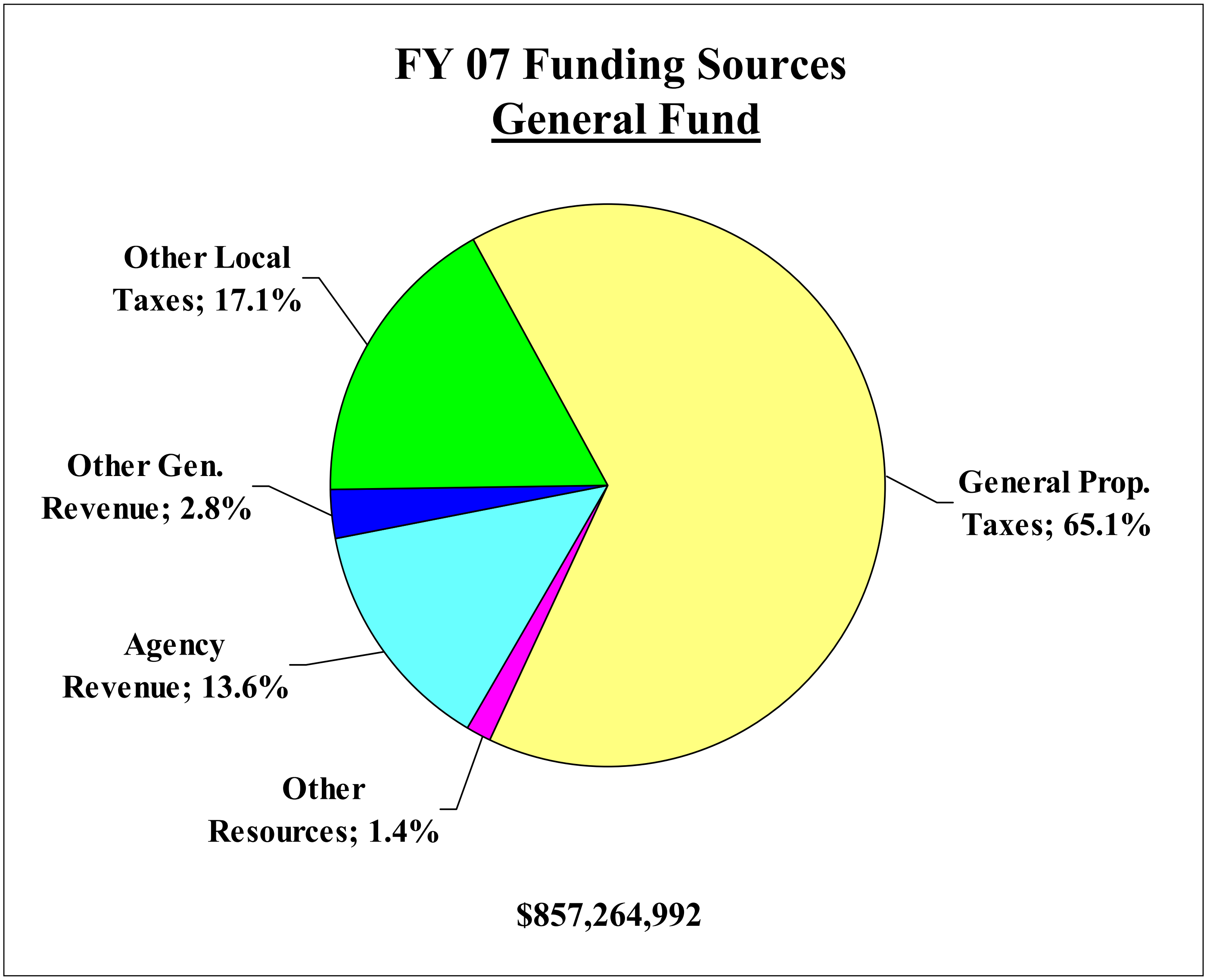
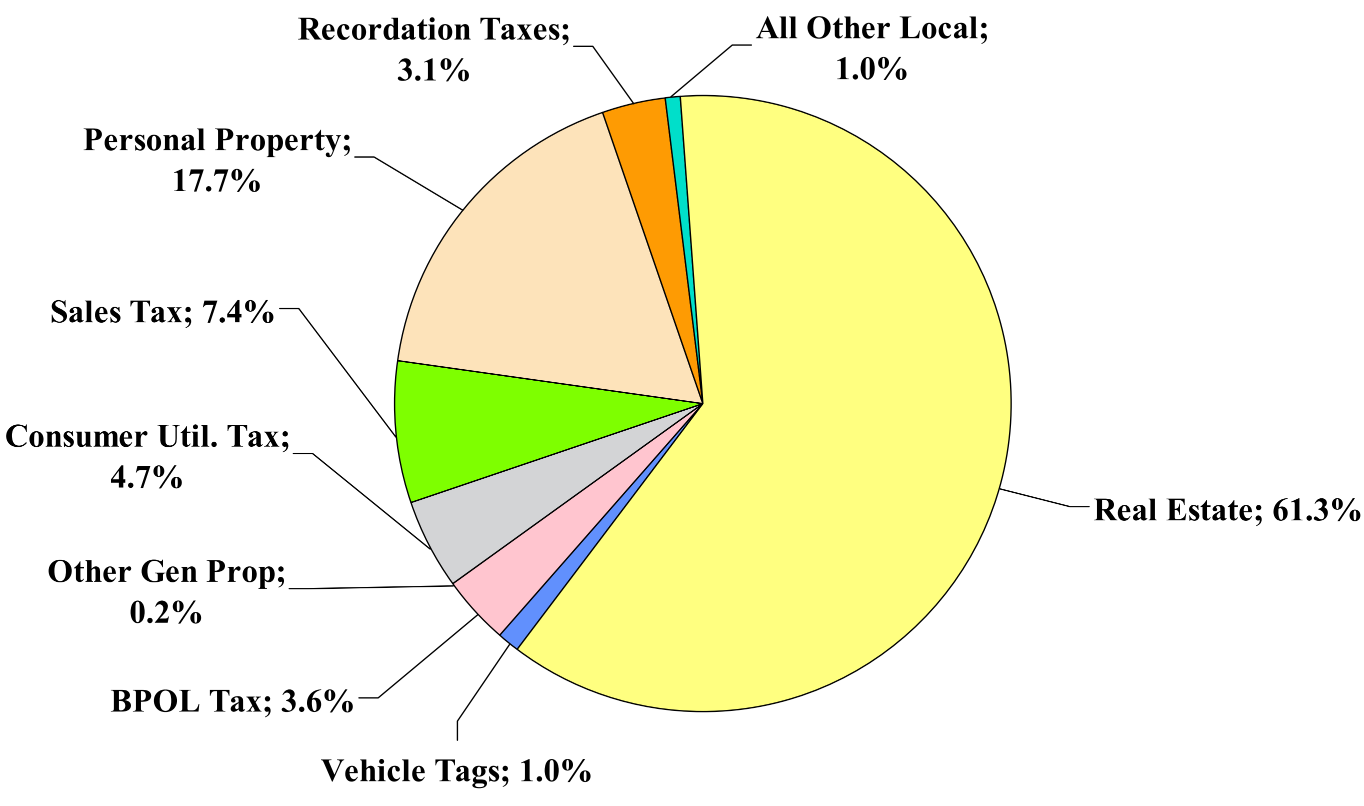
The General Fund accounts for all financial transactions and resources in Prince William County other than those required to be accounted for in another Fund. Thus, the General Fund is the largest and most important fund used by the County. The General Fund is divided into revenues and expenditures. This pie chart shows all FY 07 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 (65.1%) comes from General Property Taxes. This source contains revenues received from the County's real estate and personal property taxes. The next largest sources are Other Local Taxes (17.1%) and Agency Revenue (13.6%). 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. Agency Revenue (13.6%) 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 three pieces of the pie, when added together, make up 95.8% of total funding sources in the General Fund.



This pie chart provides detail regarding the County's FY 07 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 (61.3%) comes from the real estate tax ($0.758 per $100 of assessed value) assessed on citizen's homes and real estate properties. The next largest source (17.7%) is Personal Property Taxes ($3.70 per $100 of assessed value) assessed on individual and business personal property. The next source (7.4%) 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 86.4% of total local tax dollars coming into the County. The smaller sources of tax dollars include:

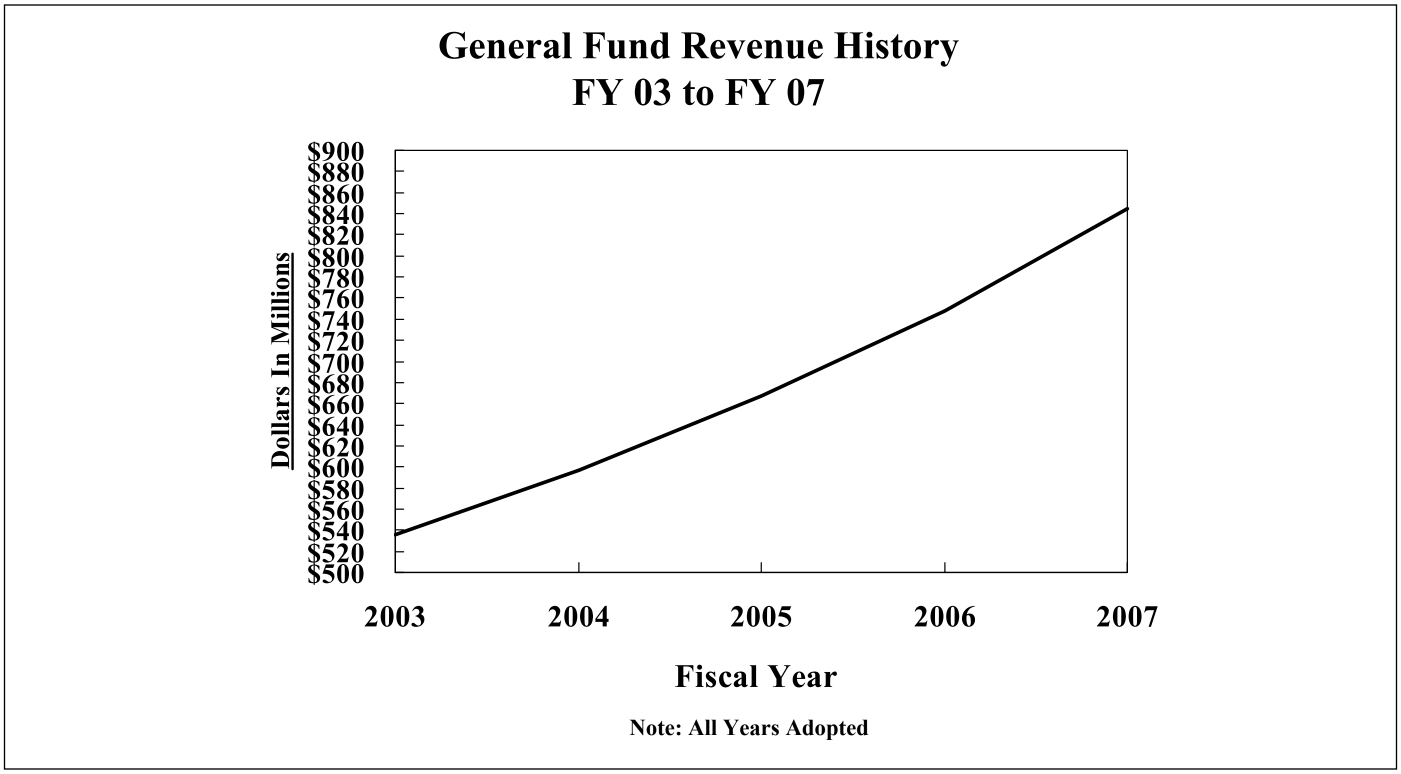
- Vehicle Tags (1.0%) received from the annual sale of automobile decals;
- All Other Local (1.0%) include miscellaneous tax sources such as Transient Occupancy Tax and Recordation Taxes;
- Other General Property (0.2%) is interest earned on all taxes;
- Business, Professional, Occupational License tax (3.6%) levied on the gross receipts of County businesses;
- Consumer Utility Tax (4.7%) levied on the consumers of telephone, electric and natural gas.

