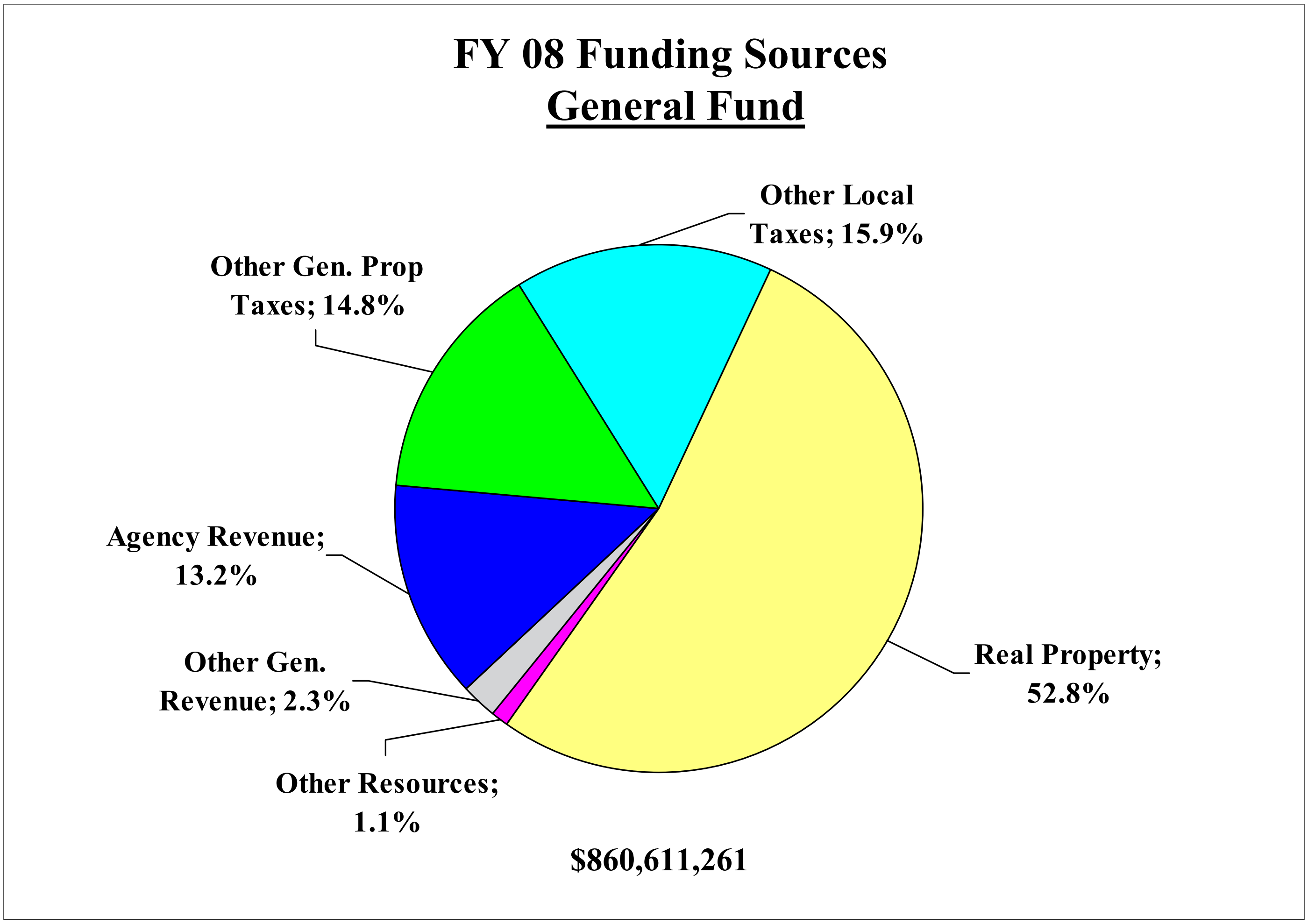
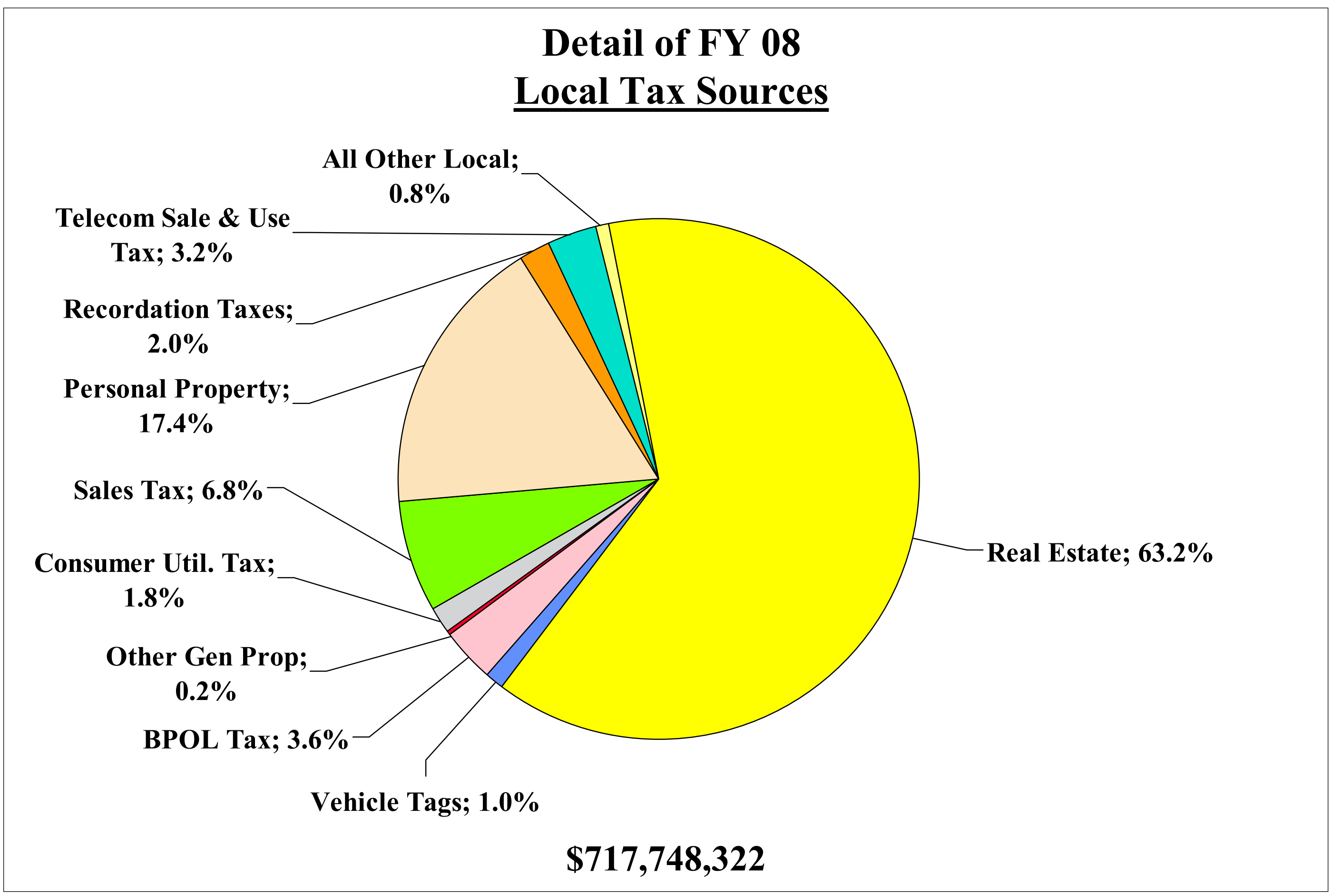
The General Fund accounts for all financial transactions and resources in Prince William County other than those required to be accounted for in another Fund. Thus, the General Fund is the largest and most important fund used by the County. The General Fund is divided into revenues and expenditures. This pie chart shows all FY 08 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 52.8%) comes from Real Property Taxes. This source contains revenues received from the County's real estate. The next largest sources are Other Local Taxes (15.9%), other General Property (14.8%) and Agency Revenue (13.2%). 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 (13.2%) 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 96.7% of total funding sources in the General Fund.

