

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

# SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

## SUMMARY OF GENERAL FUND REVENUE AND TRANSFERS IN

Category	FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Over the FY 2006 Revised Budget Plan	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes - Current and Delinquent	\$1,637,904,220	\$1,776,082,251	\$1,770,769,093	\$1,781,334,164	\$10,565,071	0.60%
Personal Property Taxes - Current and Delinquent <sup>1</sup>	473,930,757	481,988,939	493,674,882	496,394,895	2,720,013	0.55%
Other Local Taxes	463,173,399	461,103,072	490,131,510	495,734,896	5,603,386	1.14%
Permits, Fees and Regulatory Licenses	27,961,574	32,543,251	32,108,389	31,621,985	(486,404)	-1.51%
Fines and Forfeitures	15,523,328	12,276,152	14,972,768	15,077,117	104,349	0.70%
Revenue from Use of Money / Property	30,198,542	41,615,533	65,080,993	73,226,569	8,145,576	12.52%
Charges for Services	47,537,672	49,458,631	53,588,886	56,178,920	2,590,034	4.83%
Revenue from the Commonwealth and Federal Governments <sup>1</sup>	129,924,908	124,597,386	129,038,101	134,293,579	5,255,478	4.07%
Recovered Costs / Other Revenue	7,247,017	6,591,348	7,747,678	7,767,349	19,671	0.25%
<b>Total Revenue</b>	<b>\$2,833,401,417</b>	<b>\$2,986,256,563</b>	<b>\$3,057,112,300</b>	<b>\$3,091,629,474</b>	<b>\$34,517,174</b>	<b>1.13%</b>
Transfers In	1,666,444	2,604,307	2,604,307	2,604,307	0	0.00%
<b>Total Receipts</b>	<b>\$2,835,067,861</b>	<b>\$2,988,860,870</b>	<b>\$3,059,716,607</b>	<b>\$3,094,233,781</b>	<b>\$34,517,174</b>	<b>1.13%</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 2006 are \$3,094,233,781, an increase of \$34,517,174, or 1.1 percent, over the *FY 2006 Revised Budget Plan* estimate. The \$34.5 million increase in FY 2006 receipts over the *FY 2006 Revised Budget Plan* is primarily the result of rising interest rates and the area's healthy economy, particularly during the first quarter of Calendar Year 2006. Business, Professional, and Occupational License (BPOL) Tax revenue, which is a function of economic activity during calendar year 2005 experienced moderate growth and current and delinquent tax collections were especially strong. In addition, the eight interest rate increases by the Federal Reserve that occurred in FY 2006 resulted in additional revenue from the County's investment portfolio.

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## FY 2007 Revenue Adjustments

Aside from adjustments associated with expenditure changes, as noted in the Administrative Adjustment section, no other adjustments have been made to FY 2007 revenue estimates. Staff is closely monitoring economic conditions to determine the impact of the current cooling of the real estate market. The number of real estate transactions and their value impact a range of revenue sources such as the Deed of Conveyance Tax, Recordation Tax, County Clerk Fees, and BPOL receipts. Recent data indicate that the number of homes for sale in the County has nearly tripled while the number of homes sold has declined about 39 percent. Homes are remaining on the market longer and selling prices show only slight appreciation. In addition, the County's economist, Stephen Fuller, indicated in the June issue of the *Fairfax County Economic Index*, that there are signs of a potential slowdown in other sectors of the County's economy, as well. He noted that consumers in the County are showing increased signs of caution and spending for expensive and durable goods has declined. In addition, rising fuel prices are expected to continue to apply pressure to consumers' budgets. All revenue categories will be reviewed during the fall of 2006 after several months of actual FY 2007 collections have been received. Any necessary revenue adjustments will be made as part of the fall revenue review or during the *FY 2007 Third Quarter Review*.

<b>REAL PROPERTY TAXES</b>
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Total Real Estate Taxes in FY 2006 are \$1,781,334,164, an increase of \$10,565,071, or 0.6 percent, over the *FY 2006 Revised Budget Plan*. Both Current and Delinquent Real Estate Tax collections were higher than anticipated.

