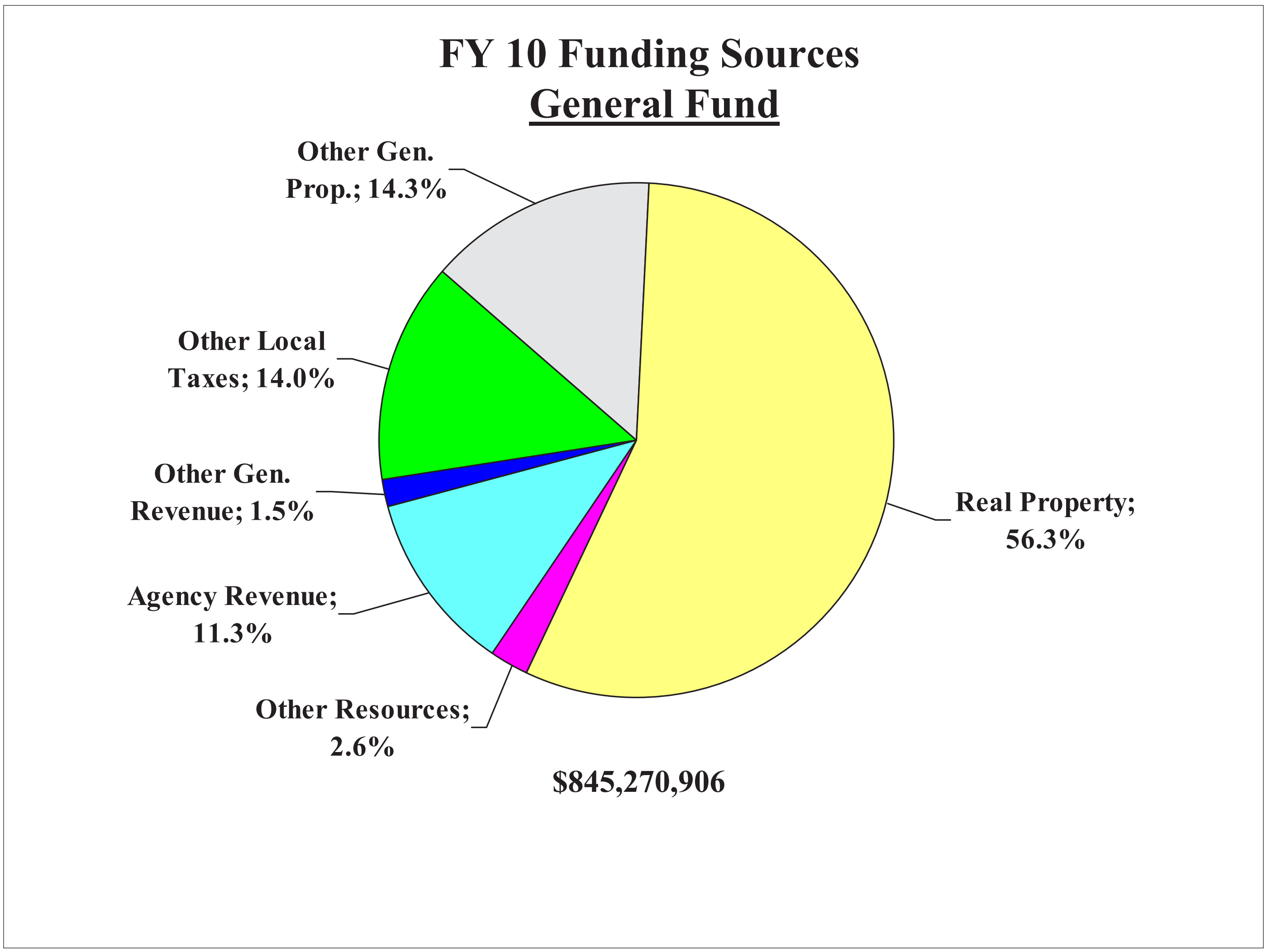
The General Fund accounts for all financial transactions and resources in Prince William County other than those required to be accounted for in another Fund. Thus, the General Fund is the largest and most important fund used by the County. The General Fund is divided into revenues and expenditures. This pie chart shows all FY 10 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 (56.3%) comes from Real Property Taxes. This source contains revenues received from the County's real estate. The next largest sources are other General Property (14.3%) 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 (11.3%) 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 95.9% of total funding sources in the General Fund.

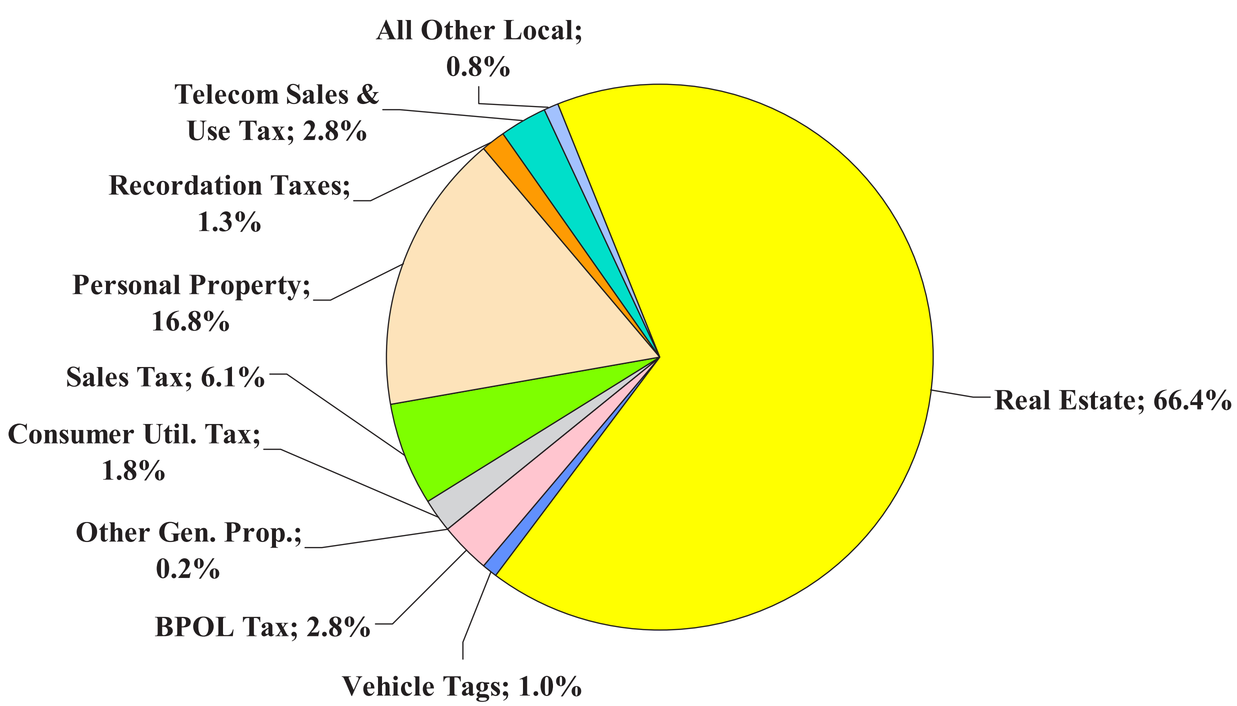


Revenue Summary

This pie chart provides detail regarding the County's FY 10 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 (66.4%) comes from the real estate tax ($1.212 per $100 of assessed value) assessed on citizen's homes and real estate properties. The next largest source (16.8%) is Personal Property Taxes ($3.70 per $100 of assessed value) assessed on individual and business personal property. The next source (6.1%) 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 89.3% of total local tax dollars coming into the County. The smaller sources of tax dollars include:

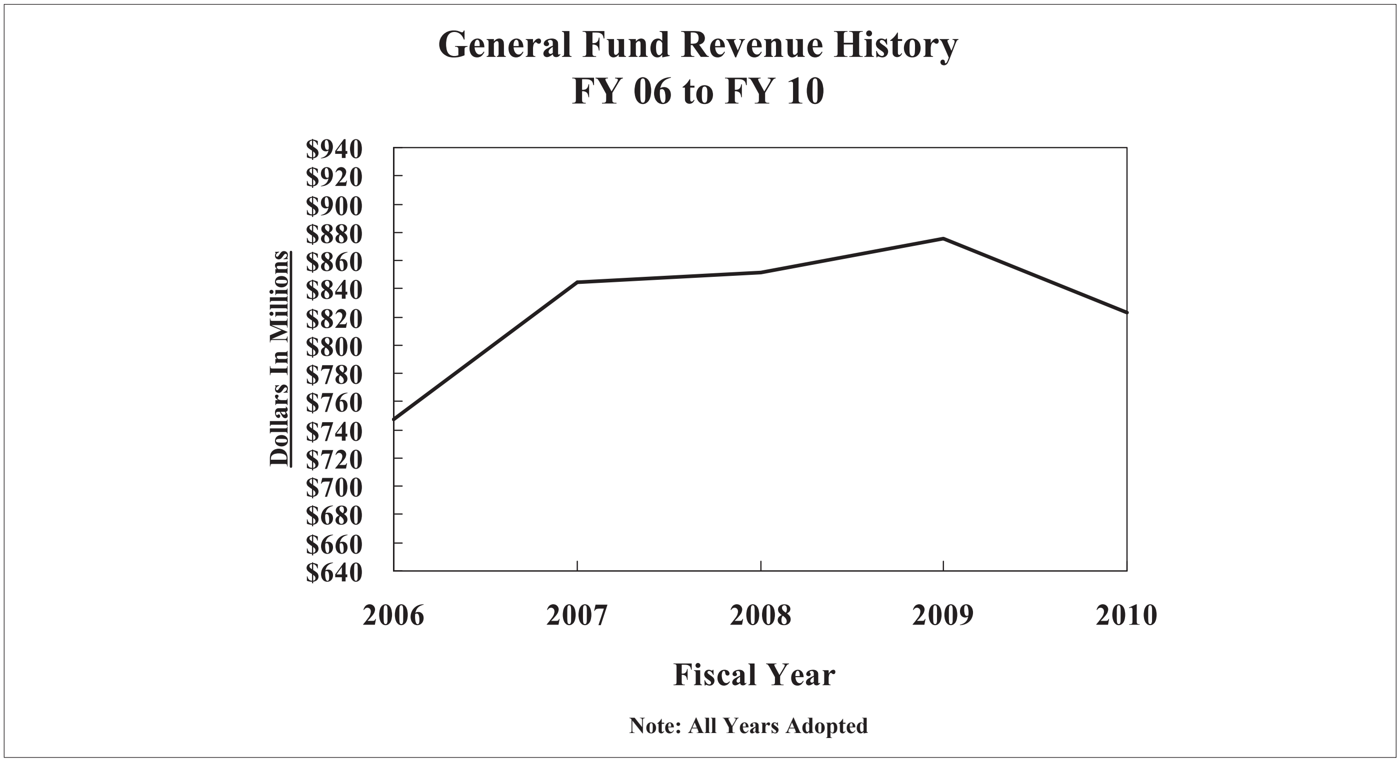
- Vehicle Tags (1.0%) received from the annual sale of automobile decals;
- All Other Local (0.8%) include miscellaneous tax sources such as Transient Occupancy Tax;
- Other General Property (0.2%) is interest earned on all taxes;
- Business, Professional, Occupational License tax (2.8%) levied on the gross receipts of County businesses;
- Consumer Utility Tax (1.8%) levied on the consumers of telephone, electric and natural gas.
- Recordation Taxes (1.3%) is levied when a deed or deed of trust is recorded with the clerk of the circuit court
- Telecommunication Sales and Use Tax (2.8%) is 5% levied on the following services; Landline, telephones, wireless telephone, cable TV, satellite TV, VOIP service and Paging services.

