

FY 2011 Third Quarter Review

Attachment II – General Fund Receipts

SUMMARY OF GENERAL FUND REVENUE

Category	FY 2010 Actual	FY 2011 Revised Budget Plan as of FY 2010 Carryover	FY 2011 Fall Estimate ¹	Increase/ (Decrease)	FY 2011 Third Quarter Budget Estimate	Over the FY 2011 Fall Estimate	
						Increase/ (Decrease)	Percent Change
Real Estate Taxes - Current and Delinquent	\$2,115,971,076	\$2,009,974,554	\$2,015,748,709	\$5,774,155	\$2,015,748,709	\$0	0.00%
Personal Property Taxes - Current and Delinquent ²	507,485,566	499,830,603	493,911,058	(\$5,919,545)	499,324,993	5,413,935	1.10%
Other Local Taxes	460,148,029	474,881,301	479,649,777	4,768,476	484,667,630	5,017,853	1.05%
Permits, Fees and Regulatory Licenses	28,665,677	27,719,593	27,888,461	168,868	29,888,461	2,000,000	7.17%
Fines and Forfeitures	14,942,650	16,868,801	16,868,801	0	16,868,801	0	0.00%
Revenue from Use of Money/Property	21,816,673	18,309,869	21,492,015	3,182,146	21,492,015	0	0.00%
Charges for Services	62,980,797	65,907,163	63,228,869	(2,678,294)	63,228,869	0	0.00%
Revenue from the Commonwealth and Federal Governments ²	132,658,846	118,775,303	120,661,030	1,885,727	130,487,187	9,826,157	8.14%
Recovered Costs/ Other Revenue	5,940,194	8,035,781	8,193,764	157,983	8,193,764	0	0.00%
Total Revenue	\$3,350,609,508	\$3,240,302,968	\$3,247,642,484	\$7,339,516	\$3,269,900,429	\$22,257,945	0.69%
Transfers In	12,122,151	8,059,238	8,059,238	0	8,059,238	0	0.00%
Total Receipts	\$3,362,731,659	\$3,248,362,206	\$3,255,701,722	\$7,339,516	\$3,277,959,667	\$22,257,945	0.68%

¹FY 2011 revenue estimates were increased a net \$7.3 million as part of a fall 2010 review of revenues. Explanations of these changes can be found in the following narrative.

²The 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 FY 2011 Third Quarter revenues are estimated at \$3,269,900,429 and reflect an increase of \$22,257,945, or 0.69 percent, over the FY 2011 fall estimate.

As noted in the FY 2012 Advertised Budget Plan, a net \$7.3 million in revenue adjustments were made prior to Third Quarter during the development of the FY 2012 budget. These adjustments were based on actual FY 2010 receipts and collections through the first several months of FY 2011. Revenue changes made during the fall revenue review are discussed throughout this Attachment. Any impact to FY 2012 revenue estimates from these FY 2011 adjustments is already included in the FY 2011 Advertised Budget Plan.

General Fund revenue estimates included in the *FY 2011 Third Quarter Review* are increased \$22.3 million over the FY 2011 fall estimate. This increase is the result of a \$5.4 million increase in Personal Property Taxes due to lower exonerations and higher vehicle levy, an increase of \$5.0 million in Other Local Taxes due to higher Sales Tax receipts and Recordation Taxes, a \$2.0 million increase in Land Development Services Building and Inspection fees due to stronger permitting activity, and an increase of \$9.8 million in Revenue from the Commonwealth and Federal Government associated with commensurate increases in expenditures.