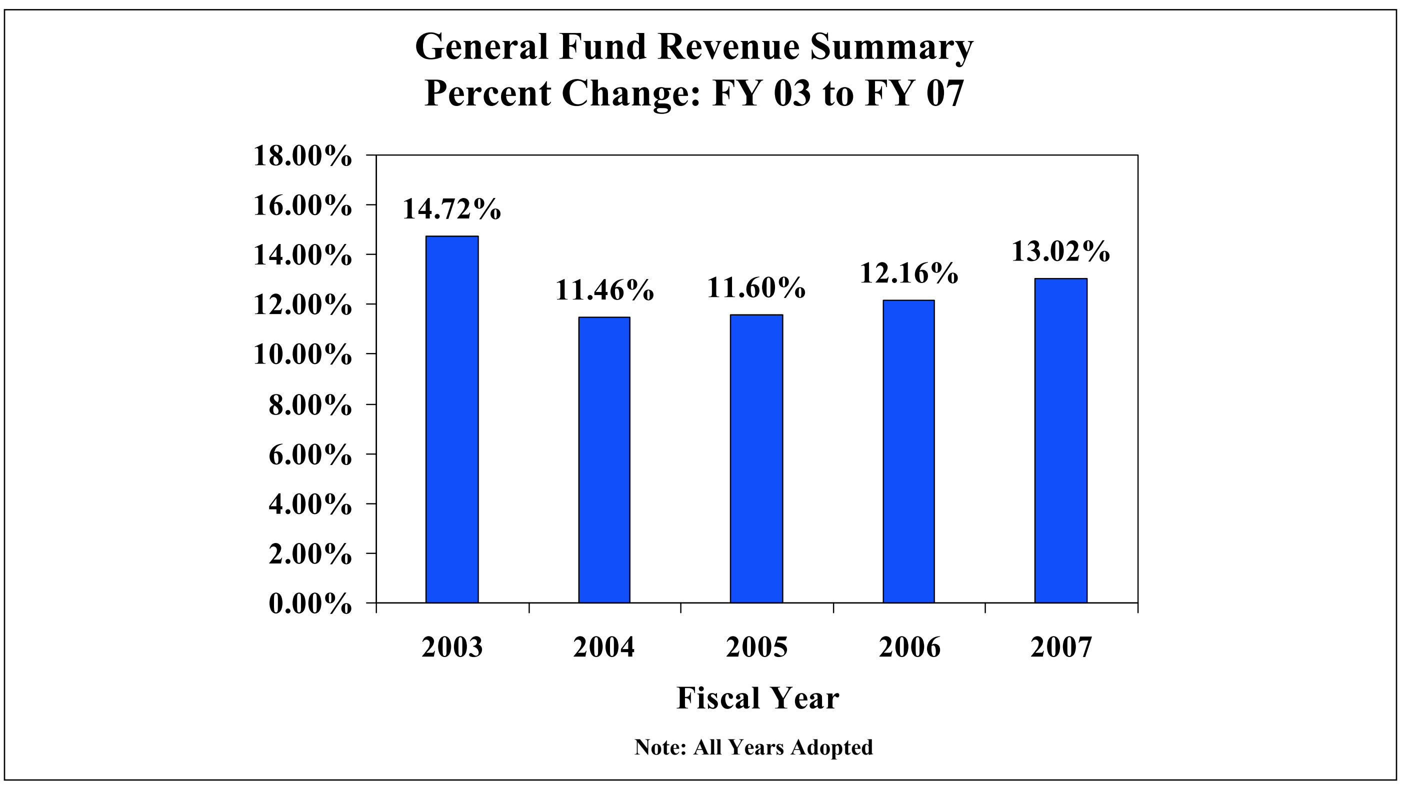
Detail of FY 07
Local Tax Sources



$704,973,974

As the following graphs show, total Prince William County General Fund Revenues have increased 57.7% from FY 03 Adopted to FY 07Adopted (from $535.87 million to $844.99 million).





Revenue Projections - General Fund Non-Agency Revenue

Table 1. Revenue Estimates by Category

Acct. Code	GENERAL REVENUE SOURCE	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE	FY 2010 ESTIMATE	FY 2011 ESTIMATE
0010	REAL ESTATE TAXES	$427,122,000	$469,594,000	$514,278,000	$561,491,000	$611,161,000
	ROLLBACK SUPPLEMENT	1,000,000	750,000	500,000	250,000	250,000
0020	REAL ESTATE TAX EXONERATIONS	(7,685,000)	(8,443,000)	(9,240,000)	(10,083,000)	(10,975,000)
	SUBTOTAL	420,437,000	461,901,000	505,538,000	551,658,000	600,436,000
0041	R/E TAXES - PUBLIC SERVICE	9,597,000	9,079,000	8,989,000	9,066,000	9,314,000
0021	REAL ESTATE TAX DEFERRAL	(200,000)	(250,000)	(200,000)	(300,000)	(300,000)
0025	LAND REDEMPTION	469,000	476,000	482,000	487,000	487,000
0160	REAL ESTATE PENALTIES	1,503,000	1,651,000	1,807,000	1,972,000	2,147,000
TOTAL - - REAL ESTATE		**431,806,000**	**472,857,000**	**516,616,000**	**562,883,000**	**612,084,000**
0071	PERSONAL PROPERTY TAXES	125,060,000	138,727,000	153,929,000	170,842,000	189,660,000
0072	P/P - PRIOR YEAR	75,000	75,000	75,000	75,000	75,000
0081	P/P TAX DEFERRAL	($1,650,000)	($1,825,000)	($2,000,000)	($2,100,000)	($2,100,000)
0170	P/P PENALTIES	1,000,480	1,179,180	1,385,361	1,622,999	1,896,600
TOTAL - - PERSONAL PROPERTY		**124,485,480**	**138,156,180**	**153,389,361**	**170,439,999**	**189,531,600**
0210	**LOCAL SALES TAX**	**51,975,000**	**56,133,000**	**60,624,000**	**65,474,000**	**70,711,000**
0220	**CONSUMER UTILITY TAX**	**32,910,000**	**37,060,000**	**41,180,000**	**44,890,000**	**47,920,000**
0235	**BPOL TAXES - LOCAL BUSINESSES**	**24,280,000**	**26,950,000**	**29,920,000**	**33,210,000**	**36,860,000**
0510	**INVESTMENT INCOME**	**18,730,749**	**25,488,533**	**26,003,649**	**27,741,607**	**29,197,721**
0140	INTEREST ON TAXES	1,548,393	1,201,256	1,318,934	1,445,000	1,580,192
0222	CABLE FRANCHISE TAX	3,870,000	4,220,000	4,580,000	4,950,000	5,330,000
0250	VEHICLE DECALS - REGULAR	7,062,633	7,559,842	8,092,055	8,661,736	9,271,522
0260	RECORDATION TAX	22,040,000	23,070,000	23,620,000	24,570,000	25,550,000
0261	ADDITIONAL TAX ON DEEDS	5,335,000	5,708,000	5,993,000	6,293,000	6,608,000
All OTHER REVENUE OVER $1.5 MILLION		**39,856,026**	**41,759,098**	**43,603,989**	**45,919,736**	**48,339,714**
0215	DAILY EQUIPMENT RENTAL TAX	189,048	193,774	205,400	217,724	230,787
0230	BANK FRANCHISE TAX	600,066	619,513	656,684	696,085	737,850
0236	BPOL TAXES - PUBLIC SERVICE	1,332,629	1,432,537	1,518,489	1,609,598	1,706,174
0270	TRANSIENT OCCUPANCY TAX	1,409,725	1,558,801	1,732,416	1,976,420	2,270,565
0520	INTEREST PAID TO VENDORS	(275,429)	(294,261)	(311,916)	(330,631)	(350,469)
0521	INTEREST PAID ON REFUNDS	(40,501)	(39,608)	(41,984)	(44,503)	(47,174)
1301	ABC PROFITS	160,440	168,462	176,885	185,729	195,016
1302	STATE WINE TAX	168,172	176,581	185,410	194,680	204,414
1303	ROLLING STOCK TAX	88,561	92,989	97,638	102,520	107,646
1304	PASSENGER CAR RENTAL TAX	787,500	826,875	868,219	911,630	957,211
1305	MOBILE HOME TITLING TAX	60,239	63,251	66,414	69,735	73,221
1700	FED PAYMENT IN LIEU OF TAXES	109,071	119,214	126,367	133,949	141,986
MISC.	ALL OTHER GENERAL REVENUE	3,768	3,421	3,626	3,844	4,075
ALL OTHER REVENUE UNDER $1.5 MILLION		**4,593,289**	**4,921,549**	**5,283,648**	**5,726,780**	**6,231,302**
TOTAL GENERAL REVENUE		**$728,636,545**	**$803,325,359**	**$876,620,647**	**$956,285,122**	**$1,040,875,337**

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 Revenue

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.

Real Estate Taxes

The real estate tax is the single largest revenue source for the County contributing approximately 59.3% of general revenues (FY07 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. The following table shows the five-year revenue forecast:

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

Forecast Revenue	Tax Rate	Revenue Estimate	Percent Change
FY2007	$0.758	$420,437,000	10.6%
FY2008	0.710	461,901,000	9.9%
FY2009	0.696	505,538,000	9.4%
FY2010	0.695	551,658,000	9.1%
FY2011	0.707	600,436,000	8.8%

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 the above table.

Residential Real Estate

The residential real estate market in Prince William County continued its fifth year of swiftly rising home prices with appreciation approaching 27% per year in most parts of the County. The Federal Funds Rate increases of the past twelve months have not significantly affected long-term bond rates or mortgage rates. With interest rates still near their historic lows, despite rising sentiment of pending slow down in appreciation and even a possible correction in the upper range of the housing market, the residential real estate market was strong.

