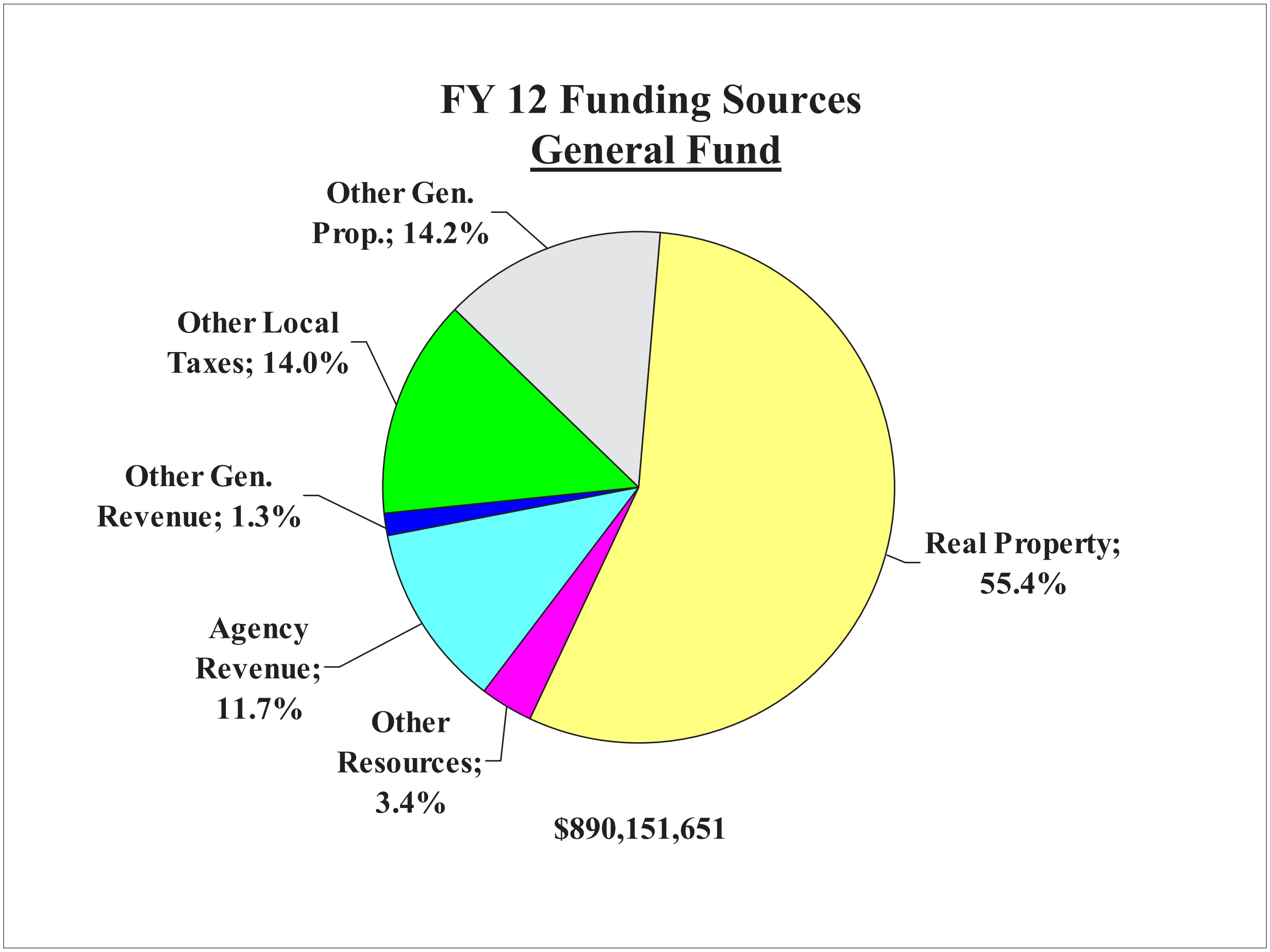
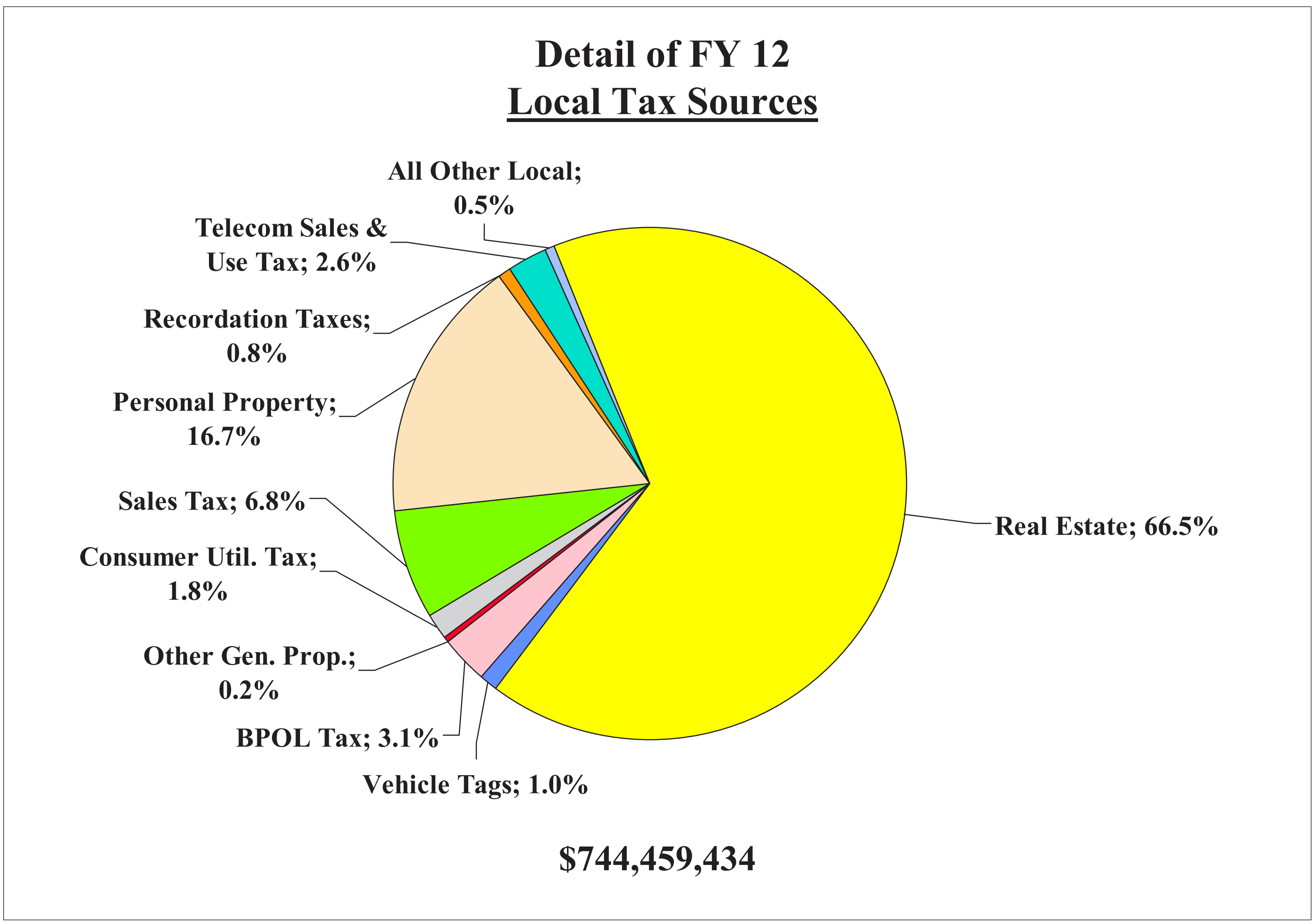
The General Fund accounts for all financial transactions and resources in Prince William County other than those required to be accounted for in another Fund. Thus, the General Fund is the largest and most important fund used by the County. The General Fund is divided into revenues and expenditures. This pie chart shows all FY 12 Adopted funding sources contained within Prince William County's General Fund. In other words, the chart shows where the money comes from to support the County's expenditures. The largest slice of this pie (55.4%) comes from Real Property Taxes. This source contains revenues received from the County's real estate. The next largest sources are other General Property (14.2%) and other local taxes (14.0%). Other Local Taxes contains revenues from such sources as: Sales Tax, Business, Professional & Occupational License, Public Utility Gross Receipts Tax, Consumer Utility Tax, and the Transient Occupancy Tax. Other General Property contains revenue from such sources as Personal Property and interest in taxes. Agency Revenue (11.7%) contains revenues that are collected by individual County agencies. These revenues most typically come from Federal and State grants as well as private sector sources. These four pieces of the pie, when added together, make up 95.3% of total funding sources in the General Fund.

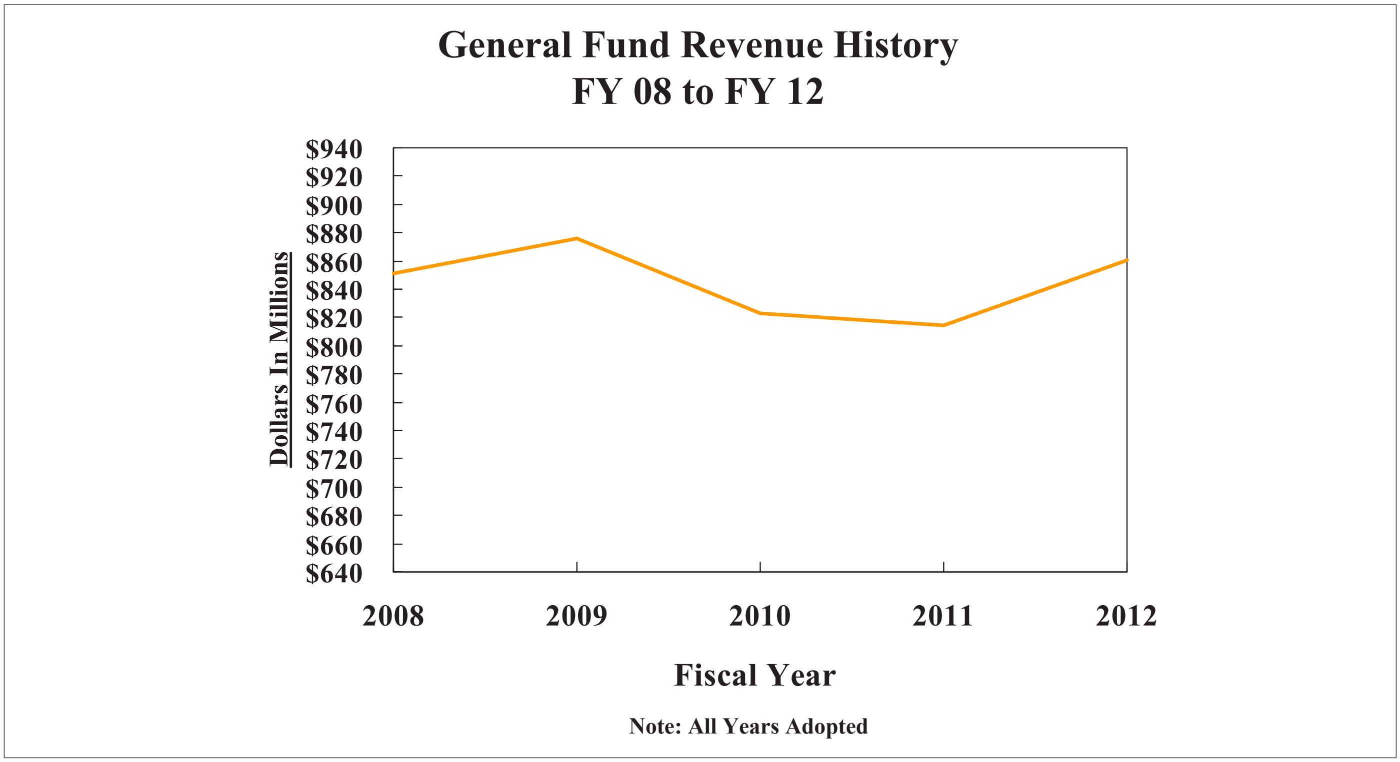


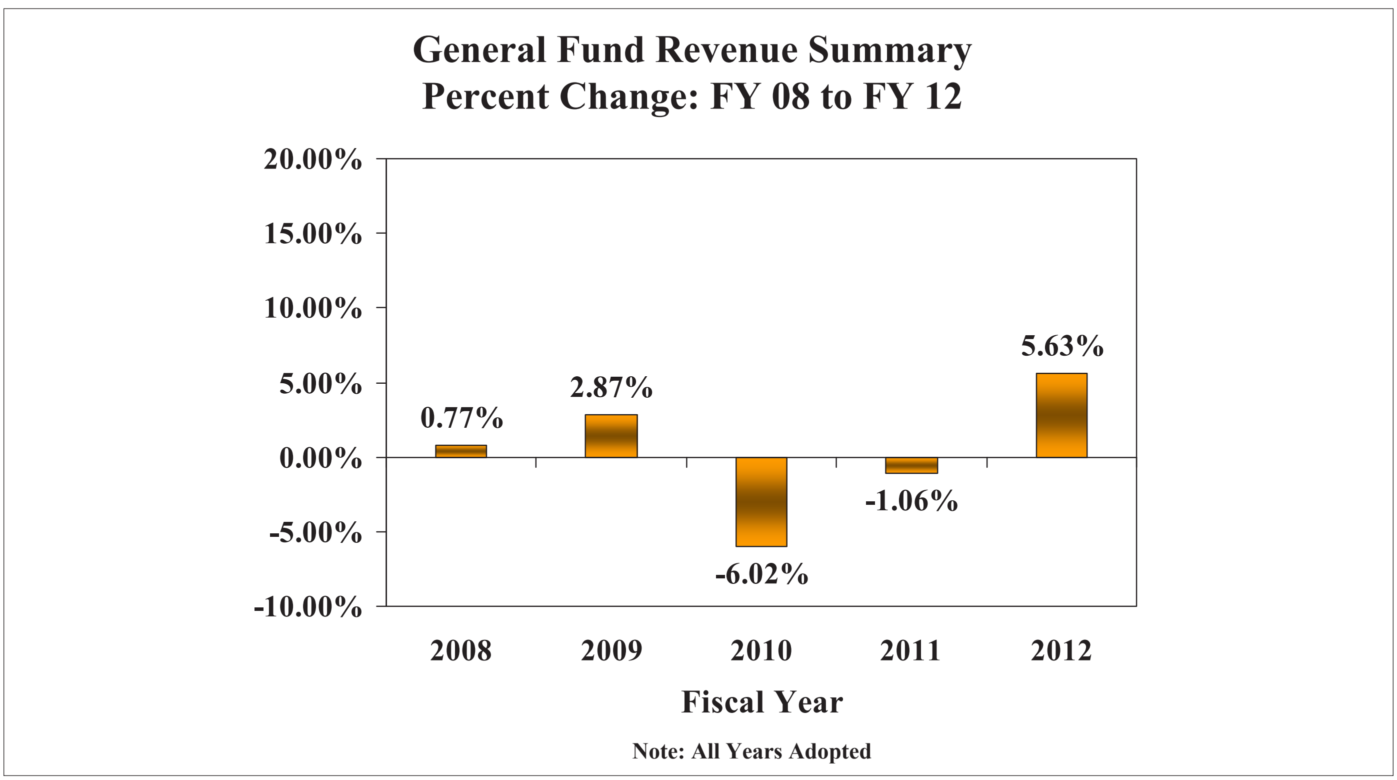
This pie chart provides detail regarding the County's FY 12 Adopted local tax sources. These taxes make up a majority of the funding sources contained in the County's General Fund. The largest source of local tax dollars (66.5%) comes from the real estate tax ($1.204 per $100 of assessed value) assessed on citizen's homes and real estate properties. The next largest source (16.7%) is Personal Property Taxes ($3.70 per $100 of assessed value) assessed on individual and business personal property. The next source (6.8%) is Sales Tax (a tax rate of 1%) levied on the retail sale or rent of most tangible property. These three tax sources taken together provide 90.0% of total local tax dollars coming into the County. The smaller sources of tax dollars include:

- Vehicle Tags (1.0%) received from the annual sale of automobile decals;
- All Other Local (0.5%) include miscellaneous tax sources such as Transient Occupancy Tax;
- Other General Property (0.2%) is interest earned on all taxes;
- Business, Professional, Occupational License tax (3.1%) levied on the gross receipts of County businesses;
- Consumer Utility Tax (1.8%) levied on the consumers of telephone, electric and natural gas.
- Recordation Taxes (0.8%) is levied when a deed or deed of trust is recorded with the clerk of the circuit court
- Telecommunication Sales and Use Tax (2.6%) is 5% levied on the following services; Landline, telephones, wireless telephone, cable TV, satellite TV, VOIP service and Paging services.