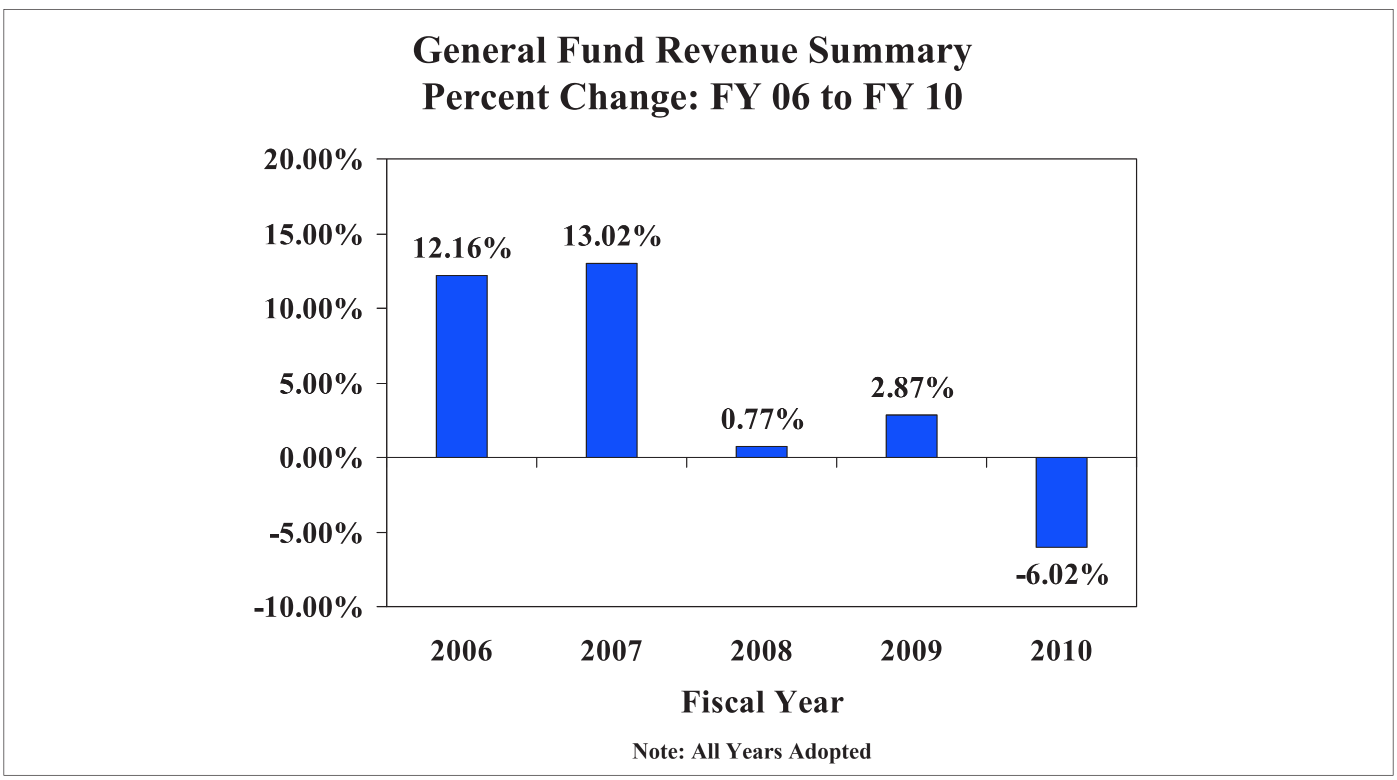
Detail of FY 10
Local Tax Sources



$714,763,000

As the following graphs show, total Prince William County General Fund Revenues have increased 10.1% from FY 06 Adopted to FY 10 Adopted (from $747.63 million to $823.15 million).





FY 2010 Adopted Real Estate Tax Rate and Average Tax Bill

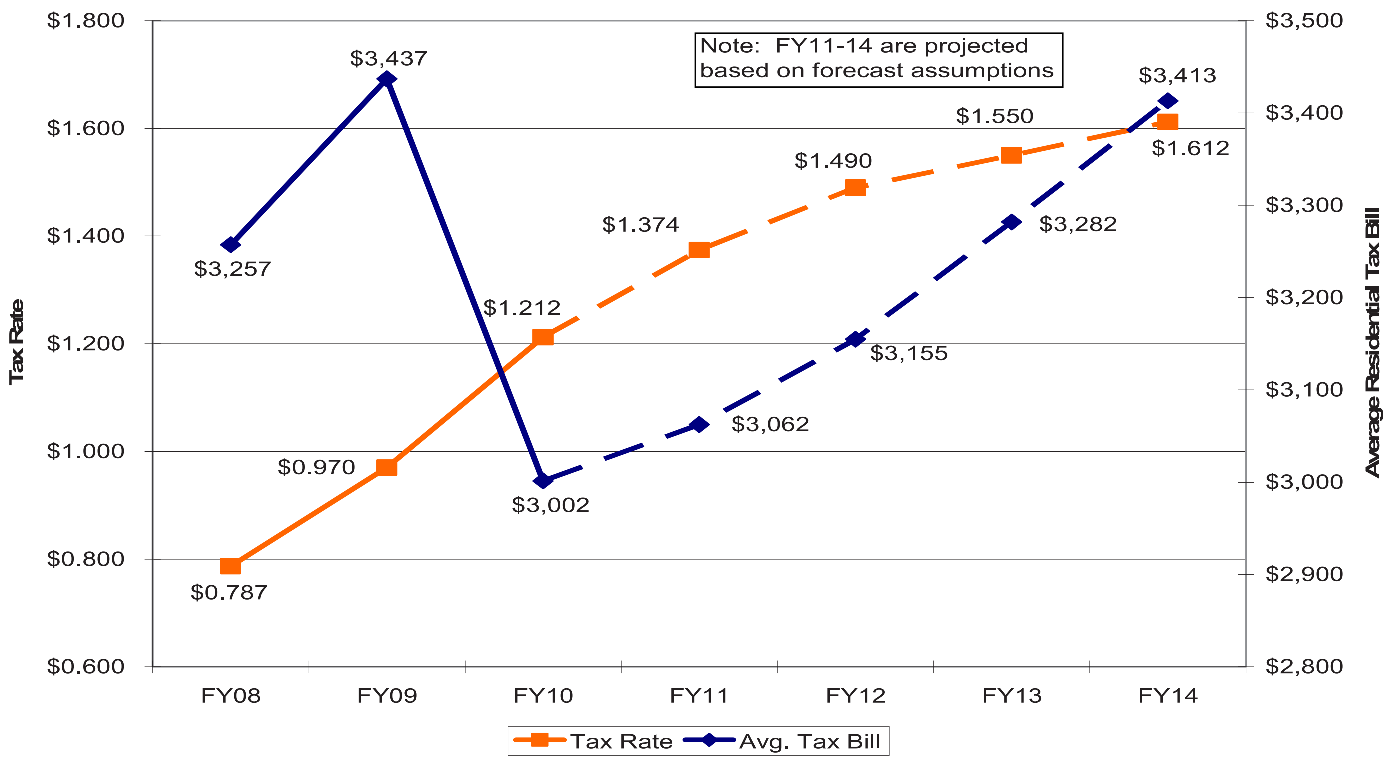
During calendar year 2008, the U.S. economy spiraled into recession largely through an industry-wide credit crisis that originated with the implosion of sub-prime mortgages. Foreclosures in the County exploded with 6,549 in 2008 - more than doubling those that occurred in 2007. Due to the foreclosures and subsequent bank sales (approximately 70% of all residential sales were bank sales and another 5% were short sales), residential properties depreciated 30.1% on average during 2008 with properties in some neighborhoods depreciating 50%-60%.

On April 28, 2009, the Board of County Supervisors adopted the FY 2010 Fiscal Plan. The adopted FY 2010 real estate tax rate of $1.212 ensures that no residential homeowners will experience an increase in their tax bill, provided there were no improvements made to the home that added value such as an addition or finished basement. The adopted real estate tax rate of $1.212 has the following tax bill impacts on property owners:

- ensures that all existing, residential property owners will experience no increase in their real estate tax bill;
- the "average" real estate tax bill on existing, residential properties will decrease $435 or 12.7%;
- the "average" real estate tax bill on commercial properties will increase 6.4%;

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

Figure 1. FY 10-14 Adopted Real Estate Tax Rates and Average Tax Bill



Although the real estate tax rate increased over $0.24 from $0.97 to $1.212, the average residential tax bill will decrease 12.7% or $435 from $3,437 to $3,002. The average tax bill is proposed to increase beyond FY 10 based on the projected inflation rates of 2.0% for FY 11, 3.0% in FY 12, and 4.0% in FY 13 and FY 14. It is important to note that by FY 14, the average tax bill is projected to remain essentially flat compared to FY 09.

Table 1. Revenue Estimates by Category

Acct. Code	GENERAL REVENUE SOURCE	FY 2010 ESTIMATE	FY 2011 ESTIMATE	FY2012 ESTIMATE	FY 2013 ESTIMATE	FY 2014 ESTIMATE
0010	REAL ESTATE TAXES	$468,053,000	$489,359,000	$516,187,000	$550,804,000	$588,620,000
	ROLLBACK SUPPLEMENT	400,000	250,000	250,000	250,000	250,000
0020	REAL ESTATE TAX EXONERATIONS	(8,529,000)	(8,915,000)	(9,396,000)	(10,037,000)	(10,727,000)
	SUBTOTAL	459,924,000	480,694,000	507,041,000	541,017,000	578,143,000
0041	R/E TAXES - PUBLIC SERVICE	17,123,000	19,606,000	21,474,000	22,562,000	23,699,000
0021	REAL ESTATE TAX DEFERRAL	(4,000,000)	(2,000,000)	(1,000,000)	(500,000)	(250,000)
0025	LAND REDEMPTION	319,000	315,000	315,000	315,000	315,000
0160	REAL ESTATE PENALTIES	1,771,000	1,851,000	1,952,000	2,083,000	2,226,000
TOTAL - - REAL ESTATE		**475,137,000**	**500,466,000**	**529,782,000**	**565,477,000**	**604,133,000**
0071	PERSONAL PROPERTY TAXES	119,725,000	120,935,000	125,305,000	132,075,000	140,465,000
0072	P/P - PRIOR YEAR	75,000	75,000	75,000	75,000	75,000
0081	P/P TAX DEFERRAL	($1,050,000)	($1,175,000)	($1,175,000)	($1,175,000)	($1,175,000)
0170	P/P PENALTIES	1,160,000	1,170,000	1,210,000	1,280,000	1,360,000
TOTAL - - PERSONAL PROPERTY		**119,910,000**	**121,005,000**	**125,415,000**	**132,255,000**	**140,725,000**
0210	**LOCAL SALES TAX**	**43,430,000**	**42,990,000**	**43,850,000**	**45,610,000**	**47,430,000**
0220	**CONSUMER UTILITY TAX**	**12,700,000**	**13,020,000**	**13,410,000**	**13,940,000**	**14,500,000**
0223	**COMMUNICATIONS SALES TAX**	**20,000,000**	**20,400,000**	**21,000,000**	**21,600,000**	**22,200,000**
0235	**BPOL TAXES - LOCAL BUSINESSES**	**19,150,000**	**19,340,000**	**19,920,000**	**20,920,000**	**21,970,000**
0510	**INVESTMENT INCOME**	**12,680,000**	**14,620,000**	**19,290,000**	**25,920,000**	**33,090,000**
0140	INTEREST ON TAXES	1,332,000	1,383,000	1,454,000	1,547,000	1,652,000
0222	CABLE FRANCHISE TAX	0	0	0	0	0
0250	MOTOR VEHICLE LICENSE FEE	6,870,000	6,980,000	7,110,000	7,260,000	7,460,000
0260	RECORDATION TAX	9,210,000	9,670,000	9,670,000	9,960,000	10,260,000
0261	ADDITIONAL TAX ON DEEDS	3,720,000	3,910,000	3,910,000	4,030,000	4,150,000
All OTHER REVENUE OVER $1.5 MILLION		**21,132,000**	**21,943,000**	**22,144,000**	**22,797,000**	**23,522,000**
0215	DAILY EQUIPMENT RENTAL TAX	164,000	180,000	198,000	218,000	240,000
0230	BANK FRANCHISE TAX	640,000	655,000	675,000	700,000	726,000
0236	BPOL TAXES - PUBLIC SERVICE	1,150,000	1,162,000	1,185,000	1,221,000	1,258,000
0270	TRANSIENT OCCUPANCY TAX	1,350,000	1,375,000	1,400,000	1,450,000	1,525,000
0520	INTEREST PAID TO VENDORS	(600,000)	(500,000)	(400,000)	(425,000)	(450,000)
0521	INTEREST PAID ON REFUNDS	(45,000)	(50,000)	(55,000)	(55,000)	(55,000)
1301	ABC PROFITS	0	0	0	0	0
1302	STATE WINE TAX	0	0	0	0	0
1303	ROLLING STOCK TAX	83,000	85,000	87,000	89,000	91,000
1304	PASSENGER CAR RENTAL TAX	805,000	829,000	870,500	931,000	996,000
1305	MOBILE HOME TITLING TAX	46,000	47,000	48,000	49,000	50,000
1700	FED PAYMENT IN LIEU OF TAXES	119,000	124,000	129,000	110,000	115,000
MISC.	ALL OTHER GENERAL REVENUE	8,700	8,700	8,700	8,700	8,700
ALL OTHER REVENUE UNDER $1.5 MILLION		**3,720,700**	**3,915,700**	**4,146,200**	**4,296,700**	**4,504,700**
TOTAL GENERAL REVENUE		**$727,859,700**	**$757,699,700**	**$798,957,200**	**$852,815,700**	**$912,074,700**

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 - 010 / 020

The real estate tax is the single largest revenue source for Prince William County contributing approximately 65.3% of general revenues (FY 10 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 show 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 the above table.

