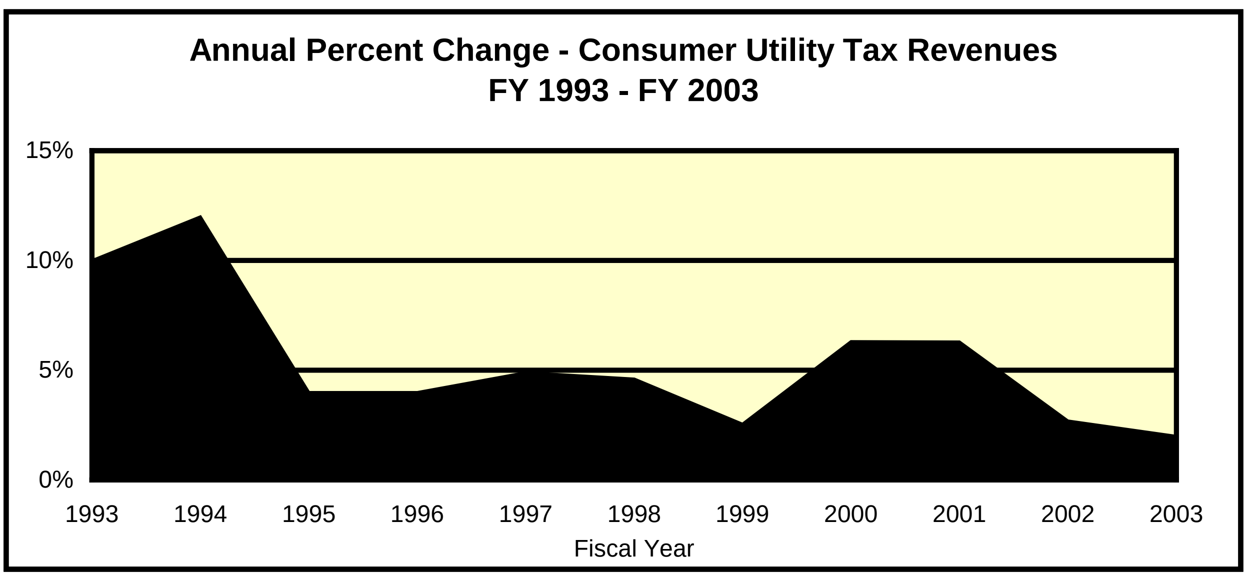
CONSUMER UTILITY TAX

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$85,388,447	$87,663,680	$89,428,108	$89,428,108	$0	0.00%

The FY 2003 estimate for Consumer Utility Taxes of $89,428,108 reflects no change from the FY 2003 Advertised Budget Plan estimate and represents an increase of $1,764,428, or 2.0 percent, over the *FY 2002 Revised Budget Plan* estimate. County residents and businesses are subject to Consumer Utility Taxes based on their consumption of electricity, gas, and telephone services. The FY 2003 estimate is comprised of $33,787,323 in taxes on electric service, $46,071,010 in taxes on telephone service, and $9,569,775 in taxes on gas service. Historically taxes on telephone services grow at a faster rate than other consumer utilities.

Predicting Utility Tax revenues is difficult due to the variability of commercial usage and weather. Consumer Utility Tax revenues are monitored on a monthly basis. An annual econometric model, which examines the trend over time in Consumer Utility Tax revenues, and several monthly statistical models, which take into account seasonal fluctuations and historical trends in Consumer Utility Tax revenues, are used to track and forecast these revenues.

The Virginia General Assembly approved deregulation of the electric and gas utility industries beginning in 2001. Under competition, users may purchase electricity and gas from a vendor other than Virginia Power, Northern Virginia Electric Cooperative, Washington Gas, or Columbia Gas. However, these companies are still responsible for distributing the electricity and natural gas to consumers in Fairfax County. The legislation governing deregulation required the County to change the way it levies the Consumer Utility Tax from a method based on the dollar amount of the bill, to a new method based on usage (kilowatt-hours for electricity and per 100 cubic feet for gas). To comply with the legislation, the Board of Supervisors adopted new consumption-based rates in October 2000, which became effective January 1, 2001. These rates, which are shown in the Financial, Statistical, and Summary Tables Section, were designed to be revenue neutral with the previous method of tax calculation.



