

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

Category	FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate ¹	Over the FY 2003	FY 2003 Third Quarter	Over the FY 2003	Percent Change
				Revised		Fall Estimate	
				Increase/ (Decrease)		Increase/ (Decrease)	
Real Estate Taxes - Current and Delinquent	\$1,233,203,875	\$1,384,758,240	\$1,386,869,303	\$2,111,063	\$1,392,128,078	\$5,258,775	0.38%
Personal Property Taxes - Current and Delinquent ²	471,463,373	469,239,604	469,629,780	390,176	469,629,780	0	0.00%
Other Local Taxes	360,262,632	353,878,870	359,219,568	5,340,698	361,149,347	1,929,779	0.54%
Permits, Fees and Regulatory Licenses	28,609,183	29,354,826	28,068,562	(1,286,264)	26,468,562	(1,600,000)	-5.70%
Fines and Forfeitures	10,318,703	10,997,380	10,821,425	(175,955)	9,705,364	(1,116,061)	-10.31%
Revenue from Use of Money/Property	28,233,572	20,746,723	16,305,124	(4,441,599)	16,305,124	0	0.00%
Charges for Services	35,241,909	34,906,731	37,059,202	2,152,471	37,301,691	242,489	0.65%
Revenue from the Commonwealth and Federal Government ²	127,079,686	123,536,066	125,078,274	1,542,208	125,298,869	220,595	0.18%
Recovered Costs/ Other Revenue	5,899,819	5,677,428	5,304,162	(373,266)	5,304,162	0	0.00%
Total Revenue	\$2,300,312,752	\$2,433,095,868	\$2,438,355,400	\$5,259,532	\$2,443,290,977	\$4,935,577	0.20%
Transfers In	4,614,594	3,165,732	3,165,732	0	3,925,732	760,000	24.01%
Total Receipts	\$2,304,927,346	\$2,436,261,600	\$2,441,521,132	\$5,259,532	\$2,447,216,709	\$5,695,577	0.23%

¹ FY 2003 revenue estimates were revised as part of a fall 2002 review of revenues. Explanation of these changes can be found in the following narrative. These figures are included in the FY 2004 Advertised Budget Plan.

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 \$2,447,216,709 and reflect an increase of \$5,695,577 or 0.2 percent over the FY 2003 Fall Estimate. FY 2003 Transfers In total \$3.9 million, an increase of \$0.8 million over the FY 2003 Fall Estimate. The increase represents a transfer of \$0.8 million from Fund 312, the Public Safety Construction Fund, for design costs associated with the new Sully Police Station which were funded originally from the General Fund.

As noted in the FY 2004 Advertised Budget Plan, \$5.3 million in revenue adjustments were made prior to Third Quarter during development of the FY 2004 Budget. These adjustments are reflected in the FY 2003 Fall Estimate discussed throughout this Attachment. The net increase of \$5.3 million in adjustments includes \$19.6 million in additional revenue, offset by reductions totaling \$14.3 million. Increases include \$4.8 million in higher than projected current and delinquent property tax collections due to ongoing enforcement efforts; \$4.1 million in Business, Professional and Occupational License (BPOL) tax revenues partially due to real estate related businesses; \$5.3 million in Recordation and Deed of Conveyance taxes and \$2.0 million in Clerk Fees based on higher than anticipated receipts as a result of strong home sales and mortgage refinancing activity; and \$3.4 million in additional Federal pass-through reimbursement for child care services. The offsetting decreases include \$1.9 million in reduced FY 2003 Revenue from the Commonwealth due to State budget cuts; a \$4.6 million reduction in Interest on Investments due to current and projected yield for the remainder of the fiscal year; as well as reductions in categories including Sales Tax, Building and Inspection Fees, and Consumer Utilities based on year-to-date receipts. These adjustments are discussed in more detail in the following narrative.

The net *FY 2003 Third Quarter Review* increase in total General Fund revenue of \$4.9 million is primarily due to \$5.3 million in additional real estate revenue due to refinements in estimates for exonerations, supplemental assessments and tax relief and \$3.1 million for Deed of Conveyance and Recordation tax receipts primarily due to mortgage refinancings. These increases are partially offset by decreases \$1.2 million for consumer utility taxes due to lower than anticipated year-to-date receipts, \$1.6 million for Permits, Fees and Regulatory Licenses as a result of slower building activity, and \$1.1 million for Fines and Forfeitures.