As the following graphs show, total Prince William County General Fund Revenues have increased 1.0% from FY 08 Adopted to FY 12 Adopted (from $851.48 million to $860.27 million).





FY 2012 Adopted Real Estate Tax Rate and Average Tax Bill

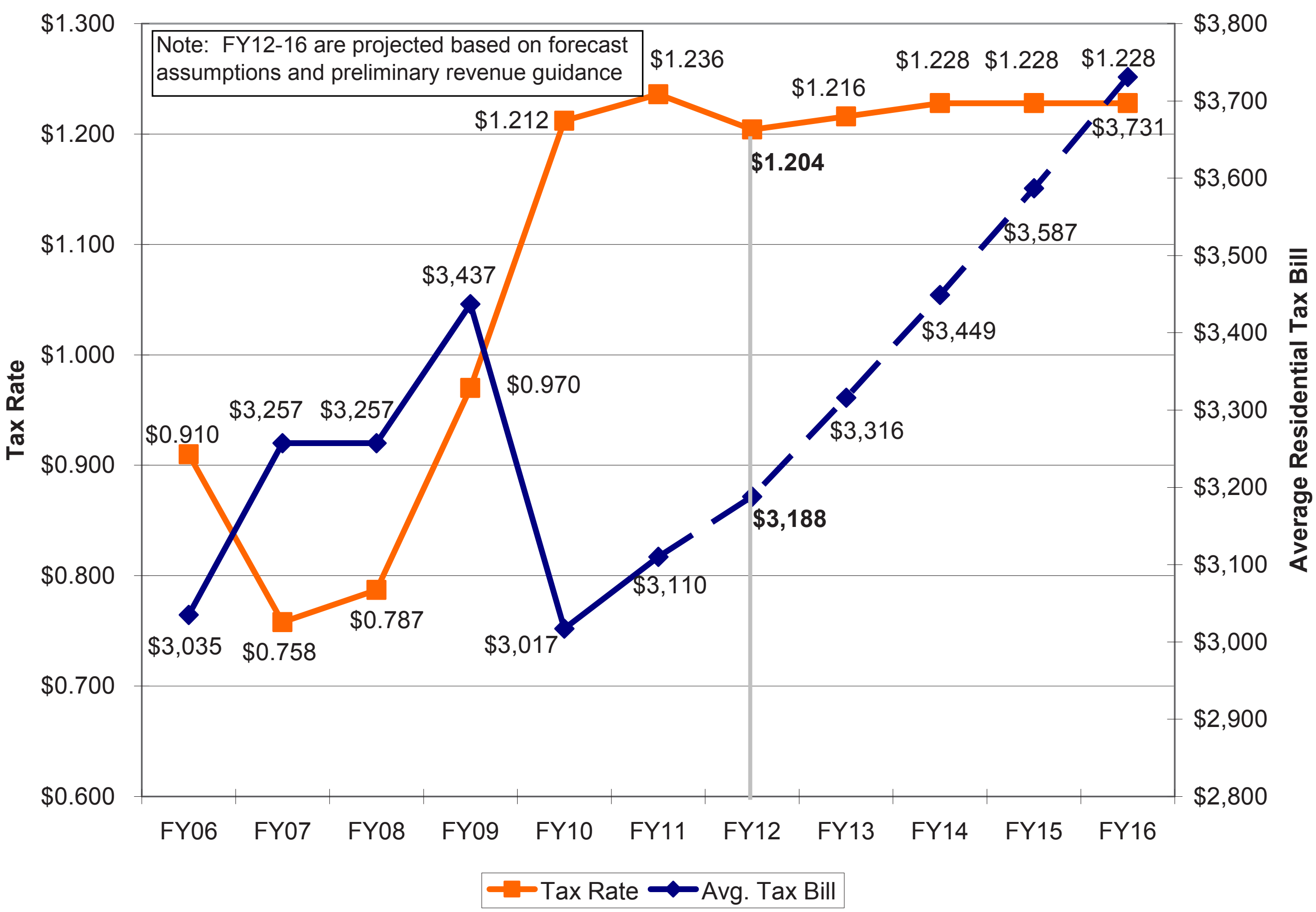
During calendar year 2010, Prince William County's residential real estate market improved as banks better managed their properties for sale instead of flooding the market. As a result, sales prices increases were experienced. Residential prices have increased and commercial real estate values are showing signs of improvement but remain vulnerable (an average 0.69% increase in assessed value is projected) due to limited available credit from banks for acquisitions in addition to high vacancy rates because of the national and local economy.

On April 26, 2011, the Board of County Supervisors adopted the FY 2012 Budget. The adopted real estate tax rate of $1.204 has the following tax bill impacts on property owners:

- the "average" real estate tax bill on existing, residential properties will increase $78 or 2.5%;
- the "average" real estate tax bill on existing, commercial properties will decrease 1.92%.

Figure 1 illustrates the recent history of the County's real estate tax rate and average residential real estate tax bill:

Figure 1. FY 2012-2016 Adopted Real Estate Tax Rates and Average Tax Bill



The real estate tax rate was lowered to $1.204 for FY 2012. This is an increase of $0.446 from the tax rate of $0.758 adopted in FY 2007. However, during that same four year period, the average residential tax bill will have decreased by $69 or 2.1% (from $3,257 to $3,188). The average tax bill is proposed to increase beyond FY 2012 based on the projected inflation rates of 4.0% annually in FY 2013-2016. It is important to note that the average, existing residential tax bill will not return to FY 2007 levels until FY 2013 - a period of six years. *(See Figure 1)*

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. General Fund revenues are described below:

Real Estate Revenues

Real estate revenues are broken down into the following categories: general real estate tax, public service tax, real estate tax deferral, land redemption, and real estate penalties.

Table 1. Revenue Estimates by Category

OBJ LVL 3	GENERAL REVENUE SOURCE	FY 2012 ESTIMATE	FY 2013 ESTIMATE	FY 2014 ESTIMATE	FY 2015 ESTIMATE	FY 2016 ESTIMATE
0010	REAL ESTATE TAXES	$483,519,000	$505,493,000	$533,328,000	$564,924,000	$600,614,000
	ROLLBACK SUPPLEMENT	100,000	100,000	100,000	100,000	100,000
0020	REAL ESTATE TAX EXONERATIONS	(8,826,000)	(9,227,000)	(9,735,000)	(10,312,000)	(10,963,000)
	SUBTOTAL	$474,793,000	$496,366,000	$523,693,000	$554,712,000	$589,751,000
0041	R/E TAXES - PUBLIC SERVICE	$17,835,000	$18,193,000	$18,556,000	$18,742,000	$18,929,000
0021	REAL ESTATE TAX DEFERRAL	($1,000,000)	($500,000)	($250,000)	($250,000)	($250,000)
0025	LAND REDEMPTION	$315,000	$315,000	$315,000	$315,000	$315,000
0160	REAL ESTATE PENALTIES	$2,080,000	$2,174,000	$2,294,000	$2,430,000	$2,583,000
TOTAL - - REAL ESTATE		**$494,023,000**	**$516,548,000**	**$544,608,000**	**$575,949,000**	**$611,328,000**
0071	PERSONAL PROPERTY TAXES	$124,370,000	$128,960,000	$134,140,000	$139,820,000	$146,090,000
0072	P/P - PRIOR YEAR	$75,000	$75,000	$75,000	$75,000	$75,000
0081	P/P TAX DEFERRAL	($1,000,000)	($1,000,000)	($1,000,000)	($1,000,000)	($1,000,000)
0170	P/P PENALTIES	$1,250,000	$1,300,000	$1,350,000	$1,410,000	$1,470,000
TOTAL - - PERSONAL PROPERTY		**$124,670,000**	**$129,310,000**	**$134,540,000**	**$140,280,000**	**$146,610,000**
0210	**LOCAL SALES TAX**	**$50,810,434**	**$52,842,851**	**$54,956,565**	**$57,154,828**	**$59,441,021**
0220	**CONSUMER UTILITY TAX**	**$13,440,000**	**$13,780,000**	**$14,150,000**	**$14,540,000**	**$14,940,000**
0223	**COMMUNICATIONS SALES TAX**	**$19,610,000**	**$20,000,000**	**$20,400,000**	**$21,010,000**	**$21,640,000**
0235	**BPOL TAXES - LOCAL BUSINESSES**	**$21,960,000**	**$22,810,000**	**$23,740,000**	**$24,710,000**	**$25,710,000**
0510	**INVESTMENT INCOME**	**$11,020,000**	**$15,740,000**	**$20,660,000**	**$22,920,000**	**$26,820,000**
0140	INTEREST ON TAXES	$1,438,000	$1,501,000	$1,579,000	$1,667,000	$1,766,000
0250	MOTOR VEHICLE LICENSE FEE	7,560,000	7,740,000	7,930,000	8,120,000	8,310,000
0260	RECORDATION TAX	5,800,000	5,916,000	6,034,320	6,155,006	6,278,107
0261	ADDITIONAL TAX ON DEEDS	1,650,000	1,680,000	1,710,000	1,760,000	1,810,000
ALL OTHER REVENUE OVER $1.5 MILLION		**16,448,000**	**16,837,000**	**17,253,320**	**17,702,006**	**18,164,107**
0215	DAILY EQUIPMENT RENTAL TAX	185,000	203,500	224,000	246,500	271,500
0230	BANK FRANCHISE TAX	900,000	935,000	971,000	1,010,000	1,050,000
0236	BPOL TAXES - PUBLIC SERVICE	1,150,000	1,185,000	1,221,000	1,258,000	1,296,000
0270	TRANSIENT OCCUPANCY TAX	1,238,000	1,260,000	1,285,000	1,312,000	1,350,000
0520	INTEREST PAID TO VENDORS	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
0521	INTEREST PAID ON REFUNDS	(50,000)	(55,000)	(55,000)	(55,000)	(55,000)
1303	ROLLING STOCK TAX	90,000	92,000	94,000	96,000	98,000
1304	PASSENGER CAR RENTAL TAX	772,000	795,000	820,000	845,000	870,000
1305	MOBILE HOME TITLING TAX	35,000	35,000	35,000	35,000	35,000
1700	FED PAYMENT IN LIEU OF TAXES	90,000	94,500	99,000	103,750	108,750
MISC.	ALL OTHER GENERAL REVENUE	7,000	7,000	7,000	7,000	7,000
ALL OTHER REVENUE UNDER $1.5 MILLION		**4,067,000**	**4,202,000**	**4,351,000**	**4,508,250**	**4,681,250**
TOTAL GENERAL REVENUE		**756,073,434**	**792,094,851**	**834,683,885**	**878,799,084**	**929,359,378**

Real Estate Taxes - 010 / 020

The real estate tax is the single largest revenue source for Prince William County contributing approximately 65.3% of general revenues (FY 2012 forecast). It is levied on all land, improvements, and leasehold interests on land or improvements (collectively called "real property") except that which has been legally exempted from taxation by the Prince William County Code and the Code of Virginia. The revenue summary for the general real estate tax applies only to real property assessed locally, which includes residential, commercial and industrial, and agricultural and resource land property types. Table 2 shows a ten-year history of this revenue source and the five-year revenue forecast:

Note that public service properties including railroads, utilities, etc. are not assessed locally. Rather, these properties are assessed by the State Corporation Commission and the Virginia Department of Taxation. Therefore, real estate revenues from these properties are not included in Table 2.

Residential Real Estate

Following a relatively stable residential market in 2009, 2010 showed some strength during the first six months of the year on the tail end of the first time home buyer tax credit program. During the second half of the year, market appreciation halted with the expiration of incentives for home buyers. Following a 1.1% increase in values in 2009, average existing home value increased approximately 5.41% in 2010. Factors contributing to the appreciation of values included the $8,000 first time home buyer tax credit program during the first half of the year, continued low mortgage rates, lower foreclosure rates, significant investor activity, and financial institution's decisions not to flood the market with foreclosed homes. In 2010, there were 2,078 foreclosures of residential properties compared to 3,279 in 2009, a decrease of 37%.

The average number of days on the market declined from 68 days to 50 days. The inventory of homes on the market also declined dramatically during calendar year 2010 as a growing number of realtors are expressing concerns over a lack of home supply. Bank owned properties and short sales made up approximately two thirds of all sales in 2009.

The residential real estate market consists of four property types: single-family homes, townhouses, residential condominiums, and apartments. Duplex units are included within the townhouse category. The apartment category consists of units within rental apartment communities and apartment buildings with five or more units.

Table 2. Revenue Summary - Real Estate Taxes - 010 / 020

Revenue History	Tax Rate	Actual Revenue	Percent Change
FY 2001	$1.340	$208,663,095	7.7%
FY 2002	1.300	230,638,558	10.5%
FY 2003	1.230	266,546,217	15.6%
FY 2004	1.160	304,997,838	14.4%
FY 2005	1.070	348,048,638	14.1%
FY 2006	0.910	380,232,314	9.2%
FY 2007	0.758	419,468,402	10.3%
FY 2008	0.787	438,809,461	4.6%
FY 2009	0.970	493,304,534	12.4%
FY 2010	1.212	459,343,128	(6.9%)
Current Estimate	**Tax Rate**	**Adopted/Revised Revenue**	**Percent Change**
FY 2011 (Adopted Budget)	$1.236	$458,528,000	(0.2%)
FY 2011 (Revised Estimate)	1.236	458,528,000	(0.0%)
Forecast Revenue	**Tax Rate**	**Revenue Estimate**	**Percent Change**
FY 2012	1.204	474,793,000	3.5%
FY 2013	1.216	496,366,000	4.5%
FY 2014	1.228	523,693,000	5.5%
FY 2015	1.228	554,712,000	5.9%
FY 2016	1.228	589,751,000	6.3%

Residential Market Value Changes

Figure 2 shows a history of actual residential appreciation (excluding rental apartments) from calendar year 1980 through 2010 and the General Revenue Committee's estimates thereafter.