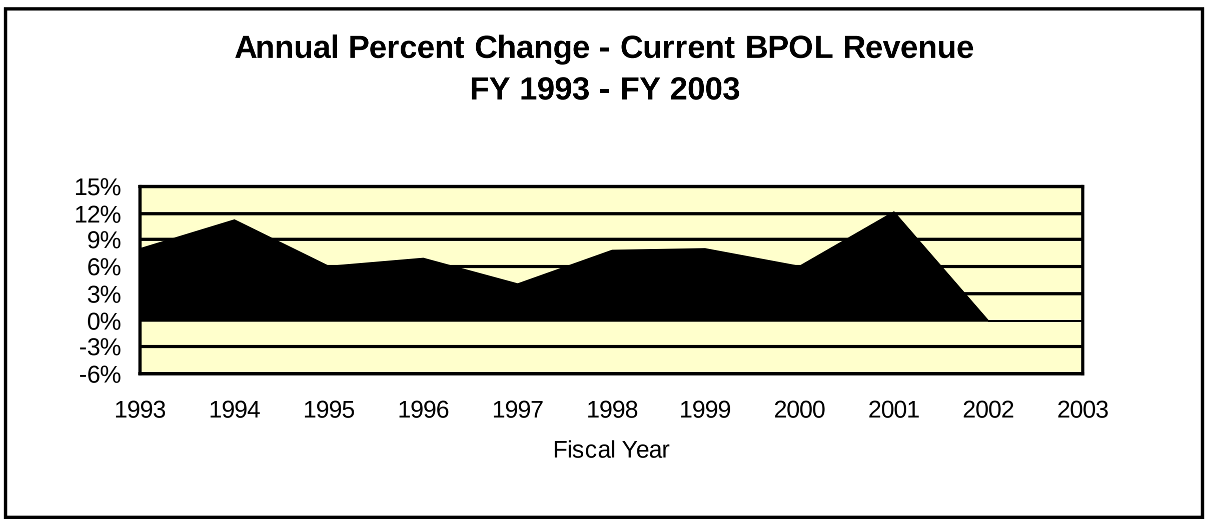
GENERAL FUND REVENUE OVERVIEW

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$89,266,311	$87,154,888	$84,540,241	$87,154,888	$2,614,647	3.09%

The FY 2003 estimate for Business, Professional and Occupational License Taxes (BPOL) of $87,154,888 reflects an increase of $2,614,647, or 3.1 percent, over the FY 2003 Advertised Budget Plan. The FY 2003 estimate is consistent with FY 2001 actual revenues less BPOL receipts from the electric and gas industries.

In FY 2001, BPOL receipts experienced robust growth due to rapid job growth and increases in the housing and construction industries in calendar year 2000. Because businesses file and pay their BPOL Taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, little actual data was available during Third Quarter in order to revise the FY 2002 estimate or to develop a FY 2003 estimate. The *FY 2002 Revised Budget Plan* estimate and the FY 2003 estimate represent no change from the level achieved in FY 2001, absent the elimination of the BPOL Tax on electric and gas suppliers. As a result of deregulation, the BPOL Tax for these industries was replaced in FY 2002 with a consumer consumption tax based on kilowatt-hour (kWh) usage for electricity and per 100 cubic feet for natural gas. Based on initial returns, FY 2002 BPOL receipts are expected to be somewhat higher than originally expected. However, since it is unclear that economic growth will be sustained throughout calendar year 2002, the FY 2003 estimate is held to the same level projected for FY 2002. Historical changes in BPOL receipts are presented in the following chart.