Residential Real Estate

The residential real estate market in Prince William County further deteriorated in 2008. Following a 14.8% decline in values in 2007, average existing home value declined 30.1% in 2008. Despite low mortgage interest rates, significant contributing factors to the drastic market decline were the deepening foreclosure crisis, continuing tight credit environment, and negative consumer sentiment as a result of the recession. Prince William County remained especially hard hit as witnessed by unparalleled foreclosure

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

Revenue History	Tax Rate[1]	Actual Revenue	Percent Change
FY 2000	$1.360	$193,691,695	6.1%
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%
Current Estimate	**Tax Rate**	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$0.970	$492,337,000	12.2%
FY 2009 (Revised Estimate)	0.970	493,250,000	12.4%
Forecast Revenue	**Tax Rate**	**Revenue Estimate**	**Percent Change**
FY 2010	$1.212	$459,924,000	(6.8%)
FY 2011	1.374	480,694,000	4.5%
FY 2012	1.490	507,041,000	5.5%
FY 2013	1.550	541,017,000	6.7%
FY 2014	1.612	578,143,000	6.9%

[1]The real estate tax rate in prior years is as follows:
1987 - $1.42
1988 - $1.30
1989 - 1990 - $1.38
1991 - 1999 - $1.36

rates compared to neighboring jurisdictions in Northern Virginia. In 2008, there were over 6,500 foreclosures of residential properties as compared to just over 2,800 in 2007, an increase of 132%.

The number of homes sold in arms-length transactions in 2008 decreased by approximately 45% over the prior year as the average number of days on the market declined from 140 days to 108 days. The inventory of homes on the market also declined during calendar year 2008. The inventory of bank owned properties, on the other hand, ballooned to 4,000 in mid 2008 before leveling off due to a moratorium imposed on year-end foreclosures and bargain hunters purchasing bank owned property in areas such as Marumsco and Dale City. Bank owned property sales made up approximately 70% of all sales in 2008.

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

Figure 2 shows a history of actual residential appreciation (excluding rental apartments) from calendar year 1980

Figure 2 Average Annual Residential Real Estate Appreciation, 1982-2013

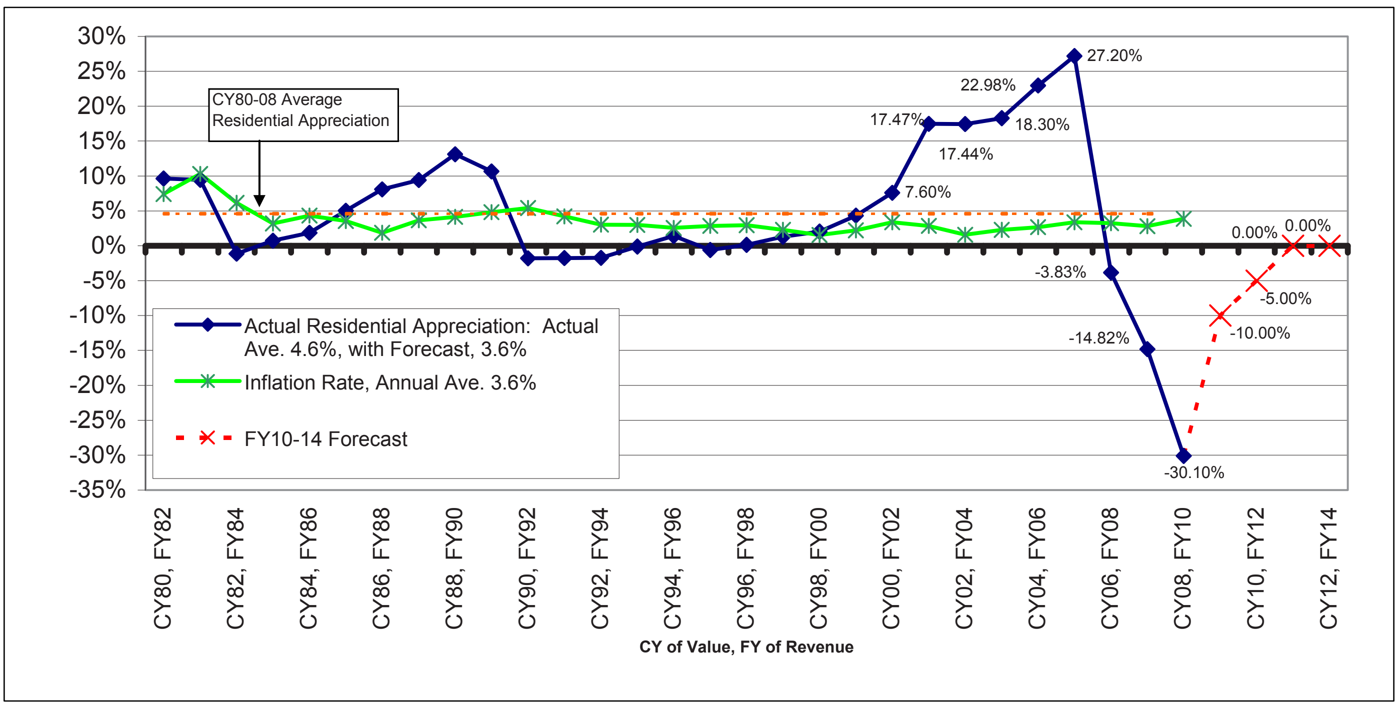


Table 3. Residential Market Value Changes

Revenue Year	Single-Family, Townhouse, and Condominium	Apartments
FY 2010	-30.11%	-5.46%
FY 2011	-10.00%	0.00%
FY 2012	-5.00%	0.00%
FY 2013	0.00%	3.00%
FY 2014	0.00%	3.00%

through fiscal year 2008 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 and anemic but nevertheless stable job growth expectations, are countered by high foreclosure rates and still high home inventories in Prince William County. At the national level, the recession, as well as the uncertain ultimate impact of the recession as well as the foreclosure and credit crisis makes this an especially difficult forecast.

The residential market is forecast to gradually stabilize as excess supply is absorbed over the course of the next eighteen to twenty-four months depending on how economic uncertainties unfold. Residential properties in Prince William County are expected to further decline in value by 10% and 5% during calendar years 2009 and 2010 respectively (fiscal years 2011 and 2012). Market stabilization is expected by fiscal year 2013.

Residential market change in Prince William County is significantly weaker than neighboring Northern Virginia jurisdictions. *(See Table 3)*

Apartments Market Value Change

The apartment market is forecast to be relatively stable due to the prevailing housing environment. While continuing foreclosure epidemic benefits the apartment market in the areas of rental income and vacancy rates, the tight credit environment has resulted in slightly higher capitalization rates in 2008. The anticipated result of these conditions is an unchanged market which is expected to continue through FY 2012. Appreciation is estimated to resume at a rate of approximately 3% in fiscal years 2013 and 2014.

Table 4. Comparison of Estimated Residential Market Value Changes from 2008 to 2009

	Prince William County	Loudoun County	Fairfax County	City of Alexandria	Arlington County
All Residential (Excluding Rental Apartments)	-30.1%	-14.7%	-12.4%	-4.75%	-1.2%

Table 5. Residential Growth – Number of Units

Revenue Year	Total Residential Units	Single-Family	Townhouse	Condominium	Apartments
FY 2005(a)	4,859	3,231	1,219	31	378
FY 2006(a)	5,644	3,619	1,107	254	664
FY 2007(a)	6,178	3,780	1,343	518	537
FY 2008(a)	4,420	2,556	1,135	278	451
FY 2009(a)	2,889	1,406	531	768	184
FY 2010(a)	1,995	1,061	278	456	200
FY 2011	1,600	900	200	300	200
FY 2012	1,800	1,000	250	350	200
FY 2013	2,100	1,200	300	400	200
FY 2014	2,300	1,300	350	450	200

(a) - actual

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 2008 affects revenues beginning in fiscal year 2010. Table 5 summarizes the expected number of newly constructed residential units during the forecast period, and the previous five year's activity:

Construction of approximately 1,795 residential units and 200 apartment units was completed during calendar year 2008 which will generate revenue for fiscal year 2010. There were approximately 1,000 fewer single family, townhouse, and condominium units constructed in 2008 than 2007. The volume of new home starts is expected to decrease as developers adjust to the current real estate market. A further drop in new construction to 1,600 units is expected for fiscal year 2011. However, new home starts will probably increase slightly during the remainder of the forecast period. Construction of new apartment units is forecast to remain stable at around 200 units during the entire forecast period. 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 2008 was approximately $331,015, a 22.5% decrease over the average assessed value of homes built in 2007 which was $427,378.

The average assessed value of a new single family home was $387,757 in 2008, a 26.2% decrease over the average assessed value of $525,384 in 2007.

In 2008, the average assessed value of a new condominium unit was $242,976 compared to $305,035 in 2007 and the average value of a townhouse unit declined from $344,824 to $258,867.

Table 6. New Residential Assessed Value per New Unit

Revenue Year	Overall Residential (Excludes Apts.)	Single-Family	Townhouse	Condominium	Apartment
FY 2005(a)	$382,442	$430,374	$258,473	$261,470	$80,000
FY 2006(a)	447,974	493,565	332,477	301,754	84,400
FY 2007(a)	548,355	616,954	421,251	377,304	94,000
FY 2008(a)	531,957	610,977	408,275	343,586	99,600
FY 2009(a)	427,378	525,384	344,824	305,035	100,000
FY 2010(a)	331,015	387,757	258,867	242,976	104,000
FY 2011	295,993	337,000	218,700	224,500	106,100
FY 2012	279,253	320,200	207,800	213,300	108,200
FY 2013	288,337	329,800	214,000	219,700	110,400
FY 2014	295,517	339,700	220,400	226,300	112,600

(a) - actual

Table 7. Commercial Market Value Changes

Revenue Year	Commercial
FY 2005(a)	11.9%
FY 2006(a)	15.1%
FY 2007(a)	17.3%
FY2008(a)	9.0%
FY 2009(a)	4.3%
FY 2010	-14.9%
FY 2011	-10.0%
FY 2012	-5.0%
FY 2013	0.0%
FY 2014	0.0%

(a) - actual

The assessed value per new unit of apartment properties built in 2008 was approximately $104,000. *(See Table 6)*

Commercial Real Estate

Nationally, during the past year since the onset of the credit crunch, the availability of debt for real estate investments has practically vanished and fundamentals have weakened for all property sectors. A further complicating factor for Prince William County is the local residential foreclosure epidemic since residential and commercial property markets are interrelated.

Calendar year 2008 market activity in Prince William County resulted in commercial properties depreciating 14.9% on average for fiscal year 2010 revenues. The office sector experienced the greatest level of depreciation followed in order of magnitude by hotel/motel, industrial, and retail properties. Office properties were affected by excess inventory as a result of recent construction as well as weak demand. The assessed values of special purpose properties showed similar decreases to general commercial appreciation.

The commercial property outlook for calendar year 2009 (fiscal year 2011) remains weak as we expect the credit crunch, high foreclosure rates, and the recession to persevere over the next year. Commercial depreciation for fiscal year 2011 is forecast at -10% followed by -5% in fiscal year 2012 and unchanged in fiscal years 2013 and 2014.

Average assessed values per square foot for fiscal year 2010 are determined based on the added building value resulting from new construction completed during calendar year 2008.
[1] These unit values are then adjusted to reflect the general appreciation of commercial properties during the remainder of the forecast period. *(See Table 7)*

Commercial properties are categorized into five property types: retail, office, hotel, industrial, and special purpose. For fiscal year 2010 (calendar year 2008 market activity), 2,833,958 commercial square feet was added to the assessment rolls. Growth is expected to decrease in all subsequent years during 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.

Retail

New construction in the retail sector accounted for approximately 46% of all commercial/industrial growth for fiscal year 2010, adding 1,295,731 square feet to the tax base. Some notable newly constructed properties include two Wegmans grocery stores at Potomac Town Center and Shops at Stonewall. There were also several restaurants and miscellaneous retail buildings added in 2008. The slow down in the residential market will undoubtedly cause retail growth to moderate. Shopping center capitalization rates were down slightly in 2008. 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. Retail properties depreciated approximately 11% for fiscal 2010. The retail sector is anticipated to remain anemic until residential values stabilize.

Industrial

Construction of industrial properties accounted for approximately 42% of all new commercial construction for fiscal year 2010 adding 1,175,139 square feet to the commercial/industrial base. New construction completed during 2008 within the industrial sector included several industrial flex and research and development buildings, industrial condominiums, and various other types of industrial buildings. The largest developments include McLane Food Service (221,210 sq. ft.), Wellington Center (134,520 sq. ft.), and Firestone Park (45,450 sq. ft.). Growth within the industrial sector is expected to decline to 900,000 in FY 2011, 750,000 in FY 2012 before stabilizing at 600,000 in FY 2013 and 2014.