Table 3 shows the expected change in market value for residential and apartment properties during the forecast period.

The strengths of the Washington D.C. area, which are relatively low unemployment (compared to national and state unemployment rates) and anemic, but nevertheless stable job growth expectations, are countered by improving, but still relatively high foreclosure rates in Prince William County and shaky consumer confidence.

The residential market is forecast to gradually stabilize as the excess supply of foreclosed properties is absorbed over the course of the next twelve to twenty-four months depending on how economic uncertainties unfold. Residential properties in Prince William County are expected to recover at a slower pace for the foreseeable future due to uncertain economic environment.

Figure 2. Average Annual Residential Real Estate Appreciation

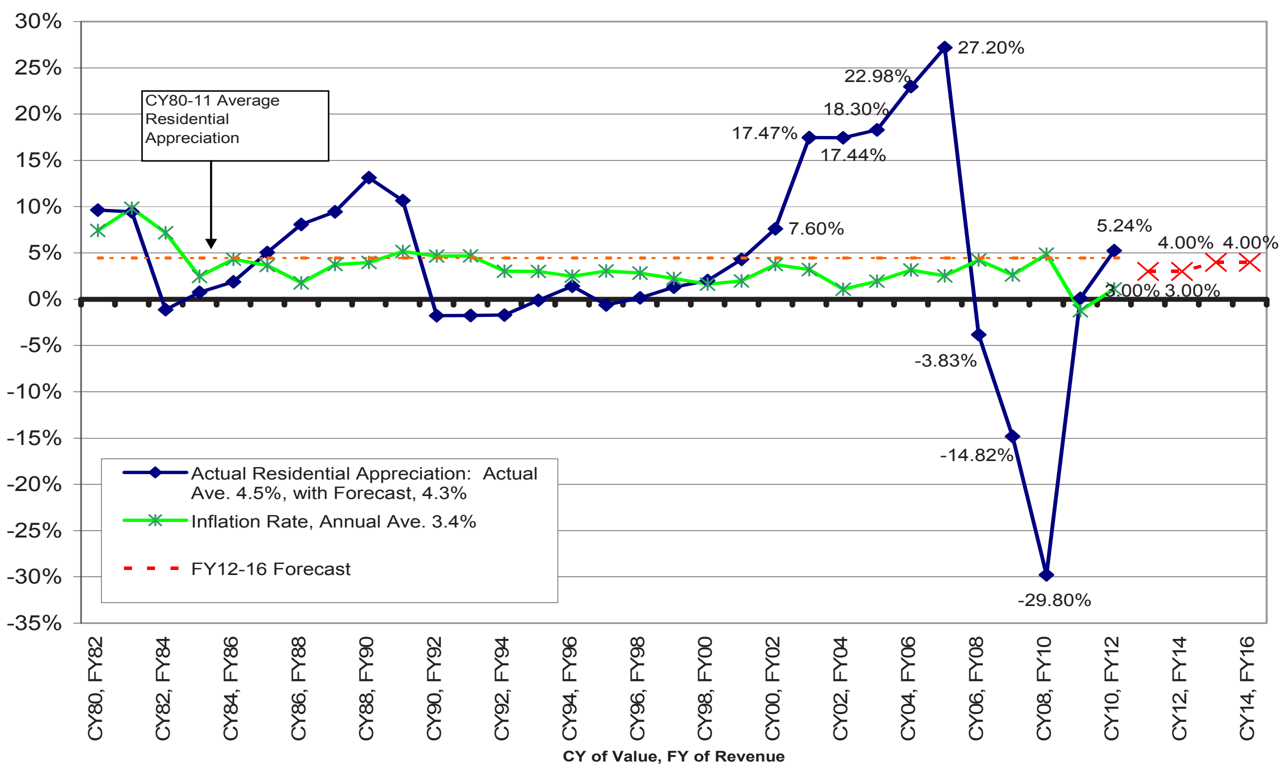


Table 3. Residential Market Value Changes

Revenue Year	Single-Family, Townhouse, and Condominium	Apartments
FY 2012	5.2%	7.9%
FY 2013	3.0%	5.0%
FY 2014	3.0%	5.0%
FY 2015	4.0%	5.0%
FY 2016	4.0%	5.0%

Residential market change in Prince William County is somewhat stronger than neighboring Northern Virginia jurisdictions *(See Table 4)*:

Apartments Market Value Change

The apartment market has seen modest increases in both rent and occupancy levels in Prince William County. Apartment values experienced a healthy increase mainly due to an annualized 152 basis point reduction in overall capitalization rates according to the fourth quarter 2010 Korpacz Investor Survey. The reason for this sharp decline is the relative strength of apartments as investment properties as well as easier availability of capital. Appreciation is estimated to continue at a rate of approximately 5% through FY 2016.

Residential New Construction Units

Growth is defined as the change in assessed value due to the subdivision of land and the construction of new residential units. Construction taking place in one calendar year affects real estate revenues two fiscal years later. For example, construction that occurred in calendar year 2010 will be reflected in the County's January 1, 2011 landbook which provides the basis for real estate tax revenue received in FY 2012. Table 5 summarizes the expected number of newly constructed residential units during the forecast period.

Construction of approximately 1,850 single family, townhouse, and condominium units were completed during calendar year 2010 which will generate revenue for FY 2012. The volume of new home starts is expected to remain stable in FY 2013 and rise modestly as the economy stabilizes and the inventory of foreclosed homes diminishes during the remainder of the forecast period. In calendar year 2010, 474 new apartment units were constructed. Construction of new apartment units is expected to remain stable at around 200 units during the remainder of the forecast period.

Residential Values Per New Unit

The average assessed value of a new home constructed during 2010 was approximately $327,000 a 0.9% increase over the average assessed value of homes built in 2009 which was $324,000. It should be noted that the overall assessed value of a new home is affected by the mix of single family, townhouse, and condominium units constructed in any given year.

Table 4. Comparison of Estimated Residential Market Value Changes from 2010 to 2011

	Prince William County	Loudoun County	Fairfax County	City of Alexandria	Arlington County
All Residential (Excluding Rental Apartments)	5.24%	2.5%	2.34%	0.04%	1.40%

Table 5. Residential Growth - Number of Units

Revenue Year / Calendar Year	Total Residential Units	Single-Family	Townhouse	Condominium	Apartments
FY 2007 / CY 05	6,178	3,780	1,343	518	537
FY 2008 / CY 06	4,420	2,556	1,135	278	451
FY 2009 / CY 07	2,889	1,406	531	768	184
FY 2010 / CY 08	1,978	1,060	278	456	184
FY 2011 / CY 09	1,957	1,112	293	552	0
*FY 2012 / CY 10	2,330	1,092	262	502	474
FY 2013 / CY 11	2,050	1,100	250	500	200
FY 2014 / CY 12	2,300	1,250	300	550	200
FY 2015 / CY 13	2,550	1,400	350	600	200
FY 2016 / CY 14	2,850	1,600	400	650	200

*(Estimate)

The average assessed value of a new single family home was approximately $381,000 in 2010.

In 2010, the average assessed value of a new condominium unit was approximately $242,000 and the average value of a new townhouse unit was $262,900. *(See Table 6)*

Commercial Real Estate

The troubles of the commercial real estate market remains rooted in the same reasons as last year - scarcity of investment credit, over-development, and a still uncertain economic outlook.

Calendar year 2010 market activity in Prince William County is forecast to result in commercial properties appreciating 0.69%, relatively flat on average, which will impact FY 2012 real estate tax revenue. The office and hotel/motel sectors, along with vacant commercial/industrial land experienced depreciation whereas improved industrial properties remained stable and retail showed an improvement over 2009. Office properties were affected by excess inventory as a result of recent construction as well as weak demand. The commercial property outlook for calendar year 2011 (FY 2013 revenue) remains weak as the credit crunch and commercial foreclosure activity are anticipated to continue over most of 2011. Commercial depreciation for FY 2013 is forecast at -5% followed by no change in FY 2014 and slight appreciation in FY 2015 (3.0%) and FY 2016 (5.0%). *(See Table 7)*

Average assessed values per square foot for FY 2012 are determined based on the added building value resulting from new construction completed during calendar year 2010.[1] These unit values are then adjusted to reflect the general appreciation of commercial properties during the remainder of the forecast period.

1 Note that increases or decreases in dollars per square foot from one year to the next are not indicative of appreciation trends. Unit values are based on the contributory value of the new buildings in a category divided by the added square footage in that category. Building values per square foot vary widely among different building types within each category and the types of new buildings within categories vary from one year to the next.

Table 6. New Residential Assessed Value per New Unit

Revenue Year	Overall Residential (Excludes Apts.)	Single-Family	Townhouse	Condominium	Apartment
FY 2006 (a)	$447,974	$493,565	$332,477	$301,754	$79,622
FY 2007 (a)	548,355	616,954	421,251	377,304	92,237
FY 2008 (a)	531,957	610,977	408,275	343,586	97,017
FY 2009 (a)	427,378	525,384	344,824	305,035	106,202
FY 2010 (a)	330,995	387,959	258,170	242,976	99,885
FY 2011 (a)	323,949	380,728	262,254	242,317	93,600
FY 2012 (est.)	326,553	380,700	262,300	242,300	90,000
FY 2013	327,295	380,700	262,300	242,300	94,500
FY 2014	330,800	384,500	264,900	244,700	99,000
FY 2015	340,885	396,000	272,800	252,000	104,000
FY 2016	352,370	407,900	281,000	259,600	109,000

(a) - actual

Table 7. Commercial Market Value Changes

Revenue Year	Commercial
FY 2006 (a)	15.7%
FY 2007 (a)	17.3%
FY 2008 (a)	10.9%
FY 2009 (a)	4.3%
FY 2010 (a)	(14.9%)
FY 2011 (a)	(15.2%)
FY 2012	0.7%
FY 2013	(5.0%)
FY 2014	0.0%
FY 2015	3.0%
FY 2016	5.0%

(a) - actual

Commercial properties are categorized into five property types: retail, office, hotel, industrial, and special purpose. For FY 2012 (calendar year 2010 market activity), approximately 276,000 square feet of commercial space was added to the assessment rolls. Growth is expected to be anemic during the forecast period.

Retail

New construction in the retail sector accounted for approximately 25% of all commercial/industrial growth for FY 2012, adding nearly 69,000 square feet to the tax base. The turmoil in the residential market undoubtedly caused retail growth to moderate in 2010 as the sector tends to lag residential markets by one or two years. Shopping center capitalization rates decreased noticeably in 2010. Capitalization rates for premium shopping centers in 2011 are approximately 7.35%.

The retail sector is anticipated to remain anemic until residential new construction increases and valuation trends turn positive.

Industrial

Construction of industrial properties accounted for approximately 8% of all new commercial construction for FY 2012, adding approximately 23,000 square feet to the commercial/industrial base. This represents a significant decline from previous years and is directly linked to the continued, struggling economy. Both rents and occupancy levels of industrial properties in general experienced sharp declines in 2009, but stabilized in 2010. The oversupply of warehouse space in all submarkets suggests that growth within the sector will likely remain weak for foreseeable future.

Existing industrial properties, with the exception of self storage, are forecast to remain unchanged for fiscal year 2012. Self storage properties are forecast to appreciate approximately 8%. This translates to an overall industrial appreciation of 1%.

Hotels

In 2010, the completion of Springhill Suites added 74,000 square feet (98 rooms) to Prince William County's hotel inventory.

The hotel market valuation for 2011 increased 8% mainly attributed to downward pressure on cap rates due to pent-up demand for investment properties.

Office Buildings

Construction of several new office buildings and condominiums completed during calendar year 2010 added approximately 65,000 square feet to the commercial base. Growth within the office sector is expected to be sustained only at a low rate during the forecast period since absorbing newly constructed unoccupied space remains a challenge for the office sector. The net effects of over-building and the recession have been higher office vacancies and naturally lower rents. The calendar year 2010 vacancy rate for office space in Woodbridge/Dumfries area was unchanged from 2009 at approximately 15%. The vacancy rate in Manassas area showed a slight improvement to 13%. No speculative building took place during calendar year 2010. The overall capitalization rate for office buildings in 2010 was 8%.

Special Use

Properties within the special use category comprise taxable schools, healthcare facilities, high-technology data center properties and other types of properties that have no foreseeable alternate uses. Approximately 45,000 square feet of miscellaneous commercial properties were constructed in calendar year 2010 (FY 2012).

A summary of commercial growth and assessed values per square foot during the forecast period is shown in Tables 8 and 9.

Real Estate Exonerations

Estimated real estate tax exonerations are deducted from the gross local real estate tax revenue to arrive at the net local real estate tax revenue.

Exonerations are decreases in revenue due to assessment reductions, changes in tax liability, or tax relief programs. Assessment reductions are typically caused by appeals of assessed values and account for the majority of exonerations. Changes in tax liability occur when a property changes from a taxable to a tax-exempt status. Taxes are also exonerated for properties whose owners qualify for the Tax Relief Program for the Elderly and Disabled.

In December 2004, the Board of County Supervisors made changes to eligibility requirements, which enables more households to participate in the Tax Relief Program for Elderly and Disabled Persons. The current eligibility requirements for senior citizens are:

- be 65 years of age or older as of December 31, 2011 - tax relief is prorated for applicants who turn 65 during calendar year 2011;
- have a gross household income from all sources of not more than $74,200 (in determining income, the first $10,000 of income earned by any relative living in the household other than the owner(s) or spouse is excluded);
- have a combined financial net worth for the applicant and spouse residing in the household of not more than $340,000, excluding the residence for which the exemption is sought and up to 25 acres of land which it occupies;
- own and occupy the home as their sole dwelling.

Table 8. Commercial New Construction Value per Square Foot

Revenue Year	Retail	Office	Hotel	Industrial	Misc. Properties
FY 2006 (a)	$109	$ 96	$106	$60	n/a
FY 2007 (a)	81	105	84	66	n/a
FY 2008 (a)	85	110	88	69	n/a
FY 2009 (a)	98	110	108	89	n/a
FY 2010 (a)	102	114	112	93	n/a
FY 2011 (a)	105	82	101	64	95
FY 2012	100	78	96	61	90
FY 2013	100	78	96	61	90
FY 2014	103	80	99	63	93
FY 2015	106	83	102	65	96
FY 2016	109	85	105	66	99

(a) - actual

Table 9. New Commercial Construction Square Footage

Revenue Year	Total Commercial	Retail	Office	Hotel	Industrial	Misc. Properties
FY 2006 (a)	1,674,159	661,639	170,153	197,911	644,456	--
FY 2007 (a)	1,711,473	563,714	106,775	--	1,040,984	--
FY 2008 (a)	2,731,438	566,090	1,028,850	115,002	915,098	106,398
FY 2009 (a)	3,572,737	644,119	948,518	174,793	1,623,988	181,319
FY 2010 (a)	2,833,958	1,295,731	276,813	56,013	1,175,139	30,262
FY 2011 (a)	925,785	534,842	216,832	95,362	68,557	10,192
FY 2012	276,000	69,000	65,000	74,000	23,000	45,000
FY 2013	239,000	88,000	100,000	27,000	14,000	10,000
FY 2014	360,000	150,000	100,000	50,000	50,000	10,000
FY 2015	485,000	200,000	125,000	50,000	100,000	10,000
FY 2016	610,000	250,000	150,000	50,000	150,000	10,000

(a) - actual

Public Service Taxes - 041

Public service taxes are levied on non-locally assessed properties. The State Corporation Commission (SCC) assesses all telecommunications companies, water companies, intrastate pipeline distribution companies, and electric light and power companies. The Virginia Department of Taxation assesses railroads and interstate pipeline transmission companies. *(See Table 10)*

Historically, all market value changes within the public service classification have been attributable to new construction growth. Revenue growth during fiscal year 2005 was significantly higher than in past years (despite a reduction in the real estate tax rate) due to the completion of Virginia Power's facility at Possum Point. Growth within public service properties is expected to stabilize at a rate of 1.0% per year for fiscal years 2012-2016. Public service market values are not subject to the same market changes as other real estate properties. *(See Table 11)*

Real Estate Tax Deferrals - 021

If unpaid real estate taxes at the end of a fiscal year are less than at the beginning of that fiscal year, the amount of the reduction is recorded as revenue in real estate tax deferrals. *(See Table 12)*

If unpaid real estate taxes at the end of a fiscal year are more than at the beginning of that fiscal year, the amount of the increase is recorded as negative revenue in real estate tax deferrals. Real estate taxes collected after becoming more than three years delinquent are accounted for as land redemption revenue.

