

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

## SUMMARY OF GENERAL FUND REVENUE AND TRANSFERS IN

Category	FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Over the FY 2005 Revised Estimate	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes - Current and Delinquent	\$1,500,730,717	\$1,623,843,927	\$1,634,408,508	\$1,637,307,258	\$2,898,750	0.18%
Personal Property Taxes - Current and Delinquent <sup>1</sup>	473,868,582	468,843,788	468,039,817	473,500,582	5,460,765	1.17%
Other Local Taxes	408,231,887	402,006,774	449,797,295	463,173,399	13,376,104	2.97%
Permits, Fees and Regulatory Licenses	28,675,370	26,943,956	27,578,867	27,961,574	382,707	1.39%
Fines and Forfeitures	13,272,803	12,380,594	12,891,542	15,523,328	2,631,786	20.41%
Revenue from Use of Money/Property	17,917,632	21,105,450	29,197,173	30,143,384	946,211	3.24%
Charges for Services	42,529,744	42,533,320	44,730,140	46,768,459	2,038,319	4.56%
Revenue from the Commonwealth and Federal Government <sup>1</sup>	140,196,638	119,225,298	123,889,219	129,924,908	6,035,689	4.87%
Recovered Costs/ Other Revenue	6,492,301	6,226,214	6,591,348	7,247,018	655,670	9.95%
<b>Total Revenue</b>	<b>\$2,631,915,674</b>	<b>\$2,723,109,321</b>	<b>\$2,797,123,909</b>	<b>\$2,831,549,909</b>	<b>\$34,426,000</b>	<b>1.23%</b>
Transfers In	1,396,150	1,666,444	1,666,444	1,666,444	0	0.00%
<b>Total Receipts</b>	<b>\$2,633,311,824</b>	<b>\$2,724,775,765</b>	<b>\$2,798,790,353</b>	<b>\$2,833,216,353</b>	<b>\$34,426,000</b>	<b>1.23%</b>

<sup>1</sup> 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 2005 are \$2,833,216,353, an increase of \$34,426,000, or 1.2 percent, over the *FY 2005 Revised Budget Plan* estimate. The \$34.4 million increase in FY 2005 receipts over the *FY 2005 Revised Budget Plan* is due primarily to variances in the revenue categories discussed on the following pages of this Attachment.

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The variance in FY 2005 is primarily the result of stronger than anticipated economic growth fueled by the robust real estate market. Real estate market transactions did not slow as expected and categories such as Deed of Conveyance and Recordation Taxes and Clerk Fees continued to increase in the latter part of the fiscal year. The strong real estate market affected these other categories, including but not limited to the Real Estate Tax, and Business, Professional, and Occupational License revenue.

## FY 2006 Revenue Adjustments

Aside from adjustments associated with expenditure increases, as noted in the Administrative Adjustment section, no other revenue adjustments have been made to FY 2006 revenue estimates. Staff is closely monitoring all revenue categories to determine the current strength of economic activity will continue into FY 2006. It is unclear at this point whether economic growth and revenue increases will continue at the same level. Some signs point to a slowing. For example, in the June issue of the *Fairfax County Economic Index*, Stephen Fuller noted that there are signs of potential deceleration in the County's economy. He noted that consumer confidence and consumer spending have slowed. Rising fuel prices are expected to continue to strain consumers' budgets. In addition, there may be some softening in the job market as initial claims for unemployment insurance increased (worsened) in April. Lastly, there are indicators that the housing market may be cooling. The inventory of homes for sale in the Washington area has climbed in recent months and the days a house stays on the market is reported to have risen. All revenue categories will be reviewed during the fall of 2005 after several months of actual FY 2006 collections have been received. Any necessary adjustments will be made as part of the fall revenue review or during the *FY 2006 Third Quarter Review*.

<b>REAL PROPERTY TAXES</b>
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Total Real Estate Taxes in FY 2005 are \$1,637,307,258, an increase of \$2,898,750, or 0.2 percent, over the *FY 2005 Revised Budget Plan*. Both Current and Delinquent Real Estate Tax collections were higher than anticipated.