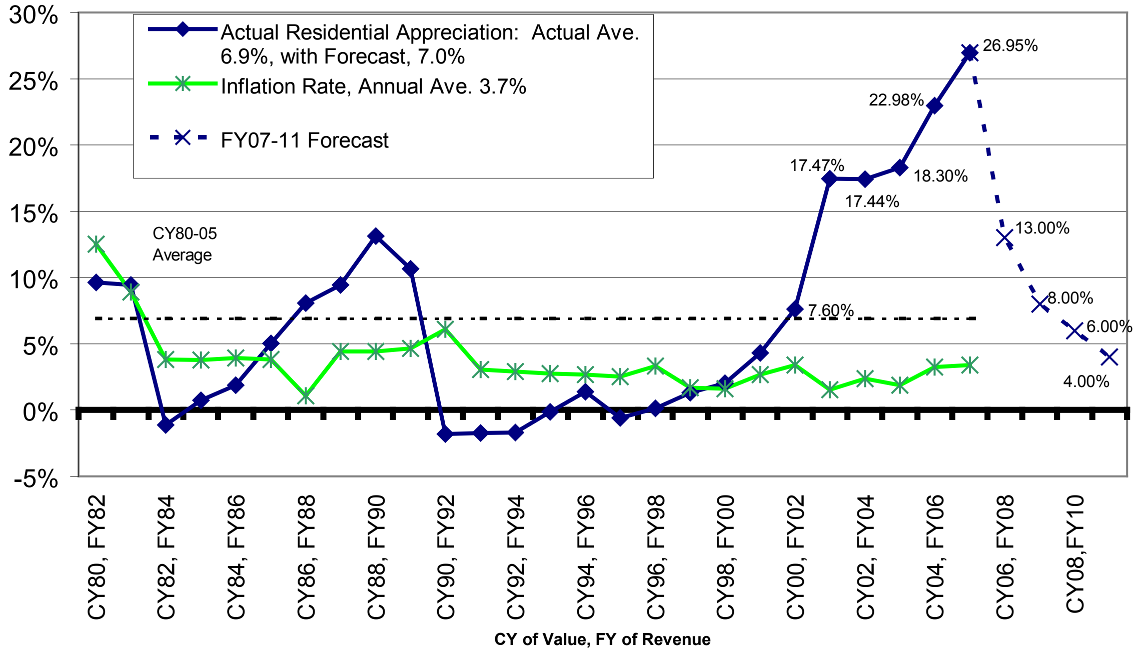
Demand for first-time-buyer homes priced less than $400,000 continued to be the strongest sector of the residential market during calendar year 2005. The number of homes sold in 2005 increased 2.5% over the prior year as the average number of days on the market increased to 41 days according to the Metropolitan Regional Information System. The inventory of homes on the market increased during calendar year 2005 while demand flattened in the last four months of 2005, leading to lengthier marketing times and less vigorous pricing compared to the first half. Homes priced over $400,000 showed healthy increases in value, although not as high as lower priced homes.

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.

Residential Market Value Changes

The following chart shows a history of actual residential appreciation (excluding rental apartments) from fiscal year 1982 through fiscal year 2007 and the General Revenue Committee's estimates thereafter. The actual average from revenue years 1982 through 2006 is also reflected:

Figure 1. Average Annual Residential Real Estate Appreciation, 1982-2011



The following table shows the expected change in market value for residential and apartment properties during the forecast period.

Table 3. Residential Market Value Changes

Revenue Year	Single-Family, Townhouse, and Condominium	Apartments
FY2008	13.00%	5.0%
FY2009	8.00%	3.0%
FY2010	6.00%	1.0%
FY2011	4.00%	0.0%

Residential properties in Prince William County are expected to appreciate on average 13% overall for fiscal year 2008. Forecasters are predicting a sustained, strong residential market in 2006. Key drivers in the Washington area's forecast are low unemployment, strong job growth, shrinking supply of land available for development inside the Capital Beltway, and low mortgage interest rates. At the national level, unemployment is expected to continue its downward trend and the Gross Domestic Product (GDP) is expected to sustain a healthy growth rate in 2006. The National Association of Realtors has forecasted a near record level of market activity in 2006. All these factors play an important role in the increasing housing shortage the region is experiencing.

The forecast for residential appreciation beyond fiscal year 2008 reflects these market insights. Appreciation is expected to moderate to a rate of 8% in fiscal year 2009, 6% for fiscal year 2010, and 4% for fiscal year 2011. Forecasters expect strong demand for homes to continue, but not at levels equal to those in fiscal year 2006; rather, appreciation will gradually decline to levels that resemble long-term annual averages due mainly to higher interest rates.

Residential appreciation in Prince William County is comparable to neighboring Northern Virginia jurisdictions:

Table 4. Comparison of Estimated Residential Market Value Changes from 2005 to 2006

	Prince William County	Loudoun County	Fairfax County	City of Alexandria	Arlington County
All Residential (Excluding Rental Apartments)	26.95%	28.00%	21.60%	19.50%	18.25%

Apartments Market Value Change

Favorable conditions in the County's apartment market translate into an average increase in market value of approximately 12.0% for fiscal year 2007. This increase is largely attributable to higher apartment rents and lower capitalization rates. Demand for apartment units remained strong during calendar year 2005. Appreciation is estimated to continue at a lower rate of approximately 5% in fiscal year 2008, 3% in fiscal year 2009, 1% in fiscal year 2010 and 0% in fiscal year 2011.

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 occurs in calendar year 2005 affects revenues beginning in fiscal year 2007. The following table summarizes the expected number of newly constructed residential units during the forecast period, and the previous six year's activity:

Table 5. Residential Growth – Number of Units

Revenue Year	Total Residential Units	Single-Family	Townhouse	Condominium	Apartments
FY2002(a)	3,659	2,315	1,086	18	240
FY2003(a)	5,051	3,059	941	43	1,008
FY2004(a)	4,824	3,166	1,297	111	250
FY2005(a)	4,859	3,231	1,219	31	378
FY2006(a)	5,894	3,619	1,107	254	914
FY2007(a)	6,408	3,762	1,339	477	830
FY2008	5,000	3,000	1,100	500	400
FY2009	4,425	2,750	1,000	450	225
FY2010	4,200	2,630	970	400	200
FY2011	4,150	2,485	1,165	350	150

(a) - actual

Construction of 5,578 residential units and 830 apartment units was completed during calendar year 2005 which will generate revenue for fiscal year 2007. There were 598 more single family, townhouse, and condominium units constructed in 2005 than 2004 while 84 fewer apartment units were constructed. The volume of new home starts is expected to taper off during the forecast period with 4,600 units estimated for fiscal year 2008 down to 4,200, 4,000, and 4,000 units forecast for fiscal years 2009 through 2011 respectively. Construction of new apartment units is forecast to decrease to 400 units for fiscal year 2008 and stabilize at around 200 units for fiscal years 2009 through 2011. Construction of a significant number of apartment projects in recent years has been driven by federal tax credit incentives.

Residential Values Per New Unit

The average assessed value of a new home constructed during 2005 was $551,789, a 23.2% increase over the average assessed value of homes built in 2004 which was $447,974.

The average assessed value of a new single family home was $619,570 in 2005, a 25.5% increase over the average assessed value of $493,565 in 2004.

For fiscal year 2007, the average assessed value of a new condominium unit was $379,075 and the average value of a townhouse unit climbed to $422,883. There has been a trend in recent years toward the construction of larger townhouse style condominium units and luxury waterfront mid-rise condominium units. The average selling price of these units has typically exceeded the average selling price of townhouses.

The assessed value per new unit of apartment properties increased to $86,800 per unit for fiscal year 2006 from $84,400 for fiscal year 2005.

Table 6. New Residential Assessed Value per New Unit

Revenue Year	Overall Residential (Excluding Apts.)	Single-Family	Townhouse	Condominium	Apartment
FY2002(a)	$232,577	$268,562	$157,537	$131,916	$64,300
FY2003(a)	287,903	318,832	192,801	168,769	68,026
FY2004(a)	327,671	372,654	226,622	224,565	65,235
FY2005(a)	382,442	430,374	258,473	261,470	80,000
FY2006(a)	447,974	493,565	332,477	301,754	84,400
FY2007(a)	551,789	619,570	422,883	379,075	86,800
FY2008	590,080	669,100	456,700	409,400	91,100
FY2009	632,040	715,900	488,700	438,100	93,800
FY2010	664,670	751,700	513,100	460,000	94,700
FY2011	676,417	774,300	528,500	473,800	94,700

(a) - actual

Commercial Real Estate

Calendar year 2005 market activity in Prince William County resulted in commercial properties appreciating approximately 17% on average for fiscal year 2007 revenues. The industrial and office sectors experienced the greatest level of appreciation at approximately 18%. Retail properties appreciated approximately 15% while the assessed values of hotels and special purpose properties showed similar increases to general commercial appreciation.

The commercial property outlook for fiscal year 2008 is expected to bring 10% appreciation overall. Vacant commercial land, retail and industrial properties are expected to show the highest appreciation rates. Office and hotels will show moderate rates of appreciation. Commercial appreciation for fiscal year 2009 is forecast at 4% and appreciation in fiscal years 2010 and 2011 is expected to be 3% and 2% per year respectively.

Average assessed values per square foot for fiscal year 2007 are determined based on the added building value resulting from new construction completed during calendar year 2005.[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 7. Commercial Market Value Changes

Revenue Year	Commercial
FY2002(a)	9.7%
FY2003(a)	6.7%
FY2004(a)	3.8%
FY2005(a)	11.9%
FY2006(a)	15.1%
FY2007(a)	17.3%
FY2008	10.0%
FY2009	4.0%
FY2010	3.0%
FY2011	2.0%

(a) - actual

Commercial properties are categorized into five property types: retail, office, hotel, industrial, and special purpose. For fiscal year 2007 (calendar year 2005 market activity), a total of 1,732,978 commercial square feet was added to the assessment rolls. Growth is expected to increase slightly in fiscal year 2008 to 1,941,140 square feet and gradually decrease to approximately 845,000 square feet at the end of the forecast period.

Commercial real estate is still an attractive investment option despite low capitalization rates (as low as 5%). The return on investment still exceeds those of other investment options. Overall, the commercial/industrial real estate market is expected to remain solid through calendar year 2006 as strong demand and attractive lending options are still present. A 10% increase in assessed value is expected for fiscal year 2008 followed by 4% in fiscal year 2009, 3% in fiscal year 2010 and 2% in 2011.

Retail

New construction in the retail sector accounted for 32.5% of all commercial/industrial growth for fiscal year 2007, adding approximately 564,000 square feet to the tax base. Shopping centers and big box properties comprised most of the new construction. Three new shopping centers—Virginia Gateway and Heritage Hunt, and Fortuna Retail Centers—were completed along with the new Fortuna Target. Also completed were general retail properties such as banks, restaurants, daycare centers, garages and service stations, miscellaneous retail and additions to existing properties. Growth in retail properties forecast for fiscal years 2008 to 2011 includes several large retail projects. Significant growth in the residential real estate market has spurred corresponding retail construction. In addition, commercial real estate has remained attractive to investors. The retail properties in the County are experiencing strong income growth and low vacancy. Shopping center capitalization rates have been declining and continued to do so in 2005. Capitalization rates for premium shopping centers are approximately 6%.