Table 10. Revenue Summary - Public Services Taxes - 041

Revenue History	Tax Rate	Actual Revenue	Percent Change
FY 2002	$1.300	$11,537,837	(1.9%)
FY 2003	1.230	11,084,790	(3.9%)
FY 2004	1.116	10,976,245	(1.0%)
FY 2005	1.070	13,372,595	21.8%
FY 2006	0.910	11,413,498	(14.7%)
FY 2007	0.758	10,277,509	(10.0%)
FY 2008	0.787	11,401,499	10.9%
FY 2009	0.970	14,275,190	25.2%
FY 2010	1.212	16,518,811	15.7%
Current Estimate		**Adopted/Revised Revenue**	**Percent Change**
FY 2011 (Adopted Budget)	$1.236	$15,139,000	(8.4%)
FY 2011 (Revised Estimate)	1.236	18,128,000	9.7%
Forecast Revenue		**Revenue Estimate**	**Percent Change**
FY 2012	$1.204	$17,835,000	(1.6%)
FY 2013	1.216	18,193,000	2.0%
FY 2014	1.228	18,556,000	2.0%
FY 2015	1.228	18,742,000	1.0%
FY 2016	1.228	18,929,000	1.0%

Table 11. Public Service - Changes in Assessed Value

	FY 12	FY 13	FY 14	FY 15	FY 16
Public Service Growth (est.)	1.0%	1.0%	1.0%	1.0%	1.0%

On December 10, 1996, the Board of County Supervisors approved an initiative to decrease the percentage of unpaid property taxes at fiscal year end, as compared to the current year levy, from 11% in FY 1996 to 6% in FY 2003. With the adoption of the FY 2002 budget, additional collection resources were provided to the Finance Department and the amount of total unpaid property taxes as a percentage of the total levy was revised to 5.5% by FY 2005.

At the end of FY 2010, the percentage of unpaid property taxes compared to the FY 2010 levy was 2.2%. This remains unchanged from the FY 2009 unpaid property tax percentage of 2.2% and remains the County's best unpaid property tax rate since data was first collected in 1971.

The revenue forecast is made by estimating collections of unpaid personal property taxes up to five years delinquent. This revenue category varies depending on the amount of unpaid taxes at the end of one year compared to the previous year due to:

1. voluntary payment of taxes,
2. County resources allocated to collection efforts, and
3. the success of those collection efforts.

Table 12. Revenue Summary - Real Estate Tax Deferrals - 021

Revenue History	Actual Revenue
FY 2002	$1,072,000
FY 2003	724,347
FY 2004	587,945
FY 2005	810,324
FY 2006	235,971
FY 2007	(244,825)
FY 2008	483,032
FY 2009	(715,210)
FY 2010	628,146
Current Estimate	
FY 2011 (Adopted Budget)	$(1,000,000)
FY 2011 (Revised Estimate)	0
Forecast Revenue	
FY 2012	$(1,000,000)
FY 2013	(500,000)
FY 2014	(250,000)
FY 2015	(250,000)
FY 2016	(250,000)

Land Redemption - 025

Land redemption is the recognition of real estate taxes collected after being more than three years delinquent. The Code of Virginia allows Prince William County to pursue the collection of delinquent real estate taxes for twenty years. *(See Table 13)*

This revenue category varies depending on the amount of unpaid taxes three years and older, and the level of success in collecting these past due amounts. The FY 2012 to FY 2016 estimate assumes 20% of the prior year's unpaid land redemption taxes will be collected annually. Thirty percent is approximately equal to the percentage collected in the past. A variety of methods is used to enforce the collection of those taxes, including filing suit to force the sale of the property for unpaid taxes. Unpaid land redemption taxes, at the end of each fiscal year, are estimated as follows *(See Table 14)*:

Real Estate Penalties - 160

Prince William County assesses a 10% penalty on the late payment of real estate taxes. The penalty becomes due as the first and second half real estate taxes and supplemental real estate taxes become delinquent. *(See Table 15)*

Revenue from real estate penalties is estimated by applying a fixed percentage (approximately 0.44%) to the real estate revenue forecast excluding public service properties. The fixed percentage is based on recent historical data of real estate penalty revenues as a percentage of total real estate revenues excluding public service properties.

Personal Property Revenue

The personal property tax is assessed on vehicles, mobile homes, and business personal property. Approximately 85% of personal property tax revenue is forecast in FY 2012 to be generated by motor vehicles, trailers, and motor homes. The remaining 15% is forecast to be received from taxes levied on business equipment. *(See Table 16)*

Table 13. Revenue Summary - Land Redemption - 025

Revenue History	Actual Revenue	Percent Change
FY 2002	$818,871	14.0%
FY 2003	1,039,775	27.0%
FY 2004	347,818	(66.5%)
FY 2005	461,405	32.7%
FY 2006	327,255	(29.1%)
FY 2007	245,304	(25.0%)
FY 2008	237,913	(3.0%)
FY 2009	128,418	(46.0%)
FY 2010	138,641	8.0%
Current Estimate		
FY 2011 (Adopted Budget)	$315,000	127.2%
FY 2011 (Revised Estimate)	315,000	127.2%
Forecast Revenue		
FY 2012	$ 315,000	0.0%
FY 2013	315,000	0.0%
FY 2014	315,000	0.0%
FY 2015	315,000	0.0%
FY 2016	315,000	0.0%

Table 14. Unpaid Land Redemption Taxes

FY 2010	$1,357,475
FY 2011	1,354,000
FY 2012	1,500,000
FY 2013	1,500,000
FY 2014	1,500,000
FY 2015	1,500,000
FY 2016	1,500,000

Certain classifications of property do not generate a tax bill because of their extremely low tax rate, such as farm equipment, vehicles that qualify for elderly tax relief, vanpool vans, handicapped-equipped vehicles, and vehicles used by fire and rescue volunteers to answer emergency calls. In addition, some vehicles are tax exempt such as those used as daily rentals, vehicles owned by certain military personnel, and vehicles owned by non-profit organizations.

Personal Property Tax on Vehicles - 071 / 079 / 1308

Personal property tax revenue from vehicles is estimated based on the percentage change in average assessed value per vehicle and the percentage change in the number of units billed. Generally, the assessed value of taxable vehicles is obtained from standard pricing guides. Prince William County uses the trade-in values published in the National Automobile Dealers Association (NADA) value guide for new and older vehicles.

Table 15. Revenue Summary - Real Estate Penalties - 160

Revenue History	Actual Revenue	Percent Change
FY 2002	$1,026,456	33.8%
FY 2003	1,046,982	2.0%
FY 2004	1,234,854	17.9%
FY 2005	1,375,110	11.4%
FY 2006	1,550,598	12.8%
FY 2007	1,842,422	18.8%
FY 2008	1,952,229	6.0%
FY 2009	2,160,303	10.7%
FY 2010	1,651,847	(23.5%)
Current Estimate		
FY 2011 (Adopted Budget)	$1,800,000	9.0%
FY 2011 (Revised Estimate)	1,800,000	9.0%
Forecast Revenue		
FY 2012	$2,080,000	15.6%
FY 2013	2,174,000	4.5%
FY 2014	2,294,000	5.5%
FY 2015	2,430,000	5.9%
FY 2016	2,583,000	6.3%

Table 16. Revenue Summary - Personal Property Tax - 071 / 079 / 1308

Revenue History	Actual Revenue	Percent Change
FY 2002	$75,804,001	14.8%
FY 2003	85,015,356	12.2%
FY 2004	94,949,873	11.7%
FY 2005	98,256,579	3.5%
FY 2006	113,102,335	15.1%
FY 2007	124,238,439	9.8%
FY 2008	126,770,945	2.0%
FY 2009	129,389,732	2.1%
FY 2010	116,116,765	(10.3%)
Current Estimate		
FY 2011 (Adopted Budget)	$115,310,000	(0.7%)
FY 2011 (Revised Estimate)	121,560,000	4.7%
Forecast Revenue		
FY 2012	$124,370,000	2.3%
FY 2013	128,960,000	3.7%
FY 2014	134,140,000	4.0%
FY 2015	139,820,000	4.2%
FY 2016	146,090,000	4.5%

Car Tax Relief

A portion of the tax due on personal use vehicles is paid by the Commonwealth directly to Prince William County under the Personal Property Tax Relief Act (PPTRA). Through tax year 2005 (fiscal year 2006), the Commonwealth paid the County 70% of the tax due on the first $20,000 of assessed value for qualified vehicles.

During the 2004 State budget sessions, legislation was enacted that changes how the amount of car tax relief is calculated under the PPTRA. The legislation capped the amount reimbursed to the County, which began in tax year 2006 (fiscal year 2007). Capping the car tax at a set dollar amount ($950 million state-wide) will reduce the percentage of the tax on qualifying vehicles paid by the Commonwealth in each successive year. To compensate, the County must increase the share of the tax paid by the taxpayer or face declining revenue. The five-year revenue forecast assumes the County will increase the share paid by taxpayers so that overall personal property tax revenue from qualifying vehicles remains the same as it would under the current PPTRA program. The percentage of tax relief for qualifying vehicles in fiscal year 2012 (tax year 2011) is expected to be between 62% and 66%.

Change in Average Vehicle Value

The average assessed value per vehicle increased 1.7% between FY 2010 and FY 2011. *(See Table 17)* The FY 2012 (tax year 2011) forecast assumes an increase of 1.5% in average assessed values. The forecast for FY 2013-FY 2016 is for the average vehicle value to increase 2% per year (the historical average is 2.3%).

Change in Number of Vehicle Units Billed

The percentage change in the number of vehicle units billed increased by 2.9% between FY 2010 and FY 2011. *(See Table 18)* The FY 2012 (tax year 2011) forecast assumes a 2.60% increase in the number of vehicle units billed due mainly to population growth. The increase in vehicle units billed during FY 2012-2016 is due to gradual population growth and slow growth in the number of businesses and business vehicles as the economy continues to recover. *(See Figure 3)*

Table 17. Average Assessed Value per Vehicle

	Dollar Value	Percent Increase
FY 2006 (a)	$ 9,502	9.8%
FY 2007 (a)	9,998	5.2%
FY 2008 (a)	9,843	(1.6%)
FY 2009 (a)	10,070	2.3%
FY 2010 (a)	8,798	(12.6%)
FY 2011 (a)	8,945	1.7%
FY 2012 (est.)	9,079	1.5%
FY 2013	9,261	2.0%
FY 2014	9,446	2.0%
FY 2015	9,635	2.0%
FY 2016	9,827	2.0%

(a) - actual

Table 18. Percent Change in Number of Vehicle Units Billed

FY 2006 (a)	5.3%
FY 2007 (a)	2.4%
FY 2008 (a)	1.5%
FY 2009 (a)	1.3%
FY 2010 (a)	0.6%
FY 2011 (a)	2.9%
FY 2012 (est.)	2.9%
FY 2013	2.5%
FY 2014	2.4%
FY 2015	2.4%
FY 2016	2.3%

(a) - actual

Business Personal Property Tax

The business portion of the personal property tax is levied on all general office furniture and equipment, machinery and tools, equipment used for research and development, heavy construction equipment, and computer equipment located in Prince William County as of January 1st of each year. Each business is required to file a return annually declaring the item, its original cost, and year of purchase. Therefore, the assessed value is determined from its original cost, year of purchase, and use of the equipment.

The County has three depreciation schedules for the following classes of business equipment:

1. General Business Equipment - Assessed at 85% of its original cost in the year acquired. Thereafter, the percentage decreases by 10% increments. If still held after eight years, its assessed value remains constant at 10% of the original cost.

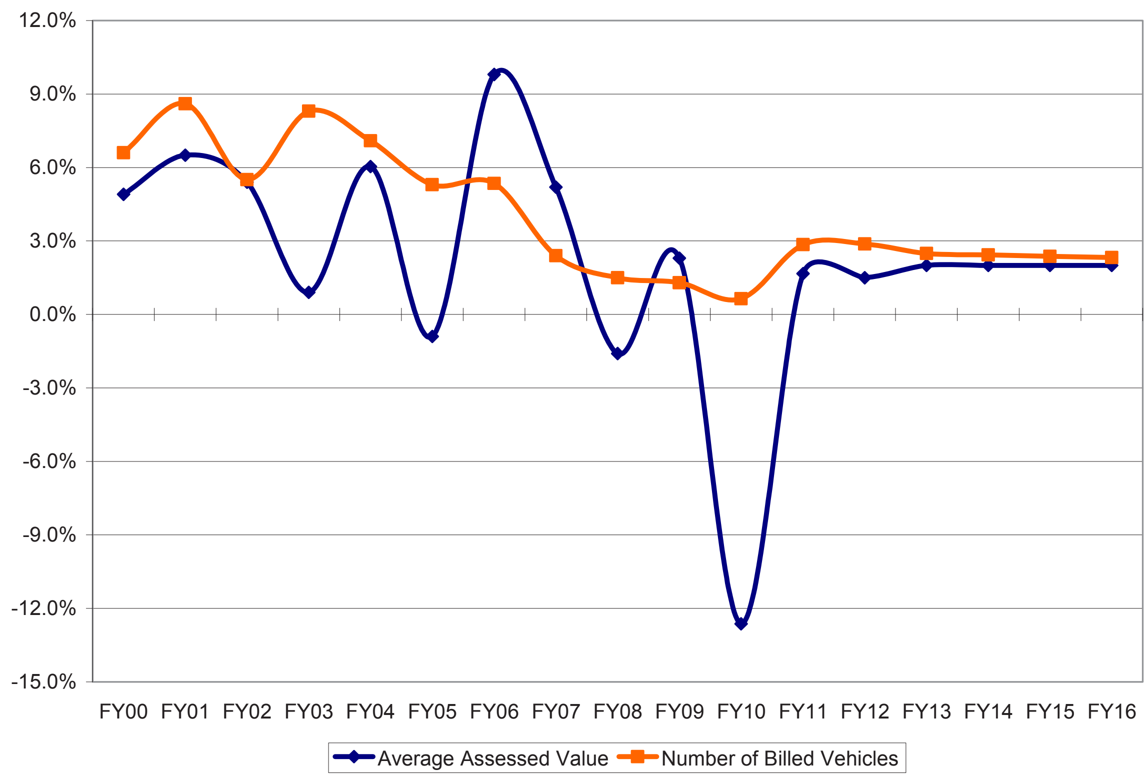
2. Heavy Equipment - Assessed at 80% of its original cost in the year acquired. Thereafter, the percentage decreases by 15% increments. If still held after five years, its assessed value remains constant at 10% of original cost.