### REAL ESTATE TAX-CURRENT

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$1,493,005,588	\$1,616,964,689	\$1,627,529,270	\$1,627,681,346	\$152,076	0.01%

Current Real Estate Property Taxes in FY 2005 are \$1,627,681,346, an increase of \$152,076, or 0.01 percent, over the *FY 2005 Revised Budget Plan*. This increase is primarily due to variances in exonerations, tax relief, supplementals and the collection rate. FY 2005 exonerations are lower than estimated, resulting in additional revenue of \$1.1 million. In addition, the *FY 2005 Revised Budget Plan* included a projected revenue loss of \$15.0 million for expected tax relief for the elderly and disabled. Actual FY 2005 Tax relief is \$14.8 million, a revenue increase of \$0.2 million. Supplemental assessments were lower than estimated and reduced FY 2005 revenue by \$0.5 million. The *FY 2005 Revised Budget Plan* estimate included a collection rate of 99.61 percent. The actual FY 2005 collection rate was 99.58 percent which represents a revenue decrease of \$0.5 million. No adjustment has been made to the FY 2006 Real Estate Tax estimate, which incorporates a collection rate of 99.61 percent. In FY 2006, every 0.1 percentage point change in the collection rate yields a revenue change of \$1.6 million.

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## REAL ESTATE TAX-DELINQUENT

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$7,725,129	\$6,879,238	\$6,879,238	\$9,625,912	\$2,746,674	39.93%

FY 2005 Delinquent Real Estate Taxes are \$9,625,912, an increase of \$2,746,674, or 39.9 percent, over the *FY 2005 Revised Budget Plan*. This increase is due to significant tax collection activity by the Department of Tax Administration combined with strong housing market activity, as delinquent taxes must be paid prior to closing on a home.

<b>PERSONAL PROPERTY TAX</b>
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Total Personal Property Taxes in FY 2005 are \$473,500,582, a net increase of \$5,460,765, or 1.2 percent, over the *FY 2005 Revised Budget Plan*. Both Current and Delinquent Personal Property Tax collections were higher than projected.

## PERSONAL PROPERTY TAX-CURRENT

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$459,439,408	\$460,643,229	\$451,839,258	\$453,961,804	\$2,122,546	0.47%

Actual FY 2005 collections for Current Personal Property Taxes are \$453,961,804, an increase of \$2,122,546, or 0.5 percent, over the *FY 2005 Revised Budget Plan* estimate. Of the total FY 2005 revenue, \$263.0 million is paid locally and \$191.0 million is the portion reimbursed by the Commonwealth of Virginia under the Personal Property Tax Relief Act. The FY 2005 revenue increase is the result of a higher than projected collection rate, partially offset by lower than projected levy. Total local assessed levy was \$440.5 million in FY 2005, a decrease of \$1.5 million from the estimated \$442.0 million as a result of higher than projected exonerations and lower than expected omitted levy. This decrease was more than offset by an increase of \$3.6 million as a result of a higher than projected collection rate. Collections efforts were enhanced in order to collect as much vehicle levy as possible before yearend because FY 2005 receipts will determine the County's share of the capped State reimbursement for Personal Property Tax Relief in FY 2007. Collections have also benefited by a system changes that allows an automatic link with the Virginia Department of Motor Vehicles (DMV) for businesses that have not notified the County of vehicle purchases. While data regarding individually owned vehicles has been automatically linked to DMV information, DMV data regarding business vehicles was previously provided to the County only on a semi-annual basis. More current information allows more time to contact, bill, and collect these accounts during the fiscal year. The *FY 2005 Revised Budget Plan* included a projected collection rate of 97.00 percent. The actual FY 2005 collection rate is 97.77 percent, the highest rate since FY 1984 when the rate was 97.8 percent.

## PERSONAL PROPERTY TAX-DELINQUENTS

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$14,429,174	\$8,200,559	\$16,200,559	\$19,538,778	\$3,338,219	20.61%

Actual FY 2005 collections for Delinquent Personal Property Tax revenue represent an increase of \$3,338,219, or 20.7 percent, over the *FY 2005 Revised Budget Plan*. Revenue from delinquent taxes is a function of previous years' collections on current Personal Property Taxes, current economic conditions, and staff collection efforts. The healthy

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economy enhances the collection of both business and individual delinquent accounts. Collections are also impacted by continued aggressive tax collection activity and innovative collection methods. These methods include: collaboration between the Department of Tax Administration and the Virginia Department of Motor Vehicles whereby a "hold" is placed on State vehicle license renewal until County Delinquent Personal Property Taxes are paid; and, the automatic link with DMV business vehicle data mentioned above.