The rising revenue indicates improving economic conditions in the County; however, staff projections reflect cautiousness for the remainder of the year. Many revenue categories are especially sensitive to economic conditions and there is the potential that actual receipts may deviate from the revenue estimates included in this Attachment. For example, year-to-date Sales Tax receipts are up a slim 1.5 percent; however, receipts from December retail sales were up over 10 percent. Also, little information is available concerning Business, Professional, and Occupational Licenses (BPOL), since filings and payments are not due until March 1, with additional time required to process returns. In addition, FY 2010 revenue from the Bank Franchise Tax was more than double the FY 2009 level due to excess bank reserves. Staff anticipates that this revenue will be lower than last year but possibly higher than currently projected because banks continue to hold excess reserves. However, there is no information currently available to base a change in the estimate, as revenue from this category is not received until late May or early June. All revenue categories are closely monitored with respect to collections and the effects of changes in economic activity. Any necessary FY 2012 revenue adjustments will be included in the Add-On Review.

REAL ESTATE TAX-CURRENT

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$2,105,601,756	\$1,998,076,530	\$2,006,056,795	\$2,006,056,795	\$0	0.0%

The *FY 2011 Third Quarter Review* estimate for Current Real Estate Taxes of \$2,006,056,795 represents no change from the FY 2011 fall estimate. During the fall 2010 revenue review, the FY 2011 Real Estate estimate was increased \$8.0 million. This increase was the result of a lower level of projected exonerations and a decrease in expected tax relief. The FY 2011 Adopted Budget Plan included estimated exonerations of \$16.2 million, a slight increase from the \$16.0 million experienced in FY 2010. Appeals and Board of Equalization cases had declined significantly and estimated FY 2011 exonerations were reduced to \$10.3 million, a revenue increase of \$6.0 million. The estimate for Tax Relief was reduced from \$27.6 million to \$25.4 million, a revenue increase of \$2.1 million. While the number of participants in the tax relief program has remained relatively constant, average tax relief declined more than projected based on the actual decrease in assessed home values of participants. In addition, the revenue from Public Service Corporations was reduced \$0.1 million based on final state assessments.

REAL ESTATE TAX-DELINQUENTS

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$10,369,321	\$11,898,024	\$9,691,914	\$9,691,914	\$0	0.0%

The *FY 2011 Third Quarter Review* estimate for Delinquent Real Estate Taxes of \$9,691,914 represents no change from the FY 2011 fall estimate. During the fall 2010 revenue review, the FY 2011 estimate was reduced \$2.2 million based on collection trends and the collection rate achieved on current Real Estate Tax bills in FY 2010. The FY 2010 current Real Estate Tax collection rate was the highest on record at 99.71 percent.

PERSONAL PROPERTY TAX-CURRENT

	FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
Paid Locally	\$284,640,261	\$279,223,071	\$273,303,526	\$277,700,796	\$4,397,270	1.61%
Reimbursed by State	211,313,944	211,313,944	211,313,944	211,313,944	0	0.00%
Total	\$495,954,205	\$490,537,015	\$484,617,470	\$489,014,740	\$4,397,270	0.91%

The *FY 2011 Third Quarter Review* estimate for Current Personal Property Taxes of \$489,014,740 represents an increase of \$4.4 million over the FY 2011 fall estimate due to higher vehicle levy and lower exonerations based on final billings of vehicles currently in the County. Personal Property Taxes will continue to be adjusted to reflect vehicles purchased or sold during the remainder of the fiscal year. During the fall 2010 revenue review, the FY 2011 Personal Property Tax estimate was reduced a net \$4.7 million as a result of a decrease of \$7.4 million in Public Service Corporations (PSC) assessments based on final state assessment and a potential loss due to a statewide appeal over a multi-year period, partially offset by an increase of \$2.6 million as a result of a projected increase in vehicle volume and levy based on partial year assessments and billings.

PERSONAL PROPERTY TAX-DELINQUENTS

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$11,531,361	\$9,293,588	\$9,293,588	\$10,310,253	\$1,016,665	10.9%

The *FY 2011 Third Quarter Review* estimate for Delinquent Personal Property Taxes of \$10,310,253 represents an increase of \$1,016,665, or 10.9 percent, over the FY 2011 fall estimate. This increase is based on higher than expected year-to-date collections.