Nearly half of the assessed value within the commercial/industrial tax base is within the retail sector. Shopping center properties showed approximately 13% appreciation on average for fiscal 2007. The retail sector is anticipated to remain strong throughout the forecast period.

Industrial

Nearly 60% of commercial/industrial new construction for fiscal year 2007 occurred within the industrial sector adding approximately 1,040,000 square feet to the commercial/industrial base. New construction completed during 2005 within the industrial sector included several new storage and showroom warehouses, multi-tenant and flex space as well as manufacturing buildings and industrial equipment repair facilities. Growth within the industrial sector is expected to remain strong throughout the forecast period with approximately 1,000,000 square feet being added to the tax base for fiscal year 2008.

Existing industrial properties appreciated approximately 18% for fiscal year 2007. This rate of appreciation is expected to level off somewhat, but still remain strong throughout the forecast period as Prince William County continues to be in high demand by transportation-based businesses and support service companies seeking space of 3,000 to 20,000 square feet.

Hotels

No new hotels were completed during 2005. Currently, a Country Inn & Suites near Potomac Mills, a Comfort Inn in Dumfries, a Holiday Inn in Dumfries, and a 101 room Residence Inn in Manassas are under construction. Over the next several years several hotels are planned for Prince William County. These are a Hampton Inn in Gainesville, an Extended Stay America in Manassas, and a luxury hotel for the Cherry Hill area.

The existing hotel market showed a healthy increase in valuation for 2006. Assessed values of hotels are expected to rise moderately during the out-years of the forecast period.

Office Buildings

Construction of several new office buildings and condominiums completed during calendar year 2005 added approximately 107,000 square feet to the commercial base. The overall appreciation for office buildings was approximately 18%. Growth within the office sector is expected to be sustained during the forecast period with the addition of approximately 200,000 square feet for fiscal year 2008.

The forecast includes office properties already under construction or planned office properties such as Quantico Center-Buildings 1 & 2, The Glen-Building B, Sudley South Office Park, County Center, Linden Office Park, Northpointe Offices in Town of Dumfries, Quantico Gateway, as well as Potomac Office Park-Building A and, Linden Business Center office condos.

Higher office rents are forecast to drive moderate increases in assessed value for office properties for fiscal year 2008. The small percentage of speculative building within the office sector is seen as a positive driver toward moderate increases in assessed value over the forecast period as the demand for office space is expected to outpace supply.

Special Use

Properties within the special use category comprise taxable schools, healthcare facilities, high-technology data center type properties and others that have no foreseeable alternate uses. The technology sector has exhibited a turn-around in the region. The oversupply was, for the most part, absorbed in 2005. There were three prominent sales – AOL II in Gainesville, and the T-Rex and Cyberfortress buildings in Manassas that indicated a healthy appreciation for the sector. The impact on the revenues is softened by the fact that the purchaser of T-Rex is the Federal Government and therefore the property will no longer be in the tax rolls. No growth is expected within this sector until fiscal year 2008 (calendar year 2006) when construction on the first section of Eli Lilly's insulin manufacturing facility is anticipated to begin. Assessed values are expected to remain stable during the forecast period.

Nearly 21,500 square feet of miscellaneous commercial properties such as golf course improvements and taxable schools were constructed in calendar year 2005 (fiscal year 2007). A multi-year forecast of these properties is not included in the revenue forecast since these properties are not constructed on a regular basis.

A summary of commercial growth and assessed values per square foot during the forecast period is shown below.

Table 8. Commercial New Construction Value per Square Foot

Revenue Year	Retail	Office	Hotel	Industrial	Special Use Properties
FY2002(a)	$90	$66	$80	$46	$195
FY2003(a)	74	75	91	39	291
FY2004(a)	67	94	n/a	43	n/a
FY2005(a)	95	83	92	56	n/a
FY2006(a)	109	96	106	60	n/a
FY2007(a)	126	110	122	69	n/a
FY2008	139	121	134	76	n/a
FY2009	144	126	140	79	189
FY2010	148	130	144	81	194
FY2011	151	132	147	83	198

Table 9. New Commercial Construction Square Footage

Revenue Year	Total Commercial	Retail	Office	Hotel	Industrial	Special Use Properties
FY2002(a)	790,294	137,778	199,213	195,085	258,218	0
FY2003(a)	1,391,510	475,668	106,916	96,610	464,763	247,553
FY2004(a)	491,590	147,059	61,250	0	283,281	0
FY2005(a)	1,026,817	393,109	78,062	29,492	526,154	0
FY2006(a)	1,807,573	661,639	170,153	197,911	644,456	0
FY2007(a)	1,732,978	563,714	106,775	0	1,040,984	0
FY2008	1,941,140	500,000	200,000	221,140	1,000,000	0
FY2009	1,643,000	450,000	100,000	107,000	500,000	486,000
FY2010	1,175,000	350,000	75,000	100,000	450,000	200,000
FY2011	845,000	300,000	75,000	50,000	400,000	20,000

(a) - actual

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.
The FY2007 forecast for real estate tax exonerations is $7,685,000 – a 10.6% increase from the FY2006 projection of $6,950,000. In December 2004, the Board of County Supervisors made the following eligibility requirement changes, which enables more households to participate in the Tax Relief Program for Elderly and Disabled Persons:

- the net worth limitation was increased from $240,000 to $340,000 which excludes the residence for which the exemption is sought and up to 25 acres of land which it occupies;
- the amount of income that can be earned by relatives and not included in the income calculation was raised from $8,500 to $10,000;
- the base income definition was changed from 84% of the low income family income limit based upon a family of two to the low income family income limit based upon a family of two. For FY2006 (tax year 2005), the gross household income from all sources may not exceed $66,700.

Public Service Taxes

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.

Table 10. Revenue Summary – Public Services Taxes

Forecast Revenue		Revenue Estimate	Percent Change
FY2007	$0.758	$9,597,000	(15.9%)
FY2008	0.710	9,079,000	(5.4%)
FY2009	0.696	8,989,000	(0.1%)
FY2010	0.695	9,066,000	0.9%
FY2011	0.707	9,314,000	2.7%

Historically, all market value changes within the public service classification have been attributable to new construction growth. Growth during fiscal year 2005 was significantly higher than in past years due to the completion of Virginia Power's facility at Possum Point. Growth within the public service properties is expected to stabilize at a rate of 1% per year for fiscal years 2007 to 2011. However, revenue will decline during the early years of the forecast period as the estimated real estate tax rate declines. Public service market values are not subject to the same market changes as other real estate properties.

Table 11. Public Service – Changes in Assessed Value

	FY07	FY08	FY09	FY10	FY11
Public Service Growth	1.00%	1.00%	1.00%	1.00%	1.00%

Real Estate Tax Deferrals

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.

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 12. Revenue Summary – Real Estate Tax Deferrals

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$ (200,000)	0.0%
FY2008	(250,000)	(25.0%)
FY2009	(200,000)	20.0%
FY2010	(300,000)	(50.0%)
FY2011	(300,000)	0.0%

The forecast reflects the initiative approved by the Board of County Supervisors on December 10, 1996 to decrease the percentage of unpaid property taxes at fiscal year end, as compared to the current year levy, from 11% in FY1996 to 6% in FY2003. With the adoption of the FY2002 budget, additional collection resources were provided to the Finance Department and the amount of unpaid property taxes as a percentage of the total levy was revised to 5.5% by FY2005. At the end of FY2005, the percentage of unpaid property taxes compared to the FY2005 levy was 3.1%. The updated forecast for FY2006 is 3.1% which is the County's best unpaid property tax rate since data was first collected in 1971. The FY2007 forecast continues this positive trend with an unpaid property tax rate of 3.1%.

The revenue forecast is made by estimating collections of unpaid real estate taxes up to three 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 by property owners,
2. County resources allocated to collection efforts, and
3. The success of those collection efforts.

Land Redemption

Land redemption is the recognition of real estate taxes collected after being more than three years delinquent. The Code of Virginia allows the County to pursue the collection of delinquent real estate taxes for twenty years.

Table 13. Revenue Summary – Land Redemption

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$ 469,000	46.6%
FY2008	476,000	1.5%
FY2009	482,000	1.3%
FY2010	487,000	1.0%
FY2011	487,000	0.0%

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 FY2007 to FY2011 estimate assumes 25% 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 four fiscal years. A variety of methods are used to enforce 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:

Table 14. Unpaid Land Redemption Taxes

FY2005	$1,716,000
FY2006	1,673,000
FY2007	1,638,000
FY2008	1,611,000
FY2009	1,588,000
FY2010	1,571,000
FY2011	1,571,000

Real Estate Penalties

The 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.

Table 15. Revenue Summary – Real Estate Penalties

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$1,503,000	10.8%
FY2008	1,651,000	9.8%
FY2009	1,807,000	9.4%
FY2010	1,972,000	9.1%
FY2011	2,147,000	8.9%

Revenue from real estate penalties is estimated by applying a fixed percentage (approximately 0.36%) 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 86% of personal property tax revenue is forecast in FY2007 to be generated by motor vehicles, trailers, and motor homes. The remaining 14% is forecast to be received from taxes levied on business equipment.
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.

Table 16. Revenue Summary – Personal Property Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$125,060,000	11.1%
FY2008	138,727,000	10.9%
FY2009	153,929,000	11.0%
FY2010	170,842,000	11.0%
FY2011	189,660,000	11.0%

Personal Property Tax on Vehicles

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. The County uses the trade-in values published in the National Automobile Dealers Association (NADA) value guide for new and older vehicles.

Car Tax Relief

A portion of the tax due on personal use vehicles is paid by the Commonwealth directly to the 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 caps the amount reimbursed to the County beginning 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, Prince William 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 2007 is 61.5%.

Change in Average Vehicle Value

The average assessed value per vehicle increased by 7.7% between FY2005 and FY2006. The increase is attributed to a used car market that rebounded from the value depreciation that occurred between FY2004 and FY2005. Over the past two years, the variability of used car prices increased significantly as manufacturers offer, then stop, aggressive new car incentive programs to increase sales.

The FY2007 (calendar year 2006) forecast assumes a 4.3% increase in average assessed value, which is consistent with the long-term trend in the County. An increase in the average assessed value occurs during times of population growth and a moderate to high rate of vehicle replacement. Both of these economic factors have been forecast to continue by industry experts throughout the five-year forecast. The combination of these two factors more than offsets "normal" depreciation on existing vehicles, thus leading to an overall increase in average vehicle value.

Change in Number of Vehicle Units Billed

The percentage change in the number of vehicle units billed increased by 6.8% between FY2005 and FY2006. Over the prior six years, the increase has averaged 7.0%, ranging from a low of 5.5% to a high of 8.6%. The FY2007 (calendar year 2006) forecast assumes an increase of 7.0%. The increase in units is due to population growth, growth in the number of businesses and business vehicles, and an upward trend in the average number of vehicles per household.

