

ATTACHMENT II:
SUMMARY OF GENERAL FUND RECEIPTS

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Attachment II

Category	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2011 Actual	Over the FY 2011 Revised Budget Plan	
					Increase/ (Decrease)	Percent Change
Real Estate Taxes	\$2,115,971,076	\$2,009,434,786	\$2,015,748,709	\$2,019,577,631	\$3,828,922	0.19%
Personal Property Taxes	507,485,566	498,624,865	499,324,993	512,932,490	13,607,497	2.73%
Other Local Taxes	460,148,029	474,881,301	484,667,630	504,828,410	20,160,780	4.16%
Permits, Fees and Regulatory Licenses	28,665,677	27,719,593	29,888,461	34,267,179	4,378,718	14.65%
Fines and Forfeitures	14,942,650	16,868,801	16,868,801	16,564,578	(304,223)	-1.80%
Revenue from Use of Money/Property	21,816,673	18,309,869	21,492,015	18,847,424	(2,644,591)	-12.30%
Charges for Services	62,980,797	65,529,312	63,228,869	64,200,041	971,172	1.54%
Revenue from the Commonwealth and Federal Governments ¹	132,658,846	118,100,303	130,487,187	136,131,854	5,644,667	4.33%
Recovered Costs/ Other Revenue	5,940,194	8,035,781	8,193,764	12,516,773	4,323,009	52.76%
Total Revenue	\$3,350,609,508	\$3,237,504,611	\$3,269,900,429	\$3,319,866,380	\$49,965,951	1.53%
Transfers In	12,122,151	8,059,238	8,059,238	8,059,238	0	0.00%
Total Receipts	\$3,362,731,659	\$3,245,563,849	\$3,277,959,667	\$3,327,925,618	\$49,965,951	1.52%

¹ 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 2011 are \$3,327,925,618, an increase of \$49,965,951, or 1.52 percent, over the *FY 2011 Revised Budget Plan* estimate. This increase is primarily the result of increases in Personal Property Tax receipts, Other Local Taxes, including Bank Franchise Taxes, Local Sales Tax and Business, Professional, and Occupational Licenses (BPOL), Recovered Costs, and Revenue from the Commonwealth and Federal Governments, partially offset by decreases in Revenue from the Use of Money and Property, and Fines and Forfeitures.

FY 2012 Revenue Adjustments

Two Administrative Adjustments to FY 2012 General Fund revenue with a net impact of zero have been made. The FY 2012 estimate for Business Professional and Occupational Licenses (BPOL) is increased \$8.0 million. FY 2011 BPOL receipts were \$145.1 million, an increase of 4.7 percent over FY 2010. Because businesses file and pay BPOL taxes in March, staff relies on econometric models to help project receipts. These models indicate that moderate growth will continue in FY 2012 and an increase to the FY 2012 projection for BPOL is warranted. After the adjustment, the FY 2012 BPOL estimate will be \$149.3 million, which represents a projected increase of 2.9 percent over FY 2011.

In addition, \$8.0 million is to be held in a Public Service Corporation (PSC) Litigation Reserve in revenue for a potential refund associated with a statewide appeal of PSC property assessments over a multi-year period. Property

SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

owned by Public Service Corporations is assessed by the state for all localities. The appeal was expected to be resolved during FY 2011 and the FY 2011 revenue estimate for PSC had been reduced \$7.4 million. The case was not decided by the conclusion of FY 2011 and the additional revenue fell to the General Fund balance. Final resolution of this case is anticipated in FY 2012. The \$8.0 million represents the current estimated potential loss including interest.

Aside from adjustments mentioned above and noted in the Administrative Adjustment section, no other adjustments have been made to FY 2012 revenue estimates. Staff is closely monitoring economic conditions to determine the impact on various revenue sources. A few categories such as Sales Tax appear to be improving; however it is unlikely that the significant growth that occurred in the last half of FY 2011 will be sustained into FY 2012. The impact of economic conditions on FY 2012 revenues will be more apparent during the fall 2011 revenue review after several months of actual FY 2012 collections have been received. Any necessary FY 2012 revenue adjustments will be made as part of the fall review or during the *FY 2012 Third Quarter Review*.