<b>OTHER LOCAL TAXES</b>
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Actual FY 2005 collections for Other Local Taxes are \$463,173,399, a net increase of \$13,376,104, or 3.0 percent, over the *FY 2005 Revised Budget Plan* estimate of \$449,797,295. This increase is primarily due to increases in Business, Professional and Occupational Licenses, Deed of Conveyance and Recordation Taxes, the Mobile Telecommunications Tax, and the Bank Franchise Tax partially offset by a decrease in Sales Tax revenue.

### BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$101,997,399	\$99,593,631	\$108,122,086	\$115,117,435	\$6,995,349	6.47%

Actual FY 2005 receipts from Current Business, Professional, and Occupational License (BPOL) Taxes are \$115,117,435, an increase of \$6,995,349, or 6.5 percent, over the *FY 2005 Revised Budget Plan*. This increase is primarily due to a higher than anticipated BPOL levy. No changes were made to the BPOL estimate during the *FY 2005 Third Quarter Review*, since little information about current collections was available as businesses file and pay their BPOL taxes simultaneously on March 1. Nearly all of the over 47,000 BPOL tax payments are received by mail. Once received, each BPOL filing is processed and reviewed for accuracy; therefore, it is several weeks after the due date that aggregated BPOL information becomes available.

Actual FY 2005 BPOL receipts increased 12.9 percent over FY 2004, which experienced growth of 9.2 percent. Reflecting increased federal procurement spending in the County, the Consultant category, which represents about 23 percent of total BPOL receipts, increased 14.1 percent; while Business Services (companies that provide services to other businesses) rose 24 percent in FY 2005. BPOL receipts from Real Estate Brokers and Money Lenders remained strong in FY 2005, rising a combined 15.4 percent over FY 2004. The Retail category, which represents approximately 21 percent of total BPOL receipts, increased a more moderate 6.7 percent in FY 2005.

### LOCAL SALES TAX

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$140,070,124	\$143,803,000	\$150,687,742	\$147,781,944	(\$2,905,798)	-1.93%

Actual FY 2005 Sales Tax receipts are \$147,781,944, a decrease of \$2,905,798, or 1.9 percent, from the *FY 2005 Revised Budget Plan* estimate of \$150,687,742. During the 2004 fall revenue review, the estimate for Sales Tax revenues was increased \$6.9 million, reflecting anticipated growth of 7.6 percent, the rate experienced during the first four months of FY 2005. Revenue growth tapered off and was advancing at a 6.8 percent pace during the FY 2005 Third Quarter Review. Collections slowed further; however, rising just 2.6 percent during the final four months of the fiscal year. Overall, FY 2005 Sales Tax receipts are up 5.5 percent over the FY 2004 level.

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## TRANSIENT OCCUPANCY TAX

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$7,221,578	\$13,991,060	\$13,991,060	\$14,629,545	\$638,485	4.56%

Actual FY 2005 revenue from the Transient Occupancy Tax is \$14,629,545, an increase of \$638,485, or 4.6 percent, over the *FY 2005 Revised Budget Plan* estimate of \$13,991,060. FY 2005 receipts represent a \$7.4 million, or 100.3 percent, increase over FY 2004 collections primarily due to the additional 2 percent Transient Occupancy Tax that took effect July 1, 2005. Absent the rate increase, actual FY 2005 Transient Occupancy Tax revenue rose 14.5 percent over FY 2004 receipts.

## RECORDATION/DEED OF CONVEYANCE TAXES

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$30,865,542	\$18,274,531	\$41,910,288	\$48,674,084	\$6,763,796	16.14%

Actual FY 2005 revenue from Recordation and Deed of Conveyance taxes is \$48,674,084, an increase of \$6,763,796, or 16.1 percent, over the *FY 2005 Revised Budget Plan* estimate. 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 revenues more sensitive to interest rate fluctuations. Mortgage interest rates remained historically low during the fiscal year despite Fed increases in short-term rates. Due to the continued strength in housing market in terms of the number of transactions, as well as, rising home prices, the estimates for Deed of Conveyance and Recordation Tax revenues were adjusted upward during FY 2005 a total of \$23.6 million.

