

FY 2015 Third Quarter Review
Attachment II – General Fund Receipts / Transfers In

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

Category	FY 2014 Actual	FY 2015 Revised Budget Plan as of FY 2014 Carryover	FY 2015 Fall Estimate ¹	FY 2015 Thirrd Quarter Budget Estimate	Change from the FY 2015 Fall Estimate	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes -						
Current & Delinquent	\$2,216,159,309	\$2,353,636,574	\$2,353,636,574	\$2,353,636,574	\$0	0.00%
Personal Property Taxes -						
Current & Delinquent ²	571,445,574	574,306,439	573,940,535	573,940,535	0	0.00%
Other Local Taxes	514,822,178	497,075,274	488,355,945	488,355,945	0	0.00%
Permits, Fees and Regulatory Licenses	39,351,756	39,438,395	39,802,168	41,902,168	2,100,000	5.28%
Fines and Forfeitures	14,073,583	14,235,071	13,348,086	13,348,086	0	0.00%
Revenue from Use of Money/Property	15,234,796	14,221,937	15,238,034	15,238,034	0	0.00%
Charges for Services	71,318,911	77,379,473	73,422,479	73,422,479	0	0.00%
Revenue from the Commonwealth and Federal Governments ²	125,849,051	123,613,851	123,869,907	123,170,954	(698,953)	-0.56%
Recovered Costs/ Other Revenue	17,852,508	15,334,755	19,424,861	20,112,361	687,500	3.54%
Total Revenue	\$3,586,107,666	\$3,709,241,769	\$3,701,038,589	\$3,703,127,136	\$2,088,547	0.06%
Transfers In	23,870,596	12,148,516	12,148,516	12,148,516	0	0.00%
Total Receipts	\$3,609,978,262	\$3,716,712,008	\$3,713,187,105	\$3,715,275,652	\$2,088,547	0.06%

¹ FY 2015 revenue estimates were reduced a net \$8.2 million as part of a fall 2014 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 \$3,715,275,652 and reflect a net increase of \$2,088,547 over the FY 2015 fall estimate. This increase is primarily the result of a \$2.1 million increase in Permits, Fees and Regulatory Licenses as a result of a fee increase in Building and Inspection Fees which will be partially offset with additional expenditures. In addition, Recovered Costs are increased \$0.7 million associated with boarding D.C. youth in the Fairfax County Juvenile Detention Center, while Revenue from the Commonwealth and Federal Government is reduced \$0.7 million associated with decreased expenditures in public assistance programs. As noted in the FY 2016 Advertised Budget Plan, FY 2015 revenue estimates were reduced a net \$8.2 million as part of a fall 2014 revenue review prior to Third Quarter during the development of the FY 2016 budget. These adjustments were based on actual FY 2014 receipts and collections through the first several months of FY 2015. Revenue changes made during the fall revenue review are discussed throughout this Attachment. Any impact to FY 2016 revenue estimates from these FY 2015 adjustments is already included in the FY 2016 Advertised Budget Plan.

Because many revenue categories are sensitive to economic conditions, there is the potential that actual receipts may deviate from the revenue estimates included in this Attachment. It should be noted that 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 2015 receipts. All revenue categories are closely monitored with respect to collections and the effects of changes in economic activity. Any necessary FY 2016 revenue adjustments will be included in the Add-On Review.

PERSONAL PROPERTY TAX-CURRENT

	FY 2014	FY 2015	FY 2015	FY 2015	Increase/ (Decrease)	Percent Change
	Actual	Revised as of FY 2014 Carryover	Fall Estimate	Third Quarter Estimate		
Paid Locally	\$345,873,117	\$352,731,903	\$350,976,251	\$350,976,251	\$0	0.0%
Reimbursed by State	211,313,944	211,313,944	211,313,944	211,313,944	0	0.0%
Total	\$557,187,061	\$564,045,847	\$562,290,195	\$562,290,195	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for Current Personal Property Taxes of \$562,290,195 represents no change from the FY 2015 fall estimate. During the fall 2014 revenue review, the FY 2015 Personal Property Tax estimate was decreased \$1.8 million, or 0.3 percent. Exonerated levy due to litigation settlements decreased revenue by \$4.1 million. This decrease was partially offset by an increase in revenue of \$2.3 million due to higher than projected vehicle levy and final Public Service Corporation levy from the state. FY 2015 Personal Property Taxes are expected to be 0.9 percent higher than FY 2014 receipts.

PERSONAL PROPERTY TAX-DELINQUENT

FY 2014	FY 2015	FY 2015	FY 2015	Increase/ (Decrease)	Percent Change
Actual	Revised as of FY 2014 Carryover	Fall Estimate	Third Quarter Estimate		
\$14,258,513	\$10,260,592	\$11,650,340	\$11,650,340	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for Personal Property Delinquent Taxes represents no change from the FY 2015 fall estimate. During the fall 2014 revenue review, the FY 2015 estimate was increased \$1.4 million based on current receipts and account receivable balances.