3. Computer Equipment and Peripherals - Assessed at 50% of cost in the first year, 35% the second year, 20% the third year, 10% the fourth year, and 5% the fifth and subsequent years.

General business equipment and heavy equipment account for 75% and 11% of taxes on business equipment respectively. Taxes on computer equipment comprise 12% and taxes from machinery and tools account for the remaining 2%.

Taxes from business equipment are expected to decrease by 2.0% in FY 2012 and decrease another 1.0% in FY 2013 before stabilizing in FY 2014 (0.0%). Similar to homeowners, businesses defer purchases of new equipment during times of economic recession. Therefore, business equipment depreciates according to the above schedules. Business personal property tax revenue from heavy equipment, in particular, has decreased dramatically due to the decline in residential and commercial real estate markets. Heavy equipment from construction companies that have gone out of business due to the economy has been sold to other firms located outside the County. Taxes from business equipment are forecast to increase 3.0% in FY 2015 and by 5.0% in FY 2016.

Figure 3. Annual Percent Changes in Average Assessed Vehicle Value and Number of Billed Vehicles



Personal Property Prior Year - 072

This account records changes to prior year personal property taxes as a result of changes in estimated allowance for uncollectible taxes. These revenues are less than $100,000 a year, and are therefore not addressed in as much detail as the major revenue sources. *(See Table 19)*

Personal Property Deferrals - 081

If unpaid personal property taxes at the end of a fiscal year are less than at the beginning of that fiscal year, the amount of the reduction is recorded as revenue in personal property tax deferrals.

If unpaid personal property taxes at the end of a fiscal year are more than at the beginning of that fiscal year, the amount of the increase is recorded as negative revenue in personal property tax deferrals. *(See Table 20)*

On December 10, 1996, the Board of County Supervisors approved an initiative to decrease the percentage of unpaid property taxes at fiscal year end, as compared to the current year levy, from 11% in FY 1996 to 6% in FY 2003. With the adoption of the FY 2002 budget, additional collection resources were provided to the Finance Department and the amount of total unpaid property taxes as a percentage of the total levy was revised to 5.5% by FY 2005.

Table 19. Revenue Forecast - Personal Property Prior Year - 072

	Revenue Estimate	Percent Change
FY 2012	$75,000	0.0%
FY 2013	75,000	0.0%
FY 2014	75,000	0.0%
FY 2015	75,000	0.0%
FY 2016	75,000	0.0%

Table 20. Revenue Summary - Personal Property Deferrals - 081

Revenue History	Actual Revenue
FY 2002	$2,275,000
FY 2003	4,342,000
FY 2004	2,089,762
FY 2005	1,878,762
FY 2006	3,818,762
FY 2007	(88,148)
FY 2008	(620,783)
FY 2009	(771,845)
FY 2010	360,212
Current Estimate	
FY 2011 (Adopted Budget)	$(1,000,000)
FY 2011 (Revised Estimate)	--
Forecast Revenue	
FY 2012	$(1,000,000)
FY 2013	(1,000,000)
FY 2014	(1,000,000)
FY 2015	(1,000,000)
FY 2016	(1,000,000)

At the end of FY 2010, the percentage of unpaid property taxes compared to the FY 2010 levy was 2.2%. This remains unchanged from the FY 2008 and FY 2009 unpaid property tax percentage of 2.2% and remains the County's best unpaid property tax rate since data was first collected in 1971. The unpaid property tax percentage is anticipated to increase in FY 2011 through FY 2016 due to the economic recession.

The revenue forecast is made by estimating collections of unpaid personal property taxes up to five years delinquent. This revenue category varies depending on the amount of unpaid taxes at the end of one year compared to the previous year due to:

1. voluntary payment of taxes,
2. County resources allocated to collection efforts, and
3. the success of those collection efforts.

Personal Property Penalties - Current Year - 170

Prince William County assesses a 10% penalty on the late payment of personal property taxes.

A significant decrease in personal property penalty revenue occurred in FY 2007. *(See Table 21)* This is due to the revised Personal Property Tax Relief Act (PPTRA) legislation. The 10% personal property penalty on late payments applies only to the local share of what is delinquent. The penalty is not applied to the portion paid by the Commonwealth.

Personal property penalty revenue is projected to increase approximately 3.4% in FY 2011 due to the increase in average assessed vehicle values as well as decreases in business tangible personal property.

Table 21. Revenue Summary - Personal Property Penalties - Current Year - 170

Revenue History	Actual Revenue	Percent Change
FY 2002	$1,339,702	1.0%
FY 2003	1,543,641	15.2%
FY 2004	1,662,928	7.7%
FY 2005	1,561,623	(6.1%)
FY 2006	1,829,485	17.2%
FY 2007	1,153,220	(37.0%)
FY 2008	1,223,942	6.1%
FY 2009	1,442,088	17.8%
FY 2010	1,180,234	(18.2%)
Current Estimate		
FY 2011 (Adopted Budget)	$1,160,000	(1.7%)
FY 2011 (Revised Estimate)	1,220,000	3.4%
Forecast Revenue		
FY 2012	$1,250,000	2.5%
FY 2013	1,300,000	4.0%
FY 2014	1,350,000	3.8%
FY 2015	1,410,000	4.4%
FY 2016	1,470,000	4.3%

Local Sales Tax Revenue

Local Sales Tax - 210

Prince William County, by adopted ordinance, has elected to levy a 1% general retail sales tax. This tax is levied on the retail sale or rental of tangible property, excluding motor vehicle sales and trailers, vehicle rentals, boat sales, gasoline sales, natural gas, electricity, and water, and the purchases by organizations that have received tax exemption.

The tax revenue is collected by the Virginia Department of Taxation, and is distributed to the County monthly. There is a two-month lag between the date of sale and the actual receipt of funds. For example, local sales taxes collected by businesses in November must be remitted to the Department of Taxation by the retail business no later than December 30th. The Department of Taxation then remits the sales tax to the locality in the third week of January. Despite the timing lag, sales tax revenues are accrued to the month in which they were collected by the businesses.

The four incorporated towns within Prince William County share in the local sales tax based on the ratio of school age population in the towns to the school age population of the entire County based on the latest state-wide school census. The current formula deducts 1.02% from the County's gross tax to be sent to the four towns. Thus, the County realizes 98.98% of the monthly sales taxes collected. *(See Table 22)*

Prince William County's sales tax revenue in the first six months of FY 2011 is currently 7.6% more than the amount of sales tax revenue that was generated during the same period in FY 2010. This increase is running much faster than the previously anticipated small sales tax revenue increase as identified in the FY 2011 adopted forecast. The increase in this revenue appears to confirm the end to the long decline in this revenue source. The forecast anticipates a continued upward trend resulting in a normal rate of increase in the projected FY 2012 and FY 2013 Prince William County sales tax revenue. Most prior year's growth in the County's sales tax revenue normally ranges between 5% and 8% growth. At the national level,

Table 22. Revenue Summary - Local Sales Tax - 210

Revenue History	Actual Revenue	Percent Change
FY 2002	$33,443,678	5.8%
FY 2003	35,223,965	5.3%
FY 2004	40,721,074	15.6%
FY 2005	43,856,656	7.7%
FY 2006	46,648,646	6.4%
FY 2007	47,921,402	2.7%
FY 2008	46,155,437	(3.7%)
FY 2009	45,055,466	(2.4%)
FY 2010	46,155,153	2.4%
Current Estimate		
FY 2011 (Adopted Budget)	$45,050,000	(2.4%)
FY 2011 (Revised Estimate)	48,856,000	5.9%
Forecast Revenue		
FY 2012	$50,810,000	4.0%
FY 2013	52,840,000	4.0%
FY 2014	54,960,000	4.0%
FY 2015	57,155,000	4.0%
FY 2016	59,440,000	4.0%

it appears that economic pressures will continue to stagnate sales tax revenues and are not expected to ease in the near future and will prevent these revenues from beginning to return to a normal upward trend until after FY 2012.

During calendar 2010 , neighboring jurisdictions experienced a period of erratic changes in sales tax revenue. All three of Prince William County's neighboring Northern Virginia jurisdictions' first nine months of calendar 2010 sales tax revenues overall reflect a mix of relatively small declines or small increases in sales tax revenue when compared to the same period in the prior year. *(See Table 23)*

The factors believed to have contributed to the County's sales tax revenue increase are:

- Though the national and regional economies continue to be weak, the Prince William County economy appears to have begun improving;
- Consumer confidence appears to be easing upward to more normal levels in Prince William County;
- Lowering unemployment has increased consumer confidence and
- A result of population growth.

Consumer Utility Revenue

Consumer Utility Tax - 220

Prince William County levies a consumer utility tax on electric and natural gas utilities. The County does not tax water and sewer services. Effective January 1, 2001, the Code of Virginia required Prince William County to convert its existing tax on purchasers of natural gas and electricity from a dollar-based tax to a consumption-based tax.

The levy for electricity consumption based on kilowatt hours (kWh)[2] is:

> **Residential users**: $1.40 minimum billing charge plus the rate of $0.01509 on each kWh delivered monthly by a service provider not to exceed $3.00 per month.
>
> **Commercial users**: $2.29 minimum billing charge plus the rate of $0.013487 on each kWh delivered monthly to commercial consumers, not to exceed $100.00 monthly.

The levy for natural gas consumption based on 100 units of cubic feet (CCF)[3] is:

> **Residential consumers:** $1.60 minimum billing charge plus the rate of $0.06 on each CCF delivered monthly to residential consumers, not to exceed $3.00 per month.
>
> **Commercial consumers:** $3.35 minimum billing charge plus the rate of $0.085 on each CCF delivered monthly to commercial consumers, not to exceed $100.00 monthly.

2 Kilowatt hours (kWh) delivered means 1000 watts of electricity delivered in a one-hour period by an electric provider to an actual consumer, except that in the case of eligible customer-generators (sometimes called cogenerators) as defined in Va. Code § 56-594, it means kWh supplied from the electric grid to such customer-generators, minus the kWh generated and fed back to the electric grid by such customer-generators.

3 CCF means the volume of gas at standard pressure and temperature in units of 100 cubic feet.

Table 23. Percent of Sales Tax Change in Neighboring Jurisdictions, Compared to Same Period in Prior Year[2]

	Calendar Year 2010			
	QTR 1	QTR 2	QTR 3	QTR 4
Alexandria	12.3%	(0.3%)	2.4%	7.8%
Arlington	(11.9%)	4.9%	4.8%	3.7%
Fairfax County	1.0%	(0.6%)	2.3%	2.5%
Prince William County	2.0%	8.0%	5.9%	8.8%

Since consumer utility taxes are capped, inflation and utility rate increases are not a factor in the five year forecast.

Prior to January 1, 2007, Prince William County's consumer utility tax was also levied on wired and cellular telephone service. With the advent of the Virginia communications sales and use tax, the County's consumer utility tax is no longer levied on telecommunication services. This change occurred during the second half of FY 2007. Fiscal year 2008 was the first full-year the consumer utility tax was levied only on electric and natural gas utilities. *(See Table 24)*

Electricity and Gas Revenue Growth

Table 25 shows the history of electric and gas utility growth in Prince William County as well as the projected growth rates included in the five year revenue forecast for FY 2012-2016. The growth rates reflect the projected increase in new, residential housing units during the forecast period as well as the belief that the inventory of foreclosed properties will continue to slowly decrease and the homes that are sold become habitable again. As seen in Table 5, the number of new residential units drastically decreased in FY 2009 (CY 2007) and FY 2010 (CY 2008) before slowly increasing as the real estate market recovers and builders resume construction activities.

Table 24. Revenue Summary - Consumer Utility Tax - 220

Revenue History	Actual Revenue	Percent Change
FY 2002	$19,246,918	8.1%
FY 2003	20,257,043	5.2%
FY 2004	22,869,727	12.9%
FY 2005	25,451,681	11.3%
FY 2006	26,295,481	3.3%
FY 2007	18,521,861	(29.6%)
FY 2008	12,353,990	(33.3%)
FY 2009	12,595,964	2.0%
FY 2010	12,839,866	1.9%
Current Estimate		
FY 2011 (Adopted Budget)	$13,050,000	1.6%
FY 2011 (Revised Estimate)	13,140,000	2.3%
Forecast Revenue		
FY 2012	$13,440,000	2.3%
FY 2013	13,780,000	2.5%
FY 2014	14,150,000	2.7%
FY 2015	14,540,000	2.8%
FY 2016	14,940,000	2.8%

Table 25. Percent Change in Revenue Growth from Electricity and Gas Utilities

	Utilities	
	Electric	Gas
FY 2005	4.60%	7.08%
FY 2006	5.65%	5.00%
FY 2007	3.15%	5.95%
FY 2008	2.21%	0.54%
FY 2009	1.38%	3.19%
FY 2010	1.86%	2.46%
FY 2011 (Projected)	2.00%	3.00%
FY 2012	2.00%	3.00%
FY 2013	2.25%	3.25%
FY 2014	2.50%	3.25%
FY 2015	2.50%	3.25%
FY 2016	2.50%	3.25%

Communications Sales and Use Tax

Communications Sales and Use Tax Revenue - 223

On April 17, 2006, the Governor of Virginia approved House Bill 568 and revised the taxation of communication services in the Commonwealth. Prior to the new legislation, localities were authorized to levy taxes on landline and wireless telephone services through the consumer utility tax as well as cable television service through cable franchise taxes.

The legislation applies a statewide communications sales and use tax to communication and video services. The communications sales and use tax, which became effective on January 1, 2007, is 5% on the following services:

Services Previously Taxed Locally:

- Landline Telephone Services
- Wireless Telephone Services
- Cable Television Services

Services Not Previously Taxed:

- Satellite Television Services
- Voice Over Internet Protocol Services (VOIP)
- Paging Services

Due to the Virginia communications sales and use tax, Prince William County no longer has the authority to levy the following taxes and fees:

- Local consumer utility tax on landline and wireless telephone service
- Cable franchise fees
- Local E-911 tax (please note that E-911 revenue is not included in the general revenue projection)

Similar to general sales tax revenue, telecommunications sales and use tax revenue is collected by the Virginia Department of Taxation and distributed to Prince William County monthly. As enumerated in Section 58.1-662 of the Code of Virginia, the telecommunications revenue will be distributed to localities according to the percentage of telecommunications and cable television tax revenue each locality received relative to the statewide total. It is important to note that the FY 2007 actual represented only a half-year levy of the new communications tax. Fiscal year 2008 represented the first full-year the tax was implemented. In FY 11, the County accounted for 4.63% of the statewide telecommunications sales and use tax. *(See Table 26)*

Table 26. Revenue Summary - Communications Sales and Use Tax - 223

Revenue History	Actual Revenue	Percent Change
FY 2007	$ 9,132,861	--
FY 2008	20,475,575	124.2%
FY 2009	18,770,086	(8.3%)
FY 2010	18,893,157	0.7%
Current Estimate		
FY 2011 (Adopted Budget)	$19,200,000	1.6%
FY 2011 (Revised Estimate)	19,230,385	1.8%
Forecast Revenue		
FY 2012	$19,610,000	2.0%
FY 2013	20,000,000	2.0%
FY 2014	20,400,000	2.0%
FY 2015	21,010,000	3.0%
FY 2016	21,640,000	3.0%

During FY 2009 and FY 2010, the Department of Taxation granted a total of $19.5 million in communication tax refunds and accrued interest statewide. The refunds occurred because telecommunication service providers incorrectly applied the tax on services that were exempt from the tax. These refunds were issued to service providers in the form of credits towards future taxes over a four month period, thereby reducing monthly distributions to localities during FY 2009 and FY 2010. The impact of these refunds to Prince William County's revenue was $0.5 million in FY 2009 and $0.4 million in FY 2010.