LOCAL SALES TAX

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$149,547,338	\$145,763,329	\$145,763,329	\$150,174,905	\$4,411,576	3.0%

The *FY 2011 Third Quarter Review* estimate for Sales Tax of \$150,174,905 represents an increase of \$4.4 million, or 3.0 percent, over the FY 2011 fall estimate. This increase is based on higher than expected year-to-date collections, which are up 1.5 percent through February 2011. Holiday spending was especially strong, with collections from December 2010 retail sales up 10.1 percent. The FY 2011 Third Quarter estimate assumes that collections for the remaining months of the fiscal year will be level with the same period of FY 2010 after adjusting for a refund that will be paid in FY 2011 based on a state audit. The Third Quarter estimate for Sales Tax represents an increase of 0.4 percent over FY 2010 receipts.

BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE TAX-CURRENT

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$138,542,613	\$136,431,465	\$138,542,613	\$138,542,613	\$0	0.0%

The *FY 2011 Third Quarter Review* estimate for Business, Professional and Occupational License (BPOL) Taxes of \$138,542,613 represents no change from the FY 2011 fall estimate. 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 2011 receipts. During the fall 2010 revenue review, the FY 2011 estimate for BPOL was increased \$2.1 million to the level received in FY 2010. This estimate reflects a stabilization of economic activity during calendar year 2010.

RECORDATION/DEED OF CONVEYANCE TAXES

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$24,864,943	\$24,714,902	\$25,122,266	\$25,728,543	\$606,277	2.4%

The *FY 2011 Third Quarter Review* estimate for Deed of Conveyance and Recordation Taxes of \$25,728,543 represents an increase of \$606,277, or 2.4 percent, over the FY 2011 fall estimate. During the fall 2010 revenue review, the FY 2011 estimate for Deed of Conveyance and Recordation Taxes was increased \$0.4 million based on collection trends. Collections have continued to trend higher primarily due to increased mortgage refinancing activity. Deed of Conveyance Taxes are projected to be \$4,569,418 and Recordation Taxes are projected to be \$21,159,125. Combined, the Third Quarter estimate represents an increase of 3.5 percent over FY 2010 receipts.

COMMUNICATIONS SALES AND USE TAX

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$52,075,447	\$52,933,658	\$52,312,013	\$52,312,013	\$0	0.0%

The *FY 2011 Third Quarter Review* estimate for the Communications Tax is \$52,312,013, and represents no change from the FY 2011 fall estimate. During the fall 2010 revenue review, the FY 2011 estimate was reduced \$0.6 million based on average monthly receipts. The FY 2011 estimate represents an increase of 0.5 percent over FY 2010 actual collections.

BANK FRANCHISE TAX

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$16,817,879	\$6,248,658	\$9,248,658	\$9,248,658	\$0	0.0%

The *FY 2011 Third Quarter Review* estimate for the Bank Franchise Tax of \$9,248,658 represents no change from the FY 2011 fall estimate. During the fall revenue review, the estimate for the Bank Franchise Tax was increased \$3.0 million based on bank mergers that increased assets of County banks. FY 2010 collections of \$16.8 million were more than double 2009 receipts of \$8.1 million. The increase in FY 2010 was due in part to these mergers, but was primarily the result of banks holding significant reserves above those required by the Federal Reserve. In addition, due to economic concerns, banks were making relatively fewer loans which also increased their assets, the basis for the Bank Franchise Tax. Reportedly, banks have continued to hold significant reserves and revenue from this category may exceed the FY 2011 estimate at year-end; however, revenue from the Bank Franchise Tax is not received until late May and June, making it a difficult category to project.

PERMITS, FEES AND REGULATORY LICENSES

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$28,665,677	\$27,719,593	\$27,888,461	\$29,888,461	\$2,000,000	7.2%

The *FY 2011 Third Quarter Review* estimate for Permits, Fees and Regulatory Licenses is \$29,888,461 and represents an increase of \$2.0 million, or 7.2 percent, over the FY 2011 fall estimate. The FY 2011 estimate for Land Development Services (LDS) Building and Inspection fees was increased \$2.0 million based on an upward trend in permitting activity, with both new building permits, and alternation and repair permits, up 11.0 percent. During the fall 2010 revenue review, the FY 2011 estimate for Permits, Fees and Regulatory Licenses was increased a net \$0.2 million as a result of projected modest growth in a few categories such as Fire Marshal Fees and Fire Prevention Code Permits.