LOCAL SALES TAX

FY 2014	FY 2015	FY 2015	FY 2015	Increase/ (Decrease)	Percent Change
Actual	Revised as of FY 2014 Carryover	Fall Estimate	Third Quarter Estimate		
\$165,459,545	\$167,358,651	\$171,089,575	\$171,089,575	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for Sales Tax of \$171,089,575 represents no change from the FY 2015 fall estimate. During the fall 2014 revenue review, the FY 2015 estimate for Sales Tax receipts was increased \$3.7 million based on collection trends. FY 2015 Sales Tax receipts through February, representing retail sales through December, are up 6.9 percent; however, this rate is artificially high due to significant refunds that occurred in FY 2014. Sales Tax receipts for December 2014 retail sales – a critical holiday spending month – were up just 0.9 percent. Because of this modest increase, no change in the

FY 2015 Sales Tax estimate is being made during the Third Quarter Review. The FY 2015 Sales Tax estimate of \$171.1 million represents an increase of 3.4 percent over FY 2014 actual receipts.

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$151,965,995	\$155,152,381	\$146,818,108	\$146,818,108	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for Business, Professional and Occupational License (BPOL) Taxes of \$146,818,108 represents no change from the FY 2015 fall estimate. During the fall 2014 revenue review, the FY 2015 estimate for BPOL Taxes was lowered \$8.3 million, reflecting a decrease of 3.4 percent from the level received in FY 2014. FY 2014 receipts had fallen 2.7 percent due to federal sequestration cuts. The FY 2015 estimate was based on an econometric model using sales tax and employment as predictors which indicated a reduction of 2.0 percent from FY 2014. In addition, the estimate was further reduced \$2.1 million to account for potential lower filings as a result of a revised methodology of determining the basis for the BPOL tax as set forth by the Virginia Tax Commissioner. 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 2015 receipts. Therefore, the FY 2015 BPOL estimate has not been adjusted further during the Third Quarter review.

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$25,105,000	\$28,465,957	\$24,615,632	\$24,615,632	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for Deed of Conveyance and Recordation Taxes of \$24,615,632 represents no change from the FY 2015 fall estimate. Recordation and Deed of Conveyance Taxes are paid when homes are sold. Recordation taxes are also paid when homes are refinanced. Based on actual FY 2014 receipts and collection trends, the FY 2015 estimate for Recordation and Deed of Conveyance Taxes was decreased \$3.9 million during the fall 2014 revenue review, reflecting a decrease of 1.9 percent from the FY 2014 level. FY 2014 receipts declined a combined 25.4 percent due to a decline in mortgage refinancing as a result of higher interest rates, as well as a decline in the number of home sales.

CIGARETTE TAX

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$7,831,221	\$7,912,220	\$7,403,592	\$7,403,592	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for Cigarette Tax of \$7,403,592 represents no change from

the FY 2015 fall estimate. During the fall 2014 revenue review, the FY 2015 estimate was decreased \$0.5 million, reflecting a 5.5 percent decrease from FY 2014 based on collection trends.

TRANSIENT OCCUPANCY TAX

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$18,329,279	\$18,386,794	\$18,854,145	\$18,854,145	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for the Transient Occupancy Tax of \$18,854,145 represents no change from the FY 2015 fall estimate. During the fall 2014 revenue review, the FY 2015 estimate was increased \$0.5 million, reflecting a 2.9 percent increase over FY 2014 based on collection trends.

BANK FRANCHISE TAX

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$16,705,890	\$15,153,475	\$13,872,628	\$13,872,628	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for the Bank Franchise Tax of \$13,872,628 represents no change from the FY 2015 fall estimate. During the fall 2014 revenue review, the FY 2015 estimate was reduced \$1.3 million. This decrease was primarily due to a \$1.8 million refund resulting from statewide audit for taxes paid by a bank in previous years. In addition to the refund, the FY 2015 estimate assumes that taxes will fall approximately 5.5 percent from FY 2014 actual receipts, which had dropped 1.5 percent. Bank Franchise taxes are received in May and June of each year; therefore, no current data are available to help estimate FY 2015 receipts.

PERMITS, FEES AND REGULATORY LICENSES

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Third Quarter Estimate	Increase/ (Decrease)	Percent Change
\$39,351,756	\$39,438,395	\$39,802,168	\$41,902,168	\$2,100,000	5.3%

The *FY 2015 Third Quarter Review* estimate for Permits, Fees and Regulatory Licenses of \$41,902,168 represents an increase of \$2,100,000, or 5.3 percent, over the FY 2015 fall estimate as a result of an across-the-board fee increase in Land Development Services for plan review, building permits and inspection fees. The fee increase will support additional staff resources and assist the County in improving customer service and reducing plan review timeframes. The fee increase is anticipated to generate revenue of \$5.1 million in FY 2016 and has been included in the FY 2016 Advertised Budget Plan.

FINES AND FORFEITURES

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Thrd Quarter Estimate	Increase/ (Decrease)	Percent Change
\$14,073,583	\$14,235,071	\$13,348,086	\$13,348,086	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for Fines and Forfeitures represents no change from the FY 2015 fall estimate. During the fall 2014 revenue review, the FY 2015 estimate was reduced \$0.9 million primarily due to a decrease in General District Court (GDC) Fines. The FY 2015 estimate for GDC Fines was reduced \$1.2 million from \$8.3 million to \$7.1 million based on collection trends that indicated a 10.0 percent reduction from FY 2014 actual receipts of \$7.9 million. Increases totaling \$0.3 million in various other categories partially offset this decrease.