REAL PROPERTY TAXES

REAL ESTATE TAX-CURRENT AND DELINQUENT

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
\$2,115,971,076	\$2,009,434,786	\$2,015,748,709	\$2,019,577,631	\$3,828,922	0.2%

Total Real Estate Taxes in FY 2011 are \$2,019,577,631, an increase of \$3,828,922, or 0.2 percent, over the *FY 2011 Revised Budget Plan*. FY 2011 Current Real Estate Taxes are \$2,008,529,108, representing an increase of \$2,472,313, or 0.12 percent, over the *FY 2011 Revised Budget Plan*. This net increase is due to variances in tax relief and exonerations, and a higher than projected collection rate. The *FY 2011 Revised Budget Plan* included a projected revenue loss of \$25.4 million for tax relief for the elderly and disabled. Actual FY 2011 tax relief for the program's 7,932 participants was \$24.5 million, resulting in an increase in revenue of \$0.9 million. Lower than projected exonerations increased revenue by \$0.6 million. In addition, the budget estimate included a 99.61 percent collection rate and the actual FY 2011 collection rate is 99.66 percent, a slight drop from the 99.71 percent achieved in FY 2010, but the same rate attained in FY 2008 and FY 2009.

FY 2011 Delinquent Real Estate Taxes are \$11,048,523, an increase of \$1,356,609, or 14.0 percent, over the *FY 2011 Revised Budget Plan* estimate as a result of strong collection efforts of the Department of Tax Administration. Delinquent Real Estate Tax collections are up 6.6 percent over FY 2010 collections.

PERSONAL PROPERTY TAX

PERSONAL PROPERTY TAX-CURRENT AND DELINQUENT

	FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
Assessed & Paid Locally	\$267,801,248	\$258,801,943	\$266,825,255	\$273,028,237	\$6,202,982	2.3%
Public Service Corp.	28,370,374	28,508,978	21,185,794	28,590,309	7,404,515	35.0%
Reimbursed by State	211,313,944	211,313,944	211,313,944	211,313,944	0	0.0%
Total	\$507,485,566	\$498,624,865	\$499,324,993	\$512,932,490	\$13,607,497	2.7%

Total Personal Property Taxes in FY 2011 are \$512,932,490, an increase of \$13,607,497, or 2.7 percent,

SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

over the *FY 2011 Revised Budget Plan*. Both Current and Delinquent Personal Property Tax collections were higher than projected.

Actual FY 2011 collections for Current Personal Property Taxes are \$501,284,805, an increase of \$12,270,065, or 2.5 percent, over the *FY 2011 Revised Budget Plan* estimate. The majority of this increase is due to higher than projected revenue from Public Service Corporations. Based on the potential refund associated with PSC property mentioned earlier, the revenue estimate for PSC property had been reduced \$7.4 million. The appeal was not resolved at the end of FY 2011 resulting in additional revenue. An increase of \$4.9 million in Current Personal Property Taxes is primarily due to fewer than projected exonerations and larger than expected omitted assessments.

Of the total FY 2011 Current Personal Property Tax revenue, \$211.3 million is the portion reimbursed by the Commonwealth of Virginia under the Personal Property Tax Relief Act (PPTRA). A collection rate of 97.75 percent was achieved in FY 2011 on the taxpayer's portion of Personal Property levy, slightly lower than the 97.78 percent that was projected.

Actual FY 2011 collections for Delinquent Personal Property Tax revenue were \$11,647,685, which represents an increase of \$1,337,432, or 13.0 percent, over the *FY 2011 Revised Budget Plan* estimate. Delinquent Tax collections in FY 2011 are 1.0 percent higher than FY 2010 receipts.

OTHER LOCAL TAXES

Actual FY 2011 collections for Other Local Taxes are \$504,828,410, a net increase of \$20,160,780, or 4.2 percent, over the *FY 2011 Revised Budget Plan* estimate of \$484,667,630. This increase is primarily due to increases in Local Sales Tax, Current and Delinquent Business, Professional and Occupational License (BPOL) Taxes, and Bank Franchise Taxes, partially offset by a decrease in the Communications Sales and Use Tax.

LOCAL SALES TAX

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
\$149,547,338	\$145,763,329	\$150,174,905	\$154,757,415	\$4,582,510	3.1%

Actual FY 2011 Sales Tax receipts are \$154,757,415, an increase of \$4,582,510, or 3.1 percent, over the *FY 2011 Revised Budget Plan* estimate of \$150,174,905. During the *FY 2011 Third Quarter Review*, the estimate for Sales Tax was raised \$4.6 million. This estimate was based on collections during the first six months of FY 2011, which were increasing at an average rate of 1.5 percent, and the assumption that collections for the remaining months of the fiscal year would be level with the same period of FY 2010. However, during the last six months of FY 2011, Sales Tax receipts rose at an average rate of 7.3 percent, resulting in an overall 3.5 percent increase for the fiscal year. This increase follows two consecutive years of declines. The FY 2011 level of Sales Tax receipts remains below the FY 2008 level of \$160.9 million.