Existing industrial properties depreciated approximately 10-20% for fiscal year 2010. Vacancies around the Balls Ford corridor was at around 16% and overall vacancies are expected to continue to be relatively high as the recession continues in 2009.

Hotels

In 2008, the completion of Hampton Inn in Gainesville added 56,013 square feet (93 rooms) to the hotel inventory of Prince William County.

Two hotels that were previously reported, the Extended Stay America in Manassas and a luxury hotel for the Cherry Hill area located in mixed use developments have progressed slowly from the planning stage.

The hotel market valuation for 2009 declined 14% due to decreased business and pleasure travel activity caused by the recession. For the near future, assessed values of hotels are expected to stay depressed mainly due to economic conditions.

Office Buildings

Construction of several new office buildings and condominiums completed during calendar year 2008 added 276,813 square feet to the commercial base. The overall depreciation for office buildings was approximately 20%. Growth within the office sector is expected to be sustained at a lower rate during the forecast period with the addition of approximately 200,000 square feet of build-to-suit space for FY 2011 and beyond.

Absorbing the newly constructed space has been 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 2008 vacancy rate for office space was approximately 15% (please reference page 7 for chart). Speculative building within the sector is unlikely to continue.

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. Assessed values are expected to remain stable during the forecast period.

Approximately 30,000 square feet of miscellaneous commercial properties was constructed in calendar year 2008 (FY 2010).

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

Table 8. Commercial New Construction Value per Square Foot

Revenue Year	Retail	Office	Hotel	Industrial	Special Use Properties
FY 2005(a)	$ 95	$ 83	$ 92	$ 56	n/a
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	119
FY 2009(a)	98	110	108	89	119
FY 2010	102	114	112	93	124
FY 2011	104	117	115	94	126
FY 2012	106	119	117	96	129
FY 2013	108	121	119	98	131
FY 2014	110	124	122	100	134

Table 9. New Commercial Construction Square Footage

Revenue Year	Total Commercial	Retail	Office	Hotel	Industrial	Special Use Properties
FY 2005(a)	1,026,817	393,109	78,062	29,492	526,154	--
FY 2006(a)	1,807,573	661,639	170,153	197,911	644,456	--
FY 2007(a)	1,732,978	563,714	106,775	0	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	1,615,300	350,000	200,000	65,300	900,000	100,000
FY 2012	1,431,000	325,000	200,000	56,000	750,000	100,000
FY 2013	1,256,000	300,000	200,000	56,000	600,000	100,000
FY 2014	1,256,000	300,000	200,000	56,000	600,000	100,000

(a) - actual

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, 2009;
- have a gross household income from all sources of not more than $71,300 (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.

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,

Table 10. Revenue Summary – Public Services Taxes – 041

Revenue History	Tax Rate	Actual Revenue	Percent Change
FY 2000	1.360	$11,857,804	0.4%
FY 2001	1.340	11,762,173	0.8%
FY 2002	1.300	11,537,837	(1.9%)
FY 2003	1.230	11,084,790	(3.9%)
FY 2004	1.160	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%
Current Estimate		**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$0.970	$14,193,000	24.5%
FY 2009 (Revised Estimate)	0.970	14,275,190	25.2%
Forecast Revenue		**Revenue Estimate**	**Percent Change**
FY 2010	$1.212	$17,123,000	20.0%
FY 2011	1.374	19,606,000	14.5%
FY 2012	1.490	21,474,000	9.5%
FY 2013	1.550	22,562,000	5.1%
FY 2014	1.612	23,699,000	5.0%

Table 11. Public Service – Changes in Assessed Value

	FY 10	FY 11	FY 12	FY 13	FY 14
Public Service Growth	-4.00%	1.00%	1.00%	1.00%	1.00%

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 the public service properties is expected to stabilize at a rate of 1% per year for fiscal years 2011 to 2014. 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.

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. *(See Table 12)*

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 FY2003. With the adoption of the FY2002 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 2008, the percentage of unpaid property taxes compared to the FY2008 levy was 2.2%. This represents a decrease from the FY2007 unpaid property tax percentage of 2.4% and is also 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 2009 through FY 2014 due to increased foreclosure activity in the County's real estate market in addition to the current economic recession. As a point of reference, during the economic recession in FY92, the amount of unpaid real estate taxes increased $6.4 million on a much smaller tax base.

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

Revenue History	Actual Revenue	Percent Change
FY 2000	$ 928,212	165.3%
FY 2001	1,467,386	58.1%
FY 2002	1,072,000	(26.9%)
FY 2003	724,347	(32.4%)
FY 2004	587,945	(18.8%)
FY 2005	810,324	37.8%
FY 2006	235,971	(70.9%)
FY 2007	(244,825)	(203.8%)
FY 2008	483,032	297.3%
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$(2,125,000)	(539.9%)
FY 2009 (Revised Estimate)	(1,125,000)	(332.9%)
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$(4,000,000)	(255.6%)
FY 2011	(2,000,000)	50.0%
FY 2012	(1,000,000)	50.0%
FY 2013	(500,000)	50.0%
FY 2014	(250,000)	50.0%

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

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 2010 to FY 2014 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 four fiscal years. A variety of methods is 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 in Table 14.

Table 13. Revenue Summary – Land Redemption – 025

Revenue History	Actual Revenue	Percent Change
FY 2000	$1,278,836	(36.4%)
FY 2001	718,462	(43.8%)
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%)
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$ 324,000	36.2%
FY 2009 (Revised Estimate)	100,000	(58.0%)
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$ 319,000	(1.5%)
FY 2011	315,000	(1.3%)
FY 2012	315,000	0.0%
FY 2013	315,000	0.0%
FY 2014	315,000	0.0%

Table 14. Unpaid Land Redemption Taxes

FY 2008	$1,471,000
FY 2009	1,595,000
FY 2010	1,575,000
FY 2011	1,575,000
FY 2012	1,575,000
FY 2013	1,575,000
FY 2014	1,575,000

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 0.39%) 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.

Table 15. Revenue Summary – Real Estate Penalties – 160

Revenue History	Actual Revenue	Percent Change
FY 2000	$1,012,047	(3.1%)
FY 2001	767,409	(24.2%)
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%
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$1,895,000	(2.9%)
FY 2009 (Revised Estimate)	2,050,000	8.2%
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$1,771,000	(13.6%)
FY 2011	1,851,000	4.5%
FY 2012	1,952,000	5.5%
FY 2013	2,083,000	6.7%
FY 2014	2,226,000	6.9%

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

Revenue History	Actual Revenue	Percent Change
FY 2000	$ 58,599,068	10.3%
FY 2001	66,030,775	12.7%
FY 2002	75,804,001	25.7%
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%
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$126,390,000	(0.3%)
FY 2009 (Revised Estimate)	129,250,000	2.0%
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$119,725,000	(7.4%)
FY 2011	120,935,000	1.0%
FY 2012	125,305,000	3.6%
FY 2013	132,075,000	5.4%
FY 2014	140,465,000	6.4%

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 2010 to be generated by motor vehicles, trailers, and motor homes. The remaining 15% 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. *(See Table 16)*

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.

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 2010 (tax year 2009) is 64.0%.

Change in Average Vehicle Value

The average assessed value per vehicle increased only 0.3% between FY2008 and FY 2009. The FY 2010 (tax year 2009) forecast assumes a 7.5% decrease in average assessed value based on automobile market activity that occurred during calendar year 2008.

Automobile sales during calendar year 2008 declined eighteen percent nationally from calendar year 2007 - to sales levels not seen since the recession that occurred in the early 1990s.[2] The sales declines accelerated during the last quarter of the calendar year as auto sales in November and December declined more than 30% from the same months in calendar year 2007. There were two major factors that impacted auto sales. The first factor was gas prices, which climbed to $4 per gallon during spring 2008. This caused consumers to trade in more expensive, gas consuming

[2] Michelle Krebs and Bill Visnic, *2008 U.S. Auto Sales Are Worst Since 1992*, Edmunds.com, January 5, 2009.

Table 17. Average Assessed Value per Vehicle

	Dollar Value	Percent Increase
FY 2005(a)	$ 8,658	(0.9%)
FY 2006(a)	9,502	9.8%
FY 2007(a)	9,998	5.2%
FY 2008(a)	9,843	(1.6%)
FY 2009(a)	9,875	0.3%
FY 2010	9,134	(7.5%)
FY 2011	9,134	0.0%
FY 2012	9,317	2.0%
FY 2013	9,658	3.7%
FY 2014	10,011	3.7%

(a) - actual

Sport Utility Vehicles (SUVs) and trucks and purchase cheaper, more fuel efficient vehicles. For the first time since 2000, cars outsold trucks during 2008.[3] As a consequence, the trade-in values of SUVs and trucks depreciated at an accelerated rate as these vehicles sat on car lots.

The second major factor in plummeting auto sales was the collapse of the financial industry, beginning with the demise of Lehman Brothers in September 2008. As credit froze throughout the financial industry, auto loans were granted only to those buyers with the lowest credit risk. Tightened credit affected not only new car sales, but also used car sales because a large percentage of used car buyers are considered subprime credit risks. Inventories at both new and used car dealerships grew as sales declined. According to J.D. Power & Associates, vehicles sold in December 2008 stayed on dealer lots an average of 92 days before being sold compared to 59 days in December 2007.[4] In an attempt to clear these inventories and make way for new 2009 models, car dealers increased incentives and/or lowered prices, further depressing values. According to Edmunds.com, domestic automakers spent $3,545 in incentives per vehicle sold during 2008 - more than a ten percent increase from 2007. Japanese automakers spent $1,397 in incentives per vehicle sold - more than a sixteen percent increase from 2007.[5]

As the economic recession grew and consumer confidence plummeted, consumers typically postpone large, discretionary purchases such as new automobiles in an effort to reduce spending and increase savings. Therefore, a greater portion of County residents are retaining their existing vehicles which are depreciating in value instead of replacing them with newer, more expensive vehicles. The continued downturn in the County's housing market, particularly the new construction of higher valued homes whose residents tend to own higher valued vehicles, has also contributed to lower average vehicle values.

A dramatic turnaround for the auto industry is not anticipated for calendar year 2009, which establishes NADA values for tax year 2010 and personal property revenue in FY 2011. The FY 2011 forecast assumes no change in average value as the economy is not expected to significantly improve in 2009. Automobile industry analysts expect auto sales to continue their decline during the first half of calendar year 2009 compared to 2008, but remain hopeful that sales will slowly increase during the second half of 2009. *(See Table 17)*

Change in Number of Vehicle Units Billed

The percentage change in the number of vehicle units billed increased by 2.0% between FY 2008 and FY 2009. The FY 2010 (tax year 2009) forecast assumes 0.5% increase in the number of vehicle units billed due to virtually no population growth resulting from the downturn in the residential real estate market as well as foreclosures in the County. Despite the current real estate market, the increase in vehicle units billed during FY 2011-2014 is due to population growth, growth in the number of businesses and business vehicles. *(See Table 18 and Figure 3)*

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

[3] Ibid.

[4] Kate Linebaugh, *Inventory Traffic Jam Hits Chrysler*, The Wall Street Journal, Page B1, January 12, 2009.

[5] Michelle Krebs, *2008: A Year Not To Be Forgotten, as Much as We'd Like To*, Edmunds.com, December 29, 2008.

Table 18. Percent Change in Number of Vehicle Units Billed

FY 2005(a)	5.3%
FY 2006(a)	5.4%
FY 2007(a)	2.4%
FY 2008(a)	1.5%
FY 2009(a)	2.0%
FY 2010	0.5%
FY 2011	1.5%
FY 2012	1.9%
FY 2013	2.1%
FY 2014	2.8%

(a) - actual

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:

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.

