

FY 2013 Third Quarter Review

Attachment II – General Fund Receipts / Transfers In

**SUMMARY OF GENERAL FUND REVENUE
AND TRANSFERS IN**

Category	FY 2012 Actual	FY 2013 Revised Budget Plan as of FY 2012 Carryover	FY 2013 Fall Estimate ¹	FY 2013 Third Quarter Budget Estimate	Over the FY 2013 Fall Estimate	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes -						
Current & Delinquent	\$2,047,283,817	\$2,116,497,573	\$2,116,232,911	\$2,116,232,911	\$0	0.00%
Personal Property Taxes -						
Current & Delinquent ²	528,232,185	552,697,360	551,853,514	551,853,514	0	0.00%
Other Local Taxes	517,375,740	523,937,338	523,487,288	523,487,288	0	0.00%
Permits, Fees and Regulatory Licenses	36,843,892	34,902,539	34,647,734	35,747,734	1,100,000	3.17%
Fines and Forfeitures	14,084,487	13,595,913	14,612,835	14,612,835	0	0.00%
Revenue from Use of Money/Property	18,402,588	17,171,963	17,162,412	17,162,412	0	0.00%
Charges for Services	69,627,663	70,095,102	70,768,878	70,971,358	202,480	0.29%
Revenue from the Commonwealth and Federal Governments ²	133,595,147	130,434,873	130,434,873	120,885,361	(9,549,512)	-7.32%
Recovered Costs/ Other Revenue	14,235,285	14,726,245	14,858,461	14,858,461	0	0.00%
Total Revenue	\$3,379,680,804	\$3,474,058,906	\$3,474,058,906	\$3,465,811,874	(\$8,247,032)	-0.24%
Transfers In	6,901,043	6,770,457	6,770,457	6,770,457	0	0.00%
Total Receipts	\$3,386,581,847	\$3,480,829,363	\$3,480,829,363	\$3,472,582,331	(\$8,247,032)	-0.24%

¹ FY 2013 revenue estimates were adjusted for a net impact of zero as part of a fall 2012 review of revenues. Explanations of these changes can be found in the following narrative.

² 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.

Total receipts, including Transfers In, are estimated at \$3,472,582,331 and reflect a decrease of \$8,247,032, or 0.2 percent, from the FY 2013 fall estimate. FY 2013 Transfers In totaling \$6.8 million remain unchanged from the FY 2013 fall estimate. As noted in the FY 2014 Advertised Budget Plan, FY 2013 revenue estimates were adjusted for a net impact of zero prior to Third Quarter during the development of the FY 2014 budget. These adjustments were based on actual FY 2012 receipts and collections through the first several months of FY 2013. Revenue changes made during the fall revenue review are discussed throughout this Attachment. Any impact to FY 2014 revenue estimates from these FY 2013 adjustments is already included in the FY 2014 Advertised Budget Plan.

General Fund revenue estimates included in the *FY 2013 Third Quarter Review* are decreased a net \$8.2 million, or 0.2 percent, from the FY 2013 fall estimate. This decrease is entirely offset with a decrease in expenditure requirements and results in no net impact to the General Fund. Except for these revenue

adjustments associated corresponding expenditure adjustments, no other revenue estimates have been changed as part of the *FY 2013 Third Quarter Review*.

Many revenue categories are especially sensitive to economic conditions and there is the potential that actual receipts may deviate from the revenue estimates included in this Attachment. For example, the budget estimate for Sales Tax represents growth of 2.5 percent over FY 2012 actual receipts. Year-to-date receipts are tracking somewhat lower at 2.3 percent and concerns regarding sequestration and potential furloughs may reduce consumer purchases for the remainder of the fiscal year. Little information is available concerning Business, Professional, and Occupational License (BPOL) Taxes, since filings and payments are not due until March 1, with additional time required to process returns. In addition, revenue from the Bank Franchise Tax is not received until late May or early June so there is no information currently available to help estimate FY 2013 receipts. All revenue categories are closely monitored with respect to collections and the effects of changes in economic activity. Any necessary FY 2014 revenue adjustments will be included in the Add-On Review.

REAL ESTATE TAX-CURRENT

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$2,039,030,516	\$2,106,805,659	\$2,106,540,997	\$2,106,540,997	\$0	0.0%

The *FY 2013 Third Quarter Review* estimate for Current Real Estate Taxes of \$2,106,540,997 represents no change from the FY 2013 fall estimate. During the fall 2012 revenue review, the FY 2013 Real Estate estimate was decreased \$0.3 million as a result of final Public Service Corporation assessments by the Commonwealth of Virginia.