Table 17. Average Assessed Value per Vehicle

	Dollar Value	Percent Increase
FY2002(a)	8,169	5.4%
FY2003(a)	8,242	0.9%
FY2004(a)	8,740	6.0%
FY2005(a)	8,610	(1.5%)
FY2006(a)	9,275	7.7%
FY2007	9,673	4.3%
FY2008	10,088	4.3%
FY2009	10,521	4.3%
FY2010	10,972	4.3%
FY2011	11,443	4.3%

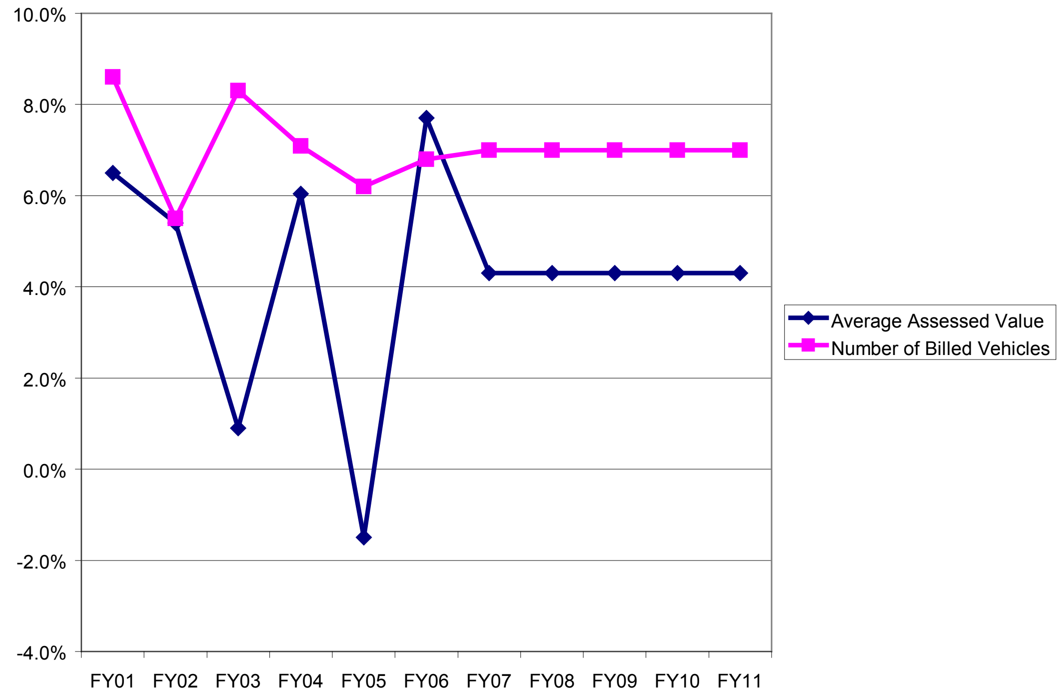
(a) – actual

Table 18. Percent Change in Number of Vehicle Units Billed

FY2002(a)	5.5%
FY2003(a)	8.3%
FY2004(a)	7.1%
FY2005(a)	6.2%
FY2006(a)	6.8%
FY2007	7.0%
FY2008	7.0%
FY2009	7.0%
FY2010	7.0%
FY2011	7.0%

(a) – actual

Figure 2. Annual Percent Changes in Average Assessed Vehicle Value and Number of Billed Vehicles



Housing Units

The increase in housing units has a direct effect on the number of vehicles in the County and a one-year lag on personal property tax revenue. The projected increase in owner-occupied and rental units for the prior fiscal year is multiplied by the projected average value of personal property per housing unit for revenue in the current fiscal year. (Refer to Table 27 on page 35)

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 the 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 66% and 22% of taxes on business equipment respectively. Taxes on computer equipment comprise the remaining 12%.

For the forecast period, taxes from business equipment are expected to increase by 5.0%.

Personal Property Prior Year

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

Table 19. Revenue Forecast – Personal Property Prior Year

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$75,000	0.0%
FY2008	75,000	0.0%
FY2009	75,000	0.0%
FY2010	75,000	0.0%
FY2011	75,000	0.0%

Personal Property Deferrals

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.

Table 20. Revenue Summary – Personal Property Deferrals

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$ (1,650,000)	(94.1%)
FY2008	(1,825,000)	(10.6%)
FY2009	(2,000,000)	(9.6%)
FY2010	(2,100,000)	(5.0%)
FY2011	(2,100,000)	0.0%

The forecast includes the initiative approved by the Board of County Supervisors on December 10, 1996 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 FY2003. With the adoption of the FY2002 budget, additional collection resources were provided to the Finance Department and the amount of unpaid property taxes as a percentage of the total levy was revised to 5.5% by FY2005.

At the end of FY2005, the percentage of unpaid property taxes compared to the FY2005 levy was 3.1%. The updated forecast for FY2006 is 3.1% which is the County's best unpaid property tax rate since data was first collected in 1971. The FY2007 forecast continues this positive trend with an unpaid property tax rate of 3.1%.

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

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

Table 21. Revenue Summary – Personal Property Penalties – Current Year

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$1,000,480	(38.9%)
FY2008	1,179,180	17.9%
FY2009	1,385,361	17.5%
FY2010	1,622,999	17.2%
FY2011	1,896,600	16.9%

A significant decrease in personal property penalty revenue is forecast for FY2007. This is due to the revised PPTRA legislation discussed on page 25. Once enacted, the 10% personal property penalty on late payments will apply only to the local share of what is delinquent. The penalty will not apply to the portion paid by the Commonwealth.

Local Sales Tax Revenue

Local Sales Tax

The County, by adopted ordinance, has elected to levy a 1% general retail sales tax to provide revenue for the general fund. 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 in the 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 1.26% from the County's gross tax to be sent to the four towns. Thus, the County realizes 98.74% of the monthly sales taxes collected.

Table 22. Revenue Summary – Local Sales Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$51,975,000	8.5%
FY2008	56,133,000	8.0%
FY2009	60,624,000	8.0%
FY2010	65,474,000	8.0%
FY2011	70,711,000	8.0%

Prince William County's most recent two to three years' experience with sales tax has reflected a notably faster than normal pattern of annual growth. During the period of recession, in fiscal years 2000 through 2002, the County's sales tax grew at rates varying between 6% and 10%. This is a very comfortable growth rate during a recession. Since the beginning of FY2004 the County's sales tax has experienced growth in excess of 7.0% per year.

Population Growth

The retail sales tax estimate is based on the population change in the County. The population increase is determined by the anticipated increase in new housing units for the forecast period as well as the average household size for each type of new housing unit constructed. The five-year projection includes population increases ranging from approximately 12,400 to 18,500 new residents in each year of the projection period. Population changes are expected to decline slowly over the five-year period as fewer new housing units are added. Nevertheless, this is a significant level of growth and has a definite impact on sales tax growth.

Table 23. Population Growth

Fiscal Year	Population Change	Estimated Population	Percent Change
FY2004		336,820	4.7%
FY2005	17,563	354,383	5.2%
FY2006	17,299	371,682	4.9%
FY2007	18,506	390,188	5.0%
FY2008	14,730	404,918	3.8%
FY2009	13,157	418,075	3.3%
FY2010	12,526	430,600	3.0%
Fy2011	12,422	443,022	2.9%

Consumer Utility Revenue

Consumer Utility Tax

The County levies a consumer utility tax on wired and cellular telephone service as well as electric and natural gas utilities. The County does not tax water and sewer services. Effective January 1, 2001, the Code of Virginia required the 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.

The County also levies a consumer utility tax on telecommunication services. This includes wired telephone service and cellular phones.

The levy rate for wired telephone service (landline) is:

Residential consumers: 20% on the first $15 per month of each customer's bill with a maximum charge of $3 per month.

Commercial consumers: 20% on the first $500 per month with a maximum charge of $100 per month for each utility.

The levy rate for cellular phone service is the same for both residential and commercial customers. It is 10% on the first $30 per month of each customer's mobile telephone bill; with a maximum charge of $3 per month.

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

The following consumer utility tax projection resulting from telecommunication services does not reflect current State legislative proposals to restructure state and local communication taxes. Current proposals would replace local communications taxes and fees with a central, state-administered communications sales and use tax. The communications tax rate would be 5% of the sales price of communications services, which would include landline and wireless telephone service including Voice Over Internet Protocol (VOIP), cable television, and satellite television.

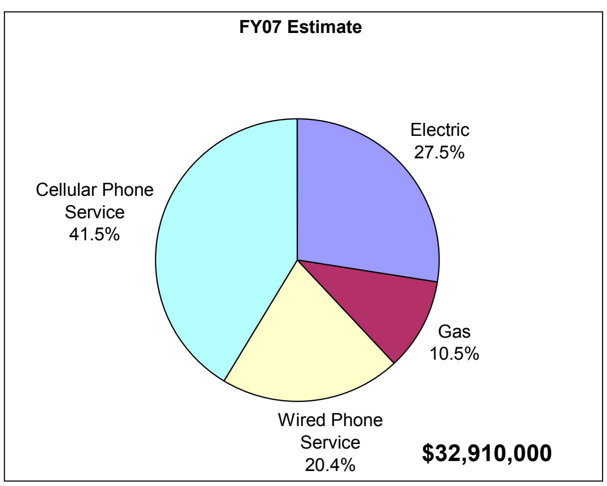
Revenue from the new communications tax would be collected and remitted by service providers to the Virginia Department of Taxation. Each locality's share of revenue would be distributed based on the locality's share of total state-wide revenue during Fiscal Year 2006. If the state legislation is approved, the local consumer utility tax would apply only to electric and natural gas services.

Table 24. Revenue Summary – Consumer Utility Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$32,910,000	15.5%
FY2008	37,060,000	12.6%
FY2009	41,180,000	11.1%
FY2010	44,890,000	9.0%
FY2011	47,920,000	6.8%

The forecast is comprised of four components: (1) electric, (2) gas, (3) wired telephone service, and (4) wireless phone service. The following chart shows the four components of consumer utility tax revenue projected for fiscal year 2007:

Figure 3. Four Major Categories of Consumer Utility Tax Revenue



Housing Units

A factor in forecasting consumer utility tax revenue is the expected number of housing units, including apartments. The following is the projected number of housing units over the 5-year forecast:

Table 25. Housing Units

	Housing Units	Change
FY2007	134,713	3.9%
FY2008	139,138	3.3%
FY2009	143,338	3.0%
FY2010	147,488	2.9%
FY2011	151,638	2.8%

Number of BPOL Filings

Another factor in forecasting consumer utility tax revenue is the number of businesses derived from BPOL filings and a projected rate of business growth. The following is the projected number of BPOL filers located in Prince William County with gross receipts greater than $100,000 over the 5-year forecast:

Table 26. Projection of BPOL Filers Located in PWC with Gross Receipts Greater Than $100,000

	Number of Businesses	Change
FY2007	4,938	4.25%
FY2008	5,111	3.50%
FY2009	5,264	3.00%
FY2010	5,396	2.50%
FY2011	5,531	2.50%

Percent Change in Wired Revenue

The consumer utility tax forecast also considers two components of telephone tax revenue: (1) wired and (2) wireless. Throughout the 1990's, second phone lines were common as more homes added internet access, fax machines and separate phones for work or individual family members. During FY02 through FY05, wired telephone revenue stagnated despite housing unit and businesses growth as many households eliminated their second phone lines in favor of broadband Internet access and cellular telephones:

> Verizon reported that 4.6% of its customers cut off their local phone lines, the result of a continuing shift toward cell phone-only households as well as the decline in second phone lines used for Internet access. The continuing declines are likely to increase further as cable companies such as Comcast deploy phone service. Morgan Stanley predicted earlier this month that line losses could hit 5% by year's end, as voice-over-Internet Protocol technologies take off.[4]

A multi-year trend analysis is the basis for the 5-year forecast. Future revenue is likely to remain flat over the next few years as many homes substitute telephone landlines with wireless telecommunications and cable internet access.