PERMITS, FEES AND REGULATORY LICENSES

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$31,908,008	$28,990,840	$29,354,826	$29,354,826	$0	0.00%

The FY 2003 estimate for Permits, Fees and Regulatory Licenses of $29,354,826 reflects no change from the FY 2003 Advertised Budget Plan estimate and represents a net decrease of $363,986, or 1.3 percent, from the *FY 2002 Revised Budget Plan* estimate. The FY 2003 reduction in this category is primarily due to a decrease of $325,000 in Alarm System Registrations. In an effort to monitor and curb false alarms, as of January 1, 2002, homes and business owners are required to register their alarm systems with the County Police Department. The one-time fee of $10 is expected to generate $400,000 in FY 2002. In FY 2003, the revenue is anticipated to drop to $75,000, as only new alarm systems will be registered.

The major component of the Permit, Fees, and Regulatory Licenses category are fees charged by the Department of Public Works and Environmental Services (DPWES) for planning, building and site permits. These fees are anticipated to be $23.3 million in FY 2002. The FY 2002 revenue estimate for this category was reduced $4.3 million during the fall revenue review and an additional $0.4 million during Third Quarter as a result of lower than anticipated year-to-date receipts. Through April 2002, DPWES revenue is trailing last year by a 12.4 percent margin.

Twenty-two individual fee categories comprise DPWES Fee revenue. Changes in DPWES revenue are a reflection of the housing market and construction industry, as well as the size and complexity of projects submitted to DPWES for review. Two of the most important indicators of workload, and consequently revenue, are the number of building permits issued, and the number of new site, subdivision and public improvement plans submitted to DPWES for review. The number of new single family residential building permits issued by the County through April 2002 is down 3.2 percent and new nonresidential permits are down 26.6 percent from the same period in FY 2001.

The reduction in commercial permits issued is a result of the slowing economy and the availability of office space for rent. The County's office vacancy rate rose from 3.5 percent at year-end 2000 to 6.4 percent at year-end 2001. Including sublet space, the vacancy rate is 12.5 percent. As office vacancy rates have risen, fewer permits for new construction have been issued. The level of construction activity in FY 2003 is projected to stabilize and revenue is expected be $23,716,118, a level similar to that of FY 2002.

INTEREST ON INVESTMENTS

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$56,321,542	$25,120,000	$23,386,994	$29,975,797	$6,588,803	28.17%

The FY 2003 estimate of $29,975,797 for Interest on Investments represents an increase of $6,588,803, or 28.2 percent, over the FY 2003 Advertised Budget Plan estimate due to an increase in the projected interest rate from 2.5 percent to 3.0 percent . Revenue from this category is a function of the amount invested, the prevailing interest rates earned on investments, and the percentage of the total pooled investment portfolio attributable to the General Fund.

The County's FY 2002 Investment Interest has been severely affected by Federal Reserve interest rate reductions. During calendar year 2001, the Federal Reserve, in an effort to boost economic activity, reduced interest rates 11 times for a total of 4.75 percentage points. Based on instruments purchased at the beginning of 2001, the average yield on investments from July through September was approximately 3.5 percent. Due to the Federal Reserve interest rate reductions, the yield anticipated for the remainder of FY 2002 has dropped to approximately 2.0 percent, resulting in an anticipated overall yield of 2.5 percent in FY 2002. Consequently, the FY 2002 General Fund estimate for Investment Interest is $25,120,000, a reduction of $31.2 million from level earned in FY 2001.

Through the first five months of CY 2002, the Federal Reserve has made no adjustments to interest rates, citing evidence that the economy is showing some signs of improvement. The FY 2003 estimate assumes that interest rates will stabilize and County investments are projected to earn an average yield of 3.0 percent.

An average portfolio size of $1,611,602,006 is expected in FY 2003, an increase of 2.7 percent over FY 2002. The projected investment portfolio reflects its current level, growth in revenues and expenditures, and anticipated bond sales in FY 2002 and FY 2003.

All available resources are pooled for investment purposes and the interest earned is distributed among the various County funds, based on the average dollars invested from each fund as a percentage of the total pooled investment. Total Interest on Investments for all funds is projected to be $48,348,060 and the General Fund percentage is projected to be 62.0 percent in FY 2003.