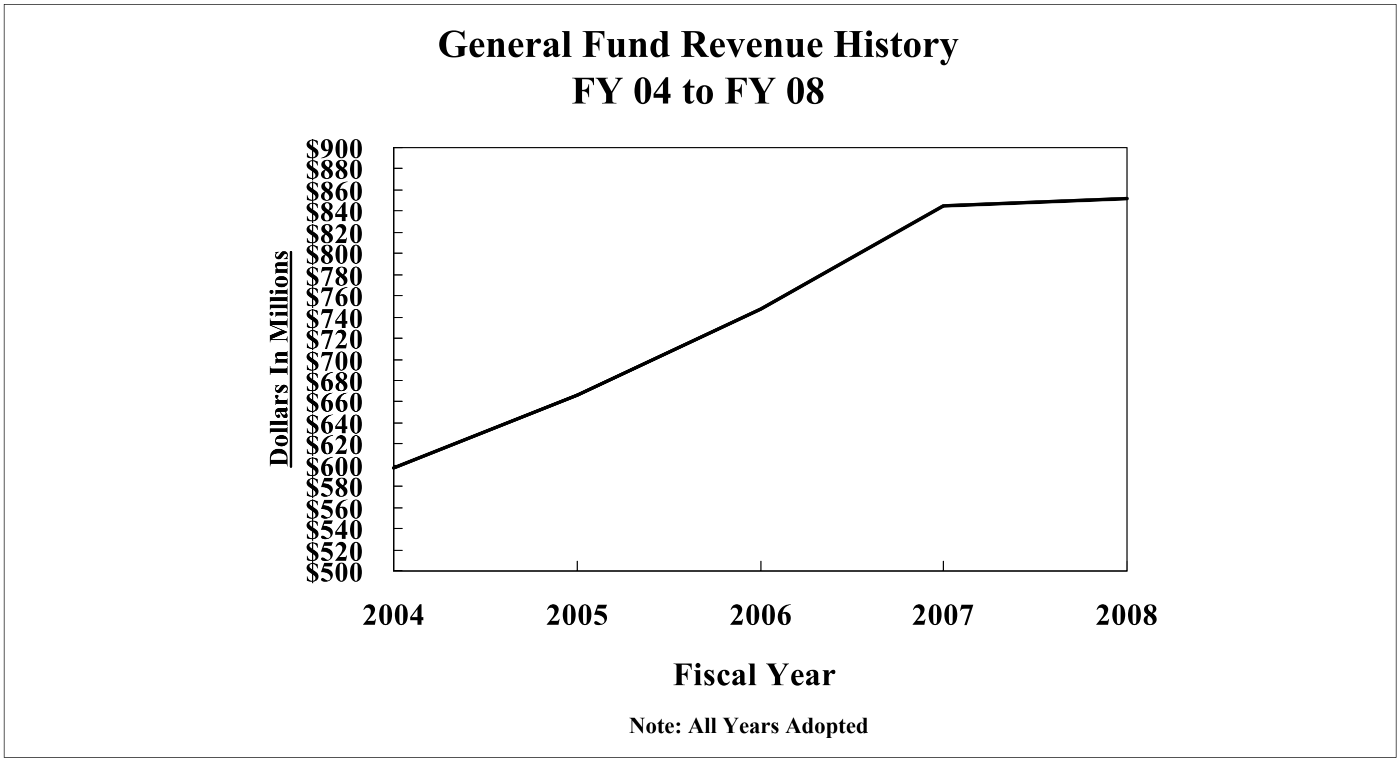


This pie chart provides detail regarding the County's FY 08 Adopted local tax sources. These taxes make up a majority of the funding sources contained in the County's General Fund. The largest source of local tax dollars (63.2%) comes from the real estate tax ($0.787 per $100 of assessed value) assessed on citizen's homes and real estate properties. The next largest source (17.4%) is Personal Property Taxes ($3.70 per $100 of assessed value) assessed on individual and business personal property. The next source (6.8%) is Sales Tax (a tax rate of 1%) levied on the retail sale or rent of most tangible property. These three tax sources taken together provide 87.4% of total local tax dollars coming into the County. The smaller sources of tax dollars include:

- Vehicle Tags (1.0%) received from the annual sale of automobile decals;
- All Other Local (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 (3.6%) 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 (2.0%) is levied when a deed or deed of trust is recorded with the clerk of the circuit court
- Telecommunication Sales and Use Tax (3.2%) is 5% levied on the following services; Landline, telephones, wireless telephone, cable TV, satellite TV, VOIP service and Paging services.



As the following graphs show, total Prince William County General Fund Revenues have increased 42.6% from FY 04 Adopted to FY 08 Adopted (from $597.30 million to $851.48 million).