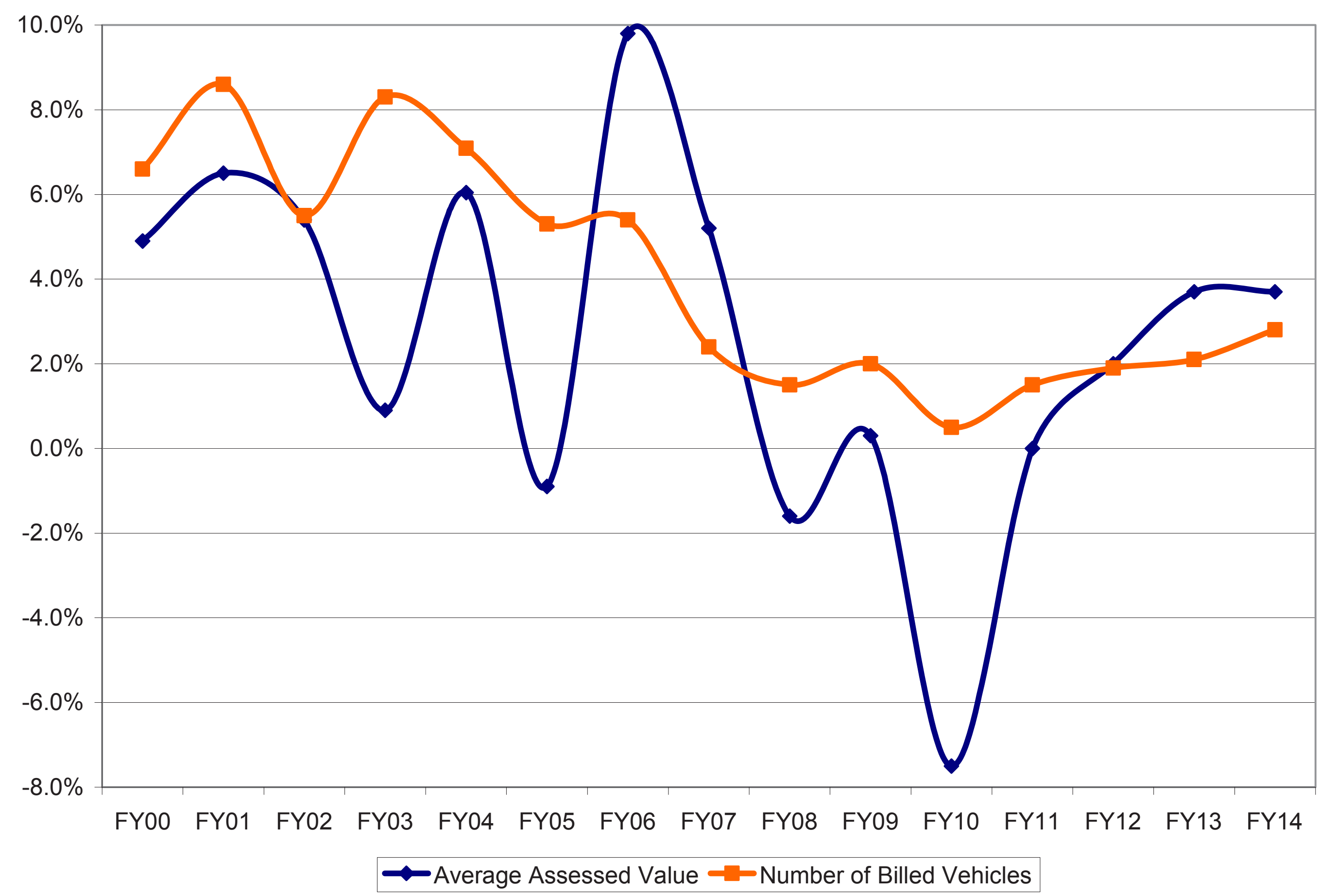
Heavy Equipment - Assessed at 80% of its original cost in the year acquired. Thereafter, the percentage decreases by 15% increments. If still held after five years, its assessed value remains constant at 10% of original cost.

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 20% of taxes on business equipment respectively. Taxes on computer equipment comprise the remaining 14%.

Taxes from business equipment are expected to decrease by 6.0% in FY 2010 and decrease 3.5% in FY 2011 before stabilizing in FY 2012 (0.0%). Similar to homeowners, businesses defer purchases of new equipment during recessionary times. Therefore, the equipment in their inventory depreciates according to the above schedules. Taxes from business equipment is forecast to increase again in FY 2013 (2.5% increase) and by 5.0% in FY 2014.

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 slightly 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 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 total unpaid property taxes as a percentage of the total levy was revised to 5.5% by FY2005.

At the end of FY 2008, the percentage of unpaid property taxes compared to the FY 2008 levy was 2.2%. This represents a decrease from the FY 2007 unpaid property tax percentage of 2.4% and is also 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 2009 through FY 2014 due to increased foreclosure activity in the County's real estate market in addition to the current economic recession. As a point of reference,

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

Forecast Revenue	Revenue Estimate	Percent Change
FY 2010	$75,000	0.0%
FY 2011	75,000	0.0%
FY 2012	75,000	0.0%
FY 2013	75,000	0.0%
FY 2014	75,000	0.0%

Table 20. Revenue Summary – Personal Property Deferrals - 081

Revenue History	Actual Revenue	Percent Change
FY 2000	$ (15,000)	99.2%
FY 2001	2,027,000	13,613.3%
FY 2002	2,275,000	12.2%
FY 2003	4,342,000	90.9%
FY 2004	2,089,762	(51.9%)
FY 2005	1,878,762	(10.1%)
FY 2006	3,818,762	203.3%
FY 2007	(88,148)	(102.3%)
FY 2008	(620,783)	(604.3%)
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$(1,050,000)	(69.1%)
FY 2009 (Revised Estimate)	(1,000,000)	(61.1%)
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$(1,050,000)	(5.0%)
FY 2011	(1,175,000)	(11.9%)
FY 2012	(1,175,000)	0.0%
FY 2013	(1,175,000)	0.0%
FY 2014	(1,175,000)	0.0%

during the economic recession in FY 92, the amount of unpaid personal property taxes increased $1.1 million on a much smaller tax base.

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. *(See Table 21)*

A significant decrease in personal property penalty revenue occurred in FY 2007. This is due to the revised PPTRA legislation discussed on page 29. 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.

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%

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

Revenue History	Actual Revenue	Percent Change
FY 2000	$1,167,455	7.3%
FY 2001	1,327,065	13.7%
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	10.8%
FY 2007	1,153,220	(40.0%)
FY 2008	1,223,942	6.1%
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$1,240,000	1.3%
FY 2009 (Revised Estimate)	1,250,000	2.1%
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$1,160,000	(7.2%)
FY 2011	1,170,000	0.9%
FY 2012	1,210,000	3.4%
FY 2013	1,280,000	5.8%
FY 2014	1,360,000	6.3%

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 eight months of FY 2009 is currently 2.5% less than the amount of sales tax revenue that was generated during the first eight months of FY 2008. This trend of reduced sales tax revenue is expected to accelerate to an overall 3.0% decline (when projected to year end) for FY 2009. In addition, decreases are projected in FY 2010 and FY 2011 as a further consequence of the steadily declining economy and consumer spending nationally and locally. Economic pressures will continue to degrade sales tax revenues and will not ease at any time in the near future and will prevent these revenues from beginning to return to a normal upward trend until FY 2012.

Sales tax revenue will not fully return to a normal growth rate of 4% until FY 2013 when the expected increases will, once again, be due principally to population growth added to inflation. While the FY 2009 decline is currently 2.5% on a year-to-date actual basis (through February 2009) the very level of stress on the economy and on consumers is expected to further degrade FY 2009 sales tax revenues. When added to the FY 2007 and FY 2008 pronounced decelerations in sales tax revenue, the estimated overall FY 2009 decline of 3.0% reflects a substantial change from most prior year's growth in sales tax revenue which normally ranges between 5% and 8% growth. This is unsettling

Table 22. Revenue Summary – Local Sales Tax – 210

Revenue History	Actual Revenue	Percent Change
FY 2000	$29,036,130	9.5%
FY 2001	31,603,038	8.8%
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%)
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$46,020,000	(0.3%)
FY 2009 (Revised Estimate)	44,770,000	(3.0%)
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$43,430,000	(3.0%)
FY 2011	42,990,000	(1.0%)
FY 2012	43,850,000	2.0%
FY 2013	45,610,000	4.0%
FY 2014	47,430,000	4.0%

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

	Calendar Year 2008			
	QTR 1	QTR 2	QTR 3	QTR 4
Alexandria	(3.5%)	(5.7%)	(11.2%)	(14.2%)
Arlington	(0.1%)	(0.5%)	3.2%	16.5%
Fairfax County	(0.6%)	(1.1%)	2.2%	(7.3%)
Prince William County	(2.4%)	(2.4%)	(0.3%)	(3.0%)

when compared with the last recessionary period, in fiscal years 2000 through 2002, when the County's sales tax grew at rates varying between 6% and 10%.

During calendar 2008, the neighboring jurisdictions experienced a very similar period of decelerating sales tax revenue. All of the Northern Virginia jurisdictions' overall calendar 2008 sales tax revenues reflect actual declines in sales tax revenue when compared to the same period in the prior year: *(See Table 23)*

The factors believed to contribute to the County's stagnant sales tax revenue are:

- a sharp decline in new and existing home sales and the associated impact of furnishing residences;
- reset levels of interest rates on many existing variable rate mortgages of Prince William residents, resulting in significant increases in mortgage payment amounts which in turn decreases the funds many residents have available for retail expenses;
- for part of the year, a very dramatic increase in vehicle fuel prices which noticeably diminished all resident's spending power;
- a dramatic general tightening of available credit;
- significant degradation of the national and regional economies;
- growing levels of unemployment and unease about future employment prospects (the national unemployment rate increased from 7.2% in December 2008 to 7.6% in January 2009 alone);
- extremely low consumer confidence.

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.

Table 24. Revenue Summary – Consumer Utility Tax – 220

Revenue History	Actual Revenue	Percent Change
FY 2000	$16,210,493	10.3%
FY 2001	17,806,197	9.8%
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%)
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$12,740,000	3.1%
FY 2009 (Revised Estimate)	12,450,000	0.8%
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$12,700,000	2.0%
FY 2011	13,020,000	2.5%
FY 2012	13,410,000	3.0%
FY 2013	13,940,000	4.0%
	14,500,000	4.0%

The levy for electricity consumption based on kilowatt hours (kWh)[6] 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)[7] 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.

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

[6] 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.

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

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 (please see page 39 for details), the County's consumer utility tax is no longer levied on telecommunication services. This change occurred during the second half of FY2007. FY2008 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

The following chart 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 10-14. 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 slowly decrease and the homes that are sold become habitable again. Please refer to page 20 for a history of new housing units in the County. As seen in Table 5, the number of new residential units drastically decreased in FY 2009 (CY 2007) and FY 2010 (CY 2008) and is projected to continue into the future. *(See Table 25)*

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

	Electric Utilities	Gas Utilities
FY 2003(a)	4.5%	10.7%
FY 2004(a)	5.3%	5.9%
FY 2005(a)	4.6%	7.1%
FY 2006(a)	5.7%	5.0%
FY 2007(a)	3.2%	6.0%
FY 2008(a)	2.2%	0.5%
FY 2009	0.5%	1.5%
FY 2010	2.0%	2.0%
FY 2011	2.5%	2.5%
FY 2012	3.0%	3.0%
FY 2013	4.0%	4.0%
FY 2014	4.0%	4.0%

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 new 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:

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

- Local consumer utility tax on landline and wireless telephone service
- Cable franchise fees

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%
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$20,800,000	1.6%
FY 2009 (Revised Estimate)	19,100,000	(8.2%)
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$20,000,000	4.7%
FY 2011	20,400,000	2.0%
FY 2012	21,000,000	2.9%
FY 2013	21,600,000	2.9%
FY 2014	22,200,000	2.8%

Table 27. Revenue Summary - BPOL Tax Revenue - 235

Revenue History	Actual Revenue	Percent Change
FY 2000	$10,283,757	19.7%
FY 2001	11,806,197	14.8%
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%)
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$19,890,000	(6.1%)
FY 2009 (Revised Estimate)	19,880,000	(6.1%)
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$19,150,000	(3.7%)
FY 2011	19,340,000	1.0%
FY 2012	19,920,000	3.0%
FY 2013	20,920,000	5.0%
FY 2014	21,970,000	5.0%

- 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 in FY 2006. In FY 2006, the County accounted for 4.64% of statewide telecommunications and cable television tax revenue. Therefore, the County has received 4.64% of the statewide telecommunications sales and use tax each month since January 1, 2007. It is important to note that the FY 2007 actual represented only a half-year levy of the new tax. FY 2008 represented the first, full-year the tax was implemented. *(See Table 26)*

The FY 2010 forecast was determined by examining actual monthly revenue received during FY 2009. It is important to note that the FY 2008 amount reflects approximately $0.4 million in revenue that should have been collected by the State during FY 2007. In addition, the FY 2009 projection includes a one-time $0.7 million reduction in revenue due to refunds where the tax was inadvertently charged on exempt services. After accounting for these adjustments, FY 2009 revenue is projected to decrease 1.4% compared to FY 2008 due to the number of vacant homes in the County (resulting from foreclosures).