PERSONAL PROPERTY TAX-CURRENT

	FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
Paid Locally	\$303,137,261	\$332,089,828	\$331,245,982	\$331,245,982	\$0	0.0%
Reimbursed by State	211,313,944	211,313,944	211,313,944	211,313,944	0	0.0%
Total	\$514,451,205	\$543,403,772	\$542,559,926	\$542,559,926	\$0	0.0%

The *FY 2013 Third Quarter Review* estimate for Current Personal Property Taxes of \$542,559,926 represents no change from the FY 2013 fall estimate. During the fall 2012 revenue review, the FY 2013 Personal Property Tax estimate was decreased \$0.8 million as a result of final Public Service Corporation assessments by the Commonwealth of Virginia.

LOCAL SALES TAX

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$162,839,599	\$166,876,306	\$166,876,306	\$166,876,306	\$0	0.0%

The *FY 2013 Third Quarter Review* estimate for Sales Tax of \$166,876,306 represents no change from the FY 2013 fall estimate and reflects 2.5 percent growth over FY 2012 actual receipts. Collections through February 2013 are up 2.3 percent. February receipts representing holiday retail sales in December were up a moderate 3.0 percent over February 2012. The projected FY 2013 growth, which is slower than the growth achieved in FY 2012, when Sales taxes rose 5.2 percent, is based on consumers' concerns over sequestration and its potential impact on jobs and the economy.

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$149,738,567	\$157,688,748	\$154,979,417	\$154,979,417	\$0	0.0%

The *FY 2013 Third Quarter Review* estimate for Business, Professional and Occupational License (BPOL) Taxes of \$154,979,417 represents no change from the FY 2013 fall estimate. During the fall 2012 revenue review, the FY 2013 estimate for BPOL Taxes was lowered \$2.7 million, representing 3.5 percent growth over the FY 2012 level. The estimate was based on an econometric model that uses Sales Tax receipts and employment in the County as predictors, final FY 2012 collections and a review of general economic conditions. Since County 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 is available at this time to help estimate FY 2013 receipts. Therefore, the FY 2013 BPOL estimate has not been adjusted further during the Third Quarter review.

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$31,023,186	\$25,627,223	\$27,857,670	\$27,857,670	\$0	0.0%

The *FY 2013 Third Quarter Review* estimate for Deed of Conveyance and Recordation Taxes of \$27,857,670 represents no change from the FY 2013 fall estimate. Due to historically low interest rates, mortgage refinancing has been extraordinarily strong since the spring of 2012. Due to higher than anticipated receipts, the FY 2013 estimate for Recordation Taxes was increased \$2.2 million during the fall 2012 revenue review. While mortgage refinancing has remained elevated and combined Recordation and Deed of Conveyance Taxes are up 8.5 percent, no further adjustment is being made during the Third Quarter Review because receipts in these categories are expected to drop during the remaining months of

FY 2013 compared to the same period of FY 2012. Deed of Conveyance Taxes are projected to be \$4,661,263 and Recordation Taxes are projected to be \$23,196,407 in FY 2013.

COMMUNICATIONS SALES AND USE TAX

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$47,017,386	\$50,724,263	\$48,526,451	\$48,526,451	\$0	0.0%

The *FY 2013 Third Quarter Review* estimate for the Communications Tax of \$48,526,451 represents no change from the FY 2013 fall estimate and reflects 3.2 percent growth over FY 2012 actual receipts. While collections through January 2013 are up 6.5 percent over the same period of FY 2012, the rate is artificially high due to significant refunds that occurred during the first seven months of FY 2012. During the fall 2012 revenue review, the FY 2013 estimate was reduced \$2.2 million to \$48.5 million based on collection trends.

BANK FRANCHISE TAX

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$14,551,380	\$11,500,000	\$14,551,000	\$14,551,000	\$0	0.0%

The *FY 2013 Third Quarter Review* estimate for the Bank Franchise Tax of \$14,551,000 represents no change from the FY 2013 fall estimate. During the fall 2012 revenue review, the estimate for the Bank Franchise Tax was increased \$3.1 million to the level achieved in FY 2012 based on reports that banks continued to hold significant reserves during calendar year 2012 which increases their assets, the basis for the Bank Franchise Tax. Revenue from the Bank Franchise Tax is not received until late May or June so no actual FY 2013 collections are available at this time to refine this estimate.