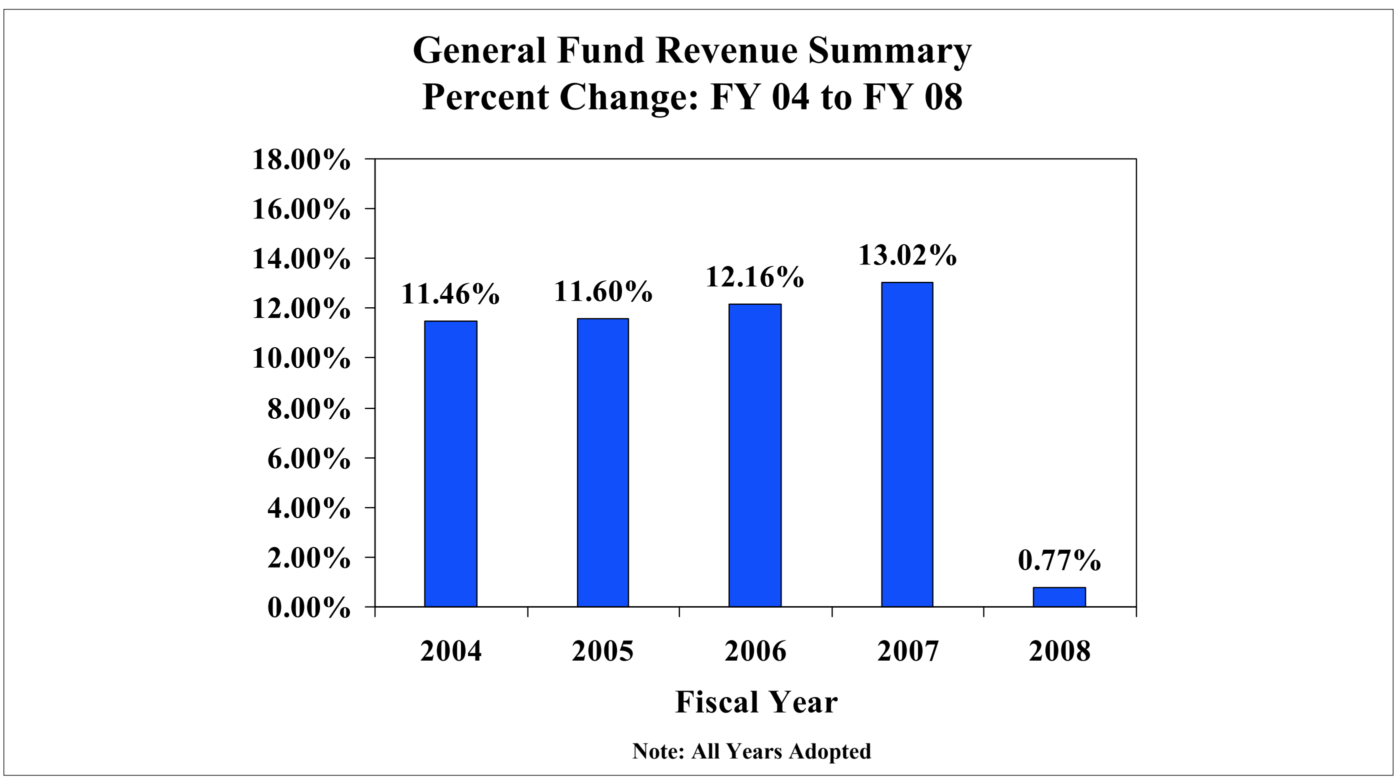


Table 1. Revenue Estimates by Category

Acct. Code	GENERAL REVENUE SOURCE	FY 2008 ESTIMATE	FY 2009 ESTIMATE	FY 2010 ESTIMATE	FY 2011 ESTIMATE	FY 2012 ESTIMATE
0010	REAL ESTATE TAXES	$449,757,000	$464,525,000	$487,662,000	$525,555,000	$564,820,000
	ROLLBACK SUPPLEMENT	250,000	750,000	500,000	250,000	250,000
0020	REAL ESTATE TAX EXONERATIONS	(8,260,000)	(8,491,000)	(8,909,000)	(9,596,000)	(10,313,000)
	SUBTOTAL	441,747,000	456,784,000	479,253,000	516,209,000	554,757,000
0041	R/E TAXES - PUBLIC SERVICE	10,777,000	10,885,000	11,078,000	11,471,000	11,643,000
0021	REAL ESTATE TAX DEFERRAL	(150,000)	(125,000)	(125,000)	(175,000)	(175,000)
0025	LAND REDEMPTION	330,000	324,000	319,000	315,000	315,000
0160	REAL ESTATE PENALTIES	1,589,000	1,633,000	1,713,000	1,845,000	1,983,000
TOTAL - - REAL ESTATE		**454,293,000**	**469,501,000**	**492,238,000**	**529,665,000**	**568,523,000**
0071	PERSONAL PROPERTY TAXES	125,630,000	136,748,000	148,590,000	161,199,000	174,619,000
0072	P/P - PRIOR YEAR	75,000	75,000	75,000	75,000	75,000
0081	P/P TAX DEFERRAL	($900,000)	($1,050,000)	($1,050,000)	($1,175,000)	($1,175,000)
0170	P/P PENALTIES	1,067,855	1,230,732	1,411,605	1,611,990	1,754,921
TOTAL - - PERSONAL PROPERTY		**125,872,855**	**137,003,732**	**149,026,605**	**161,710,990**	**175,273,921**
0210	**LOCAL SALES TAX**	**48,629,229**	**50,092,969**	**51,595,758**	**53,143,631**	**54,737,940**
0220	**CONSUMER UTILITY TAX**	**12,720,000**	**13,300,000**	**13,950,000**	**14,690,000**	**15,470,000**
0223	**COMMUNICATIONS SALES TAX**	**22,719,000**	**24,103,000**	**25,582,000**	**27,164,000**	**28,855,000**
0235	**BPOL TAXES - LOCAL BUSINESSES**	**24,280,000**	**24,770,000**	**25,760,000**	**27,820,000**	**30,040,000**
