

**ATTACHMENT II:**  
**SUMMARY OF GENERAL FUND RECEIPTS**

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

## SUMMARY OF GENERAL FUND REVENUE AND TRANSFERS IN

Category	FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Over the FY 2007 Revised Budget Plan	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes - Current and Delinquent	\$1,783,844,578	\$1,892,239,118	\$1,896,564,376	\$1,893,919,994	(\$2,644,382)	-0.14%
Personal Property Taxes - Current and Delinquent <sup>1</sup>	497,554,711	515,667,824	510,755,912	521,327,693	10,571,781	2.07%
Other Local Taxes	498,105,451	488,866,064	471,744,350	473,927,143	2,182,793	0.46%
Permits, Fees and Regulatory Licenses	31,621,985	33,546,014	32,157,680	30,778,483	(1,379,197)	-4.29%
Fines and Forfeitures	15,077,117	15,241,666	14,295,939	14,834,607	538,668	3.77%
Revenue from Use of Money / Property	73,226,569	74,366,689	99,122,444	95,119,743	(4,002,701)	-4.04%
Charges for Services	57,537,996	55,878,477	56,140,459	57,468,397	1,327,938	2.37%
Revenue from the Commonwealth and Federal Government <sup>1</sup>	137,915,622	129,054,000	123,540,406	131,022,824	7,482,418	6.06%
Recovered Costs / Other Revenue	7,767,349	7,209,208	7,499,476	7,450,513	(48,963)	-0.65%
<b>Total Revenue</b>	<b>\$3,102,651,378</b>	<b>\$3,212,069,060</b>	<b>\$3,211,821,042</b>	<b>\$3,225,849,397</b>	<b>\$14,028,355</b>	<b>0.44%</b>
Transfers In	2,604,307	2,408,050	2,408,050	2,408,050	0	0.00%
<b>Total Receipts</b>	<b>\$3,105,255,685</b>	<b>\$3,214,477,110</b>	<b>\$3,214,229,092</b>	<b>\$3,228,257,447</b>	<b>\$14,028,355</b>	<b>0.44%</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 2007 are \$3,228,257,447, an increase of \$14,028,355, or 0.4 percent, over the *FY 2007 Revised Budget Plan* estimate. The \$14.0 million increase is primarily the result of a higher than projected collection rate on Personal Property Taxes due in part to the method in which State reimbursement is received and additional funding from the Commonwealth and Federal Government for public assistance programs associated with County expenditure increases.

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## FY 2008 Revenue Adjustments

Aside from adjustments associated with expenditure changes, as noted in the Administrative Adjustment section, no other adjustments have been made to FY 2008 revenue estimates. Staff has identified a potential shortfall in FY 2008 Communications Sales and Use Tax receipts based on current collections but anticipates that revenue from the Personal Property Tax and selected other categories will offset this loss. Staff is also closely monitoring economic conditions to determine the impact of the continued slowdown of the residential real estate market. The housing market will affect revenue sources such as the Deed of Conveyance Tax, Recordation Tax, County Clerk Fees, and BPOL receipts in FY 2008. Recent data show that the volume of home sales and prices are still falling from last year's levels. However, Stephen Fuller indicated in the June issue of the *Fairfax County Economic Index*, that improvement in other aspects of the County's economy is expected late in 2007. He noted that auto sales and residential building permits had recently increased and were signs of future economic growth. The impact of the housing market and other economic conditions on FY 2008 revenues will be more evident during the fall 2007 revenue review after several months of actual FY 2008 collections have been received. Any necessary revenue adjustments will be made as part of the fall review or during the *FY 2008 Third Quarter Review*.

<b>REAL PROPERTY TAXES</b>
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Total Real Estate Taxes in FY 2007 are \$1,893,919,994, a decrease of \$2,644,382, or 0.1 percent, from the *FY 2007 Revised Budget Plan*. Both Current and Delinquent Real Estate Tax collections were lower than anticipated.