Table 27. Change in Wired Revenue Activity

	Change
FY2002(a)	0.38%
FY2003(a)	0.61%
FY2004(a)	(3.13%)
FY2005(a)	4.97%
FY2006(est.)	1.26%
FY2007	1.00%
FY2008	1.00%
FY2009	0.00%
FY2010	0.00%
FY2011	0.00%

(a) – actual

Cellular Phone Revenue

A five-year analysis of County revenue from taxes on cellular phones shows an average growth rate of 40%. However, it is uncertain if this amount of growth can continue into the future due to market saturation as cellular companies have already focused their marketing campaigns on family plans and younger customers. The forecast for the next five fiscal years assumes a gradual decline in cellular revenue growth.

Table 28. Change in Cellular Phone Revenue Activity

	Change
FY2002(a)	66.89%
FY2003(a)	11.16%
FY2004(a)	58.89%
FY2005(a)	28.40%
FY2006(est.)	34.74%
FY2007	30.00%
FY2008	25.00%
FY2009	20.00%
FY2010	15.00%
FY2011	10.00%

(a) – actual

BPOL Tax Revenue

The Business, Professional, and Occupational License (BPOL) tax is imposed on commercial and home occupational businesses operating in the County. The County has adopted a multiple tax rate schedule according to the type of business activity subject to the tax. Existing businesses are taxed on their prior calendar year gross receipts of $100,000 and above. New businesses are taxed on an estimate of gross receipts $100,000 and above 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.

The basis for fiscal year 2006 is gross revenue receipts from calendar year 2005. Therefore, forecasting 2006 gross receipts (FY2007) has a one-year lag in which actual prior year figures on which to base an estimate are unavailable.

Table 29. Revenue Summary – BPOL Tax Revenue

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$24,280,000	13.4%
FY2008	26,950,000	11.0%
FY2009	29,920,000	11.0%
FY2010	33,210,000	11.0%
FY2011	36,860,000	11.0%

Building and retailing represent approximately 72% of business license revenue. Contractors and developers must purchase building materials and furnishings for homes and commercial buildings on which sales tax is paid.

Investment Income

Investment income represents interest receipts, interest accrual, and gains or losses from the sale of investments for the 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 approximately 65.3% of the total pooled investments. All funds are invested in accordance with the County's investment guidelines of legality, safety, liquidity, and yield.

Table 30. Revenue Summary – Investment Income

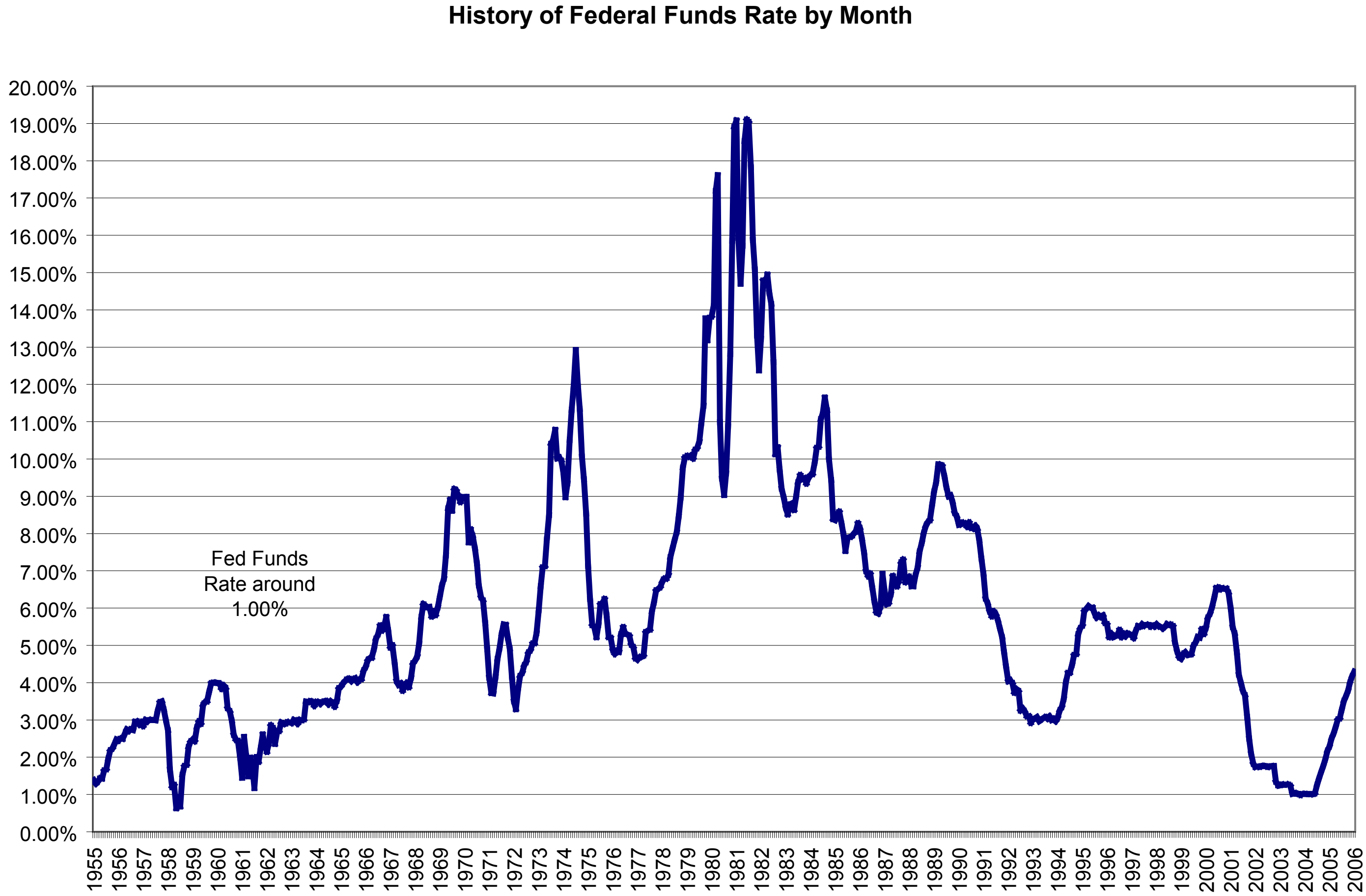
Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$18,730,749	38.7%
FY2008	25,488,533	36.1%
FY2009	26,003,649	2.0%
FY2010	27,741,607	6.7%
FY2011	29,197,721	5.2%

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

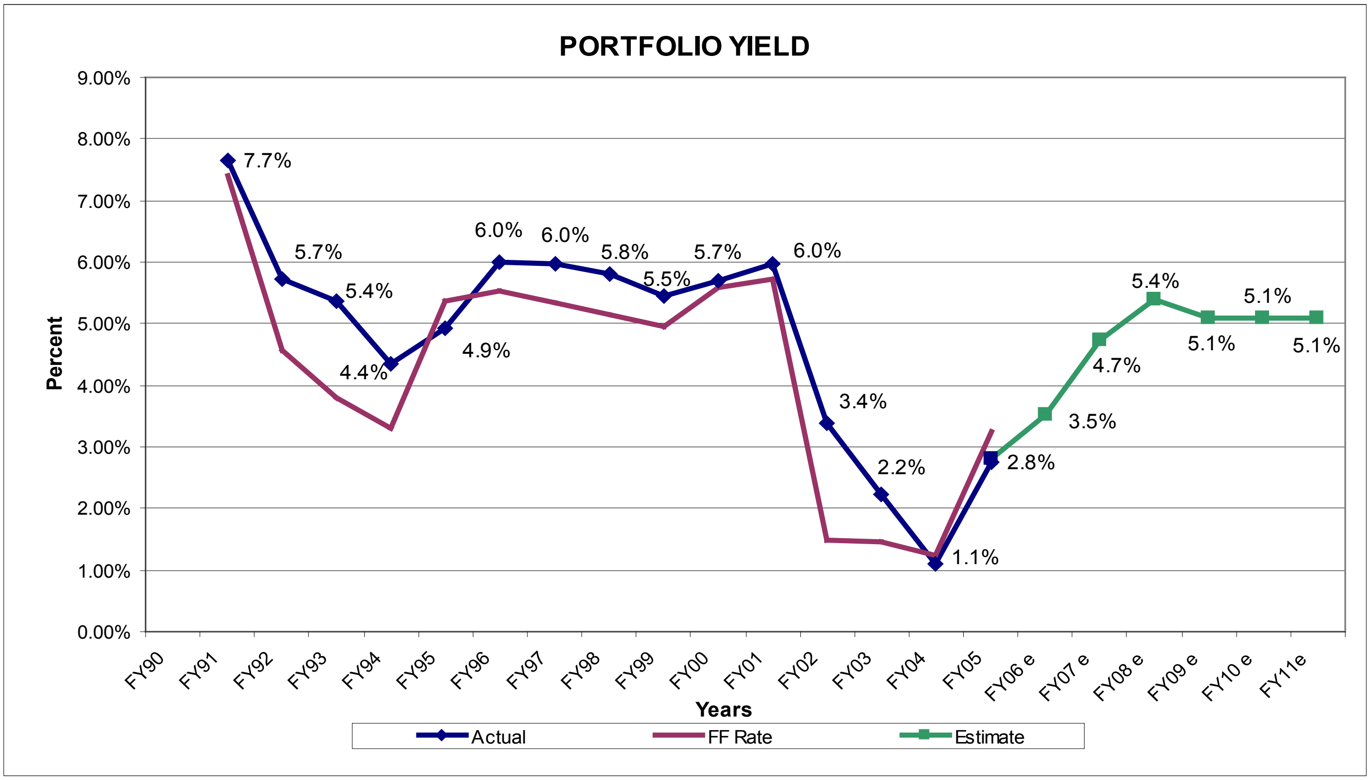
The Federal Reserve Board (FRB) pursued an exceptionally aggressive monetary policy throughout 2001 as a recession unfolded, which was led by plunges in business profits and capital spending. The Federal Reserve decreased the Fed Funds target rate by 550 basis points through June 2003 thus reducing the Fed Funds target rate to 1.00% - the lowest level since 1958. Beginning June 2004, the Federal Reserve has been just as aggressive in increasing the Fed Funds rate 14 times through January 2006 by 350 basis points to 4.5%. The Federal Reserve, in making these rate increases, is trying to stabilize the economy while limiting the impact of inflation. The following graph presents a history of the Fed Funds rate target since 1954, when the rate stood at record lows:

Figure 4. History of the Federal Funds Rate Target



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 maturing securities 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. The following graph presents a history of the County's portfolio yield as well as the projected yield for FY07-11 juxtaposed against the Fed Funds rate target

Figure 5. Prince William County's Portfolio Yield



Most forecasting sources provide interest rate information up to four quarters beyond current dates. Therefore, the final half of FY2007 is an estimate without authoritative source data as a basis for projection. The County's portfolio yield projection for the final half of FY2007 and beyond is based on reasonable expectations that the Federal Funds rate will remain between 4.5% and 5.0% for the next six to twelve months as the economy continues to stabilize. While there are diverse opinions regarding the economy's final outcome, current economic forecasts indicate that the Federal Reserve will hold the Fed Funds steady at 4.5% increase through the first and second quarter of calendar year 2006. The forecast for FY2007 and beyond is based on the assumption that the Federal Reserve Board will moderate its rate target over time to avert inflationary growth.