In total, since FY 2002 Carryover, the FY 2003 estimate of revenues has increased a net \$10.2 million, or 0.4 percent.

A number of revenue categories are extremely sensitive to economic conditions and there is the potential that actual receipts may deviate from the revenue estimates included in this Attachment. For example, during the first six months of the fiscal year, FY 2003 Sales Tax receipts were trailing FY 2002 receipts by 1.4 percent. Two months of positive growth reversed this trend and Sales Tax receipts are currently up 1.7 percent over the same period of FY 2002. Sales Tax receipts are quick to change due to economic conditions. The impact of the severe snowstorms experienced this winter on Sales Tax receipts is not yet known. In addition, Sales Tax revenue is expected to be affected by the recent sharp drop in Consumer Confidence as concerns grow over impending war with Iraq. In addition, the Federal Reserve has indicated that another interest rate cut may be imminent which could further reduce interest earned on County investments. These and all other revenue categories are closely monitored with respect to revenue collections and economic activity impacts. Any necessary FY 2004 revenue adjustments will be included in the Add-on Review.

REAL ESTATE TAX-CURRENT

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$1,225,980,110	\$1,377,879,002	\$1,379,990,065	\$1,385,248,840	\$5,258,775	0.38%

The *FY 2003 Third Quarter Review* estimate of \$1,385,248,840 for Current Real Estate Tax revenue represents an increase of \$5,258,775, or 0.4 percent, over the FY 2003 Fall Estimate. During the fall revenue review, the estimate for Real Estate Taxes was increased \$2.1 million due to refinements to estimates of exonerations, supplemental assessments, and tax relief.

The *FY 2003 Third Quarter Estimate* is increased an additional \$5.3 million over the FY 2003 Fall Estimate. Supplemental assessments are \$3.0 million higher than expected. Exonerations are lower than originally estimated, resulting in a revenue increase of \$1.8 million. Revenue reduction from tax relief is expected to be \$10.3 million versus the \$10.8 million included in the FY 2003 Fall Estimate. No change has been made to the anticipated Real Estate collection rate of 99.50 percent, the same rate incorporated in the FY 2004 Advertised Budget Plan estimate. Each 0.10 percent change in the collection rate generates \$1.4 million.

PERSONAL PROPERTY TAX-CURRENT

	FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
Paid Locally	\$271,626,651	\$259,035,986	\$259,284,808	\$259,284,808	\$0	0.00%
Reimbursed by State	186,317,429	202,003,059	199,694,972	199,694,972	0	0.00%
Total	\$457,944,080	\$461,039,045	\$458,979,780	\$458,979,780	\$0	0.00%

The *FY 2003 Third Quarter Review* estimate for Current Personal Property Taxes of \$458,979,780 remains unchanged from the FY 2003 Fall Estimate.

During the fall review of revenues, the FY 2003 estimate for Personal Property Taxes was reduced \$2.1 million due to a decrease in business levy, partially offset by an increase in vehicle levy. Business levy was anticipated to be down approximately \$5.0 million due to lower than projected business purchases, business closings and bankruptcies. The reduction in business levy was offset by an increase of \$2.9 million in the vehicle component to account for continued strong purchases of new vehicles; exonerations, which were adjusted to reflect historical trends; and, Public Service Corporation (PSC) levy which was increased based on information from the State Corporation Commission.

Total growth in FY 2003 Personal Property Tax revenue is projected to be 0.2 percent over FY 2002. The estimated collection rate is unchanged from the *FY 2003 Fall Estimate* at 96.93 percent, which is consistent with the rate included in the FY 2004 Advertised Budget Plan.

PERSONAL PROPERTY TAX-DELINQUENTS

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$11,263,346	\$8,200,559	\$10,650,000	\$10,650,000	\$0	0.00%

The *FY 2003 Third Quarter Review* estimate for Personal Property Delinquents represents no change from the FY 2003 Fall Estimate. This estimate is based on current and expected collection activity.

The estimate for Personal Property Tax delinquents was increased by \$2.4 million as part of the fall revenue review primarily due increased staff in the Department of Tax Administration to supplement collection activities.

OTHER LOCAL TAXES

The *FY 2003 Third Quarter Review* estimate for Other Local Taxes represents a net increase of \$1,929,779 over the FY 2003 Fall Estimate due to an increase in Deed of Conveyance and Recordation taxes, offset by a decrease in Consumer Utilities.