### REAL ESTATE TAX - CURRENT

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$1,772,129,121	\$1,883,879,440	\$1,884,848,920	\$1,883,101,836	(\$1,747,084)	-0.09%

Current Real Estate Property Taxes in FY 2007 are \$1,883,101,836, representing a decrease of \$1,747,084, or 0.1 percent, from the *FY 2007 Revised Budget Plan*. This decrease is primarily due to variances in tax relief and the collection rate. The *FY 2007 Revised Budget Plan* included a projected revenue loss of \$26.8 million for expected tax relief for the elderly and disabled. Actual FY 2007 tax relief for the program's 8,112 participants is \$27.5 million, resulting in a decrease in revenue of \$0.7 million. The *FY 2007 Revised Budget Plan* estimate included a collection rate of 99.61 percent based on the rate achieved in FY 2006. The actual FY 2007 collection rate is 99.56 percent which represents a revenue decrease of \$1.0 million. This decrease in the collection rate is primarily due to the reduction in real estate market activity during the year. Over the past several years, the collection rate has been enhanced due to the strong housing market. Prior to home purchases and mortgage refinancings, all outstanding taxes must be paid. Real estate market activity was down significantly during FY 2007 which impacted the collection rate. No adjustment has been made to the FY 2008 Real Estate Tax estimate, which incorporates a collection rate of 99.61 percent at this time. The revenue projection and collection rate will be evaluated during the fall 2007 revenue review. In FY 2008, every 0.01 percentage point change in the collection rate yields a revenue change of \$0.2 million.

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## REAL ESTATE TAX - DELINQUENT

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$11,715,456	\$8,359,678	\$11,715,456	\$10,818,158	(\$897,298)	-7.66%

FY 2007 Delinquent Real Estate Taxes are \$10,818,158, a decrease of \$897,298 or 7.7 percent, from the *FY 2007 Revised Budget Plan*. This decrease is attributed to the high collection rate achieved on current Real Estate tax collections in FY 2006 which decreased the amount of delinquent accounts to collect and fewer real estate transactions during FY 2007 which reduced mandatory tax payments when property changes ownership.

<b>PERSONAL PROPERTY TAX</b>
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Total Personal Property Taxes in FY 2007 are \$521,327,693, an increase of \$10,571,781, or 2.1 percent, over the *FY 2007 Revised Budget Plan*. This increase is due to an increase in Current Personal Property Tax collections partially offset with a decrease of \$0.3 million in Delinquent Personal Property Tax receipts.

## PERSONAL PROPERTY TAX - CURRENT & DELINQUENT

	FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
Paid Locally	\$277,509,629	\$292,346,964	\$285,554,044	\$296,473,083	\$10,919,039	3.82%
Reimbursed by State	204,236,955	211,313,944	211,313,944	211,313,944	0	0.00%
Total Current Tax	\$481,746,584	\$503,660,908	\$496,867,988	\$507,787,027	\$10,919,039	2.20%
Delinquent	\$15,808,127	\$12,006,916	\$13,887,924	\$13,540,666	(\$347,258)	-2.50%

Actual FY 2007 collections for Current Personal Property Taxes are \$507,787,027, an increase of \$10,919,039, or 2.2 percent, over the *FY 2007 Revised Budget Plan* estimate. Of the total FY 2007 revenue, \$296.5 million was paid locally and \$211.3 million is the portion reimbursed by the Commonwealth of Virginia under the Personal Property Tax Relief Act (PPTRA). The FY 2007 revenue increase is the result of a higher than projected collection rate due in part to the change in the method of receiving the State's share of the tax. FY 2007 is the first year that the State's share of the Personal Property Tax was capped at \$211.3 million. One hundred percent of these funds are received in scheduled installments and reimbursement is no longer linked to the payment by the individual taxpayer. Prior to the cap, the State's share was only reimbursed to the County after the bill had been paid by the taxpayer. The *FY 2007 Revised Budget Plan* had included an estimated collection rate of 97.3 percent for locally assessed Personal Property Taxes. A higher than projected collection rate was also achieved on the taxpayers' portion of the tax. The FY 2007 actual collection rate on the taxpayers' portion was 98.07 percent, a rate consistent with the FY 2006 collection rate of 98.10 percent. The FY 2008 estimate which includes an overall collection rate of 97.4 percent has not been revised at this time. The revenue projection and collection rate will be evaluated during the fall 2007 revenue review.