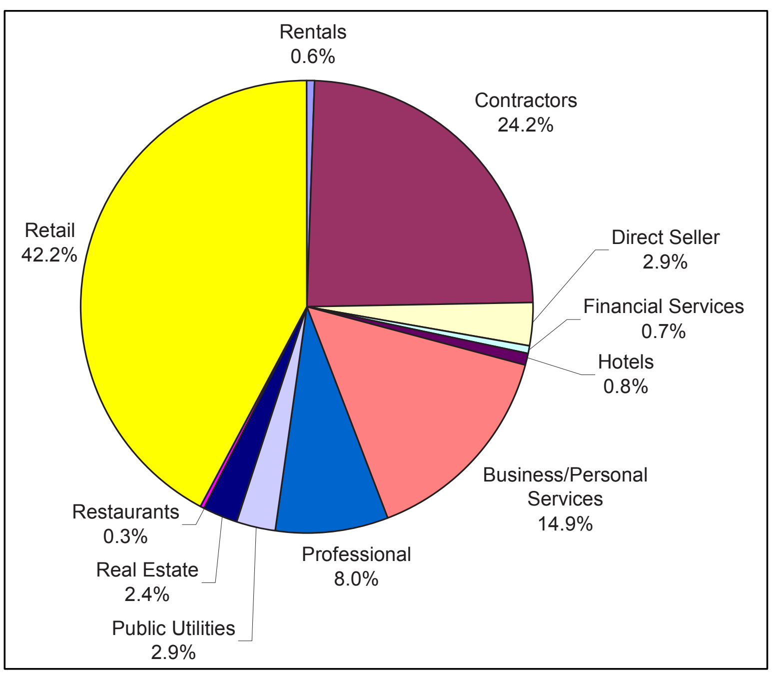
Very modest growth rates are projected during the forecast period (1.0% growth in FY 2010 after accounting for refunds in FY 2009) due to the housing market in the County. The forecast anticipates a relative balance between foreclosures during calendar year 2009 and increased bank sales as well as a small number of new residential units being constructed and occupied.

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. 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.

Figure 4. FY 2008 BPOL Composition



The basis for fiscal year 2009 is gross revenue receipts from calendar year 2008. Therefore, forecasting 2009 gross receipts (FY 2010) has a one-year lag in which actual prior year figures on which to base an estimate are unavailable. *(See Table 27)*

The following table shows the sources of BPOL revenue during FY2008: *(See Figure 4)*

Almost 90% of FY 2008 BPOL revenue was generated by four sectors of the County's local economy: retail, contractors, personal services, and professional services. The following table summarizes the FY 2008 actual and projected growth rates in FY 2009 and FY 2010 for each of these economic sectors. *(See Figure 5)*

BPOL revenue from contractors is anticipated to continue declining for FY 2009 and FY 2010 due to the prolonged slowdown in the real estate market. 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 cancel plans for major home renovation projects (impact to general contractors) during recessionary times in calendar years 2008 and 2009.

The forecast for the retail sector is consistent with the retail sales tax forecast for FY 2010 because over 75% of sales tax revenue is derived from retail sales, which includes food and household goods purchases. Please refer to page 35 and 36 for a discussion of the sales tax forecast.

Figure 5. FY 2009 and FY 2010 Growth Forecasts by Major BPOL Category

	FY08 Actual	FY09 Projected	FY10 Projected
Contractors	-23.2%	-20.0%	-10.0%
Business/Personal Services	4.5%	-5.0%	-5.0%
Professional	10.0%	10.0%	5.0%
Retail	0.7%	-2.5%	-3.0%
Overall Percentage Increase / (Decrease)	-7.2%	-6.1%	-3.7%

Table 28. Revenue Summary - Investment Income - 510

Revenue History	Actual Revenue	Percent Change
FY 2000	$ 9,479,253	39.6%
FY 2001	11,809,529	24.9%
FY 2002	7,442,158	(37.0%)
FY 2003	5,358,898	(28.0%)
FY 2004	2,999,989	(44.0%)
FY 2005	9,324,045	310.8%
FY 2006	12,740,165	36.6%
FY 2007	20,695,300	62.4%
FY 2008	22,116,844	6.9%
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$16,610,000	(24.9%)
FY 2009 (Revised Estimate)	17,200,000	(22.2%)
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$12,680,000	(26.3%)
FY 2011	14,620,000	15.3%
FY 2012	19,290,000	31.9%
FY 2013	25,920,000	34.4%
FY 2014	33,090,000	27.7%

Investment Income

Investment Income - 0510

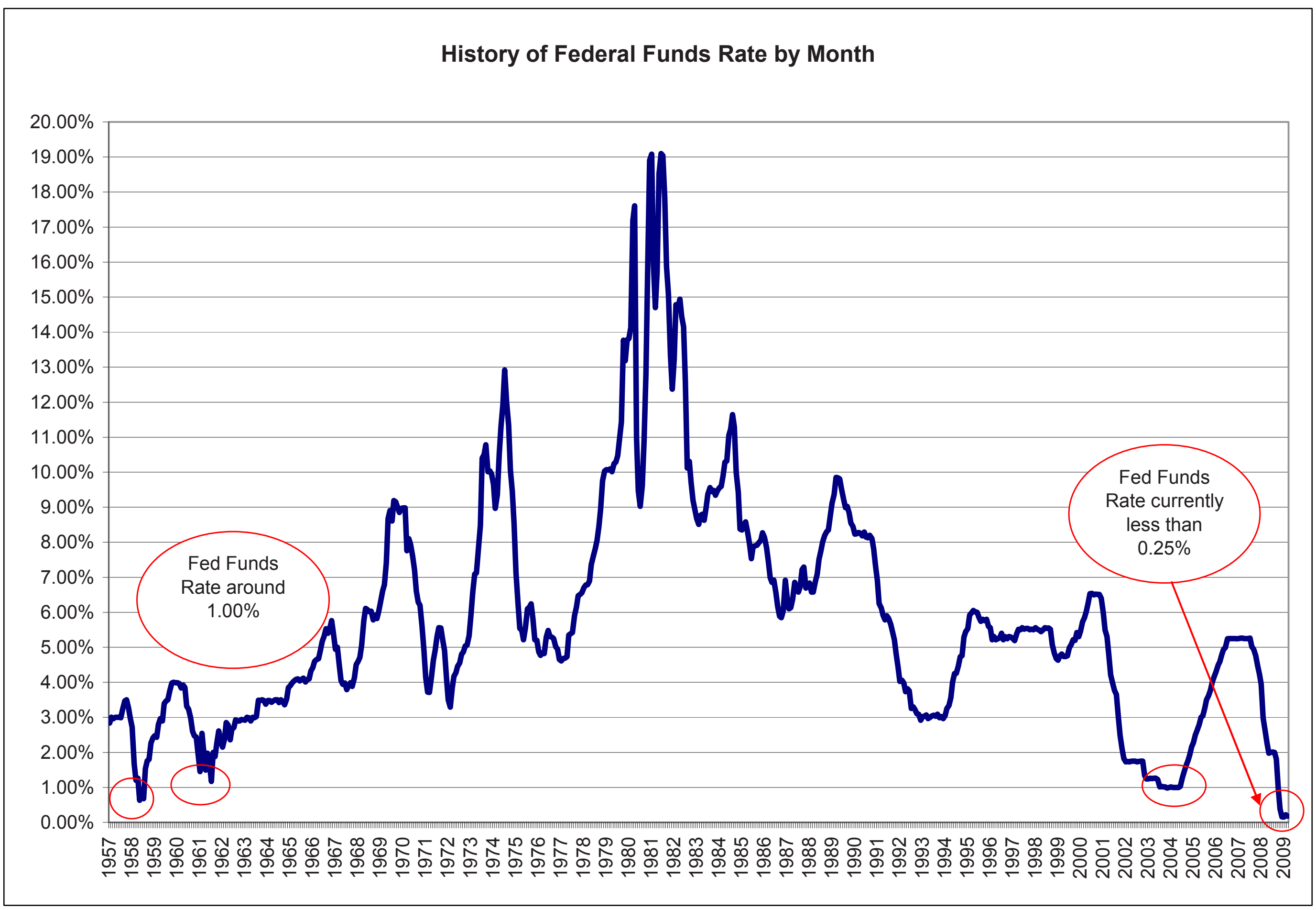
Investment income represents interest receipts, interest accrual, and gains or losses from the sale of investments for Prince William County's share of earnings on the "general" cash investment portfolio. The general portfolio consists of those funds that are not restricted. The general fund available cash constitutes 56-58% 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 28)*

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 downdraft in the national housing market and the accompanying re-pricing of sub-prime loans and securities collateralized with sub-prime loans caused significant turmoil in both equity and debt markets since August 2007. In response to the unstable markets, the Federal Reserve Board (FRB) reduced the Fed Funds rate to 4.75% in September 2007 and then again in October to 4.50%. In an effort to inject stability into rapidly declining markets, the FRB took the highly unusual action of reducing the Fed Funds rate another 0.75% to 3.50% in advance of their scheduled meeting in January 2008. Only eight days later, the FRB lowered the Fed Funds rate another 0.50% to 3.0%. Additional rate cuts followed culminating in the latest reduction to 2.0% in late April 2008.

Figure 6. History of the Federal Funds Rate Target



Unprecedented upheaval occurred in the credit and financial markets with the September 2008 bankruptcy of Lehman Brothers, the AIG liquidation/rescue, the acquisition of Merrill Lynch by Bank of America, and the purchase of Wachovia by Citibank and then Wells Fargo. In response, Congress eventually passed the Emergency Economic Stabilization Act. The FRB also reduced the Fed Funds rate twice in October 2008 to 1.0% and yet again in November 2008 to the current range of 0.25-0.50% in a desperate attempt to provide stimulus and combat the slowing economy. This is the first time the Fed Funds target rate has fallen below 1.0% on a consistent basis in forty years (1958).

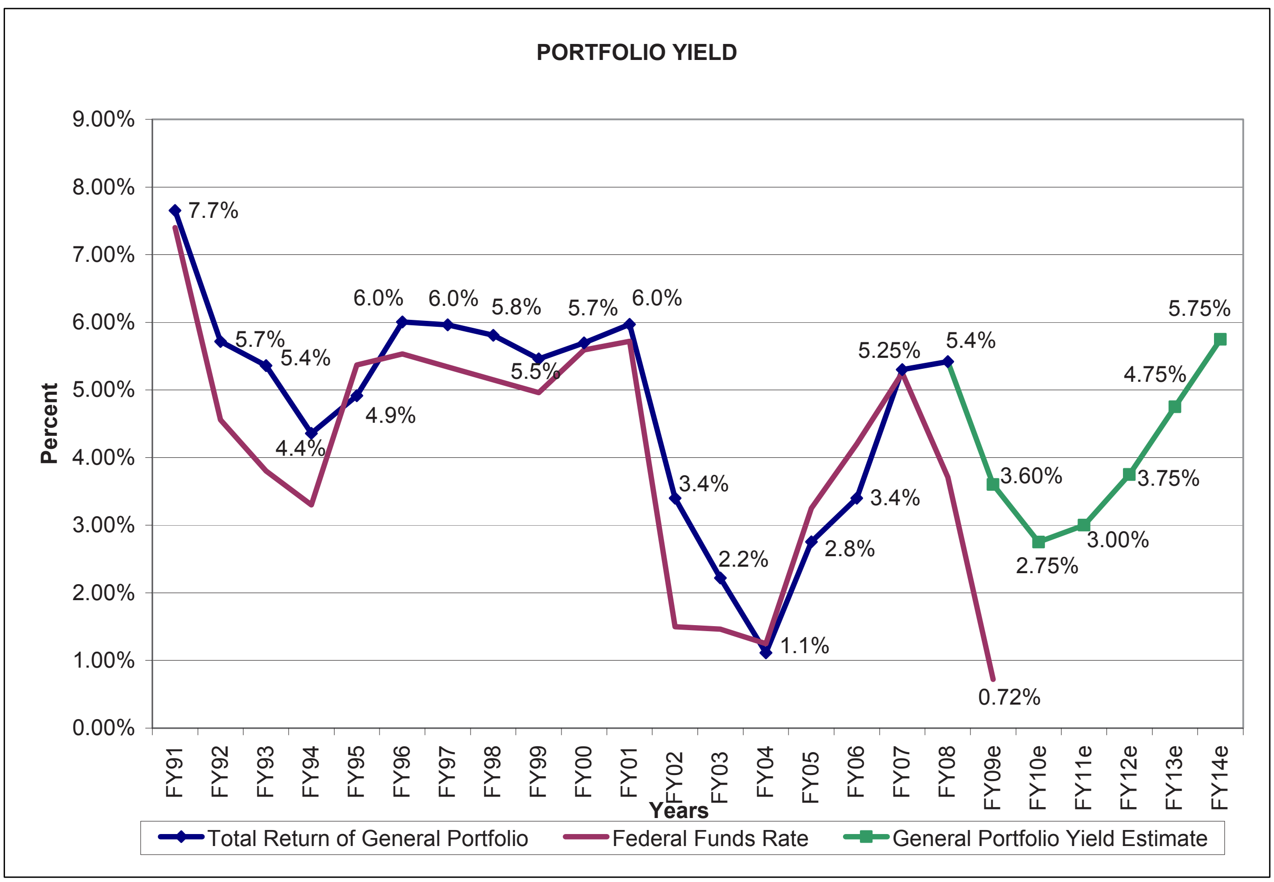
Figure 6 presents a history of the Fed Funds rate target since 1956, when the rate stood at record lows:

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 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 FY 10-14 juxtaposed against the Fed Funds average rate target history. *(See Figure 7)*

Most forecasting sources provide interest rate information up to four quarters beyond current dates. Therefore, the final half of FY 2010 is an estimate without authoritative source data as a basis for projection. With over one million total jobs lost between December 2008 and January 2009,

Figure 7. Prince William County's Portfolio Yield



continuing housing woes spearheaded by foreclosures, and tremendous losses in the banking sector, it is highly unlikely that the Fed will consider rate increases any time soon. The reversal of the U.S. dollar upward and commodity prices downward (led by dramatic decreases in oil prices) removes any fear that the Fed would increase interest rates to combat inflation.