The long-term bond market is the main driver of mortgage interest rates; and, rates in the bond market are impacted by inflation expectations. During a July meeting before Congress, Federal Reserve Chairman Alan Greenspan warned that rising fuel prices are likely to place upward pressure on all consumer prices. Greenspan indicated that the Federal Reserve would continue to raise short-term rates at a “measured pace” in order to contain inflation. Mortgage refinancings are expected to slow as homeowners with a financial incentive to refinance have already done so. However, rising home prices will help to sustain growth in these categories as the tax is levied based on the value of the property being sold or refinanced. Any necessary FY 2006 adjustments to these revenue categories will be made during the fall 2005 revenue review or at the *FY 2006 Third Quarter Review*.

## MOBILE TELECOMMUNICATIONS TAX

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$8,313,833	\$7,200,000	\$11,000,000	\$11,513,349	\$513,349	4.67%

Actual FY 2005 revenue from the Mobile Local Telecommunications Tax is \$11,513,349, an increase of \$513,349, or 4.7 percent, over the *FY 2005 Revised Budget Plan* estimate of \$11,000,000. During the *FY 2005 Third Quarter Review*, the estimate for the Mobile Local Telecommunications Tax revenue was increased \$1.0 million based on collections through March 2005. Since the *FY 2005 Third Quarter Review*, collections rose at a faster rate than anticipated, resulting in an additional \$0.5 million in revenue. FY 2005 represents the first full year of levying the Mobile Telecommunications Tax, which was approved by the Board of Supervisors as part of the FY 2004 budget.

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## BANK FRANCHISE TAX

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$4,955,211	\$4,011,108	\$4,011,108	\$6,849,237	\$2,838,129	70.76%

Actual FY 2005 revenue from the Bank Franchise Tax is \$6,849,237, an increase of \$2,838,129, or 70.8 percent, over the *FY 2005 Revised Budget Plan* estimate of \$4,011,108. The Bank Franchise Tax is assessed on the net capital of each bank and trust company located within the County. Bills are sent to the banks in April and are due June 1 each year. As such, information was not available during the *FY 2005 Third Quarter Review* in order to revise the FY 2005 revenue estimate. FY 2005 revenue for this category rose 38.2 percent over the FY 2004 actual.

<b>PERMITS, FEES AND REGULATORY LICENSES</b>
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## PERMITS, FEES AND REGULATORY LICENSES

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$28,675,370	\$26,943,956	\$27,578,867	\$27,961,574	\$382,707	1.39%

Actual FY 2005 revenue from Permits, Fees and Regulatory Licenses is \$27,961,574, an increase of \$382,707, or 1.4 percent, over the *FY 2005 Revised Budget Plan* estimate of \$27,578,867. Fees charged by Land Development Services for planning, building and site permits, the major component of this category, are \$22.0 million, an increase of \$1.0 million, or 4.5 percent, over the *FY 2005 Revised Budget Plan* estimate. Despite the increase, Land Development Services Fees are 1.9 percent lower than the FY 2004 level, reflecting declines in subdivision plan review and site plan inspections.

Several other revenue components of this total category were less than projected. Partially offsetting the increase over the *FY 2005 Revised Budget Plan*, were decreases of \$0.3 million in Fire Marshal Fees and \$0.2 million in Zoning Fee revenue.

<b>FINES AND FORFEITURES</b>
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## FINES AND FORFEITURES

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$13,272,803	\$12,380,594	\$12,891,542	\$15,523,328	\$2,631,786	20.41%

Actual FY 2005 revenue from Fines and Forfeitures is \$15,523,328, an increase of \$2,631,786, or 20.4 percent, over the *FY 2005 Revised Budget Plan* estimate of \$12,891,542. This increase is primarily due to increased collections for General District Court Fines. Actual FY 2005 revenue from General District Court Fines is \$7.9 million, an increase of \$2.5 million, or 45.4 percent over the *FY 2005 Revised Budget Plan* estimate of \$5.4 million. Revenue from General District Court Fines was nearly 25 percent more than FY 2004 collections due in part to an increase of over 40,000 traffic violations as a result of rigorous traffic enforcement.