0510	**INVESTMENT INCOME**	**18,949,428**	**21,759,668**	**22,292,223**	**21,240,323**	**24,415,667**
0140	INTEREST ON TAXES	1,140,750	1,187,064	1,255,686	1,354,816	1,458,752
0222	CABLE FRANCHISE TAX	0	0	0	0	0
0250	MOTOR VEHICLE LICENSE FEE	7,017,750	7,347,741	7,677,731	8,007,722	8,337,713
0260	RECORDATION TAX	14,210,000	14,640,000	15,370,000	16,300,000	17,600,000
0261	ADDITIONAL TAX ON DEEDS	2,959,000	3,048,000	3,200,000	3,392,000	3,663,000
All OTHER REVENUE OVER $1.5 MILLION		**25,327,500**	**26,222,805**	**27,503,417**	**29,054,538**	**31,059,465**
0215	DAILY EQUIPMENT RENTAL TAX	220,000	242,000	266,000	293,000	322,000
0230	BANK FRANCHISE TAX	936,000	1,076,000	1,237,000	1,423,000	1,636,000
0236	BPOL TAXES - PUBLIC SERVICE	1,210,000	1,259,000	1,310,000	1,363,000	1,418,000
0270	TRANSIENT OCCUPANCY TAX	1,540,738	1,672,850	1,762,196	1,880,813	1,979,351
0520	INTEREST PAID TO VENDORS	(300,000)	(325,000)	(350,000)	(375,000)	(400,000)
0521	INTEREST PAID ON REFUNDS	(35,000)	(35,000)	(40,000)	(40,000)	(45,000)
1301	ABC PROFITS	160,440	160,440	160,440	160,440	160,440
1302	STATE WINE TAX	168,172	168,172	168,172	168,172	168,172
1303	ROLLING STOCK TAX	91,218	93,954	96,773	99,676	102,666
1304	PASSENGER CAR RENTAL TAX	811,125	835,459	860,523	886,338	912,928
1305	MOBILE HOME TITLING TAX	45,000	45,000	45,000	45,000	45,000
1700	FED PAYMENT IN LIEU OF TAXES	85,000	90,000	95,000	100,000	105,000
MISC.	ALL OTHER GENERAL REVENUE	8,700	8,700	8,700	8,700	8,700
ALL OTHER REVENUE UNDER $1.5 MILLION		**4,941,392**	**5,291,575**	**5,619,803**	**6,013,139**	**6,413,258**
TOTAL GENERAL REVENUE		**$737,732,405**	**$772,044,749**	**$813,567,807**	**$870,501,621**	**$934,788,250**