INVESTMENT INTEREST

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$16,792,303	\$14,438,339	\$17,601,597	\$17,601,597	\$0	0.0%

The *FY 2011 Third Quarter Review* estimate for revenue from Investment Interest of \$17,601,597 reflects no change from the FY 2011 fall estimate. During the fall 2010 revenue review, the FY 2011 estimate for Investment Interest was increased \$3.2 million based on a higher anticipated annual yield. The estimated annual yield was raised from 0.75 percent to 0.79 percent based on current investment activity.

CHARGES FOR SERVICES

FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
\$62,980,797	\$65,907,163	\$63,228,869	\$63,228,869	\$0	0.0%

The *FY 2011 Third Quarter Review* estimate for Charges for Services of \$63,228,869 reflects no change from the FY 2011 fall estimate. During the fall 2010 revenue review, the Charges for Services category was reduced a net \$2.3 million. The FY 2011 estimate for County Clerk fees was reduced \$1.4 million based on collections through December 2010, which were down 12.9 percent from the same period last year. In addition, the FY 2011 estimate for Library Overdue penalties was reduced \$0.5 million to the FY 2010 level. The original FY 2011 estimate had reflected higher anticipated collections due to the fee increase implemented in FY 2010, but collections in FY 2010 were level with FY 2009 receipts, as patrons returned more materials on time. This trend is expected to continue. The FY 2011 estimates for the Senior+ Monthly Participant fees and the Senior Center Annual Participant fees were also reduced in the fall a combined \$0.4 million to the FY 2010 level, based on lower than anticipated collections in FY 2010, the first year in which these fees were implemented.

REVENUE FROM THE COMMONWEALTH/FEDERAL GOVERNMENT¹

	FY 2010 Actual	FY 2011 Revised as of FY 2010 Carryover	FY 2011 Fall Estimate	FY 2011 Third Quarter	Increase/ (Decrease)	Percent Change
Baseline Funding including State approved reductions	\$132,658,846	\$118,775,303	\$120,968,266	\$130,794,423	\$9,826,157	8.1%
Reserve for State Cuts	0	0	(307,236)	(307,236)	0	0.0%
Net Funding	\$132,658,846	\$118,775,303	\$120,661,030	\$130,487,187	\$9,826,157	8.1%

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 2011 Third Quarter Review* estimate for Revenue from the Commonwealth and Federal Government of \$130,487,187 reflects an increase of \$9,826,157, or 8.1 percent, over the FY 2011 fall estimate. The \$9.8 million increase is fully offset with expenditure increases. The increase in revenue includes additional funding of \$6.6 million associated with the Child Care Assistance and Referral Program, which will be entirely offset with additional expenditure requirements. Comprehensive Services Act Program revenue is increased \$2.5 million based on state reimbursement of anticipated expenditures in FY 2011. Additional federal funding of \$0.3 million for the Refugee Assistance program will also be fully offset with a rise in expenditures. In addition, an increase of \$350,000 is associated with revenue that was previously classified as grant funding and shown in Fund 102, Federal/State Grants. This funding no longer meets the grant definition of the County's new computer system and thus needs to be transferred to the General Fund. The expenditures associated with this grant will also be transferred to the General Fund for no net impact to the County. More information regarding these adjustments can be found in the Administrative Adjustment Section of this document.

During the fall 2010 revenue review, revenue estimates were refined for several state categories by a net \$1.9 million based on actual FY 2010 experience and FY 2011 year-to-date collections. The adjustments include an increase of \$1.0 million in reimbursable salaries from the Virginia Compensation Board and \$0.9 million in funding for the Adult Detention Center.