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 turbulent financial markets have required the County to implement unusual measures to ensure both principle safety and sufficient liquidity to fund cash needs. The County's current strategy is to continue to utilize laddered Certificates of Deposit (CDs), U.S. Government Agency securities that provide higher yields than the Fed Funds rate, and some Treasury securities to fill the void left by moving investments out of money funds (due to concern over the failure of one of the Reserve Money Market Funds inability to maintain a $1.00 per share price). As credit markets begin to move back to some level of normalcy, the County will assess the advisability of returning to more traditional investment vehicles.

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.

Table 29. Average Portfolio Size

	Value
FY 2010	$ 823,000,000
FY 2011	870,000,000
FY 2012	918,000,000
FY 2013	974,000,000
FY 2014	1,028,000,000

Table 30. Revenue Summary – Interest on Taxes – 140

Revenue History	Actual Revenue	Percent Change
FY 2000	$2,310,126	0.3%
FY 2001	2,027,000	(12.3%)
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%
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$1,423,000	(3.6%)
FY 2009 (Revised Estimate)	1,550,000	5.0%
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$1,332,000	(14.1%)
FY 2011	1,383,000	3.8%
FY 2012	1,454,000	5.1%
FY 2013	1,547,000	6.4%
FY 2014	1,652,000	6.8%

Therefore, the revenue forecast itself becomes a key determinate of interest income. Table 29 shows the forecasted growth in the portfolio. Increases in portfolio size typically came 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", totaling "All Other Revenues" in Tables 1 and 2.

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 30)*

The revenue estimate is computed by multiplying the fixed percentage of 0.23% 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 0.56% in FY 03, 0.32% in FY 04, 0.27% in FY 05, 0.20% in FY 06, 0.23% in FY 07, and 0.25% in FY 08.

Motor Vehicle License Fee - 250 / 259

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.

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 31)*

The vehicle decal fees dropped 43% in FY 99 due to the change in the license fee due date and a $10.00 decrease in the license fee for FY 99. After the transition period

Table 31. Revenue Summary – Motor Vehicle License Fee - 250 / 259

Revenue History	Actual Revenue	Percent Change
FY 2000	$4,066,086	79.9%
FY 2001	4,686,385	15.3%
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%
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$6,740,000	1.3%
FY 2009 (Revised Estimate)	6,650,000	0.0%
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$6,870,000	3.3%
FY 2011	6,980,000	1.6%
FY 2012	7,110,000	1.9%
FY 2013	7,260,000	2.1%
FY 2014	7,460,000	2.8%

ended in FY 99, the fee reverted back to $24 in FY 00. 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 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.

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 below reflects only Prince William County's share of recordation tax revenue and does not include the state portion of recordation revenue. *(See Table 32)*

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

Fiscal Year 2009 recordation tax revenue is projected to decrease 2.8% from FY 2008 revenue. Through the first half of FY 2009 (July through December 2008), residential unit sales increased 134% compared to the same period in FY 2008 as bargain hunters purchased foreclosed properties. The purchase price of the homes sold during the first half of FY 2009 decreased an average of 36-40%. Approximately 70% of home sales were bank sales of foreclosed properties. There was little refinance activity due to tight credit markets which began in August 2007, but became dramatically worse with the bank failures that occurred since the collapse of Lehman Brothers in September 2008. Although 30-year fixed rate

Table 32. Revenue Summary – Recordation Tax – 260

Revenue History	Actual Revenue	Percent Change
FY 2000	$ 2,119,681	4.2%
FY 2001	2,815,940	32.8%
FY 2002	4,272,952	51.7%
FY 2003	6,473,394	51.5%
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	(30.0%)
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$ 7,360,000	(17.3%)
FY 2009 (Revised Estimate)	8,650,000	(2.8%)
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$ 9,210,000	6.5%
FY 2011	9,670,000	5.0%
FY 2012	9,670,000	0.0%
FY 2013	9,960,000	3.0%
FY 2014	10,260,000	3.0%

mortgages are currently at all-time lows (approximately 5.0%), banks will not refinance loans if homeowners have negative equity (they owe more on their home than what it is currently worth).

The FY 2010 revenue forecast anticipates that refinance activity will continue to be significantly suppressed as banks write down billions of dollars in losses resulting from continued real estate foreclosures, particularly a new wave of foreclosures from Alt-A and option adjustable mortgages. The forecast also reflects the belief that continued home sale price depreciation (-5% on a FY 2010 adjusted basis) will occur as banks continue to unload their inventories of foreclosed properties and remove them from balance sheets. Combined with a projected 10% increase in homes sold compared to FY 2009, recordation tax revenue will increase 6.5% in FY 2010. After FY 2010, home sales prices will slowly stabilize as the inventory of foreclosed homes decreases until a state of equilibrium is achieved 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 FY2006, 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 33 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 Designated for Transportation and General Revenue Use

Forecast Revenue	Recordation Tax Revenue for Transportation Use	General County Government Revenue	Total Recordation Tax Revenue
FY 2010	$6,810,000	$2,400,000	$9,210,000
FY 2011	7,150,000	2,520,000	9,670,000
FY 2012	7,150,000	2,520,000	9,670,000
FY 2013	7,370,000	2,590,000	9,960,000
FY 2014	7,590,000	2,670,000	10,260,000

Table 34 Revenue Summary – Tax on Deeds – 261

Revenue History	Actual Revenue	Percent Change
FY 2000	$ 936,541	27.4%
FY2001	1,183,922	26.4%
FY2002	1,581,489	33.6%
FY2003	2,098,654	32.7%
FY2004	2,775,718	32.3%
FY2005	3,929,185	41.6%
FY2006	4,121,652	4.9%
FY2007	2,618,084	(36.5%)
FY2008	2,630,427	0.5%
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	$2,123,000	(19.3%)
FY 2009 (Revised Estimate)	3,100,000	17.9%
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	$3,720,000	20.0%
FY 2011	3,910,000	5.1%
FY 2012	3,910,000	0.0%
FY 2013	4,030,000	3.1%
FY 2014	4,150,000	3.0%

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 below reflects only Prince William County's share of revenues. *(See Table 34)*

The federal government's economic stimulus package authorized in March 2009 includes a first-time homebuyer's tax credit of up to $8,000, which remains in effect until December 2009. Combined with low mortgage rates and the number of bank-owned properties priced to sell, real estate sales transactions and tax on deeds revenue are expected to increase in FY 2010. The real estate market will begin to improve as sales continue to increase, thereby reducing the inventory of foreclosed homes until home prices stabilize in FY 2012.

Cable Franchise Tax - 222

The cable franchise tax was based on cable company gross receipts. This fee was 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 FY 97 budget. The Code of Virginia (§ 58.1-3818.3) authorized 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.

On April 17, 2006, the Governor of Virginia approved House Bill 568 and revised the taxation of communication services in the Commonwealth. Effective January 1, 2007, the new Virginia communications sales and use tax (please refer to page 39 for additional information) replaced Prince William County's cable franchise tax. The local cable franchise tax has been eliminated because the County no longer has the authority to levy it. *(See Table 35)*

Table 35. Revenue Summary – Cable Franchise Tax – 222

Revenue History	Actual Revenue	Percent Change
FY 2000	$1,945,980	9.9%
FY 2001	2,243,491	15.3%
FY 2002	3,149,770	40.4%
FY 2003	2,700,496	(14.3%)
FY 2004	2,957,028	9.5%
FY 2005	3,251,899	10.0%
FY 2006	3,430,604	5.5%
FY 2007	2,021,222	(41.0%)
FY 2008	--	--
Current Estimate	**Adopted/Revised Revenue**	**Percent Change**
FY 2009 (Adopted Budget)	--	--
FY 2009 (Revised Estimate)	--	--
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY 2010	--	--
FY 2011	--	--
FY 2012	--	--
FY 2013	--	--
FY 2014	--	--

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 2009 - 2013, most revenue categories are increased annually except as noted in the individual revenue sources. The forecast and a description of each revenue source follows. *(See Table 36)*

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 were 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,

Table 36. Miscellaneous Revenue Sources

Revenue Source	Actual FY 2006	Actual FY 2007	Actual FY 2008	Revised Estimate FY 2009	Estimated 2010
Daily Rental Equipment Tax - 215	$ 324,819	$ 190,389	$ 171,224	$ 156,000	$ 164,000
Bank Franchise Tax - 230	707,787	670,471	640,681	625,000	640,000
BPOL Taxes- Public Service–236	1,117,859	1,184,033	1,178,279	1,200,000	1,150,000
Transient Occupancy Tax - 270	1,210,263	1,317,654	1,355,664	1,350,000	1,350,000
Misc. Business Licenses - 380	4,700	6,800	6,400	6,400	6,400
Interest Paid to Vendors - 520	(402,617)	(312,834)	(789,690)	(700,000)	(600,000)
Interest Paid on Refunds - 521	(31,928)	(34,194)	(374,534)	(70,000)	(45,000)
ABC Profits - 1301	160,440	160,440	160,440	0	0
State Wine Tax - 1302	168,172	168,172	168,172	0	0
Rolling Stock Tax - 1303	80,308	76,203	79,367	101,088	83,000
Passenger Car Rental Tax - 1304	781,949	848,026	794,864	820,000	805,000
Mobile Home Titling Tax - 1305	44,269	88,048	54,929	50,000	46,000
Federal Payment in Lieu of Taxes - 1700	49,924	81,063	104,586	114,000	119,000
Other Revenue - 1150, 514	5,336	8,469	1,554	9,000	2,300
Total Miscellaneous Revenue	$4,186,085	$4,653,247	$3,551,936	$3,661,488	$3,720,700

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 - 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.

ABC Profits - 1301

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. Beginning in FY 09, ABC profit revenue will no longer be distributed to localities in order to provide additional State mental health services following the tragedy that occurred at the Virginia Polytechnic Institute (Virginia Tech) in April 2007.

State Wine Tax - 1302

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. Beginning in FY 09, State wine tax revenue will no longer be distributed to localities in order to provide additional State mental health services following the tragedy that occurred at the Virginia Polytechnic Institute (Virginia Tech) in April 2007.

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 2010 Adopted Fiscal Plan

	Governmental Fund Types								Enterprise Fund Type	Fiduciary Fund Type	Internal Service Fund Type		Total
			Special Revenue										Adopted
	General	Capital Projects	Schools	Fire And Rescue Levy	Regional Jail	Housing & Comm. Dev.	Special Levy Dist.	Transportation	Solid Waste	Reg. School Prog. Fund	Self Insurance	All Others *	FY 10
Projected Revenues:													
General Property Taxes	$597,073,512	$0	$0	$29,360,000	$0	$0	$4,213,375	$0	$0	$0	$0	$0	$630,646,887
Other Local Taxes	$121,909,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$121,909,000
Permits, Priv. Fees and Reg Lic	$1,358,288	$0	$0	$0	$0	$0	$8,499,464	$0	$8,000	$0	$0	$0	$9,865,752
Fines & Forfeitures	$2,511,271	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,511,271
Rev From Use of Money & Prop	$12,895,443	$0	$882,400	$0	$0	$0	$576,590	$0	$1,336,000	$0	$1,450,000	$0	$17,140,433
Charges for Services	$7,852,225	$0	$25,959,607	$0	$662,774	$1,686,190	$4,765,771	$0	$15,284,000	$0	$91,045,747	$24,084,351	$171,340,665
Miscellaneous	$6,429,053	$3,975,000	$1,000,000	$0	$57,020	$10,000	$210,280	$0	$85,000	$0	$102,000	$0	$11,868,353
Rev From Other Localities	$7,479,830	$0	$0	$0	$2,981,935	$0	$0	$1,519,867	$0	$30,563,043	$0	$0	$42,544,675
Rev From the Commonwealth of Va	$41,011,622	$0	$360,948,328	$0	$9,637,228	$12,415	$3,493	$0	$0	$0	$0	$0	$411,613,086
Rev from the Federal Gov	$18,738,478	$4,500,000	$71,071,533	$0	$482,500	$26,573,433	$0	$0	$0	$0	$0	$0	$121,365,944
Total Revenues	$817,258,722	$8,475,000	$459,861,868	$29,360,000	$13,821,457	$28,282,038	$18,268,973	$1,519,867	$16,713,000	$30,563,043	$92,597,747	$24,084,351	$1,540,806,066
Other Financing Sources (Uses):													
Operating Transfers In**	$16,975,614	$17,607,302	$408,833,705	$250,000	$22,113,737	$11,082	$1,935,269	$0	$0	$0	$4,802,378	$0	$472,529,087
Proceeds From Loans And Bonds	$0	$100,219,500	$0	$0	$0	$0	$0	$0	$66,000	$0	$0	$0	$100,285,500
Total Other Financing Sources (Uses)	$16,975,614	$117,826,802	$408,833,705	$250,000	$22,113,737	$11,082	$1,935,269	$0	$66,000	$0	$4,802,378	$0	$572,814,587
Total Revenue & Other Financing Sources	$834,234,336	$126,301,802	$868,695,573	$29,610,000	$35,935,194	$28,293,120	$20,204,242	$1,519,867	$16,779,000	$30,563,043	$97,400,125	$24,084,351	$2,113,620,653

Notes:

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

** The Operating Transfer In for the Convention and Vistors Bureau ($1,047,260) and the Park Authority ($15,101,587) are adopted and reported by a separate board and are excluded from this revenue report.