TRANSIENT OCCUPANCY TAX

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$19,576,387	\$19,456,410	\$20,163,679	\$20,163,679	\$0	0.0%

The *FY 2013 Third Quarter Review* estimate for the Transient Occupancy Tax of \$20,163,679 represents no change from the FY 2013 fall estimate. During the fall 2012 revenue review, the FY 2013 estimate was increased \$0.7 million, reflecting 3.0 percent growth over FY 2012. While collections through February are up nearly 6 percent, no adjustment to this category has been made due to large variations in monthly receipts which can make it difficult to determine a collection trend. One month earlier, collections were down over 10 percent compared to the same period of FY 2012. The variation in monthly receipts is due to how hotels remit the tax. The Transient Occupancy tax is due quarterly but some hotels elect to remit taxes more frequently.

VEHICLE REGISTRATION LICENSE FEE - CURRENT AND DELINQUENT

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$26,354,485	\$27,871,714	\$26,354,485	\$26,354,485	\$0	0.0%

The *FY 2013 Third Quarter Review* estimate for Vehicle Registration Fee of \$26,354,485 represents no change from the FY 2013 fall estimate based on year-to-date collections, which are on track with the level achieved through the same period last fiscal year. During the fall 2012 revenue review, the FY 2013 estimate was decreased \$1.5 million to the FY 2012 level based on collection trends.

PERMITS, FEES AND REGULATORY LICENSES

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$36,843,892	\$34,902,539	\$34,647,734	\$35,747,734	\$1,100,000	3.2%

The *FY 2013 Third Quarter Review* estimate for Permits, Fees and Regulatory Licenses is \$35,747,734, an increase of \$1.1 million, or 3.2 percent, over the FY 2013 fall estimate. The estimated revenue and expenditures associated with Land Development Services' Building and Inspection fees have been increased \$1.1 million as a result of increased permitting activity. More information about this adjustment can be found in the Administrative Adjustments Section of this document.

During the fall 2012 revenue review, the FY 2013 estimate for Permits, Fees and Regulatory Licenses was reduced \$0.3 million as a result of lower than projected Zoning Fees. Zoning Fee revenue was reduced from \$2.9 million to \$2.6 million, the same level achieved in FY 2012.

CHARGES FOR SERVICES

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$69,627,663	\$70,095,102	\$70,768,878	\$70,971,358	\$202,480	0.3%

The *FY 2013 Third Quarter Review* estimate for Charges for Services of \$70,971,358 reflects an increase of \$0.2 million, or 0.3 percent, over the FY 2013 fall estimate. The increase is associated with reimbursement of costs incurred by the Police Department during the 2013 Presidential Inauguration. This revenue increase is entirely offset with an expenditure increase which is discussed in the Administrative Adjustments Section of this document.

During the fall 2012 revenue review, FY 2013 Charges for Services was increased \$0.7 million primarily due to an increase in expected County Clerk Fees based on an analysis of collection trends.

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2012 Actual	FY 2013 Revised as of FY 2012 Carryover	FY 2013 Fall Estimate	FY 2013 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$133,595,147	\$130,434,873	\$130,434,873	\$120,885,361	(\$9,549,512)	-7.3%

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 2013 Third Quarter Review* estimate for Revenue from the Commonwealth and Federal Government of \$120,885,361 reflects a net decrease of \$9,549,512, or 7.3 percent, from the FY 2013 fall estimate. A decrease in revenue of \$11.3 million is associated with the Child Care Assistance and Referral Program. As a result of the implementation of a statewide automated case management and payment system, the state will be making payments for state funded subsidized child care services directly to providers. This revenue decrease is entirely offset with a corresponding decrease in expenditures. In addition, a decrease of \$0.8 million to both revenue and expenditures is associated with the Adoption Subsidy Program due to a decline in program spending. Partially offsetting these decreases is a revenue and expenditure increase in the amount of \$2.6 million associated with the Comprehensive Services Act based on anticipated expenditures in FY 2013. All of the adjustments to Revenue from the Commonwealth and Federal Government results in no net impact to the General Fund. More information about the adjustments can be found in the Administrative Adjustments Section of this document.