### REAL ESTATE TAX - CURRENT

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$1,628,278,309	\$1,769,203,013	\$1,763,889,855	\$1,770,397,272	\$6,507,417	0.37%

Current Real Estate Property Taxes in FY 2006 are \$1,770,397,272, an increase of \$6,507,417, or 0.4 percent, over the *FY 2006 Revised Budget Plan*. This increase is due to variances in exonerations, tax relief, supplemental assessments and the collection rate. FY 2006 exonerations were lower than estimated, resulting in additional revenue of \$1.2 million. In addition, the *FY 2006 Revised Budget Plan* included a projected revenue loss of \$24.6 million for expected tax relief for the elderly and disabled. Actual FY 2006 tax relief is \$21.6 million, resulting in an increase in actual revenue of \$3.0 million. Supplemental assessments were higher than estimated and increased FY 2006 revenue by \$5.5 million. Real Estate Taxes from Public Service Corporation properties were \$9.5 million, a decrease of \$1.5 million due to lower than projected levy. PSC properties are assessed by the Commonwealth of Virginia. The *FY 2006 Revised Budget Plan* estimate included a collection rate of 99.61 percent. The actual FY 2006 collection rate was 99.52 percent which represents a revenue decrease of \$1.5 million. No adjustment has been made to the FY 2007 Real Estate Tax estimate, which incorporates a collection rate of 99.61 percent. In FY 2007, every 0.1 percentage point change in the collection rate yields a revenue change of \$1.9 million.

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## REAL ESTATE TAX - DELINQUENT

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$9,625,911	\$6,879,238	\$6,879,238	\$10,936,891	\$4,057,653	58.98%

FY 2006 Delinquent Real Estate Taxes are \$10,936,891, an increase of \$4,057,653 or 59.0 percent, over the *FY 2006 Revised Budget Plan*. This increase is due to significant tax collection activity by the Department of Tax Administration, as well as, real estate market activity.

<b>PERSONAL PROPERTY TAX</b>
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Total Personal Property Taxes in FY 2006 are \$496,394,895, an increase of \$2,720,013, or 0.6 percent, over the *FY 2006 Revised Budget Plan*. Both Current and Delinquent Personal Property Tax collections were higher than projected.

## PERSONAL PROPERTY TAX - CURRENT

	FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
Paid Locally	\$263,234,277	\$271,633,751	\$280,263,322	\$276,860,817	(\$3,402,505)	-1.21%
Reimbursed by State	191,157,702	202,154,629	198,219,342	203,725,951	5,506,609	2.78%
Total	\$454,391,979	\$473,788,380	\$478,482,664	\$480,586,768	\$2,104,104	0.44%

Actual FY 2006 collections for Current Personal Property Taxes are \$480,586,768, an increase of \$2,104,104, or 0.4 percent, over the *FY 2006 Revised Budget Plan* estimate. Of the total FY 2006 revenue, \$276.9 million was paid locally and \$203.7 million is the portion reimbursed by the Commonwealth of Virginia under the Personal Property Tax Relief Act (PPTRA). The FY 2006 revenue increase is the result of a higher than projected collection rate, partially offset by slightly lower than projected levy. Total local assessed levy was \$491.1 million in FY 2006, a decrease of \$0.1 million from the estimated \$491.2 million as a result of higher than projected exonerations and omitted levy. This decrease was more than offset by an increase of \$2.2 million as a result of a higher than projected collection rate. Collections efforts were enhanced in order to collect as much vehicle levy as possible before year-end in order to request reimbursement before State funds were depleted. Because FY 2006 represents the last year that the Commonwealth will reimburse the County for 70 percent of the Personal Property Tax owed on individual vehicles, once FY 2006 State PPTRA funds are exhausted, individuals will be responsible for 100 percent of the taxes owed. In FY 2007, the County's reimbursement has been capped at \$211.3 million which means that the effective reimbursement rate for FY 2007 is 66.67 percent. The *FY 2006 Revised Budget Plan* included an estimated collection rate of 97.41 percent. The actual FY 2006 collection rate is 97.88 percent, the highest rate in at least 25 years.