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<b>REVENUE FROM THE USE OF MONEY AND PROPERTY</b>
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Actual FY 2005 revenue from the Use of Money and Property is \$30,143,384, an increase of \$946,211, or 3.2 percent, from the *FY 2005 Revised Budget Plan* estimate of \$29,197,173 and is primarily due to an increase in Interest on Investments.

### INTEREST ON INVESTMENTS

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$14,758,923	\$18,122,686	\$25,975,290	\$27,055,252	\$1,079,962	4.16%

Actual FY 2005 Interest on Investments is \$27,055,252, an increase of \$1,079,962, or 4.2 percent, over the *FY 2005 Revised Budget Plan*. This increase is the result of a higher than anticipated average portfolio and General Fund Percentage offset by a lower than projected yield. The average actual FY 2005 portfolio of \$2,053.6 million earned a yield of 1.72 percent compared to the FY 2005 estimated portfolio and yield of \$1,878.1 million and 2.2 percent, respectively. Total interest on all pooled investments for all funds was \$35.3 million. The General Fund's actual percentage of this total was 76.7 percent compared to an estimated 64 percent.

<b>CHARGES FOR SERVICES</b>
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### CHARGES FOR SERVICES

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$42,529,744	\$42,533,320	\$44,730,140	\$46,768,459	\$2,038,319	4.56%

Actual FY 2005 receipts from Charges for Services are \$46,768,459, an increase of \$2,038,319, or 4.6 percent, over the *FY 2005 Revised Budget Plan*. This increase is primarily due to higher than anticipated receipts from County Clerk Fees and School Age Child Care (SACC) Fees partially offset by lower than anticipated receipts from the Emergency Medical Services (EMS) Transport Fee. Actual FY 2005 County Clerk Fees are \$11.1 million, \$0.8 million higher than projected as a result of continued strong mortgage refinancing and home sales activity. FY 2005 SACC Fee revenue of \$23.5 million is \$1.5 million more than estimated due to higher than anticipated enrollment. Actual FY 2005 EMS Transport Fee revenue is \$0.4 million lower than the FY 2005 estimate. Since implementation to the end of FY 2005, \$2.3 million was billed; however, due to the lag time between billing and payment from insurance companies only \$0.3 million was received before year-end. It should be noted that the \$2.3 million represents total billings and does not account for any hardship waivers, reduced fee schedules for Medicare and Medicaid patients or other write-offs.

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<b>REVENUE FROM THE COMMONWEALTH AND FEDERAL GOVERNMENT</b>
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**REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT<sup>1</sup>**

FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2005 Actual	Increase/ (Decrease)	Percent Change
\$140,196,638	\$119,225,298	\$123,889,219	\$129,924,908	\$6,035,689	4.87%

<sup>1</sup> 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.

Actual FY 2005 revenue from the Commonwealth and Federal Government is \$129,924,908, a net increase of \$6,035,689, or 4.9 percent, over the *FY 2005 Revised Budget Plan*. This increase is primarily due to additional revenue of \$4.0 million associated with public assistance programs. Additional funding received late in the fiscal year for the Child Care Assistance and Referral Program increased revenue \$3.0 million more than projected. Funding for this program is based not only on County expenditures, but also the availability of State funding. The State Department of Family Services reviews unspent funds by localities across the State and adjusts funding appropriations late in the fiscal year. In addition, Foster Care and Adoption funding increased \$1.9 million over the FY 2005 estimate. These increases were offset by an \$0.8 million decrease in Comprehensive Services Act (CSA) funding due to cost containment and a lower than projected CSA caseload.

The balance of the FY 2005 increase in Revenue from the Commonwealth and Federal Government is primarily due to \$1.0 million in State Shared Reimbursable Salaries; \$0.4 million from the Federal Emergency Management Agency (FEMA) associated with reimbursement of FY 2004 expenses relating to Hurricane Isabel; and, \$0.6 million in State funding for the Adult Detention Center based on actual inmate population.