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
\$138,542,613	\$136,431,465	\$138,542,613	\$145,094,542	\$6,551,929	4.7%

Total FY 2011 receipts from Current Business, Professional, and Occupational License (BPOL) Taxes are \$145,094,542, an increase of \$6,551,929, or 4.7 percent, over the *FY 2011 Revised Budget Plan* estimate. During the fall 2010 revenue review, the FY 2011 estimate for BPOL was increased to the level achieved in FY 2010.

FY 2011 Carryover Review

Attachment II

SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

Businesses file and pay their BPOL Taxes simultaneously on March 1 based on the prior year's gross receipts. Because there is little information available until these filings are processed, no adjustment was made to the BPOL estimate during the *FY 2011 Third Quarter Review*. Actual FY 2011 receipts rose 4.7 percent over the FY 2010 level, which had declined 1.0 percent. The Retail category, which represents nearly 18 percent of total BPOL receipts, rose 8.9 percent over FY 2010. The combined Consultant and Business Service Occupations categories, which represent over 46 percent of total BPOL receipts, increased 3.8 percent over FY 2010 revenue. Real estate related categories had mixed results during FY 2011. The Real Estate Broker and Money Lender categories (each representing 0.9 percent of total BPOL receipts) rose 11.0 and 3.1, respectively, while the Builder and Developers component (0.2 percent of total BPOL) declined 11.5 percent in FY 2011.

BPOL DELINQUENTS

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
(\$25,355)	\$2,041,264	\$2,041,264	\$5,442,466	\$3,401,202	166.6%

Actual FY 2011 receipts from Delinquent Business, Professional, and Occupational License (BPOL) Taxes are \$5,442,466, an increase of \$3,401,202, or 166.6 percent, over the *FY 2011 Revised Budget Plan* estimate. This is the highest level of BPOL Delinquent collections since FY 1994. The increase is due to fewer than anticipated refunds and significant discovery efforts by the Department of Tax Administration. Approximately \$1.0 million was collected from businesses that had not previously filed BPOL Tax returns.

BANK FRANCHISE TAX

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
\$16,817,879	\$6,248,658	\$9,248,658	\$16,523,093	\$7,274,435	78.7%

Actual FY 2011 Bank Franchise Tax revenue is \$16,523,093, an increase of \$7,274,435, or 78.7 percent, over the *FY 2011 Revised Budget Plan* estimate. Revenue in this category is not received until late May or June, making it a difficult category to project. In FY 2010, collections more than doubled compared to 2009 collections primarily as a result of banks holding significant reserves above those currently required by the Federal Reserve. The excess reserves are a result of federal funds from the Troubled Asset Relief Fund (TARP) and reduced bank lending. As banks repay TARP funds over the next few years, assets will be reduced and the Bank Franchise Tax will decline.

COMMUNICATIONS SALES AND USE TAX

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
\$52,075,447	\$52,933,658	\$52,312,013	\$50,569,295	(\$1,742,718)	-3.3%

Actual FY 2011 revenue from the Communications Sales and Use Tax is \$50,569,295, a decrease of \$1,742,718, or 3.3 percent, from the *FY 2011 Revised Budget Plan*. The estimate had been reduced \$0.6 million during the fall budget review to account for lower than expected monthly collections. The estimate was not adjusted further during the *FY 2011 Third Quarter Review*, as collections were down just 1.0 percent from FY 2010 receipts. However, collections during the last five months of the fiscal year fell 6.4 percent, resulting in an overall decline of 2.8 percent from the FY 2010 level.

SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

REVENUE FROM THE USE OF MONEY AND PROPERTY

Actual FY 2011 revenue from the Use of Money and Property is \$18,847,424, a decrease of \$2,644,591, or 12.3 percent, from the *FY 2011 Revised Budget Plan* estimate of \$21,492,015, and is due to a decrease in Interest on Investments.