LOCAL SALES TAX

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$125,577,043	\$125,577,043	\$123,775,568	\$123,775,568	\$0	0.00%

The *FY 2003 Third Quarter Review* estimate for Sales Tax receipts represents no change from the FY 2003 Fall Estimate. During the fall revenue review, the Sales Tax estimate was reduced \$1.8 million because receipts for the first half of the fiscal year were declining 1.4 percent from the same period of FY 2002. Sales Tax Receipts are currently up 1.7 percent over the same period of FY 2002. Revenue over the remainder of the fiscal year is expected to be adversely impacted by the February snowstorms and low consumer confidence; therefore, no change in the FY 2003 estimate was made during the *FY 2003 Third Quarter Review*.

CONSUMER UTILITY TAXES

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$86,368,876	\$89,428,108	\$88,096,254	\$86,930,059	(\$1,166,195)	-1.32%

The *FY 2003 Third Quarter Review* estimate for Consumer Utility Taxes represents a decrease of \$1.2 million from the FY 2003 Fall Estimate. During the fall revenue review, the estimate for Consumer Utility Tax revenues was reduced \$1.3 million based on year-to-date collections and historical trends. Predicting Utility Tax revenues, which are monitored on a monthly basis, is difficult due to the variability of commercial usage and weather. Since the fall review, receipts have dropped further and the FY 2003 Third Quarter estimate for Consumer Utility Taxes is reduced an additional \$1.2 million. FY 2003 receipts from telephone companies, which traditionally grow at a faster rate than other consumer utilities, are expected to be down 4.0 percent from last year.

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$19,807,587	\$14,498,840	\$19,807,587	\$22,903,561	\$3,095,974	15.63%

The *FY 2003 Third Quarter Review* estimate for Deed of Conveyance and Recordation Taxes of \$22,903,561 reflects an increase of \$3,095,974, or 15.6 percent, over the FY 2003 Fall Estimate. Deed of Conveyance Tax revenues are projected to be \$17,625,761 and Recordation Tax revenues are projected to be \$5,277,800.

Deed of Conveyance and Recordation Tax revenues were increased \$1,147,806 and \$4,160,941, respectively, during the fall revenue review to reflect higher than anticipated year-to-date collections in both categories. Strong demand in the housing market, low mortgage interest rates, and rising median sales prices contributed to this growth.

Deed of Conveyance and Recordation Tax revenues have continued to rise since the fall review primarily as a result of mortgage refinancings. Through the first eight months of FY 2003, Deed of Conveyance revenues are up 22.5 percent and Recordation Tax revenues are up 40.7 percent over the FY 2002 level. As a result, the *FY 2003 Third Quarter Review* estimate for Recordation Tax revenues is increased \$2.8 million and the estimate for Deed of Conveyance revenues is increased \$0.3 million over the FY 2003 Fall Estimate.

PERMITS, FEES AND REGULATORY LICENSES

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$28,609,183	\$29,354,826	\$28,068,562	\$26,468,562	(\$1,600,000)	-5.70%

The *FY 2003 Third Quarter Review* estimate of \$26,468,562 reflects a reduction of \$1.6 million from the FY 2003 Fall Estimate.

During the fall revenue review, Permits, Fees and Regulatory Licenses were decreased \$1.3 million. This reduction was primarily due to a decrease of \$1.1 million in fees charged by the Department of Public Works and Environmental Services (DPWES) for planning, building and site permits to reflect lower than anticipated collections due to the slowing economy.

Since the fall review, County building activity has continued to slow. Through February, DPWES revenue is down 7.0 percent from the same period in FY 2002. As a result, the *FY 2003 Third Quarter Review* includes an additional reduction of \$1.6 million in DPWES fees.

INTEREST ON INVESTMENTS

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$25,424,651	\$17,985,478	\$13,433,065	\$13,433,065	\$0	0.00%

The *FY 2003 Third Quarter Review* estimate for Interest on Investments of \$13,433,065 represents no change from the FY 2003 Fall Estimate. During the fall revenue review, the estimated FY 2003 yield on investments was lowered from 1.8 percent to 1.4 percent and revenue was reduced \$4.6 million. This decrease was primarily due to a 0.5 percentage point reduction in interest rates by the Federal Reserve in November 2002. Investments currently being purchased are yielding a rate of 1.2 percent to 1.3 percent. No change during the FY 2003 Third Quarter Review is recommended based on interest earned year-to-date projected for the remainder of the year.

