

**ATTACHMENT II:**

**SUMMARY OF  
GENERAL FUND RECEIPTS**

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

## SUMMARY OF GENERAL FUND REVENUE AND TRANSFERS IN

Category	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2003 Actual Receipts	Over the FY 2003 Revised Budget Plan	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes - Current and Delinquent	\$1,233,203,875	\$1,384,758,240	\$1,392,128,078	\$1,395,858,720	\$3,730,642	0.27%
Personal Property Taxes - Current and Delinquent <sup>1</sup>	471,463,373	469,239,604	469,629,780	466,229,985	(3,399,795)	-0.72%
Other Local Taxes	360,262,632	355,199,911	361,149,347	373,594,301	12,444,954	3.45%
Permits, Fees and Regulatory Licenses	28,609,183	29,354,826	26,468,562	27,743,163	1,274,601	4.82%
Fines and Forfeitures	10,318,703	10,997,380	9,705,364	11,046,988	1,341,624	13.82%
Revenue from Use of Money/Property	28,233,572	32,737,042	16,305,124	20,783,756	4,478,632	27.47%
Charges for Services	35,241,909	34,906,731	37,301,691	40,533,854	3,232,163	8.66%
Revenue from the Commonwealth and Federal Government <sup>1</sup>	127,079,686	118,765,742	124,932,978	126,674,608	1,741,630	1.39%
Recovered Costs/ Other Revenue	5,899,819	5,677,428	5,304,162	5,422,824	118,662	2.24%
<b>Total Revenue</b>	<b>\$2,300,312,752</b>	<b>\$2,441,636,904</b>	<b>\$2,442,925,086</b>	<b>\$2,467,888,199</b>	<b>\$24,963,113</b>	<b>1.02%</b>
Transfers In	4,614,594	3,165,732	3,925,732	3,925,732	0	0.00%
<b>Total Receipts</b>	<b>\$2,304,927,346</b>	<b>\$2,444,802,636</b>	<b>\$2,446,850,818</b>	<b>\$2,471,813,931</b>	<b>\$24,963,113</b>	<b>1.02%</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 2003 are \$2,471,813,931, an increase of \$24,963,113, or 1.0 percent, over the *FY 2003 Revised Budget Plan* estimate. FY 2003 actual General Fund Revenues and Transfers In are \$27.0 million, or 1.1 percent, higher than estimated in the FY 2003 Adopted Budget Plan. The \$25.0 million increase in FY 2003 receipts over the *FY 2003 Revised Budget Plan* is due primarily to variances in the revenue categories discussed on the following pages of this Attachment.

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

## FY 2004 Revenue Adjustments

Several Administrative Adjustments to FY 2004 General Fund revenues have been made. First, \$145,000 is associated with funds expected in FY 2004 from the Federal Emergency Management Agency (FEMA) associated with the 2003 President's Day snowstorm. Also, additional revenue of \$190,000 is anticipated based on legislation enacted by the 2003 General Assembly that permits localities to impose a fee on persons convicted of criminal offenses for support of local criminal justice training academies. On July 7, 2003, the Board of Supervisors approved two new fees that pass along the administrative cost and the cost associated with judgments in the collection of delinquent taxes to the delinquent taxpayer. These two fees are expected to generate a total of \$75,000 in additional revenue. Partially offsetting these increases is a reduction of \$220,000 associated with Board action on July 21, 2003 that eliminated the administrative processing fee for Residential Permit Parking Districts (RPPD) decals.

Aside from the adjustments mentioned above and adjustments associated with expenditure increases, as noted in the Administrative Adjustment section, no other revenue adjustments have been made to FY 2004. Staff is closely monitoring all revenue categories and will make any necessary adjustments as part of the fall revenue review.

<b>REAL PROPERTY TAXES</b>
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### REAL ESTATE TAX-CURRENT AND DELINQUENT

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$1,233,203,875	\$1,384,758,240	\$1,392,128,078	\$1,395,858,720	\$3,730,642	0.27%

Total Real Estate Property Taxes in FY 2003 are \$1,395,858,720, an increase of \$3,730,642, or 0.3 percent, over the *FY 2003 Revised Budget Plan*. FY 2003 actual collections for Current Real Estate Taxes are \$1,386,994,815, an increase of \$1,745,975, or 0.1 percent, over the *FY 2003 Revised Budget Plan*. This increase is entirely the result of a higher than projected collection rate. The *FY 2003 Revised Budget Plan* estimate included a collection rate of 99.50 percent. The actual FY 2003 collection rate was 99.63 percent. The FY 2004 Adopted Budget incorporates a collection rate of 99.50 percent.