INVESTMENT INTEREST

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
\$16,792,303	\$14,438,339	\$17,601,597	\$14,938,934	(\$2,662,663)	-15.1%

Actual FY 2011 Interest on Investments is \$14,938,934, a decrease of \$2,662,663, or 15.1 percent, from the *FY 2011 Revised Budget Plan* estimate. Annual revenue in this category is based on a combination of factors including the average portfolio size, average yield, and the percent of interest earnings attributable to the General Fund in FY 2011. The actual FY 2011 average portfolio of \$2,770.4 million earned a yield of 0.78 percent. The General Fund's actual percentage of total interest earned on all investment portfolios was 69.9 percent compared to an estimated 70.3 percent.

PERMITS, FEES AND REGULATORY LICENSES
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PERMITS, FEES AND REGULATORY LICENSES

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
\$28,665,677	\$27,719,593	\$29,888,461	\$34,267,179	\$4,378,718	14.7%

Actual FY 2011 revenue from Permits, Fees and Regulatory Licenses is \$34,267,179, an increase of \$4,378,718, or 14.7 percent, over the *FY 2011 Revised Budget Plan*. This increase is primarily due to higher than projected receipts for Building and Inspection Fees, Zoning Fees and Fire Marshal Fees.

Actual FY 2011 revenue from Building and Inspection Fees was \$23.3 million, \$3.3 million more than estimated. The budget estimate was raised \$2.0 million during the *FY 2011 Third Quarter Review* based on an upward trend in permitting activity. Issuance of building permits continued stronger than expected during the latter part of the year and FY 2011 revenues increased 18.5 percent over the FY 2010 level. Revenue collections of Fire Marshal Fees were \$0.5 million higher than estimated, also due to the stronger construction activity. Actual FY 2011 Zoning Fees revenue of \$2.9 million is \$0.5 million more than projected due to higher than expected number of zoning applications.

SUMMARY OF GENERAL FUND RECEIPTS

Attachment II

RECOVERED COSTS / OTHER REVENUE
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RECOVERED COSTS / OTHER REVENUE

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
\$5,940,194	\$8,035,781	\$8,193,764	\$12,516,773	\$4,323,009	52.8%

Actual FY 2011 revenue from Recovered Costs/Other Revenue is \$12,516,773, an increase of \$4,323,009, or 52.8 percent, over the *FY 2011 Revised Budget Plan*. This increase is primarily due to \$3.9 million received from the Fairfax County Public Schools for health functions provided by the County's Health Department and reimbursed by the state. This revenue had not been anticipated at the *Third Quarter Review* but was included in the FY 2012 Adopted Budget Plan.

REVENUE FROM THE COMMONWEALTH AND FEDERAL GOVERNMENT

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

FY 2010 Actual	FY 2011 Adopted	FY 2011 Revised	FY 2011 Actual	Increase/ (Decrease)	Percent Change
\$132,658,846	\$118,100,303	\$130,487,187	\$136,131,854	\$5,644,667	4.3%

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.

Actual FY 2011 Revenue from the Commonwealth and Federal Government is \$136,131,854, a net increase of \$5,644,667, or 4.3 percent, over the *FY 2011 Revised Budget Plan*. An increase of \$3.0 million is associated with state reimbursable salaries for constitutional officers and staff. This increase is due to the timing of payments from the Compensation Board and as a result of an overestimation of state cuts to the Department of the Sheriff. In addition, an increase of \$0.3 million is associated with the County's share of a statewide \$60.0 million "flexible cut" which was estimated at \$4.8 million, while the actual cut was \$4.5 million. This "flexible cut" requires localities to choose the funding stream(s) in which to make the reduction or to remit payment to the state.

Net additional revenue of \$1.0 million is due to reimbursable expenditures associated with public assistance programs. An increase of \$1.7 million is associated with the Child Care Assistance and Referral program, which was partially offset with decreases totaling \$0.7 primarily reflecting lower County expenditures in the Comprehensive Services Act (CSA) program and for adoption subsidies.

Federal funding of \$0.6 million was received for holding illegal immigrants in County jails. Due to the uncertainty regarding the amount of the federal appropriation for this program, no revenue estimate had been included in the FY 2011 budget. The FY 2011 amount received for this program by the County is \$0.8 million less than that received in FY 2010. In addition, \$0.6 million was received from the federal government for reimbursement associated with expenses incurred by the County during the major snowstorms that occurred in December 2009 and February 2010. Additional expenses are under review for potential reimbursement during FY 2012.