Staff will continue to monitor changes in interest rates to determine if an adjustment to the FY 2004 estimate for Interest on Investments requires adjustment during the Add-on Review Process.

FINES AND FORFEITURES

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$10,318,703	\$10,997,380	\$10,821,425	\$9,705,364	(\$1,116,061)	-10.31%

The *FY 2003 Third Quarter Review* estimate of \$9,705,364 is a decrease of \$1.1 million, or 10 percent, from the *FY 2003 Fall Estimate*.

During the FY 2003 fall revenue review, estimated revenue for Fines and Forfeitures was decreased by \$0.2 million. General District Court fines were reduced by \$0.5 million to reflect lower year-to-date collections. The decrease was partially offset by additional revenue of \$0.2 million from the Photo Red Light Monitoring Program and \$0.1 million from Parking Violations revenue due to aggressive collection efforts by the Department of Taxation (DTA).

The *FY 2003 Third Quarter Review* estimate for Fines and Forfeitures is reduced an additional \$1.1 million due to lower than anticipated General District Court revenues as a result of lower a than anticipated civil cases and traffic violations.

CHARGES FOR SERVICES

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$35,241,909	\$34,906,731	\$37,059,202	\$37,301,691	\$242,489	0.65%

The *FY 2003 Third Quarter Review* estimate for Charges for Services of \$37,601,691 represents an increase of \$242,489, or 0.7 percent, over the *FY 2003 Fall Estimate*.

During the fall revenue review, the estimate for Charges for Services was increased by \$2.2 million, primarily due to higher than expected collections for Clerk Fees as a result of housing market activity. Clerk Fee revenue reflects commissions for administering the Recordation and Deed of Conveyance Tax; for recording wills, deeds, and marriage licenses; and the filing of civil suits.

The FY 2003 Third Quarter estimate for Charges for Services represents a net increased of \$0.2 million over the FY 2003 Fall Estimate. Clerk Fees are increased an additional \$0.9 million due to revenue associated with continued strong mortgage refinancing activity. This increase is partially offset by a decrease of \$0.7 in recreation fee revenue due to lower than expected year-to-date receipts based on participation.

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2002 Actual	FY 2003 Revised as of Carryover	FY 2003 Fall Estimate	FY 2003 Third Quarter	Increase/ (Decrease)	Percent Change
\$127,079,686	\$123,536,066	\$125,078,274	\$125,298,869	\$220,595	0.18%

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 2003 Third Quarter Review* estimate for Revenue from the Commonwealth and Federal Government represents a net increase of \$220,595, or 0.2 percent, over the FY 2003 Fall Estimate.

During the fall revenue review, the estimate for Revenue from the Commonwealth and Federal Government was increased a net \$1.5 million due to additional pass-through funding of \$3.4 million for child care services and a \$0.8 million increase in State reimbursement for the Health Department based on final notification from the State. These increases were offset by a decrease of \$1.0 million in State aid associated with Juvenile and Domestic Relations Residential Services; \$0.1 million in reduced State aid for local libraries; a \$0.2 million reduction associated with Compensation Board funding; \$0.1 million in reduced HB 599 Law Enforcement funding; \$0.1 million reduction in State aid for Head Injuries; and \$1.2 million decrease associated with potential State reductions in public assistance programs.

The *FY 2003 Third Quarter estimate* for Revenue from the Commonwealth and Federal Government is increased an additional \$0.2 million over the FY 2003 Fall Estimate. The increase is due to reimbursement of \$0.3 million from the federal government for Fairfax County's costs related to the sniper shootings in October 2002 and an increase of \$0.1 million in State assistance for Healthy Families, which is to fully offset with an expenditure increase. This increase is partially offset by a decrease of \$0.2 million in ABC profits due to State budget reductions.

The revenue estimates during the Third Quarter and fall reviews reflect projections based on prior year receipts, current-year-to-date receipts and anticipated state aid reductions as a result of actions by the Governor and General Assembly. The reductions noted herein are decreases from prior year budget estimates or prior year actual receipts and may not reflect the true reduction in funding that Fairfax County would have received had the reduction in aid from the Commonwealth not been made.