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## PERSONAL PROPERTY TAX - DELINQUENTS

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$19,538,777	\$8,200,559	\$15,192,218	\$15,808,127	\$615,909	4.05%

Actual FY 2006 collections for Delinquent Personal Property Tax revenue represent an increase of \$615,909, or 4.1 percent, over the *FY 2006 Revised Budget Plan*. Like Current Personal Property Tax collections, FY 2006 delinquent collections were impacted by efforts to collect from individuals in order to request reimbursement from the State under the Personal Property Tax Relief Act. The County may continue to request State reimbursement for 70 percent of the tax bill on qualifying vehicles once the 30 percent is paid and until State funds are exhausted. Delinquent taxpayers were notified that once State funds are depleted, individuals with outstanding delinquent vehicle taxes will be responsible for 100 percent of the tax.

<b>OTHER LOCAL TAXES</b>
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Actual FY 2006 collections for Other Local Taxes are \$495,734,896, a net increase of \$5,603,386, or 1.1 percent, over the *FY 2006 Revised Budget Plan* estimate of \$490,131,510. This increase is primarily due to increases in Business, Professional and Occupational Licenses, Deed of Conveyance and Recordation Taxes, the Mobile Telecommunications Tax, and the Bank Franchise Tax partially offset by a decrease in Sales Tax receipts and Cigarette Tax collections.

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

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$115,405,234	\$114,528,190	\$121,873,307	\$127,179,068	\$5,305,761	4.35%

Total FY 2006 receipts from Current and Delinquent Business, Professional, and Occupational License (BPOL) Taxes are \$127,179,068, an increase of \$5,305,761, or 4.4 percent, over the *FY 2006 Revised Budget Plan*. This increase is primarily due to a higher than anticipated Current BPOL levy. No changes were made to the BPOL estimate during the *FY 2006 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 2006 Current BPOL receipts are \$125,169,480 and represent an increase of 8.7 percent over FY 2005 which experienced growth of 12.7 percent. Reflecting continued increases in federal procurement spending in the County, the Consultant category, which represents a quarter of total BPOL receipts, increased 15.3 percent over FY 2005 revenue. Professional Occupations, which includes law firms, doctor's offices and architects and comprises 11.3 percent of total BPOL, gained 11.8 percent over FY 2005. The Retail category, which represents approximately 20 percent of total BPOL receipts, increased a moderate 4.2 percent in FY 2006. Reflecting the real estate market in calendar year 2005, combined Real Estate Broker and Money Lender receipts (3.6 percent of total BPOL receipts) rose 8.2 percent. Actual FY 2006 Delinquent BPOL revenue is \$2,009,588, an increase of \$1,009,588 or 101.0 percent, over the *FY 2006 Revised Budget Plan*. This increase is due to significant tax collection activity by the Department of Tax Administration.

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## SALES TAX

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$147,781,944	\$158,222,129	\$152,612,349	\$151,838,702	(\$773,647)	-0.51%

Actual FY 2006 Sales Tax receipts are \$151,838,702, a decrease of \$773,647, or 0.5 percent, from the *FY 2006 Revised Budget Plan* estimate of \$152,612,349. During the FY 2006 Third Quarter Review, the estimate for Sales Tax revenue was decreased \$5.6 million based on current collection trends. The *FY 2006 Revised Budget Plan* estimate reflected growth of 3.3 percent over FY 2005 actual revenue, while actual FY 2006 receipts are up 2.7 percent over the FY 2005 level.