Actual FY 2007 collections for Delinquent Personal Property Tax revenue were \$13,540,666 which represents a decrease of \$347,258, or 2.5 percent, from the *FY 2007 Revised Budget Plan* estimate.

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<b>OTHER LOCAL TAXES</b>
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Actual FY 2007 collections for Other Local Taxes are \$473,927,143, a net increase of \$2,182,793, or 0.5 percent, over the *FY 2007 Revised Budget Plan* estimate of \$471,744,350. This increase is primarily due to increases in Business, Professional and Occupational Licenses Taxes, Deed of Conveyance Taxes and Recordation Taxes, partially offset by lower than anticipated collections from the Communications Sales and Use Tax and the Cigarette Tax.

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

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$127,179,068	\$131,253,143	\$133,800,429	\$136,473,476	\$2,673,047	2.00%

Total FY 2007 receipts from Current and Delinquent Business, Professional, and Occupational License (BPOL) Taxes are \$136,473,476, an increase of \$2,673,047, or 2.0 percent, over the *FY 2007 Revised Budget Plan*. This increase is due to higher than anticipated current and delinquent BPOL collections. No changes were made to the BPOL estimate during the *FY 2007 Third Quarter Review*, since little information about current collections was available as businesses file and pay their BPOL taxes simultaneously on March 1.

Actual FY 2007 Current BPOL receipts are \$132,541,948 and represent an increase of 5.9 percent over FY 2006 collections which experienced growth of 8.7 percent. The Consultant category, which represents over a quarter of total BPOL receipts, rose 11.0 percent over FY 2006 revenue. Business Service Occupations, which comprises over 18 percent of total BPOL receipts and includes such services as computer support, advertising and copying, rose 11.4 percent in FY 2007. The Retail category, which represents almost 20 percent of total BPOL receipts, grew a slight 1.5 percent over FY 2006. Due to the cooling of the residential real estate market in calendar year 2006, real estate related categories declined significantly in FY 2007. The combined Real Estate Broker and Money Lender category (2.8 percent of total BPOL receipts) fell 17.0 percent while the Builder and Developers component (0.5 percent of total BPOL) registered a steep decline of 38.1 percent in FY 2007.

Actual FY 2007 Delinquent BPOL revenue is \$3,931,528, an increase of \$1,559,053 over the *FY 2007 Revised Budget Plan* estimate. This increase is due to lower than average refunds during the year and strong tax collection activity by the Department of Tax Administration.

### SALES TAX

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$152,475,529	\$166,133,236	\$158,588,505	\$158,673,360	\$84,855	0.05%

Actual FY 2007 Sales Tax receipts are \$158,673,360, an increase of \$84,855, or 0.1 percent, over the *FY 2007 Revised Budget Plan* estimate of \$158,588,505. The *FY 2007 Revised Budget Plan* estimate reflected growth of 4.0 percent over FY 2006 actual revenue. Actual FY 2007 receipts represent an increase of 4.1 percent over the FY 2006 level.