GENERAL FUND REVENUE OVERVIEW

CHARGES FOR SERVICES

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$32,751,935	$34,109,394	$34,906,731	$34,906,731	$0	0.00%

The FY 2003 estimate of $34,906,731 for Charges for Services reflects no change from the FY 2003 Advertised Budget Plan estimate and represents a net increase of $797,337, or 2.3 percent, over the *FY 2002 Revised Budget Plan*. The increase over FY 2002 is primarily due to a $1,460,532 increase in School Age Child Care (SACC) revenue. SACC revenues are projected to rise due to a 2.0 percent base fee adjustment to address salary increases, as well as the addition of five new rooms, one each at Camelot, Orange Hunt, Bren Mar, Hunters Woods and Dogwood elementary schools and the transition of five centers to year-round schedules at Timber Lane, Franconia, Glen Forest, Graham Road and Dogwood elementary schools. Other increases in this category in FY 2003 include $71,110 in Recreation revenue associated with planned program offerings and $112,574 in Health Department revenue due to anticipated growth in Elderly Day Care fee income. These increases are offset by a decrease of $900,453 in County Clerk Fees in FY 2003 associated with a decline in recordation receipts as mortgage refinancing is expected to slow.

FINES AND FORFEITURES

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$9,116,533	$10,024,451	$10,243,510	$10,997,380	$753,870	7.36%

The FY 2003 estimate for Fines and Forfeitures of $10,997,380 represents an increase of $753,870, or 7.4 percent, over the FY 2003 Advertised Budget Plan estimate. This increase is due to legislation passed by the 2002 Virginia General Assembly and signed by the Governor.

Senate Bill 406 allows the Board of Supervisors to authorize a fee of up to $25.00 for any individual admitted to the County jail following conviction. The $25.00 fee is projected to generate $61,475 annually and is meant to defray the costs of processing persons convicted of crimes into local jails.

Senate Bill 693 allows the Board to impose a fee of $5.00 on each criminal or traffic case in which the defendant is convicted of a violation of any statute or ordinance in district or circuit courts. The $5.00 fee is expected to generate $692,395 annually and is intended to support the Office of Sheriff's costs associated with courthouse security personnel. The authority to assess this fee expires on July 1, 2004.

GENERAL FUND REVENUE OVERVIEW

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT[1]

FY 2001 Actual	FY 2002 Revised	FY 2003 Advertised	FY 2003 Adopted	Increase/ (Decrease)	Percent Change
$119,545,408	$128,085,410	$119,269,755	$118,765,742	($504,013)	-0.42%

[1] Excludes Personal Property Taxes that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998. See the "Personal Property Tax - Current" heading in this section.

The FY 2003 estimate of $118,765,742 represents a decrease of $504,013, or 0.4 percent, from the FY 2003 Advertised Budget Plan. This decrease is due to a reduction of $504,013 in contracted services for at-risk children and families supported by the Comprehensive Services Act (CSA).

The FY 2003 estimate represents a decrease of 7.3 percent from the *FY 2002 Revised Budget Plan* based primarily on anticipated reductions in State aid. In order to balance the Commonwealth's estimated budget deficit of $3.5 billion over the FY 2002 to FY 2004 Biennium, Governor Warner approved various reductions in State revenue streams. Fairfax County revenues were adjusted to accommodate these reductions. As a result, the FY 2003 Adopted Budget Plan estimate is $9.3 million below the *FY 2002 Revised Budget Plan* level. Of this reduction, $3.1 million is a result of anticipated one-time construction reimbursement from the Commonwealth of Virginia for the Juvenile Detention Center and $1.9 million is for an Illegal Alien Grant, both to be received in FY 2002. The State Budget also diverted 50 percent of State ABC profits that would have been distributed to localities to the State's General Fund. This reduction represents a loss of $1.0 million to Fairfax County. In addition, Fairfax County agency revenues, including the Health Department and Compensation Board, were reduced $1.7 million to reflect across the board reductions to State agency budgets. State aid for local law enforcement funding (HB 599) and Juvenile Detention Residential Services was also reduced by $2.6 million.