## RECORDATION AND DEED OF CONVEYANCE TAXES

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$48,674,084	\$34,867,317	\$53,809,399	\$51,395,097	(\$2,414,302)	-4.49%

Actual FY 2006 Recordation and Deed of Conveyance Tax revenue is \$51,395,097, a decrease of \$2,414,302, or 4.5 percent, from the *FY 2006 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. Due to the strong housing market in terms of the number of transactions, as well as, rising home prices during the first eight months of FY 2006, the estimate for Recordation Tax receipts was adjusted upward as part of the *FY 2006 Third Quarter Review* primarily due to strength during the first half of the fiscal year. In January, Recordation Taxes started to fall in comparison to the same month of FY 2005; therefore, the revised estimate assumed that Recordation Tax receipts for the remainder of the year would drop 10 percent from the level experienced during the same period of FY 2005. During the final four months of the year, the real estate market moderated at a faster pace and Recordation Tax revenue fell nearly 21 percent compared to the last four months of FY 2005, resulting in lower than projected revenue. The FY 2007 estimate for Recordation and Deed of Conveyance Taxes represents a decrease of 5.3 percent from the FY 2006 level. Collections will be evaluated at the fall 2006 revenue review to determine if a further reduction is necessary.

## MOBILE TELECOMMUNICATIONS TAX

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$11,513,349	\$11,330,000	\$11,513,349	\$14,403,601	\$2,890,252	25.10%

Actual FY 2006 revenue from the Mobile Local Telecommunications Tax is \$14,403,601, an increase of \$2,890,252, or 25.1 percent, over the *FY 2006 Revised Budget Plan* estimate of \$11,513,349. During the *FY 2006 Third Quarter Review*, the estimate for the Mobile Local Telecommunications Tax revenue was not adjusted as receipts were lower than the same period of FY 2005 pending resolution of some erroneous wireless provider filings. These filing have been reconciled and as a result, collections for the year were higher than originally projected.

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## BANK FRANCHISE TAX

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$6,849,237	\$4,011,108	\$6,011,976	\$7,571,355	\$1,559,379	25.94%

Actual FY 2006 revenue from the Bank Franchise Tax is \$7,571,355, an increase of \$1,559,379, or 25.9 percent, over the *FY 2006 Revised Budget Plan* estimate of \$6,011,976. The Bank Franchise Tax is assessed on the net capital of each bank and trust company located within the County. Tax bills are sent to the banks in April and are due June 1 each year. As such, information was not available during the *FY 2006 Third Quarter Review* in order to revise the FY 2006 revenue estimate. FY 2006 revenue from the Bank Franchise Tax rose 10.5 percent over FY 2005 actual receipts.

## CIGARETTE TAX

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$6,061,050	\$11,532,018	\$11,532,018	\$10,381,450	(\$1,150,568)	-9.98%

Actual FY 2006 revenue from the Cigarette Tax is \$10,381,450, a decrease of \$1,150,568, or 10.0 percent, from the *FY 2006 Revised Budget Plan* estimate of \$11,532,018 and is attributed to a decline in cigarette sales in the County since the rate increase from 20 cents to 30 cents per pack which was effective July 1, 2005.

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

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$27,961,574	\$32,543,251	\$32,108,389	\$31,621,985	(\$486,404)	-1.51%

Actual FY 2006 revenue from Permits, Fees and Regulatory Licenses is \$31,621,985, a decrease of \$486,404 or 1.5 percent, from the *FY 2006 Revised Budget Plan* estimate of \$32,108,389. Fees charged by Land Development Services for planning, building and site permits, the major component of this category, are \$24.9 million, a decrease of \$0.3 million, or 0.01 percent, from the *FY 2006 Revised Budget Plan* estimate. Despite the decrease, Land Development Services Fees are 13.2 percent higher than FY 2005 receipts, reflecting the fee increase that was implemented in FY 2006 to increase cost recovery partially offset by lower building activity in the County. In addition, FY 2006 Fire Marshal Fees were \$2.6 million, \$0.2 million lower than anticipated as a result of lower than projected construction activity in the County.