FY 2003 Delinquent Real Estate Taxes are \$8,863,905, an increase of \$1,984,667, or 28.9 percent over the *FY 2003 Revised Budget Plan* due to significant tax collection activity by the Department of Tax Administration.

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

<b>PERSONAL PROPERTY TAXES</b>
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Total Personal Property Taxes in FY 2003 are \$466,229,985, a decrease of \$3,399,795, or 0.7 percent from the *FY 2003 Revised Budget Plan*. Current Personal Property Tax receipts reflect a decrease of \$2,056,831 from the *FY 2003 Revised Budget Plan* estimate and Delinquent Personal Property Tax collections represent a decrease of \$1,342,964 from the *FY 2003 Revised Budget Plan*.

### PERSONAL PROPERTY TAX-CURRENT<sup>1</sup>

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$457,944,080	\$461,039,045	\$458,979,780	\$456,922,949	(\$2,056,831)	-0.45%

<sup>1</sup> Includes Personal Property Taxes that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998.

Actual FY 2003 collections for Current Personal Property Taxes are \$456,922,949, a decrease of \$2,056,831, or 0.5 percent, from the *FY 2003 Revised Budget Plan* estimate. Of the total FY 2003 revenue, \$265.3 million is paid locally and \$191.7 million is the portion reimbursed by the Commonwealth of Virginia under the Personal Property Tax Relief Act. The FY 2003 revenue decrease is primarily the result of lower than anticipated collections from Public Service Corporations (PSC) and a decrease in local levy. A decrease of \$3.0 million in revenue is associated with several bankruptcy filings of Public Service Corporations throughout the State. In addition, a net decrease of \$1.3 million is the result of higher than anticipated exonerations due to extensive file clean-up prior to the Advance Decal Sales program implemented in FY 2004. These reductions in revenue are partly offset by an increase in the local (non-PSC) collection rate primarily due to a new collaborative program between the County's Department of Taxation and the Virginia Department of Motor Vehicles (DMV). During the last quarter of FY 2003, no DMV transactions such as driver's license or registration renewals could be processed if there were outstanding Personal Property Taxes due to the County.

The *FY 2003 Revised Budget Plan* included an overall collection rate of 96.93 percent; this was comprised of an anticipated 100 percent collection rate on PSC properties and 96.74 percent on locally assessed properties. Actual FY 2003 collection rates were 88.4 percent for PSC properties and 97.25 percent for locally assessed properties. The increase in the collection rate for locally assessed properties results in \$2.2 million in additional revenue. Overall, the Personal Property Tax collection rate is 96.73 percent. Absent the PSC bankruptcies, the FY 2003 collection rate would have been 97.4 percent. Staff will be reviewing this category to determine the impact that PSC bankruptcies and the DMV program may have on FY 2004.

### PERSONAL PROPERTY TAX-DELINQUENT

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$13,519,292	\$8,200,559	\$10,650,000	\$9,307,036	(\$1,342,964)	-12.61%

Actual FY 2003 Delinquent Personal Property Tax collections represent a decrease of \$1,342,964, or 12.6 percent from the *FY 2003 Revised Budget Plan*. This decrease is primarily due to significant refunds made as a result of a Virginia Supreme Court decision concerning the assessment of equipment used in the manufacture of newspapers.

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

<b>OTHER LOCAL TAXES</b>
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Actual FY 2003 collections for Other Local Taxes are \$373,594,301, a net increase of \$12,444,954 over the *FY 2003 Revised Budget Plan*, primarily due to increases in Sales Tax Receipts, Deed of Conveyance and Recordation Taxes, Business, Professional and Occupational Licenses, and Gross Receipts Tax on Rental Cars.

### LOCAL SALES TAX

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$125,577,043	\$126,898,084	\$123,775,568	\$126,785,250	\$3,009,682	2.43%

FY 2003 actual Sales Tax receipts are \$126,785,250, an increase of \$3,009,682, or 2.4 percent, over the *FY 2003 Revised Budget Plan*. No change to this category was made at the Third Quarter Review as collections for the first six months were down 1.4 percent from the same period of FY 2002. During the second half of FY 2003, however, Sales Tax Receipts grew at a rate of 3.2 percent, resulting in year-end FY 2003 growth of 1.0 percent over FY 2002.

No change has been made to the FY 2004 estimate for Sales Tax revenue of \$126.2 million because no clear trend has been established. Despite the overall increase in FY 2003 Sales Tax receipts, monthly collections have been negative in four out of the last eight months. Sales tax receipts during FY 2004 will be closely monitored and any necessary adjustments will be made at the fall revenue review or at the Third Quarter Review. Each one percentage point change in Sales Tax receipts results in a revenue change of \$1.3 million.