INVESTMENT INTEREST

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Thrd Quarter Estimate	Increase/ (Decrease)	Percent Change
\$10,805,326	\$9,909,316	\$10,610,199	\$10,610,199	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for Investment Interest of \$10,610,199 represents no change from the FY 2015 fall estimate. During the fall 2014 revenue review, the estimate was increased \$0.7 million primarily due to an increase in the anticipated share of interest earned by the General Fund to the total interest earned by all funds. The FY 2015 Adopted Budget Plan included a General Fund Percentage of 70.6 percent. The actual share of interest earned by the General Fund in FY 2014 was 72.5 percent and based on FY 2015 year-to-date experience, the percentage was increased to 73.2 percent.

CHARGES FOR SERVICES

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Thrd Quarter Estimate	Increase/ (Decrease)	Percent Change
\$71,318,911	\$77,379,473	\$73,422,479	\$73,422,479	\$0	0.0%

The *FY 2015 Third Quarter Review* estimate for Charges for Services of \$73,422,479 reflects no change from the FY 2015 fall estimate. During the fall 2014 revenue review, the FY 2015 Charges for Services estimate was decreased a net \$4.0 million primarily due to projected decreases of \$1.0 million in Police Reimbursement revenue, \$1.7 million in County Clerk fees, and \$1.0 million in SACC revenue. The projected decrease in Police Reimbursement revenue and County Clerk fees was based on prior year actual receipts and collection trends. The reduction in SACC revenue of \$1.0 million under the Charges for Services category was fully offset by a commensurate increase in the Revenue from the Commonwealth category as a result of an accounting change for reimbursement from the state for subsidized child care participants in the SACC program.

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Thrd Quarter Estimate	Increase/ (Decrease)	Percent Change
\$125,849,051	\$123,613,851	\$123,869,907	\$123,170,954	(\$698,953)	-0.6%

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 2015 Third Quarter Review* estimate for Revenue from the Commonwealth and Federal Government of \$123,170,954 reflects a decrease of \$698,953, or 0.6 percent, from the FY 2015 fall estimate. A decrease in revenue of \$348,953 is associated with the Comprehensive Services Act program based on anticipated expenditures in FY 2015. In addition, a decrease of \$350,000 in revenue is associated with the Adoption Subsidy Program due to a decline in program spending. More information about these adjustments can be found in the Administrative Adjustments Section of this document.

During the fall 2014 review, Revenue from the Commonwealth/Federal Government was increased a net \$256,056. Reimbursements from the Commonwealth for services provided by the County's Health Department and Juvenile and Domestic Relations District Court were increased a total of \$1.0 million based on actual FY 2014 experience and FY 2015 year-to-date collections. In addition, SACC revenue of \$1.0 million which is received by the County as a reimbursement from the state for subsidized child care participants in the SACC program and which was previously classified as Charges for Services, is reflected as Revenue from the Commonwealth due to an accounting change. An increase of \$0.6 million in Revenue from the Federal Government is associated with federal funding received in FY 2015 for holding illegal immigrants in County jails. These increases were partially offset with a decrease of \$2.4 million based on the County's share of a \$30 million statewide reduction included in the Commonwealth's approved FY 2015-FY 2016 Budget. This so called "flexible" cut requires localities to choose the funding stream in which to make the reduction or to remit payment to the state.

RECOVERED COSTS / OTHER REVENUE

FY 2014 Actual	FY 2015 Revised as of FY 2014 Carryover	FY 2015 Fall Estimate	FY 2015 Thrd Quarter Estimate	Increase/ (Decrease)	Percent Change
\$17,852,508	\$15,334,755	\$19,424,861	\$20,112,361	\$687,500	3.5%

The *FY 2015 Third Quarter Review* estimate for Recovered Costs/Other Revenue of \$20,112,361 reflects an increase of \$687,500, or 3.5 percent, over the FY 2015 fall estimate. This increase is the result of reimbursement that the County will receive from the District of Columbia (DC) for expenses associated with the Juvenile Detention Center (JDC). The Juvenile and Domestic Relations District Court (JDRDC) will utilize 11 beds of available space at the JDC for DC youth awaiting placement in a treatment facility or group home. The District of Columbia will be billed a rate of \$380 per bed per day. This revenue increase is partially offset with JDRDC expenditure increases. Revenue of \$1.8 million was included in the FY 2016 Advertised Budget Plan for this use of the JDC by the District of Columbia. More information about this adjustment can be found in the Administrative Adjustments Section of this document.

During the fall 2014 review, the FY 2015 estimate for Recovered Costs/Other Revenue was increased a

net \$4.0 million primarily as the result of one-time funds of \$2.8 million from a joint police undercover operation with the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). In addition, an increase of \$1.0 million was based on the amount the County will bill the City of Fairfax for governmental services provided under the City/County contract during FY 2015.