All Funds Revenue Summary

Department / Agency	FY 06 Adopted Revenue Bud.	FY 07 Adopted Revenue Bud.	FY 08 Adopted Revenue Bud.	FY 09 Adopted Revenue Bud.	FY 10 Adopted Revenue Bud.	% Change FY 09 to FY 10
SECTION ONE: GENERAL FUND REVENUE SUMMARY:						
General Governmental:						
Office Of Executive Management	$692,000	$774,000	$0	$130,130	$0	-100.00%
County Attorney	$195,186	$195,186	$195,186	$245,186	$245,186	0.00%
Sub Total	$887,186	$969,186	$195,186	$375,316	$245,186	-34.67%
Administration:						
Finance	$1,190,332	$1,178,332	$1,302,560	$1,559,453	$1,660,722	6.49%
Human Rights Office	$61,000	$61,000	$61,000	$61,000	$64,580	5.87%
Off Of Information Technology	$132,400	$140,060	$140,060	$226,331	$226,331	0.00%
General Registrar	$104,168	$106,029	$112,963	$114,324	$109,641	-4.10%
Sub Total	$1,487,900	$1,485,421	$1,616,583	$1,961,108	$2,061,274	5.11%
Judicial Administration:						
Clerk Of The Court	$5,288,370	$7,502,505	$5,252,089	$4,286,035	$4,302,781	0.39%
Commonwealth's Attorney	$1,723,321	$1,770,737	$1,851,232	$1,875,537	$1,839,274	-1.93%
Criminal Justice Services	$1,004,955	$1,088,123	$1,141,661	$1,149,605	$1,175,355	2.24%
Juvenile Court Service Unit	$180,026	$144,592	$138,660	$138,660	$138,660	0.00%
General District Court	$1,717,930	$1,892,930	$1,892,930	$1,892,930	$1,892,930	0.00%
Juvenile & Domestic Relations Court	$51,943	$60,313	$60,313	$60,313	$60,313	0.00%
Law Library	$110,806	$110,806	$110,806	$110,806	$110,806	0.00%
Sub Total	$10,077,351	$12,570,006	$10,447,691	$9,513,886	$9,520,119	0.07%
Planning And Development:						
Economic Development	$14,130	$14,130	$14,130	$14,130	$14,130	0.00%
Planning (2)	$3,385,449	$2,525,293	$2,059,270	$99,013	$93,095	-5.98%
Transportation (1), (2)	$3,059,029	$2,723,191	$1,442,964	$0	$0	---
Public Works (1), (2)	$10,668,147	$11,591,409	$11,270,934	$2,011,247	$1,969,187	-2.09%
Sub Total	$17,126,755	$16,854,023	$14,787,298	$2,124,390	$2,076,412	-2.26%
Public Safety:						
Fire And Rescue	$1,094,791	$2,154,838	$2,269,432	$2,570,823	$2,226,739	-13.38%
Public Safety Communications	$3,952,509	$3,952,509	$3,600,372	$2,023,252	$2,023,252	0.00%
Sheriff	$2,472,061	$2,782,188	$2,912,765	$3,006,144	$3,007,076	0.03%
Police	$10,471,633	$12,209,032	$12,846,892	$11,697,766	$10,946,534	-6.42%
Sub Total	$17,990,994	$21,098,567	$21,629,461	$19,297,985	$18,203,601	-5.67%
Human Services:						
Community Services	$11,811,015	$13,454,854	$13,986,435	$14,646,576	$15,139,067	3.36%
Extension & Continuing Ed.	$368,736	$499,777	$361,550	$400,373	$517,727	29.31%
Office On Youth	$325,400	$356,100	$356,100	$464,780	$0	-100.00%
Area Agency On Aging	$1,246,146	$1,266,173	$1,580,578	$1,501,454	$1,120,132	-25.40%
At Risk Youth And Family Services	$4,914,075	$5,148,748	$5,273,398	$5,504,244	$5,317,823	-3.39%
Public Health	$222,665	$220,384	$262,196	$267,786	$287,343	7.30%
Social Services	$21,121,178	$22,666,926	$23,351,882	$25,529,617	$24,270,775	-4.93%
Sub Total	$40,009,215	$43,612,962	$45,172,139	$48,314,830	$46,652,867	-3.44%
Library:						
Library	$2,962,389	$3,003,618	$3,094,268	$3,137,758	$3,133,955	-0.12%
Sub Total	$2,962,389	$3,003,618	$3,094,268	$3,137,758	$3,133,955	-0.12%

All Funds Revenue Summary (Cont.)

Department / Agency	FY 06 Adopted Revenue Bud.	FY 07 Adopted Revenue Bud.	FY 08 Adopted Revenue Bud.	FY 09 Adopted Revenue Bud.	FY 10 Adopted Revenue Bud.	% Change FY 09 to FY 10
Debt / CIP:						
General Debt	$2,530,757	$2,575,134	$3,478,735	$3,559,899	$3,477,208	-2.32%
Sub Total	$2,530,757	$2,575,134	$3,478,735	$3,559,899	$3,477,208	-2.32%
Non-Departmental:						
Unclassified Administrative	$12,730,878	$14,184,190	$13,327,821	$16,016,147	$9,922,351	-38.05%
General Revenues	$641,831,187	$728,636,545	$737,732,405	$771,579,000	$727,859,700	-5.67%
Transfers In	$4,302,681	$4,188,947	$5,232,915	$7,780,850	$11,081,663	42.42%
Sub Total	$658,864,746	$747,009,682	$756,293,141	$795,375,997	$748,863,714	-5.85%
Total General Fund Revenue	**$751,937,293**	**$849,178,599**	**$856,714,502**	**$883,661,169**	**$834,234,336**	**-5.59%**
SECTION TWO: NON GENERAL FUND REVENUE SUMMARY:						
Special Revenue Funds:						
Trans. To P.R.T.C.	$2,000,800	$700,000	$700,000	$0	$0	---
Commuter Rail Station Parking	$101,823	$101,823	$101,823	$0	$0	---
Comm. parking lease rev bond debt	$1,526,522	$1,525,742	$1,524,494	$1,520,656	$1,519,867	-0.05%
Adult Detention Center	$26,307,488	$29,777,579	$32,968,601	$39,201,356	$35,935,194	-8.33%
Lake Jackson Service Dist.	$88,550	$108,976	$143,920	$147,758	$151,460	2.51%
Bull Run Mountain Serv. Dist.	$127,500	$170,391	$245,892	$231,522	$238,170	2.87%
Circuit Court Service District	$6,100	$6,100	$5,902	$3,973	$0	-100.00%
Spc tax dist;Gypsy Moth/Mosq ctrl	$1,037,745	$1,096,347	$1,465,840	$1,585,835	$1,585,835	0.00%
P. W. Parkway Trans Imprv Dst.	$1,477,920	$1,758,240	$2,015,800	$2,146,640	$2,163,860	0.80%
234 Bypass Trans Imprv Dst	$117,684	$131,898	$171,676	$213,456	$215,800	1.10%
Stormwater Management (2)	$7,697,581	$8,184,798	$7,156,439	$4,956,624	$4,956,624	0.00%
Public Works; Building Dev. (2, 3)	$0	$0	$0	$8,856,841	$0	-100.00%
Public Works- Site Dev. Fee Supp. (2)	$0	$0	$0	$2,430,270	$1,227,965	-49.47%
Planning- Site Dev. Fee Supported (2)	$0	$0	$0	$1,880,389	$1,278,440	-32.01%
Transportation- Site Dev Fee Supp (2, 3)	$0	$0	$0	$1,403,105	$963,361	-31.34%
Development Serv. - Dev Fee (3)	$0	$0	$0	$0	$7,422,727	---
Housing & Community Dev.	$23,983,545	$26,723,315	$26,852,604	$25,453,313	$28,293,120	11.16%
Total Special Revenue Funds	$64,473,258	$70,285,209	$73,352,991	$90,031,738	$85,952,423	-4.53%
Capital Projects Fund:						
Capital Improvement Projects	$107,556,646	$67,411,017	$53,428,450	$68,627,588	$20,251,302	-70.49%
Total Capital Projects Fund	$107,556,646	$67,411,017	$53,428,450	$68,627,588	$20,251,302	-70.49%
Enterprise Fund:						
Public Works; Solid Waste	$14,666,391	$15,752,176	$16,504,000	$16,779,000	$16,779,000	0.00%
Total Enterprise Fund	$14,666,391	$15,752,176	$16,504,000	$16,779,000	$16,779,000	0.00%
Internal Service Funds:						
Public Works; Fleet Management	$4,898,085	$5,842,290	$6,485,848	$6,336,397	$6,335,075	-0.02%
OIT; Data Processing	$14,607,025	$15,498,492	$15,651,632	$15,843,834	$15,271,132	-3.61%
Medical Insurance	$25,453,000	$28,105,000	$32,373,000	$31,358,000	$34,372,000	9.61%
Public Works; Small Proj. Const.	$2,150,574	$2,216,539	$2,275,834	$2,323,719	$2,478,144	6.65%
Total Internal Service Funds	$47,108,684	$51,662,321	$56,786,314	$55,861,950	$58,456,351	4.64%
Fire And Rescue Levy Funds:						
Fire and Rescue Levy Total	$24,345,689	$26,917,740	$27,005,237	$31,464,455	$29,610,000	-5.89%
Total Fire & Rescue Levy Funds	$24,345,689	$26,917,740	$27,005,237	$31,464,455	$29,610,000	-5.89%

All Funds Revenue Summary (Cont.)

Department / Agency	FY 06 Adopted Revenue Bud.	FY 07 Adopted Revenue Bud.	FY 08 Adopted Revenue Bud.	FY 09 Adopted Revenue Bud.	FY 10 Adopted Revenue Bud.	% Change FY 09 to FY 10
Schools:						
Operating Fund	$644,093,636	$727,707,085	$749,417,617	$791,017,635	$771,655,350	-2.45%
School Debt Service Fund	$48,429,423	$52,183,029	$56,408,860	$59,438,548	$61,400,058	3.30%
Construction Fund	$73,500,000	$122,087,000	$60,658,000	$70,193,000	$106,050,500	51.08%
Food Service Fund	$23,926,748	$25,706,341	$27,053,751	$28,896,472	$29,763,365	3.00%
Warehouse	$4,250,000	$4,100,000	$4,450,000	$4,750,000	$4,850,000	2.11%
Facilities Use Fund	$539,697	$578,165	$703,893	$975,077	$1,026,800	5.30%
Self Insurance Fund	$3,865,890	$4,052,951	$3,244,021	$3,521,466	$3,302,378	-6.22%
Health Insurance Fund	$46,072,631	$53,449,938	$57,230,359	$56,991,037	$59,725,747	4.80%
Regional School Fund	$23,931,294	$27,765,272	$25,296,670	$27,868,607	$30,563,043	9.67%
Total Schools	$868,609,319	$1,017,629,781	$984,463,171	$1,043,651,842	$1,068,337,241	2.37%
Grand Total All Funds	**$1,878,697,280**	**$2,098,836,843**	**$2,068,254,665**	**$2,190,077,742**	**$2,113,620,653**	**-3.49%**

(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 07-09 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) 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.

(3) 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.


THE SEAL OF PRINCE WILLIAM COUNTY, VA.