### RECORDATION/DEED OF CONVEYANCE TAXES

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$19,807,587	\$14,498,840	\$22,903,561	\$27,005,707	\$4,102,146	17.91%

Actual FY 2003 revenue from Recordation and Deed of Conveyance taxes is \$27,005,707, an increase of \$4,102,146, or 17.9 percent, over the *FY 2003 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.

Deed of Conveyance and Recordation Tax revenues were increased \$0.3 million and \$2.8 million, respectively, during the Third Quarter Review. Due to the high level of refinancings during the latter part of FY 2002, it was assumed that there would be some slowing in the growth in these categories in the last three months of the fiscal year. These categories, however, continued to rise above the level achieved in FY 2002 primarily as a result of continued mortgage refinancings. In FY 2003, the average rate on 30-year conventional mortgages was 5.9 percent, down from 6.9 percent in FY 2002.

Recordation and Deed of Conveyance Taxes will be monitored closely in FY 2004 as mortgage refinancing is expected to decline over the next year. It is anticipated that in the coming months, there will be fewer mortgages refinanced as those homeowners with a financial incentive to refinance have already done so. Any necessary adjustments to these revenue categories will be made at the fall revenue review or at the Third Quarter Review.

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

## BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$91,291,755	\$87,154,888	\$91,291,755	\$93,427,421	\$2,135,666	2.34%

FY 2003 actual Current Business, Professional, and Occupational License (BPOL) Tax receipts are \$93,427,421, an increase of \$2,135,666, or 2.3 percent, over the *FY 2003 Revised Budget Plan*. This increase is primarily due to higher than anticipated BPOL levy. The *FY 2003 Revised Budget Plan* estimate assumed that BPOL Tax receipts would be at a level consistent with FY 2002 based on economic conditions such as slower job growth and an econometric model that uses Sales Tax and mortgage interest rates as predictors. Actual FY 2003 BPOL receipts, however, reflect overall growth of 2.3 percent over FY 2002. Actual FY 2003 BPOL receipts from Real Estate Brokers and Money Lenders increased a combined 10.7 percent while receipts in the Builders and Contractor categories fell 5.1 percent. The Retail category, which represents approximately 23 percent of total BPOL receipts rose 3.1 percent in FY 2003.

No change has been made to the *FY 2004 Adopted Budget Plan* estimate of \$93,117,590 which represents a slight decline from actual FY 2003 BPOL receipts. With an anticipated drop in mortgage refinancings, gross receipts in categories such as Money Lenders and Real Estate Brokers may decline. Growth in other BPOL categories will depend on the level of economic growth throughout calendar year 2003. Staff will continue to monitor the factors impacting BPOL Tax revenues.

## GROSS RECEIPTS TAX ON RENTAL CARS

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$768,738	\$1,000,265	\$1,000,265	\$2,023,476	\$1,023,211	102.29%

Actual FY 2003 revenue from the Gross Receipts Tax on Rental Cars is \$2,023,476, an increase of \$1,023,211, or 102.3 percent, over the *FY 2003 Revised Budget Plan* estimate. This increase is the result of a State audit of filings by rental car companies. Based on a notification letter dated April 8, 2003, the State audit determined that one company was erroneously filing returns to the State as a Fairfax City company when the company is actually located in Fairfax County. A corresponding increase in FY 2004 revenue was included in the *FY 2004 Adopted Budget Plan*.

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

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$28,609,183	\$29,354,826	\$26,468,562	\$27,743,163	\$1,274,601	4.82%

Actual FY 2003 revenue from Permits, Fees and Regulatory Licenses is \$27,743,163, an increase of \$1,274,601, or 4.8 percent, over the *FY 2003 Revised Budget Plan* estimate. This increase is primarily due to an increase of \$1,296,236 in fees charged by the Department of Public Works and Environmental Services (DPWES) for planning, building, and site permits.

Actual FY 2003 DPWES fee revenue is \$22.3 million, an increase of \$1.3 million, or 6.2 percent over the *FY 2003 Revised Budget Plan* estimate. FY 2003 fees represent a decrease of 4.0 percent from actual FY 2002 receipts.

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

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

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$10,318,703	\$10,997,380	\$9,705,364	\$11,046,988	\$1,341,624	13.82%

Actual FY 2003 revenue from Fines and Forfeitures is \$11,046,988, an increase of \$1,341,624, or 13.8 percent, over the *FY 2003 Revised Budget Plan* estimate. This increase is primarily due to increased collections for General District Court Fines and Alarm Ordinance Violations, partially offset by a decrease in Photo Red Light Violations.