Portfolio Size

The average total dollar value of the portfolio is affected by the increase in County revenues and the fund balance. Therefore, the revenue forecast itself becomes a key determinate of interest income. The percentage growth in the size of the portfolio is based on 30% of the percentage increase in all general revenues since a portion of the revenue increase is spent as a normal part of the County's cash flow during the year and is not available to invest. The portfolio size is also increased annually to reflect the stated policy minimum required for the fund balance by the Principals of Sound Financial Management. The following tables show the forecasted growth rate of revenues and 30% of that growth as the determining factor for the growth rate of the portfolio size.

Table 31. Growth Rate of Revenues and 30% Thereof for the Portfolio

	Growth Rate	30% of Growth Rate
FY2007	10.00%	3.00%
FY2008	9.11%	2.73%
FY2009	8.40%	2.52%
FY2010	7.15%	2.15%
FY2011	6.25%	1.88%

Table 32. Portfolio Size

	Value
FY2007	$660,000,000
FY2008	723,275,926
FY2009	781,298,594
FY2010	833,516,823
FY2011	877,266,823

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

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.

Table 33. Revenue Summary – Interest on Taxes

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$1,548,393	54.8%
FY2008	1,201,256	(22.4%)
FY2009	1,318,934	9.8%
FY2010	1,445,000	9.6%
FY2011	1,580,192	9.4%

The revenue estimate is computed by multiplying the fixed percentage of 0.28% 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 0.78% in FY01, 0.66% in FY02, 0.56% in FY03, 0.32% in FY04, and 0.27% in FY05.

Vehicle Decals

The County levies a vehicle license fee of $24 per year for each vehicle normally garaged or parked in the County. The decal must be renewed by October 5th and must be displayed no later than November 15th.

Table 34. Revenue Summary – Vehicle Decals

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$7,062,633	8.1%
FY2008	7,559,842	7.0%
FY2009	8,092,055	7.0%
FY2010	8,661,736	7.0%
FY2011	9,271,522	7.0%

The vehicle decal fees dropped 43% in FY99 due to the change in the decal due date and a $10.00 decrease in the decal fee for FY99. After the transition period ended in FY 99, the decal fee reverted back to $24 in FY00. The revenue has returned to previous years' levels and will continue to increase in conjunction with the projected growth in vehicles in the County.

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

Recordation Tax

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 refinancings.

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. 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 below reflects only Prince William County's share of recordation tax revenue and does not include the state portion of recordation revenue.

Table 35. Revenue Summary – Recordation Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$22,040,000	1.3%
FY2008	23,070,000	4.7%
FY2009	23,620,000	2.4%
FY2010	24,570,000	4.0%
FY2011	25,550,000	4.0%

Recordation tax revenues have soared since fiscal year 2002 due to home sales price appreciation, sales volume, and mortgage refinancings. Low mortgage rates drove much of this activity. According to the Mortgage Bankers Association of America (MBA), the average 30-year fixed mortgage rate in 2005 was 5.9% which is relatively unchanged from the 2004 average of 5.8%.[5]

Mortgage refinancings are expected to decline in 2006 as MBA projects the average 30-year fixed mortgage rate at 6.3%.[6] When adjusted for a fiscal year basis, mortgage refinancings as a percentage of total mortgage originations are forecast to decrease from 49% in fiscal year 2005 to 40% in 2006. Refinance activity is projected to decrease even further to 33% of total mortgage originations in FY07. This represents an 18% decrease in revenue generated by refinancings.

The projected revenue loss from fiscal year 2007 refinance activity will be offset by consistent real estate sales volume and home price appreciation. As identified in Table 4, calendar year 2006 residential real estate appreciation is forecast at 13%. Because revenue from sales activity is projected to comprise a larger portion of recordation revenue than revenue from refinancings, the fiscal year 2007 forecast increases 1.3%.

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 FY06, 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. The following table identifies the portion of recordation tax revenues designated for transportation and general revenue use in each year of the five-year forecast:

Table 36. Revenue Summary – Recordation Tax Designated for Transportation and General Revenue Use

Forecast Revenue	Recordation Tax Revenue for Transportation Use	General County Government Revenue	Total Recordation Tax Revenue
FY2007	$16,300,000	$5,740,000	$22,040,000
FY2008	17,060,000	6,010,000	23,070,000
FY2009	17,470,000	6,150,000	23,620,000
FY2010	18,170,000	6,400,000	24,570,000
FY2011	18,890,000	6,660,000	25,550,000

Tax on Deeds

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 below reflects only Prince William County's share of revenues.

Table 37. Revenue Summary – Tax on Deeds

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$5,335,000	10.0%
FY2008	5,708,000	7.0%
FY2009	5,993,000	5.0%
FY2010	6,293,000	5.0%
FY2011	6,608,000	5.0%

Revenue growth attributed to tax on deeds is expected to slow in FY07 as mortgage rates are projected to exceed 6.25%. Despite the projected increase in mortgage rates, the FY07 forecast assumes consistent home sales from the prior year due to continued job growth in the region and resulting home price appreciation during the fiscal year (July 2005-June 2006).

Cable Franchise Tax

The cable franchise tax is based on cable company gross receipts. This fee is not a regulatory fee, but a general revenue tax authorized by Congress in 1984. On July 1, 1996, the Board of County Supervisors adopted a 3% cable television franchise fee for the FY97 budget. The Code of Virginia (§ 58.1-3818.3) authorizes the County to adopt by ordinance a franchise fee at a maximum rate of 5%. The Board of County Supervisors approved an increase from 3% to 5% effective July 1, 1997.

Table 38. Revenue Summary – Cable Franchise Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2007	$3,870,000	9.9%
FY2008	4,220,000	9.0%
FY2009	4,580,000	8.5%
FY2010	4,950,000	8.1%
FY2011	5,330,000	7.7%

The revenue forecast is based on the expected increase of new housing units and growth of cable TV services and rates. Revenue in FY2003 and FY2004 was down approximately $450,000 and $550,000 respectively because of federal government action resulting in the loss of fees charged by cable service providers on internet access charges.

The cable television tax projection does not reflect current State legislative proposals to restructure state and local communication taxes. Current proposals would replace local cable franchise taxes and fees with a central, state-administered communications sales and use tax. The communications tax rate would be 5% of the sales price of communications services, which would include landline and wireless telephone service including Voice Over Internet Protocol (VOIP), cable television, and satellite television, which is not currently taxed.

Revenue from the new communications tax would be collected and remitted by service providers to the Virginia Department of Taxation. Each locality's share of revenue would be distributed based on the locality's share of total state-wide revenue during Fiscal Year 2006. If the state legislation is approved, the cable television franchise tax will no longer be levied locally.

Revenue Sources Under $1.5 Million

Listed below are 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. For fiscal years 2007 – 2011, most revenue categories are increased annually except as noted in the individual revenue sources. The forecast and a description of each revenue source follows.

Table 39. Miscellaneous Revenue Sources

Revenue Source	Actual FY2003	Actual FY2004	Actual FY2005	Revised Estimate FY2006	Estimated 2007
Daily Rental Equipment Tax - 215	$ 150,115	$ 181,105	$ 161,188	$ 260,000	$ 189,048
Bank Franchise Tax – 230	431,518	554,317	573,132	572,075	600,066
BPOL Taxes- Public Service–236	999,960	1,029,124	1,068,691	1,278,522	1,332,629
Transient Occupancy Tax – 270	854,749	942,967	1,117,549	1,275,000	1,409,725
Misc. Business Licenses - 380	5,600	4,800	4,600	0	0
Interest Paid to Vendors – 520	(258,025)	(230,455)	(185,440)	(293,974)	(275,429)
Interest Paid on Refunds – 521	(54,822)	(20,116)	(39,113)	(43,662)	(40,501)
ABC Profits – 1301 *	408,473	340,042	160,440	160,440	160,440
State Wine Tax – 1302 *	306,626	258,705	168,172	168,172	168,172
Rolling Stock Tax – 1303	79,533	74,142	74,435	84,343	88,561
Passenger Car Rental Tax – 1304	543,238	480,919	697,901	750,000	787,500
Mobile Home Titling Tax – 1305	54,098	79,836	44,360	57,371	60,239
Federal Pymt in Lieu of Taxes - 1700	39,413	66,679	114,438	80,607	109,071
Other Revenue – 1150, 514	5,732	(357)	6,445	4,016	3,768
Total Miscellaneous Revenue	$3,566,208	$3,761,708	$3,966,798	$4,352,910	$4,593,289

*See following description

Daily Rental Equipment Tax

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

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

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 them 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

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 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

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

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

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

ABC Profits

Two-thirds of Alcohol Beverage Control Commission (ABC) store profits are distributed quarterly to counties, cities, and towns based on the locality's percentage of total State population from the latest census. Three subtractions are made from ABC profits before distribution: (i) costs of care and rehabilitation, (ii) payments to the State for its provision of general fund services, and (iii) warehouse costs. During FY2003 the State reduced the locality share of this tax by 50% because of State revenue shortfalls.

State Wine Tax

The State wine tax is a tax levied on each bottle of wine sold in ABC stores and all retail outlets. The tax rate is $0.40 per liter. Sixty-six percent of the wine tax collected is retained by the State, twelve percent is kept by the ABC, and twenty-two percent is distributed quarterly to counties, cities and towns based on the locality's percentage of total State population from the latest census. The State reduced the localities' share of this tax by 50% in FY2003 because of State revenue shortfalls.

Rolling Stock Tax

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. The State reduced the localities' share of this tax by 50% in FY2003 because of State revenue shortfalls.

Passenger Car Rental Tax

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

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

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.