The FY 2012 forecast was determined by examining actual monthly revenue received over the last twelve months. The average monthly distribution during that period was approximately $1.6 million and represents normalized distributions that resumed in November 2009.

BPOL Revenue

BPOL Tax Revenue - 235

The Business, Professional, and Occupational License (BPOL) tax is imposed on commercial and home occupational businesses operating in Prince William County. The County has adopted a multiple tax rate schedule according to the type of business activity subject to the tax. The BPOL tax is levied only on businesses with annual gross receipts (from the prior calendar year) greater than $100,000. New businesses are taxed based on an estimate if gross receipts are greater than $100,000 for the current year. The BPOL tax is levied on both full-time as well as part-time businesses, as long as the business meets or exceeds the $100,000 threshold. On April 26, 2011, the Board of Supervisors directed staff to prepare an amendment to the Business Professional and Occupational License Ordinance to change gross receipts threshold from $100,000 to $200,000 in order to support small business development within the County. This amendment is scheduled to go before the BOCS in the summer of 2011. The FY 12 revenue forecast reflects the estimated impact of this amendment.

The basis for FY 2011 BPOL tax revenue is gross revenue receipts from calendar year 2010. Therefore, forecasting 2011 gross receipts (FY 2012) has a one-year lag in which actual prior year figures on which to base an estimate are unavailable. *(See Table 27)*

Table 27. Revenue Summary - BPOL Tax Revenue - 235

Revenue History	Actual Revenue	Percent Change
FY 2002	$13,384,468	13.4%
FY 2003	14,836,449	10.8%
FY 2004	17,563,465	18.4%
FY 2005	19,533,652	11.2%
FY 2006	23,071,409	18.1%
FY 2007	22,808,968	(1.1%)
FY 2008	21,173,489	(7.2%)
FY 2009	19,930,513	(5.9%)
FY 2010	20,268,908	1.7%
Current Estimate		
FY 2011 (Adopted Budget)	$20,130,000	(0.7%)
FY 2011 (Revised Estimate)	21,580,000	6.5%
Forecast Revenue		
FY 2012	$21,960,000	1.8%
FY 2013	22,810,000	3.9%
FY 2014	23,740,000	4.1%
FY 2015	24,710,000	4.1%
FY 2016	25,710,000	4.1%

Figure 4 shows the sources of BPOL revenue during FY 2010:

Almost 90% of FY 2010 BPOL revenue was generated by four sectors of the County's local economy: retail, contractors, personal services, and professional services. Table 28 summarizes the FY 2010 actual and projected growth rates in FY 2011 and FY 2012 for each of these economic sectors:

BPOL revenue from contractors is anticipated to increase slightly in FY 2012 as construction starts again on projects after bottoming out in FY 2010 due to the prolonged slowdown in the real estate market, particularly commercial construction. New home construction in the County has declined dramatically as builders are competing with foreclosed properties for sales. The forecast also includes the assumption that homeowners will slowly resume plans for home renovation projects (impacting general contractors) after canceling them during calendar years 2008 and 2009.

The BPOL forecast for the retail sector (on a calendar year basis) is consistent with the retail sales tax forecast for FY 2012 because over 75% of sales tax revenue is derived from retail sales, which includes food and household goods purchases.

Figure 4. FY 2010 BPOL Composition

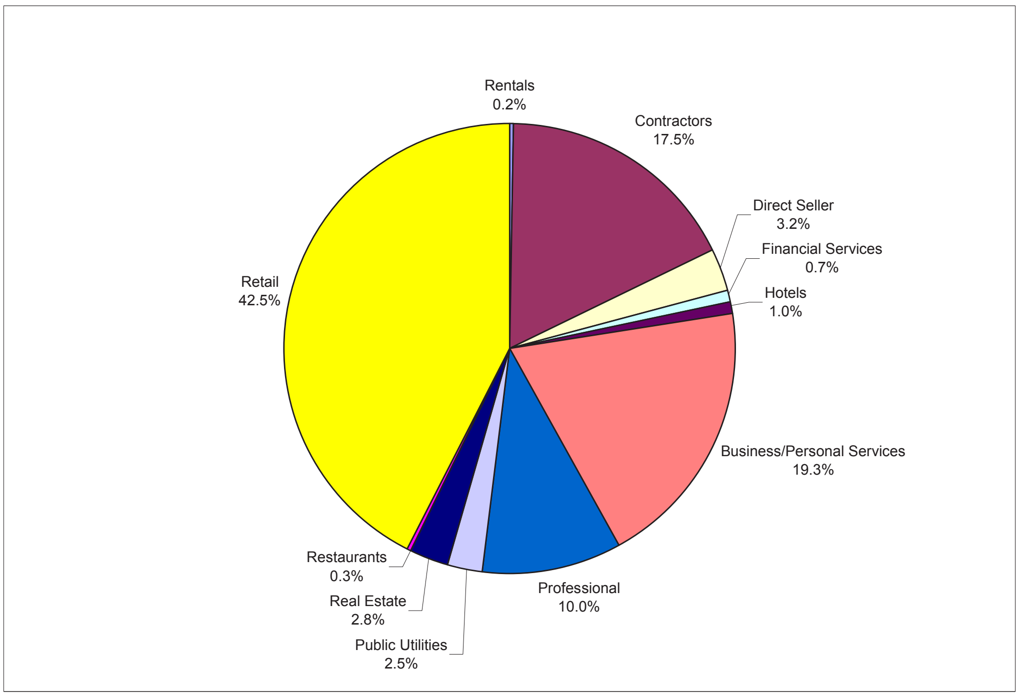


Table 28. FY 2010 and FY 2011 Growth Forecasts by Major BPOL Category

	FY 10 Actual	FY 11 Projected	FY 12 Projected
Contractors	(1.8%)	0.0%	1.0%
Business/Personal Services	14.9%	10.0%	5.0%
Professional	2.9%	3.0%	5.0%
Retail	0.2%	4.7%	4.0%
Overall Percentage Change	1.9%	6.5%	3.6%

Investment Income

Investment Income - 0510

Investment income represents interest receipts, interest accrual, and gains or losses from the sale of investments for Prince William County's share of earnings on the "general" cash investment portfolio. The general portfolio consists of those funds that are not restricted. The general fund available cash constitutes 55-58% of the total pooled investments. All funds are invested in accordance with the County's investment guidelines of legality, safety, liquidity, and yield. *(See Table 29)*

To forecast investment income, the average portfolio yield and portfolio size are projected to determine the current or estimated future year's investment revenue. The general fund share is calculated based on the prior year actual share of cash balances available to invest.

Portfolio Yield

In December, 2008, the Federal Reserve Board (FRB) reduced the target Federal Funds rate to a range of between 0.00% and 0.25%. The FRB has maintained that record low target rate through year-end 2010 and is expected to continue this accommodative money policy over the near term. It is unlikely that the FRB will move the target Federal Funds rate higher until there is substantial evidence of sustained economic growth.

Figure 5 presents a history of the Federal Funds rate target since 1958, when the rate stood at record lows:

The Federal Funds rate trend has a leading relationship to the average yield of Prince William County's portfolio. The timing of securities purchases, cash flow requirements, the general interest rate environment at the time of purchasing securities, and the securities' duration primarily determine the portfolio's yield. The County's general portfolio carries an asset mix that is held over a period of time based on yields that were available at the time of the purchases. The County's portfolio total return and yields do change to reflect swings in the market price of securities and to reflect the replacement of securities that are sold or mature at current market conditions.

State laws and the County's adopted investment policy govern the investment process, how funds can be invested, and which securities can be purchased. Figure 6 presents a history of the County's portfolio yield as well as the projected yield for FY 12-16 juxtaposed against the Fed Funds average rate target history:

Most forecasting sources provide interest rate projections up to four quarters beyond current dates. Therefore, estimates after the final half of FY 2012 are made without authoritative source data as a basis for the projections.

Table 29. Revenue Summary - Investment Income - 510 / 515

Revenue History	Actual Revenue	Percent Change
FY 2002	$ 7,800,441	(40.3%)
FY 2003	5,448,326	(30.2%)
FY 2004	2,999,989	(44.9%)
FY 2005	9,324,045	210.8%
FY 2006	12,740,165	36.6%
FY 2007	20,970,386	64.6%
FY 2008	24,125,140	15.0%
FY 2009	18,383,224	(23.8%)
FY 2010	16,553,096	(10.0%)
Current Estimate		
FY 2011 (Adopted Budget)	$12,990,000	(21.5%)
FY 2011 (Revised Estimate)	8,433,000	(49.1%)
Forecast Revenue		
FY 2012	$11,020,000	30.7%
FY 2013	15,740,000	42.8%
FY 2014	20,660,000	31.3%
FY 2015	22,920,000	10.9%
FY 2016	26,820,000	17.0%

Unemployment numbers remain at 9% nationally and the national housing market is still seriously damaged. Credit appears to be marginally more available as banks are demonstrating a greater willingness to lend. That being said, credit standards remain high and demand for credit, generally, is very low. In this environment, interest rates should continue low for the near term which will aid in the economic recovery, but will obviously have a dampening impact on the County's interest earnings. Longer term expectations, however, are for higher interest rates on both the short and long ends of the interest rate curve.

Figure 5. History of the Federal Funds Rate Target

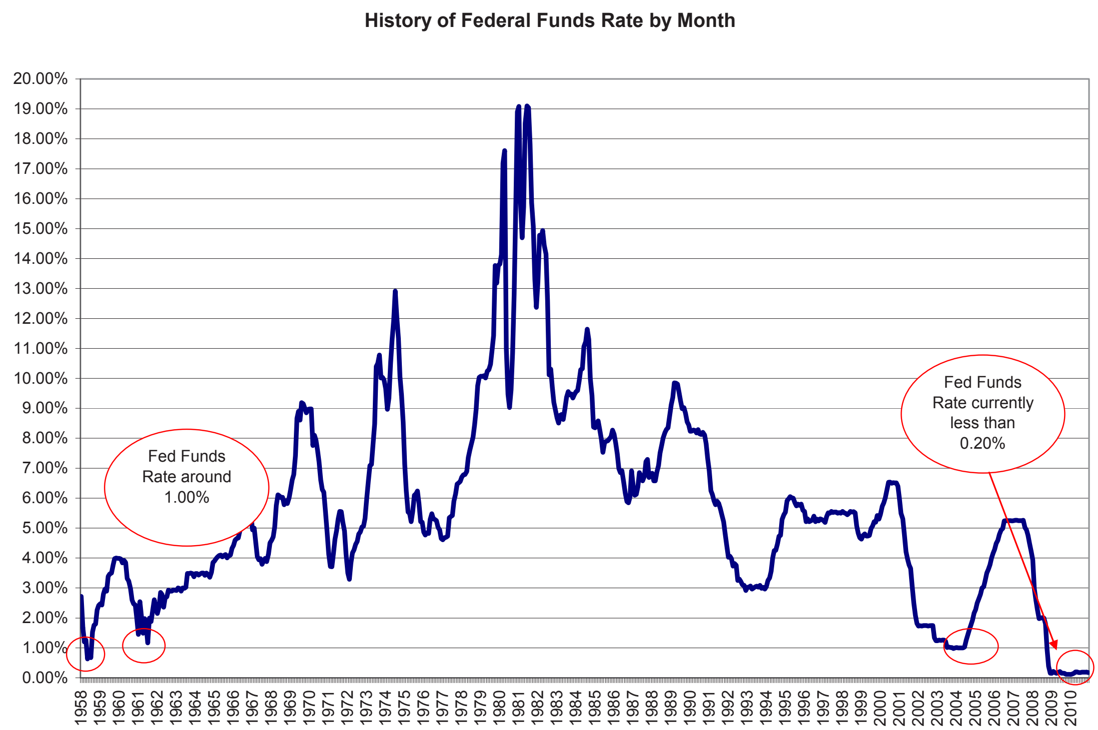
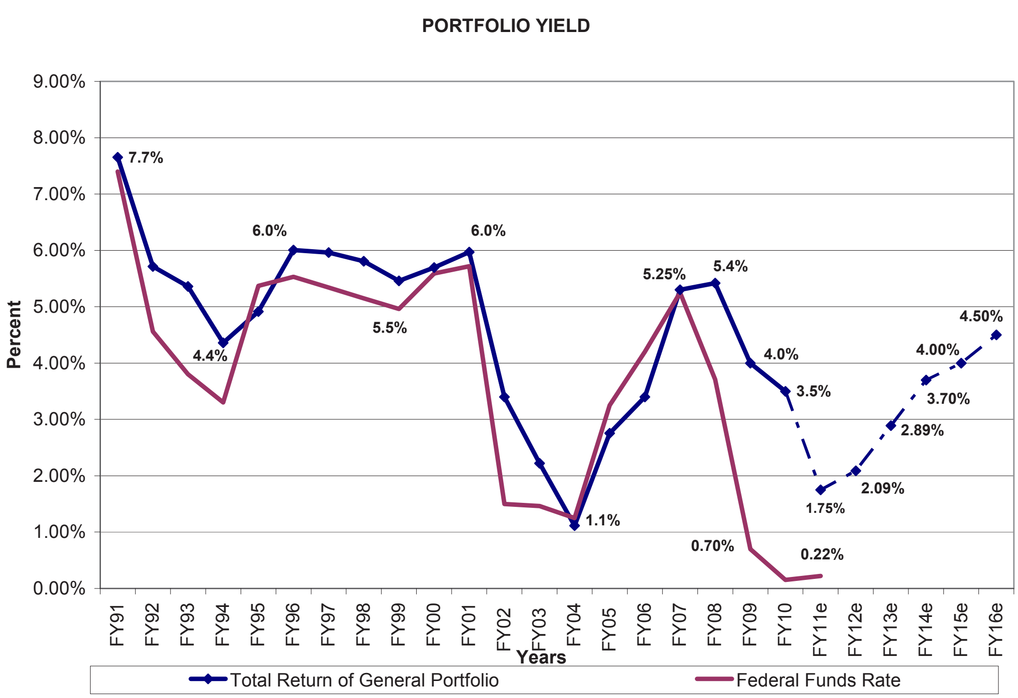


Figure 6. Prince William County's Portfolio Yield



Prince William County's investment strategy addresses the requirements of legality, safety and liquidity by investing in a diversified portfolio with specific security types, financial institutions, and sufficient liquidity to meet anticipated operating requirements. In addition, the County seeks to match its cash flow needs to the overall maturity structure of the portfolio in order to maximize yield.