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## RECORDATION AND DEED OF CONVEYANCE TAXES

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$51,395,097	\$48,674,084	\$35,784,984	\$41,658,070	\$5,873,086	16.41%

Actual FY 2007 Recordation and Deed of Conveyance Tax revenue is \$41,658,070, an increase of \$5,873,083, or 16.4 percent, from the *FY 2007 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. These categories began to weaken in 2006 as the housing market cooled and were down a combined 31 percent during through the first five months of FY 2007. As a result, the estimate for Recordation and Deed of Conveyance Taxes was revised downward \$13.5 million as part of the fall 2006 review of revenue. During the second half of FY 2007, however, the rate of decrease in these taxes began to moderate. Through February, Recordation and Deed of Conveyance Tax receipts were down 23.5 percent and the FY 2007 estimate for Deed of Conveyance and Recordation Taxes was increased \$0.6 million as part of the *FY 2007 Third Quarter Review*. This moderating trend continued during the last four months of the fiscal year as Recordation and Deed of Conveyance Tax revenue fell 8.3 percent compared to the final four months of FY 2006, resulting in higher than projected revenue. Total FY 2007 revenue for Recordation and Deed of Conveyance Taxes represents a decrease of 18.9 percent from the FY 2006 level.

## COMMUNICATIONS SALES AND USE TAX

	FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
<b>Telephone Utility Tax</b>	\$43,657,925	\$40,532,108	\$20,166,321	\$20,454,258	\$287,937	1.43%
<b>Mobile Telephone Tax</b>	15,374,016	11,858,749	6,808,192	7,348,570	540,378	7.94%
<b>Communications Tax</b>	-	-	26,974,513	20,293,477	(6,681,036)	-24.77%
<b>Total</b>	\$59,031,941	\$52,390,857	\$53,949,026	\$48,096,305	(\$5,852,721)	-10.85%

Actual FY 2007 revenue from the Communications Sales and Use Tax is \$48,096,305, a decrease of \$5,852,721, or 10.8 percent, from the *FY 2007 Revised Budget Plan*. Legislation was approved during the 2006 Virginia General Assembly session which changed the manner in which taxes are levied on communications services. As the result of the legislation, local taxes on land line and wireless telephone services were replaced with a 5 percent Statewide Communication Sales and Use Tax effective January 1, 2007. In addition to the communications services previously taxed, the 5 percent Communication Sales and Use Tax applies to satellite television and radio services, internet calling and long-distance telephone charges. As part of this legislation, local E-911 fees have been repealed and replaced with a statewide \$0.75 per line fee. All communications taxes are remitted to the State for distribution to localities based on the locality's share of total statewide FY 2006 collections of these taxes. Fairfax County's share is 18.93 percent. Distribution of the tax by the Commonwealth of Virginia began in March 2007 and receipts through June have been substantially lower than anticipated resulting in a year-end shortfall of \$5.9 million for the General Fund. In addition, the lower than anticipated FY 2007 receipts resulted in a Fund 120, E-911 deficit of \$2.9 million for the E-911 portion of the tax. If monthly receipts continue to track at their current level throughout FY 2008, a revenue shortfall is expected in the General Fund and Fund 120, E-911. At the current rate, General Fund revenue for the category could be down approximately \$3.6 million in FY 2008, with an additional shortfall of \$2.1 million in Fund 120, E-911. County staff will continue to actively monitor revenue received from the Communications Sales and Use Tax and will inform the Board of Supervisors if the level of receipts changes during FY 2008. Adjustments to the revenue projection will be made during the fall 2007 revenue review or the *FY 2008 Third Quarter Review*, as necessary.

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## CIGARETTE TAX

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$10,381,450	\$11,532,018	\$10,381,450	\$9,818,764	(\$562,686)	-5.42%

Actual FY 2007 revenue from the Cigarette Tax is \$9,818,764, a decrease of \$562,686, or 5.4 percent, from the *FY 2007 Revised Budget Plan* estimate of \$10,381,450 and is attributable to a decline in cigarette sales in the County.