All Funds Revenue Summary

Department / Agency	FY 03 Adopted Revenue Bud.	FY 04 Adopted Revenue Bud.	FY 05 Adopted Revenue Bud.	FY 06 Adopted Revenue Bud.	FY 07 Adopted Revenue Bud.	% Change FY 06 to FY 07
SECTION ONE: GENERAL FUND REVENUE SUMMARY:						
General Governmental:						
Office Of Executive Management	$0	$0	$400,000	$692,000	$774,000	11.85%
County Attorney	$244,186	$195,186	$195,186	$195,186	$195,186	0.00%
Sub Total	$244,186	$195,186	$595,186	$887,186	$969,186	9.24%
Administration:						
Finance	$1,020,323	$1,086,099	$1,163,190	$1,190,332	$1,178,332	-1.01%
Human Rights Office	$25,000	$61,000	$61,000	$61,000	$61,000	0.00%
Off Of Information Technology	$132,400	$132,400	$132,400	$132,400	$140,060	5.79%
General Registrar	$83,773	$71,092	$71,092	$104,168	$106,029	1.79%
Sub Total	$1,261,496	$1,350,591	$1,427,682	$1,487,900	$1,485,421	-0.17%
Judicial Administration:						
Clerk Of The Court	$3,127,366	$3,685,841	$3,863,085	$5,288,370	$7,502,505	41.87%
Commonwealth's Attorney	$1,600,702	$1,599,089	$1,635,589	$1,723,321	$1,770,737	2.75%
Criminal Justice Services	$1,119,602	$982,197	$995,955	$1,004,955	$1,088,123	8.28%
Juvenile Court Service Unit	$93,145	$94,189	$265,051	$180,026	$144,592	-19.68%
General District Court	$1,584,500	$1,584,500	$1,624,500	$1,717,930	$1,892,930	10.19%
Juvenile & Domestic Relations Court	$63,000	$51,943	$51,943	$51,943	$60,313	16.11%
Law Library	$110,806	$110,806	$110,806	$110,806	$110,806	0.00%
Sub Total	$7,699,121	$8,108,565	$8,546,929	$10,077,351	$12,570,006	24.74%
Planning And Development:						
Economic Development	$14,130	$14,130	$14,130	$14,130	$14,130	0.00%
Planning	$2,375,901	$2,543,254	$2,908,463	$3,385,449	$2,525,293	-25.41%
Transportation (1)	$1,987,816	$2,428,530	$2,693,974	$3,059,029	$2,723,191	-10.98%
Public Works (1)	$6,913,615	$8,121,762	$9,458,051	$10,668,147	$11,591,409	8.65%
Sub Total	$11,291,462	$13,107,676	$15,074,618	$17,126,755	$16,854,023	-1.59%
Public Safety:						
Fire And Rescue	$587,520	$527,572	$868,504	$1,094,791	$2,154,838	96.83%
Public Safety Communications	$3,882,839	$3,841,359	$3,888,488	$3,952,509	$3,952,509	0.00%
Sheriff	$2,256,283	$2,315,686	$2,372,222	$2,472,061	$2,782,188	12.55%
Police	$8,402,936	$8,695,487	$9,025,615	$10,471,633	$12,209,032	16.59%
Sub Total	$15,129,578	$15,380,104	$16,154,829	$17,990,994	$21,098,567	17.27%
Human Services:						
Community Services Board	$11,123,421	$10,563,610	$11,169,283	$11,811,015	$13,454,854	13.92%
Extension & Continuing Ed.	$414,484	$479,858	$498,449	$368,736	$499,777	35.54%
Office On Youth (2)	$5,000	$5,000	$5,000	$325,400	$356,100	9.43%
School Age Care (2)	$288,481	$292,181	$306,431	$0	$0	---
Area Agency On Aging	$1,168,869	$1,126,031	$1,237,099	$1,246,146	$1,266,173	1.61%
At Risk Youth And Family Services	$3,833,773	$4,538,941	$4,499,026	$4,914,075	$5,148,748	4.78%
Public Health	$243,873	$261,870	$251,962	$222,665	$220,384	-1.02%
Social Services	$19,884,510	$19,467,875	$21,301,089	$21,121,178	$22,666,926	7.32%
Sub Total	$36,962,411	$36,735,366	$39,268,339	$40,009,215	$43,612,962	9.01%
Library:						
Library	$2,873,778	$2,760,530	$2,790,321	$2,962,389	$3,003,618	1.39%
Sub Total	$2,873,778	$2,760,530	$2,790,321	$2,962,389	$3,003,618	1.39%

All Funds Revenue Summary (Cont.)

Department / Agency	FY 03 Adopted Revenue Bud.	FY 04 Adopted Revenue Bud.	FY 05 Adopted Revenue Bud.	FY 06 Adopted Revenue Bud.	FY 07 Adopted Revenue Bud.	% Change FY 06 to FY 07
Debt / CIP:						
General Debt	$1,002,137	$1,901,132	$2,584,233	$2,530,757	$2,575,134	1.75%
Sub Total	$1,002,137	$1,901,132	$2,584,233	$2,530,757	$2,575,134	1.75%
Non-Departmental:						
Unclassified Administrative	$3,339,934	$4,637,358	$8,096,825	$12,730,878	$14,184,190	11.42%
General Revenues	$456,068,000	$513,124,072	$572,064,427	$641,831,187	$728,636,545	13.52%
Transfers In	$3,568,726	$6,157,996	$3,405,700	$4,302,681	$4,188,947	-2.64%
Sub Total	$462,976,660	$523,919,426	$583,566,952	$658,864,746	$747,009,682	13.38%
Total General Fund Revenue	**$539,440,829**	**$603,458,576**	**$670,009,089**	**$751,937,293**	**$849,178,599**	**12.93%**
SECTION TWO: NON GENERAL FUND REVENUE SUMMARY:						
Special Revenue Funds:						
Trans. To P.R.T.C.	$1,913,768	$2,417,808	$565,215	$2,000,800	$700,000	-65.01%
Commuter Rail Station Parking	$101,823	$101,823	$101,823	$101,823	$101,823	0.00%
Comm. parking lease rev bond debt	$1,523,846	$1,518,023	$1,518,938	$1,526,522	$1,525,742	-0.05%
Adult Detention Center	$20,162,467	$21,576,582	$24,039,724	$26,307,488	$29,777,579	13.19%
Lake Jackson Service Dist.	$55,000	$60,550	$68,600	$88,550	$108,976	23.07%
Bull Run Mountain Serv. Dist. (3)	$0	$0	$100,000	$127,500	$170,391	33.64%
Woodbine Forest Service District	$3,462	$0	$0	$0	$0	---
Foremost Court Service District	$4,577	$5,346	$5,788	$0	$0	---
Circuit Court Service District	$0	$5,728	$5,963	$6,100	$6,100	0.00%
Spc tax dist;Gypsy Moth/Mosq ctrl	$810,000	$1,107,534	$1,200,000	$1,037,745	$1,096,347	5.65%
P. W. Parkway Trans Imprv Dst.	$1,102,160	$1,151,420	$1,222,080	$1,477,920	$1,758,240	18.97%
234 Bypass Trans Imprv Dst	$61,654	$73,474	$87,932	$117,684	$131,898	12.08%
Stormwater Management	$5,325,364	$6,494,880	$7,039,644	$7,697,581	$8,184,798	6.33%
Housing & Community Dev.	$16,598,749	$20,875,539	$23,753,022	$23,983,545	$26,723,315	11.42%
Total Special Revenue Funds	$47,662,870	$55,388,707	$59,708,729	$64,473,258	$70,285,209	9.01%
Capital Projects Fund:						
Capital Improvement Projects	$21,865,452	$149,506,389	$45,650,009	$107,556,646	$67,411,017	-37.33%
Total Capital Projects Fund	$21,865,452	$149,506,389	$45,650,009	$107,556,646	$67,411,017	-37.33%
Enterprise Fund:						
Public Works; Solid Waste	$11,302,200	$11,911,000	$13,842,000	$14,666,391	$15,752,176	7.40%
Bull Run Mountain Serv. Dist. (A)	$75,000	$83,500	$0	$0	$0	---
Innovation @ Prince William	$10,000	$0	$0	$0	$0	---
Total Enterprise Fund	$11,387,200	$11,994,500	$13,842,000	$14,666,391	$15,752,176	7.40%
Internal Service Funds:						
Public Works; Fleet Management	$3,410,934	$3,750,838	$4,082,069	$4,898,085	$5,842,290	19.28%
OIT; Data Processing	$11,425,587	$12,200,659	$12,954,432	$14,607,025	$15,498,492	6.10%
Medical Insurance	$14,218,000	$17,343,000	$21,183,000	$25,453,000	$28,105,000	10.42%
Public Works; Small Proj. Const.	$1,757,849	$1,832,345	$2,004,993	$2,150,574	$2,216,539	3.07%
Total Internal Service Funds	$30,812,370	$35,126,842	$40,224,494	$47,108,684	$51,662,321	9.67%
Fire And Rescue Levy Funds:						
Fire and Rescue Levy Total	$16,330,925	$19,320,516	$21,494,647	$24,345,689	$26,917,740	10.56%
Total Fire & Rescue Levy Funds	$16,330,925	$19,320,516	$21,494,647	$24,345,689	$26,917,740	10.56%

All Funds Revenue Summary (Cont.)

Department / Agency	FY 03 Adopted Revenue Bud.	FY 04 Adopted Revenue Bud.	FY 05 Adopted Revenue Bud.	FY 06 Adopted Revenue Bud.	FY 07 Adopted Revenue Bud.	% Change FY 06 to FY 07
Schools:						
Operating Fund	$461,221,755	$510,105,909	$562,364,753	$644,093,636	$727,707,085	12.98%
School Debt Service Fund	$33,139,009	$38,127,720	$44,344,057	$48,429,423	$52,183,029	7.75%
Construction Fund	$95,640,000	$96,285,000	$58,080,418	$73,500,000	$122,087,000	66.10%
Food Service Fund	$17,048,744	$18,478,722	$21,097,174	$23,926,748	$25,706,341	7.44%
Warehouse	$3,125,000	$3,600,000	$4,250,000	$4,250,000	$4,100,000	-3.53%
Facilities Use Fund	$467,404	$510,331	$505,666	$539,697	$578,165	7.13%
Self Insurance Fund	$4,135,081	$3,362,504	$3,601,101	$3,865,890	$4,052,951	4.84%
Health Insurance Fund	$24,761,814	$34,485,421	$40,023,848	$46,072,631	$53,449,938	16.01%
Regional School Fund	$18,760,155	$19,936,393	$20,512,009	$23,931,294	$27,765,272	16.02%
Total Schools	$658,298,962	$724,892,000	$754,779,026	$868,609,319	$1,017,629,781	17.16%
Grand Total All Funds	**$1,325,798,608**	**$1,599,687,530**	**$1,605,707,994**	**$1,878,697,280**	**$2,098,836,843**	**11.72%**

(1) Per Resolution # 06-419 the BOCS approved the creation of the Department of Transportation effective July 1, 2006 for FY 07. Additionally, authority was granted to perform administrative adjustments to the FY 07 budget to establish the Department of Transportation. The FY 07 budget amounts shown above for Transportation and Public Works are after the budget for Transportation was transferred out of the Public Works Department. The prior year Adopted Budget amounts have been transferred out of Public Works for comparison purposes only and were originally adopted as a single Public Works amount.

(2) School Age Care was merged into the Office on Youth for FY 2006.

(3) The Bull Run Mountain Service District budget has been reclassified from a Proprietary Fund Type to a Special Revenue Fund Type per GASB Fund Type definition.