The portfolio management process has been stressed over the last year due to unprecedented occurrences in the debt and equity markets. In spite of those challenges, the County has managed to maintain its attention to safety and liquidity as well as produce good, if not excellent, returns. The County expects those challenges to continue. Going forward the risks of volatile interest rates and ultimately inflation will be areas around which the portfolio must be managed. A large volume of step-up agency securities have been purchased as a hedge against rising interest rates. The general portfolio mix is expected to be rather stable barring significant sudden market changes.

It is important to note that the County's portfolio currently contains no direct investments in commercial paper, asset-backed commercial paper, or mortgage backed securities.

Portfolio Size

The average total dollar value of the portfolio is affected by the increase in County revenues and fund balance. Therefore, the revenue forecast itself becomes a key determinate of interest income. Table 30 shows the forecasted growth in the portfolio. Increases in portfolio size typically come from additions to fund balance as well as a portion of annual revenue growth.

All Other Revenue Sources

All other revenue is detailed as follows in "Revenues Over $1.5 Million" and "Revenues Under $1.5 Million".

Revenue Sources Over $1.5 Million

Interest on Taxes - 140

Delinquent personal property and real estate tax accounts incur interest at 10% of the unpaid amount the first year. Subsequent years are incurred at 10% or the Internal Revenue Service (IRS) delinquent tax rate, whichever is greater. *(See Table 31)*

The revenue estimate is computed by multiplying the fixed percentage of 0.24% by the combined estimate for gross current year real estate tax revenue and personal property tax revenue (excluding public service revenue).

Although the long-term historical average is 0.70%, recent history suggests the collection rate has improved, thereby decreasing interest on taxes revenue. Interest on taxes as a percentage of real estate and personal property tax revenues was 0.27% in FY 05, 0.20% in FY 06, 0.23% in FY 07, 0.26% in FY 08, 0.24% in FY 09 and 0.24% in FY 10.

Interest on tax revenue is projected to decline 4.60% in FY 2011 due to a slight decrease in real estate and tax revenue. Real estate tax revenue is projected to decrease $.8 million. Personal property tax revenue is projected to increase $5.4 million as consumers have taken advantage of incentives and historical low financing rates.

Motor Vehicle License Fee - 250

Section 46.2-752 Virginia Code Annotated authorizes the County to levy a vehicle license fee. The amount of the license tax cannot be greater than the annual or one-year fee imposed by the Commonwealth on motor vehicles. The adopted, local fee is $24 per year for each passenger car and truck normally garaged or parked in the County. The adopted fee per year for each motorcycle is $12.

Table 30. Average Portfolio Size

	Value (in 000s)
FY 2012	$896,000
FY 2013	938,000
FY 2014	986,000
FY 2015	1,025,000
FY 2016	1,066,000

In May 2009, the Board of County Supervisors eliminated the distribution of vehicle decals to County residents as part of FY 2010 budget reductions. However, the motor vehicle license fee will continue to be levied in conjunction with the personal property tax. *(See Table 32)*

The license fee revenue forecast is derived by multiplying the decal fee by the estimated billable units in the County.

Recordation Tax - 260

A recordation tax is levied when a legal instrument regarding real property such as a deed or deed of trust is recorded with the Clerk of the Circuit Court. This tax is charged for transfers in ownership of property, deeds of trust, and mortgage refinancing.

Table 31. Revenue Summary - Interest on Taxes - 140

Revenue History	Actual Revenue	Percent Change
FY 2002	$2,049,420	1.1%
FY 2003	2,003,030	(2.3%)
FY 2004	1,303,362	(34.9%)
FY 2005	1,219,674	(6.4%)
FY 2006	1,230,197	0.9%
FY 2007	1,252,785	1.8%
FY 2008	1,476,714	17.9%
FY 2009	1,495,957	1.3%
FY 2010	1,443,824	(3.5%)
Current Estimate		
FY 2011 (Adopted Budget)	$1,377,000	(4.6%)
FY 2011 (Revised Estimate)	1,377,000	(4.6%)
Forecast Revenue		
FY 2012	$1,438,000	4.4%
FY 2013	1,501,000	4.4%
FY 2014	1,579,000	5.2%
FY 2015	1,667,000	5.6%
FY 2016	1,766,000	5.9%

Table 32. Revenue Summary - Motor Vehicle License Fee - 250 / 259

Revenue History	Actual Revenue	Percent Change
FY 2002	$5,141,812	9.7%
FY 2003	5,441,534	5.8%
FY 2004	5,829,319	7.1%
FY 2005	6,274,625	7.6%
FY 2006	6,641,428	5.8%
FY 2007	6,533,798	(1.6%)
FY 2008	6,650,854	1.8%
FY 2009	6,874,316	3.4%
FY 2010	7,220,928	5.0%
Current Estimate		
FY 2011 (Adopted Budget)	$6,930,000	(4.0%)
FY 2011 (Revised Estimate)	7,340,000	1.6%
Forecast Revenue		
FY 2012	$7,560,000	3.0%
FY 2013	7,740,000	2.4%
FY 2014	7,930,000	2.5%
FY 2015	8,120,000	2.4%
FY 2016	8,310,000	2.3%

On April 28, 2004, the Commonwealth of Virginia increased the State recordation tax rate from $0.15 per $100 of value to $0.25 per $100 of value effective September 1, 2004 (FY 2005). Section 58.1-814 of the Virginia Code grants Prince William County the authority to levy an optional, local recordation tax rate equal to one-third of the State recordation tax rate. Therefore, the local recordation tax rate increased from $0.05 per $100 of value to $0.083 per $100 of value. The forecast depicted in Table 33 reflects only Prince William County's share of recordation tax revenue and does not include the state portion of recordation revenue.

Recordation tax revenue is driven by home sales, home sale price appreciation, and refinance activity.

Fiscal Year 2011 recordation tax revenue is projected to decrease 1.6% from FY 2010 revenue. Through the first four months of FY 2011 (July through October 2010), residential unit sales decreased 24.5%, due primarily to managed supply of bank sales. The average sales price of the homes sold during that period increased an average of 10-12% compared to average purchase prices a year ago. Thirty-year fixed rate mortgages remained below 5.0% during the first half of FY 2011 and refinance activity remains attractive yet challenging for homeowners due to tighter underwriting standards.

The FY 2012 revenue forecast anticipates mortgage rates rising and slowing down the pace of refinance activity. However, rates are still at historical lows and homebuyer affordability remains high. The forecast reflects the belief that sales prices, on average, have stabilized, and will continue to appreciate. Declines in refinance activity, small home price appreciation and flat unit sales results in a modest downward adjustment in recordation tax revenue of 2.8% in FY 2012.

On October 26, 2004, the Board of County Supervisors adopted Resolution 04-1034, which earmarks a portion of recordation tax revenues for transportation purposes in the County. Beginning in FY 2006, recordation tax revenues generated by the rate increase of $0.033 in addition to 56.75% of recordation tax revenues generated from the base rate of $0.05 will be used to improve County roads. The remaining amount of recordation tax revenue is retained by the County government as general revenue.

Table 34 identifies the portion of recordation tax revenues designated for transportation and general revenue use in each year of the forecast:

Table 33. Revenue Summary - Recordation Tax - 260

Revenue History	Actual Revenue	Percent Change
FY 2002	$4,727,952	67.9%
FY 2003	6,473,394	36.9%
FY 2004	7,937,447	22.6%
FY 2005	15,562,384	96.1%
FY 2006	18,619,777	19.6%
FY 2007	12,525,249	(32.7%)
FY 2008	8,897,108	(29.0%)
FY 2009	7,975,907	(10.4%)
FY 2010	6,065,426	(24.0%)
Current Estimate		
FY 2011 (Adopted Budget)	$5,260,000	(13.3%)
FY 2011 (Revised Estimate)	5,966,810	(1.6%)
Forecast Revenue		
FY 2012	$5,800,000	(2.8%)
FY 2013	5,916,000	2.0%
FY 2014	6,034,000	2.0%
FY 2015	6,155,000	2.0%
FY 2016	6,278,000	2.0%

Tax on Deeds - 261

The tax on deeds is imposed when real estate deeds of conveyance (not deeds of trust) are recorded with the Clerk of the Circuit Court. The tax on deeds is levied when:

- property ownership changes
- property ownership is conveyed in any manner
- a legal instrument is recorded with a transfer amount

The tax on deeds rate is $1.00 per $1,000 of value. The State and locality each receive half of the revenue generated by this tax (equal to $0.50 per $1,000 of value). The revenue forecast depicted in Table 35 reflects only Prince William County's share of revenues.

Consistent with the recordation tax forecast, revenue growth attributed to the tax on deeds is expected to increase in FY 2012 due to projected increases in sales prices and stable sales volume. It is important to note that the tax on deeds is not levied on mortgage refinancing.

Table 34. Revenue Summary - Recordation Tax Designated for Transportation and General Revenue Use

	General County Revenue	Transportation Fund	Total Recordation Tax Revenue
FY 2012	$1,510,000	$4,290,000	$5,800,000
FY 2013	1,536,000	4,380,000	5,916,000
FY 2014	1,574,000	4,460,000	6,034,000
FY 2015	1,605,000	4,550,000	6,155,000
FY 2016	1,638,000	4,640,000	6,278,000

Table 35. Revenue Summary - Tax on Deeds - 261

Revenue History	Actual Revenue	Percent Change
FY 2002	$1,581,489	33.6%
FY 2003	2,098,654	32.7%
FY 2004	2,775,718	32.3%
FY 2005	3,929,185	41.6%
FY 2006	4,121,652	4.9%
FY 2007	2,618,084	(36.5%)
FY 2008	2,630,427	0.5%
FY 2009	2,692,742	2.4%
FY 2010	1,747,353	(35.1%)
Current Estimate		
FY 2011 (Adopted Budget)	$1,790,000	2.4%
FY 2011 (Revised Estimate)	1,620,000	(7.3%)
Forecast Revenue		
FY 2012	$1,650,000	1.9%
FY 2013	1,680,000	1.8%
FY 2014	1,710,000	1.8%
FY 2015	1,760,000	2.9%
FY 2016	1,810,000	2.8%

Revenue Sources Under $1.5 Million

Table 36 lists several County general revenue sources estimated to be less than $1.5 million each. Even though these sources sometimes have large changes in revenue on a percentage basis, such changes have an insignificant impact on revenues throughout the forecast period. The forecast and a description of each revenue source follows.

Daily Rental Equipment Tax - 215

The County levies a daily rental tax of 1% on certified short-term rental businesses. The tax applies to businesses that rent items held by users for less than 91 consecutive days. Examples of such businesses include bowling alleys, video rental stores, hardware stores, and equipment rental stores. They are required to collect 1% of the daily rent and remit it to the County quarterly.

Bank Franchise Tax -230

The County levies a bank franchise tax on the net capital of each bank, trust, or bank holding company, excluding savings banks, which operate in the County. The tax is based on 0.8% of the net capital multiplied by the percentage of deposits on hand at that branch compared to its statewide deposits. The Virginia Department of Taxation audits the tax.

BPOL Taxes - Public Service - 236

The Business, Professional, and Occupational License (BPOL) tax is imposed on public utility companies that operate in the County. The tax of $0.29/$100 of assessed value was identical to the County's BPOL tax on other businesses, but is authorized under separate statutes. The Commonwealth repealed the tax for electric companies and replaced it with the Corporate Net Income Tax and the declining Consumption Tax. The State set the latter at a maximum of $0.50/$100 of assessed value. If a locality's rate is below the maximum, the State receives the difference. Therefore, the Board of County Supervisors increased this tax only for electric companies from $0.29/$100 of assessed value to $0.50/$100 of assessed value effective January 1, 2001.

Transient Occupancy Tax - 270

The County levies a transient occupancy tax of 5% of the amount charged for the occupancy of hotels, motels, boarding houses and travel campgrounds. However, charges for rooms rented by the same individual or group for thirty or more days are exempt. This tax also does not apply to miscellaneous charges such as in room telephone usage, movie rentals, etc. The tax is remitted directly to the County on a quarterly basis in August, November, February, and May by hotels, motels and campgrounds. The general revenue share of this tax is 40%. The remaining

Table 36. Miscellaneous Revenue Sources

	Revenue Source	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Revised Estimate	FY 2012 Forecast
0215	Daily Equipment Rental Tax	$171,224	$201,241	$185,023	$200,000	$185,000
0230	Bank Franchise Tax	640,681	793,541	1,239,685	1,200,000	900,000
0236	BPOL Taxes- Public Service	1,178,279	1,225,482	1,236,435	1,050,000	1,150,000
0270	Transient Occupancy Tax	1,355,664	1,275,384	1,205,796	1,218,000	1,238,000
0520	Interest Paid to Vendors	(789,690)	(618,822)	(323,991)	(350,000)	(350,000)
0521	Interest Paid on Refunds	(374,534)	(49,024)	(51,964)	(50,000)	(50,000)
1150	Undistributed & Miscellaneous	7,954	8,954	1,018	7,000	7,000
1303	Rolling Stock Tax	79,367	101,088	92,415	92,500	90,000
1304	Passenger Car Rental Tax	794,864	792,475	751,751	750,000	772,000
1305	Mobile Home Titling Tax	54,929	37,568	38,495	35,000	35,000
1700	Fed Payment in Lieu of Taxes	104,586	85,419	104,531	86,000	90,000
	Total Miscellaneous Revenue	$3,223,322	$3,853,306	$4,479,194	$4,238,500	$4,067,000

60% is budgeted for tourism-related purposes such as the Convention Visitors' Bureau (CVB). Board appropriation is based on requirements submitted by the CVB. The Transient Occupancy tax is based on forecasts for number of hotel rooms in the County, occupancy rates, and room rates.

Miscellaneous Business Licenses - 380

The County levies a business license fee to trash haulers and septic tank installers operating in the County. The Public Health Department issues these licenses. This has been reclassified as other revenue.

Interest Paid to Vendors - 520

When a vendor with whom the County does business overpays for any reason, or when a performance bond is repaid to a developer, the refunded amount includes interest. This interest is recorded as negative revenue.

Interest Paid on Refunds - 521

The County must pay interest on taxpayer refunds based on delinquent taxes that were erroneously assessed. This interest is recorded as negative revenue.

Rolling Stock Tax - 1303

The rolling stock of railroads, freight car companies and certified vehicle carriers doing business in the state is taxed at the rate of $1.00 on each $100 of assessed value. This tax is levied in lieu of the personal property tax. Revenues are distributed to counties, cities, and incorporated towns based on: (i) the percentage of track miles located in the locality versus the State-wide total or (ii) vehicle miles operated by a carrier in the locality versus the State-wide total.

Passenger Car Rental Tax - 1304

Automobiles rented on a daily basis are often moved from location to location and have no fixed sites for personal property taxation. In lieu of the local personal property tax, the Department of Motor Vehicles collects a tax for short-term rentals from leasing companies located in the County. The State remits four percent of the rental fee for passenger cars rented for less than twelve months to the County.

Mobile Home Titling Tax - 1305

The Mobile Home Titling Tax is a 3% tax on mobile homes titled in the Commonwealth. The vendor pays the tax to the Department of Taxation who remits it to the locality where the home is registered.