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

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$31,621,985	\$33,546,014	\$32,157,680	\$30,778,483	(\$1,379,197)	-4.29%

Actual FY 2007 revenue from Permits, Fees and Regulatory Licenses is \$30,778,483, a decrease of \$1,379,197 or 4.3 percent, from the *FY 2007 Revised Budget Plan* estimate of \$32,157,680 primarily due to a decline in Land Development Services Fees. Fees charged by Land Development Services for planning, building and site permits, the major component of this category, are \$24.0 million, a decrease of \$1.3 million, or 5.0 percent, from the *FY 2007 Revised Budget Plan* estimate. Land Development Services Fees are 3.3 percent lower than FY 2006 receipts reflecting lower building activity in the County due to the slowdown in the residential housing market.

<b>REVENUE FROM THE USE OF MONEY AND PROPERTY</b>
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Actual FY 2007 revenue from the Use of Money and Property is \$95,119,743, a decrease of \$4,002,701, or 4.0 percent, from the *FY 2007 Revised Budget Plan* estimate of \$99,122,444 and is due to a reduction in Interest on Investments.

## INTEREST ON INVESTMENTS

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$70,058,334	\$71,187,926	\$95,901,833	\$91,576,930	(\$4,324,903)	-4.51%

Actual FY 2007 Interest on Investments is \$91,576,930, a decrease of \$4,324,903, or 4.5 percent, from the *FY 2007 Revised Budget Plan* estimate. This decrease is the result of a lower than projected average portfolio size and average yield, partially offset by a higher General Fund Percentage. The actual FY 2007 average portfolio of \$2,436.7 million earned a yield of 5.08 percent compared to the FY 2007 estimated portfolio and yield of \$2,467.9 million and 5.27 percent, respectively. Total interest on all pooled investments for all funds was \$123.8 million. The General Fund's actual percentage of this total was 74.0 percent compared to an estimated 71.1 percent.

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

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$57,537,996	\$55,878,477	\$56,140,459	\$57,468,397	\$1,327,938	2.37%

Actual FY 2007 revenue from Charges for Services is \$57,468,397, an increase of \$1,327,938, or 2.4 percent, over the *FY 2007 Revised Budget Plan*. This increase is primarily due to higher than anticipated receipts from County Clerk Fees, School Age Child Care (SACC) Fees, and Emergency Medical Services (EMS) Transport Fees, partially offset by lower than anticipated revenue from the reimbursement of police services. The *FY 2007 Revised Budget Plan* estimate for County Clerk Fee revenue was based on a projected decrease of 22.5 percent from the FY 2006 level due to the cooling of the residential real estate market. Actual FY 2007 County Clerk Fee receipts fell 15.3 percent from FY 2006 resulting in \$0.9 million in additional revenue. Actual FY 2007 SACC Fee revenue of \$26.3 million is \$0.4 million more than estimated due to lower than projected subsidy levels for reduced fee participants. In addition, actual FY 2007 EMS Transport Fee revenue of \$10.7 million is \$0.3 million more than estimated due to higher than projected transports during the year. These increases are partially offset by a decrease of \$0.3 million in Police Reimbursement revenue primarily due to a decline in service requests from the Virginia Department of Transportation.

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

FY 2006 Actual Revenue	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2007 Actual Revenue	Increase/ (Decrease)	Percent Change
\$137,915,622	\$129,054,000	\$123,540,406	\$131,022,824	\$7,482,418	6.06%

<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 2007 Revenue from the Commonwealth and Federal Government is \$131,022,824, a net increase of \$7,482,418, or 6.1 percent, over the *FY 2007 Revised Budget Plan*. This increase is primarily due to revenue of \$6.4 million associated with reimbursable expenditures for public assistance programs including: \$2.2 million for Administrative Services; \$1.0 million for eligibility administration; \$1.3 million for Title IV-E, Foster Care and Adoption subsidies and administration and \$1.9 million in other various categories. In addition, an increase of \$0.5 million is associated with federal reimbursement for housing illegal aliens in the County jail.