Actual FY 2003 revenue from General District Court Fines is \$4.7 million, an increase of \$0.8 million, or 20.1 percent over the *FY 2003 Revised Budget Plan* estimate. During the Third Quarter Review, the estimate for General District Court Fines was reduced by \$1.1 million due to low year-to-date collections; however, collections accelerated during the later part of the fiscal year. Actual FY 2003 revenue from Alarm Ordinance Violations is \$1.2 million, an increase of \$0.8 million over the *FY 2003 Revised Budget Plan*. This underestimation is the result of the anticipation that fewer violations would occur with the implementation of a gradually escalating fee schedule for repeat violators. Partially offsetting these increases is a decline of \$0.2 million in Photo Red Light revenue due in part to changes in the timing for traffic lights and delays in rotating cameras.

<b>REVENUE FROM THE USE OF MONEY AND PROPERTY</b>
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Actual FY 2003 Revenue From the Use of Money and Property is \$20,783,756, an increase of \$4,478,632, or 27.5 percent, over the *FY 2003 Revised Budget Plan* estimate and is primarily due to an increase in Interest on Investments.

### INTEREST ON INVESTMENTS

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$25,424,651	\$29,975,797	\$13,433,065	\$17,859,949	\$4,426,884	32.96%

Actual FY 2003 Interest on Investments is \$17,859,949, an increase of \$4,426,884, or 33.0 percent, over the *FY 2003 Revised Budget Plan*. This increase is primarily the result of a higher than anticipated average portfolio. The average actual FY 2003 portfolio of \$1,666.2 million earned a yield of 1.49 percent compared to the FY 2003 estimated portfolio and yield of \$1,535.2 million and 1.4 percent, respectively. Total FY 2003 interest on pooled cash for all funds is \$24.8 million.

No change has been made to the *FY 2004 Adopted Budget Plan* estimate of \$13,433,065. The FY 2004 estimate includes an estimated yield of 1.4 percent while investment instruments are currently being purchased with an average yield of only 1.1 percent. The Federal Reserve lowered the Federal Funds rate 25 basis point to 1.0 percent in June 2003 and indicated a willingness to reduce rates further if economic growth is not sustained. This category will be closely monitored since the yield earned on the County's portfolio and the availability of investment instruments are quickly affected by changes in interest rates made by the Federal Reserve.

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

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

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$35,241,909	\$34,906,731	\$37,301,691	\$40,533,854	\$3,232,163	8.66%

FY 2003 actual Charges for Services are \$40,533,854, an increase of \$3,232,163, or 8.7 percent, over the *FY 2003 Revised Budget Plan*. This increase is primarily due to higher than anticipated receipts for County Clerk Fees and School Aged Child Care (SACC). Actual FY 2003 County Clerk Fees are \$10.6 million, \$1.5 million higher than anticipated in the *FY 2003 Revised Budget Plan*. County Clerk Fees were increased \$0.9 million during the FY 2003 Third Quarter Review and continued to grow as a result of strong mortgage refinancing activity through year-end FY 2003. Actual FY 2003 SACC fee revenue is \$20.0 million, an increase of \$1.6 million over the *FY 2003 Revised Budget Plan* due to lower than projected subsidy levels for reduced fee participants as well as enhanced collection efforts.

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

FY 2002 Actual	FY 2003 Adopted	FY 2003 Revised	FY 2003 Actual	Increase/ (Decrease)	Percent Change
\$127,079,686	\$118,765,742	\$124,932,978	\$126,674,608	\$1,741,630	1.39%

<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 2003 revenues from the Commonwealth and Federal Government are \$126,674,608, a net increase of \$1,741,630, or 1.4 percent, over the *FY 2003 Revised Budget Plan*. This net increase is primarily due to additional pass-through funding received late in the fiscal year of \$1.9 million for the Child Care Assistance and Referral Program. State funding for this program is based on County expenditures, as well as the availability of funding and the amount spent by localities across the State. In addition, a net increase of \$0.9 million is associated with funding for State supported employees in the Sheriff's office. The Sheriff's office was not subject to reductions as part of State's budget cuts. These increases are partially offset by illegal alien grant funding. The *FY 2003 Revised Budget Plan* included an estimate of \$4.6 million from this Federal grant for the housing of illegal aliens. Actual funding was \$2.7 million based on the receipt of one payment in FY 2003 rather than the two payments that had been anticipated. Based on staff information, the federal disbursement schedule was to be changed to the spring of each year resulting in a one-time double payment. The disbursement schedule, however, was not moved up and it is anticipated that this funding will continue to be received in the fall of each year. Therefore, no change in the FY 2004 estimate of \$1.9 million is necessary.