Federal Payment in Lieu of Taxes - 1700

The federal government owns a substantial amount of land in Prince William County. Because land owned by the federal government is not taxable by the County, the federal government makes a payment in lieu of taxes to the County.

Projected Revenue And Other Financing Sources For The FY 2012 Adopted Fiscal Plan

	Governmental Fund Types							Enterprise Fund Type		Fiduciary Fund Type	Internal Service Fund Type		Total Adopted FY 12
			Special Revenue										
	General	Capital Projects	Schools	Fire And Rescue Levy	Regional Jail	Housing & Comm. Dev.	Special Levy Dist.	Solid Waste	School Age Child Care	Reg. School Prog. Fund	Self Insurance	All Others *	
Projected Revenues:													
General Property Taxes	$621,458,915	$0	$0	$30,320,000	$0	$0	$3,571,577	$0	$0	$0	$0	$0	$655,350,492
Other Local Taxes	$127,610,434	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$127,610,434
Permits, Priv. Fees and Reg Lic	$1,524,768	$0	$0	$0	$0	$0	$10,044,160	$8,000	$0	$0	$0	$0	$11,576,928
Fines & Forfeitures	$2,586,271	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,586,271
Rev From Use of Money & Prop	$11,485,943	$0	$1,423,726	$0	$0	$75,000	$158,596	$1,337,500	$0	$0	$1,300,000	$0	$15,780,765
Charges for Services	$11,313,054	$0	$25,199,697	$0	$662,774	$815,690	$5,494,165	$16,860,366	$536,750	$575,427	$107,428,554	$24,003,946	$192,890,424
Miscellaneous	$7,953,882	$7,346,721	$1,452,105	$0	$57,020	$0	$261,867	$155,000	$0	$0	$2,984,000	$0	$20,210,595
Rev From Other Localities	$6,431,438	$0	$0	$0	$3,106,953	$0	$0	$0	$0	$33,900,309	$0	$0	$43,438,700
Rev From the Commonwealth of Va	$41,574,907	$1,300,000	$388,140,788	$0	$9,637,228	$24,366	$0	$0	$0	$325,316	$0	$0	$441,002,605
Rev from the Federal Gov	$17,480,721	$7,200,000	$49,081,247	$0	$482,500	$28,950,968	$0	$0	$0	$0	$0	$0	$103,195,436
Total Revenues	$849,420,333	$15,846,721	$465,297,563	$30,320,000	$13,946,475	$29,866,024	$19,530,365	$18,360,866	$536,750	$34,801,052	$111,712,554	$24,003,946	$1,613,642,649
Other Financing Sources (Uses):													
Operating Transfers In**	$18,856,592	$22,089,014	$427,180,174	$18,492,757	$23,125,242	$21,082	$7,119,273	$0	$0	$0	$6,468,171	$28,361,676	$551,713,981
Proceeds From Loans And Bonds	$0	$189,270,000	$0	$0	$0	$0	$0	$66,000	$0	$0	$0	$0	$189,336,000
Total Other Financing Sources (Uses)	$18,856,592	$211,359,014	$427,180,174	$18,492,757	$23,125,242	$21,082	$7,119,273	$66,000	$0	$0	$6,468,171	$28,361,676	$741,049,981
Total Revenue & Other Financing Sources	$868,276,925	$227,205,735	$892,477,737	$48,812,757	$37,071,717	$29,887,106	$26,649,638	$18,426,866	$536,750	$34,801,052	$118,180,725	$52,365,622	$2,354,692,630

Notes:

* Includes IT, Fleet Maintenance and Construction Crew Internal Service Fund Budgets.

** The Operating Transfer In for the Convention and Vistors Bureau ($1,006,004) and the Park Authority ($25,660,993) are adopted and reported by a separate board and are excluded from this revenue report.

All Funds Revenue Summary

Department / Agency	FY 08 Adopted Revenue Bud.	FY 09 Adopted Revenue Bud.	FY 10 Adopted Revenue Bud.	FY 11 Adopted Revenue Bud.	FY 12 Adopted Revenue Bud.	% Change FY 11 to FY 12
SECTION ONE: GENERAL FUND REVENUE SUMMARY:						
General Governmental:						
Office Of Executive Management	$0	$130,130	$0	$0	$0	---
County Attorney	$195,186	$245,186	$245,186	$245,186	$245,186	0.00%
Sub Total	$195,186	$375,316	$245,186	$245,186	$245,186	0.00%
Administration:						
Finance	$1,302,560	$1,559,453	$1,660,722	$1,681,240	$2,075,240	23.44%
Human Rights Office	$61,000	$61,000	$64,580	$64,580	$64,580	0.00%
Information Technology	$140,060	$226,331	$226,331	$249,331	$249,331	0.00%
General Registrar	$112,963	$114,324	$109,641	$87,051	$79,854	-8.27%
Sub Total	$1,616,583	$1,961,108	$2,061,274	$2,082,202	$2,469,005	18.58%
Judicial Administration:						
Clerk Of The Court	$5,252,089	$4,286,035	$4,302,781	$4,148,407	$3,997,184	-3.65%
Commonwealth's Attorney	$1,851,232	$1,875,537	$1,839,274	$1,742,500	$1,772,306	1.71%
Criminal Justice Services	$1,141,661	$1,149,605	$1,175,355	$1,175,355	$1,161,671	-1.16%
Juvenile Court Service Unit	$138,660	$138,660	$138,660	$136,600	$136,600	0.00%
General District Court	$1,892,930	$1,892,930	$1,892,930	$1,892,930	$1,892,930	0.00%
Juvenile & Domestic Relations Court	$60,313	$60,313	$60,313	$60,313	$60,313	0.00%
Law Library	$110,806	$110,806	$110,806	$150,806	$145,670	-3.41%
Sub Total	$10,447,691	$9,513,886	$9,520,119	$9,306,911	$9,166,674	-1.51%
Planning And Development:						
Economic Development	$14,130	$14,130	$14,130	$14,130	$14,130	0.00%
Planning (1)	$2,059,270	$99,013	$93,095	$293,095	$312,501	6.62%
Transportation (1)	$1,442,964	$0	$0	$0	$0	---
Public Works (1)	$11,270,934	$2,011,247	$1,969,187	$2,931,793	$2,966,368	1.18%
Sub Total	$14,787,298	$2,124,390	$2,076,412	$3,239,018	$3,292,999	1.67%
Public Safety:						
Fire And Rescue	$2,269,432	$2,570,823	$2,226,739	$6,216,555	$9,333,059	50.13%
Public Safety Communications	$3,600,372	$2,023,252	$2,023,252	$1,973,252	$2,285,235	15.81%
Sheriff	$2,912,765	$3,006,144	$3,007,076	$3,035,402	$2,966,478	-2.27%
Police	$12,846,892	$11,697,766	$10,946,534	$11,085,640	$10,936,963	-1.34%
Sub Total	$21,629,461	$19,297,985	$18,203,601	$22,310,849	$25,521,735	14.39%
Human Services:						
Community Services	$13,986,435	$14,646,576	$15,139,067	$15,728,416	$15,538,315	-1.21%
Extension & Continuing Ed.	$361,550	$400,373	$517,727	$535,255	$496,964	-7.15%
Office On Youth	$356,100	$464,780	$0	$0	$0	---
Area Agency On Aging	$1,580,578	$1,501,454	$1,120,132	$1,101,783	$1,377,779	25.05%
At Risk Youth And Family Services	$5,273,398	$5,504,244	$5,317,823	$5,317,823	$5,193,327	-2.34%
Public Health	$262,196	$267,786	$287,343	$298,115	$135,526	-54.54%
Social Services	$23,351,882	$25,529,617	$24,270,775	$22,759,463	$21,648,342	-4.88%
Sub Total	$45,172,139	$48,314,830	$46,652,867	$45,740,855	$44,390,253	-2.95%
Library:						
Library	$3,094,268	$3,137,758	$3,133,955	$3,178,966	$2,928,717	-7.87%
Sub Total	$3,094,268	$3,137,758	$3,133,955	$3,178,966	$2,928,717	-7.87%

All Funds Revenue Summary (Cont.)

Department / Agency	FY 08 Adopted Revenue Bud.	FY 09 Adopted Revenue Bud.	FY 10 Adopted Revenue Bud.	FY 11 Adopted Revenue Bud.	FY 12 Adopted Revenue Bud.	% Change FY 11 to FY 12
Debt / CIP:						
General Debt	$3,478,735	$3,559,899	$3,477,208	$3,432,009	$5,044,025	46.97%
Sub Total	$3,478,735	$3,559,899	$3,477,208	$3,432,009	$5,044,025	46.97%
Non-Departmental:						
Unclassified Administrative	$13,327,821	$16,016,147	$9,922,351	$5,148,333	$11,135,840	116.30%
General Revenues	$737,732,405	$771,579,000	$727,859,700	$719,754,500	$756,073,434	5.05%
Transfers In	$5,232,915	$7,780,850	$11,081,663	$9,193,367	$8,009,057	-12.88%
Sub Total	$756,293,141	$795,375,997	$748,863,714	$734,096,200	$775,218,331	5.60%
Total General Fund Revenue	**$856,714,502**	**$883,661,169**	**$834,234,336**	**$823,632,196**	**$868,276,925**	**5.42%**
SECTION TWO: NON GENERAL FUND REVENUE SUMMARY:						
Special Revenue Funds:						
Trans. To P.R.T.C.	$700,000	$0	$0	$0	$0	---
Commuter Rail Station Parking	$101,823	$0	$0	$0	$0	---
Comm. parking lease rev bond debt	$1,524,494	$1,520,656	$1,519,867	$1,516,464	$0	-100.00%
Adult Detention Center	$32,968,601	$39,201,356	$35,935,194	$36,251,895	$37,071,717	2.26%
Lake Jackson Service Dist.	$143,920	$147,758	$151,460	$152,530	$152,530	0.00%
Bull Run Mountain Serv. Dist.	$245,892	$231,522	$238,170	$240,542	$240,542	0.00%
Circuit Court Service District	$5,902	$3,973	$0	$0	$0	---
Spc tax dist;Gypsy Moth/Mosq ctrl	$1,465,840	$1,585,835	$1,585,835	$1,585,835	$1,049,847	-33.80%
P. W. Parkway Trans Imprv Dst.	$2,015,800	$2,146,640	$2,163,860	$1,884,120	$2,025,840	7.52%
234 Bypass Trans Imprv Dst	$171,676	$213,456	$215,800	$182,274	$186,274	2.19%
Stormwater Management (1)	$7,156,439	$4,956,624	$4,956,624	$4,956,624	$5,175,669	4.42%
Public Works; Building Dev. (1, 2)	$0	$8,856,841	$0	$0	$0	---
Public Works- Site Dev. Fee Supp. (1)	$0	$2,430,270	$1,227,965	$1,227,965	$1,274,146	3.76%
Planning- Site Dev. Fee Supported (1)	$0	$1,880,389	$1,278,440	$1,440,575	$1,489,895	3.42%
Transportation- Site Dev Fee Supp (1, 2)	$0	$1,403,105	$963,361	$963,361	$1,045,252	8.50%
Development Serv. - Dev Fee (2)	$0	$0	$7,422,727	$7,987,613	$14,009,643	75.39%
Housing & Community Dev.	$26,852,604	$25,453,313	$28,293,120	$28,351,891	$29,887,106	5.41%
Total Special Revenue Funds	$73,352,991	$90,031,738	$85,952,423	$86,741,689	$93,608,461	7.92%
Capital Projects Fund:						
Capital Improvement Projects	$53,428,450	$68,627,588	$20,251,302	$14,325,526	$143,146,735	899.24%
Total Capital Projects Fund	$53,428,450	$68,627,588	$20,251,302	$14,325,526	$143,146,735	899.24%
Enterprise Fund:						
Public Works; Solid Waste	$16,504,000	$16,779,000	$16,779,000	$18,145,244	$18,426,866	1.55%
Total Enterprise Fund	$16,504,000	$16,779,000	$16,779,000	$18,145,244	$18,426,866	1.55%
Internal Service Funds:						
Public Works; Fleet Management	$6,485,848	$6,336,397	$6,335,075	$6,353,693	$6,955,056	9.46%
DoIT; Data Processing	$15,651,632	$15,843,834	$15,271,132	$14,556,613	$43,254,796	197.15%
Medical Insurance	$32,373,000	$31,358,000	$34,372,000	$39,623,000	$40,705,000	2.73%
Public Works; Small Proj. Const.	$2,275,834	$2,323,719	$2,478,144	$2,281,407	$2,155,770	-5.51%
Total Internal Service Funds	$56,786,314	$55,861,950	$58,456,351	$62,814,713	$93,070,622	48.17%
Fire And Rescue Levy Funds:						
Fire and Rescue Levy Total	$27,005,237	$31,464,455	$29,610,000	$29,410,000	$48,812,757	65.97%
Total Fire & Rescue Levy Funds	$27,005,237	$31,464,455	$29,610,000	$29,410,000	$48,812,757	65.97%

All Funds Revenue Summary (Cont.)

Department / Agency	FY 08 Adopted Revenue Bud.	FY 09 Adopted Revenue Bud.	FY 10 Adopted Revenue Bud.	FY 11 Adopted Revenue Bud.	FY 12 Adopted Revenue Bud.	% Change FY 11 to FY 12
Schools:						
Operating Fund	$749,417,617	$791,017,635	$771,655,350	$752,762,281	$783,521,780	4.09%
School Debt Service Fund	$56,408,860	$59,438,548	$61,400,058	$58,127,770	$67,512,184	16.14%
Construction Fund	$60,658,000	$70,193,000	$106,050,500	$62,309,000	$84,059,000	34.91%
Food Service Fund	$27,053,751	$28,896,472	$29,763,365	$32,100,111	$34,783,797	8.36%
Warehouse	$4,450,000	$4,750,000	$4,850,000	$5,000,000	$5,250,000	5.00%
Facilities Use Fund	$703,893	$975,077	$1,026,800	$1,084,375	$1,409,976	30.03%
Self Insurance Fund	$3,244,021	$3,521,466	$3,302,378	$3,333,105	$3,490,171	4.71%
Health Insurance Fund	$57,230,359	$56,991,037	$59,725,747	$67,680,601	$73,985,554	9.32%
Regional School Fund	$25,296,670	$27,868,607	$30,563,043	$33,824,760	$33,900,309	0.22%
Gov School @ Innovation Pk	$0	$0	$0	$0	$900,743	---
SACC Program Fund	$0	$0	$0	$0	$536,750	---
Total Schools	$984,463,171	$1,043,651,842	$1,068,337,241	$1,016,222,003	$1,089,350,264	7.20%
Grand Total All Funds	**$2,068,254,665**	**$2,190,077,742**	**$2,113,620,653**	**$2,051,291,371**	**$2,354,692,630**	**14.79%**

(1) For FY 09 the Development Fee supported portions of Public Works, Planning and Transportation that in prior years were included in the General Fund have been transferred to the Special Revenue Fund. The Site Development portion of Public Works has been broken out of the Stormwater Management total for FY 09.

(2) After the adoption of the FY 2009 Budget, the BOCS approved the creation of the Department of Development Administration (DDS) by transferring development fee supported portions of Public Works and Planning to DDS.