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## FINES AND FORFEITURES

### FINES AND FORFEITURES

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$15,523,328	\$12,276,152	\$14,972,768	\$15,077,117	\$104,349	0.70%

Actual FY 2006 revenue from Fines and Forfeitures is \$15,077,117, an increase of \$104,349, or 0.7 percent, over the *FY 2006 Revised Budget Plan* estimate of \$14,972,768. This increase is primarily due to an increase in Parking Ticket Violation receipts. FY 2006 actual collections for Parking Ticket violations were \$3.3 million, an increase of \$0.1 million over the *FY 2006 Revised Budget Plan* estimate of \$3.2 million. FY 2006 revenue from parking tickets increased 3.9 percent over FY 2005 receipts.

## REVENUE FROM THE USE OF MONEY AND PROPERTY

Actual FY 2006 revenue from the Use of Money and Property is \$73,226,569, an increase of \$8,145,576, or 12.5 percent, over the *FY 2006 Revised Budget Plan* estimate of \$65,080,993 and is due to an increase in Interest on Investments.

### INTEREST ON INVESTMENTS

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$27,110,409	\$38,329,212	\$61,923,037	\$70,058,334	\$8,135,297	13.14%

Actual FY 2006 Interest on Investments is \$70,058,334, an increase of \$8,135,297, or 13.1 percent, over the *FY 2006 Revised Budget Plan* estimate. This increase is the result of a higher than projected average portfolio, yield, and General Fund Percentage. The actual average FY 2006 portfolio of \$2,255.4 million earned a yield of 4.17 percent compared to the FY 2006 estimated portfolio and yield of \$2,241.0 million and 3.8 percent, respectively. Total interest on all pooled investments for all funds was \$94.1 million. The General Fund's actual percentage of this total was 74.4 percent compared to an estimated 70 percent.

## CHARGES FOR SERVICES

### CHARGES FOR SERVICES

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$47,537,672	\$49,458,631	\$53,588,886	\$56,178,920	\$2,590,034	4.83%

Actual FY 2006 revenue from Charges for Services is \$56,178,920, an increase of \$2,590,034, or 4.8 percent, over the *FY 2006 Revised Budget Plan*. This increase is primarily due to higher than anticipated receipts from Emergency Medical Services (EMS) Transport Fees and School Age Child Care (SACC) Fees partially offset by lower than anticipated County Clerk Fees. Actual FY 2006 EMS Transport Fee revenue is \$8.9 million, an increase of \$2.3 million over the *FY 2006 Revised Budget Plan* estimate. EMS Transport Fee revenue exceeded



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the estimate due to a higher than projected collection rate by the County's contract collection agency and a larger than expected percentage of County residents that are covered by supplemental insurance. Actual FY 2006 SACC Fee revenue of \$25.6 million is \$0.6 million more than estimated due to lower than projected subsidy levels for reduced fee participants. FY 2006 County Clerk Fees are \$11.8 million, a decrease of \$0.2 million from the *FY 2006 Revised Budget Plan* estimate. This decrease results from the slowdown in mortgage refinancing and home sale activity.

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

FY 2005 Actual Revenue	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2006 Actual Revenue	Increase/ (Decrease)	Percent Change
\$129,924,908	\$124,597,386	\$129,038,101	\$134,293,579	\$5,255,478	4.07%

<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 2006 Revenue from the Commonwealth and Federal Government is \$134,293,579, a net increase of \$5,255,478, or 4.1 percent, over the *FY 2006 Revised Budget Plan*. This increase is primarily due to revenue of \$5.2 million associated with reimbursable expenditures for public assistance programs including: \$2.8 million for eligibility administration; \$2.1 million for Special Needs Adoption; \$1.0 million for Title IV-E, Foster Care and Adoption Subsidy; \$0.6 million for the Virginia Initiative for Employment not Welfare (VIEW); and \$0.5 million in Title XX, Social Services Block Grant funding. These increases are partially offset by a decrease of \$1.1 million in Comprehensive Services Act (CSA) funding resulting from cost containment efforts and a decrease of \$2.0 million associated with the Local Public Assistance Cost Allocation Plan resulting from the State's limiting reimbursement to claims that were due to expire under the federal two-year limit. The balance of \$0.3 million represents a net increase over various other public assistance programs.