General Fund

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

Real Estate Revenue

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

Real Estate Taxes

The real estate tax is the single largest revenue source for the County contributing approximately 61.1% of general revenues (FY 08 forecast). It is levied on all land, improvements, and leasehold interests on land or improvements (collectively called "real property") except that which has been legally exempted from taxation by the Prince William County Code and the Code of Virginia. The revenue summary for the general real estate tax applies only to real property assessed locally, which includes residential, commercial and industrial, and agricultural and resource land property types. Table 2 shows the five-year revenue forecast for real estate taxes.

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

Following five years of double digit appreciation, during which the average residential improved property experienced more than 150% appreciation in value, the market in 2006 was clearly depressed. As compared to 2005 when the average property appreciated more than 27%, the same property declined in value by approximately 4% in 2006. Despite a growing economy, a significant contributing factor to the market decline was the withdrawal of investors from the residential real estate markets.

Demand for first-time-buyer homes priced less than $450,000 continued to be the strongest sector of the residential market during calendar year 2006. The number of homes sold in 2006 decreased by approximately 36% over the prior year as the average number of days on the market increased to 125 days, up over 123% from January 2006, according to the Metropolitan Regional Information System. The inventory of homes on the market increased sharply during calendar year 2006 to eight months supply while demand was anemic at best.

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

Residential Market Value Changes

The following chart shows a history of actual residential appreciation (excluding rental apartments) from fiscal year 1982 through fiscal year 2008 and the General Revenue Committee's estimates thereafter. The actual average from revenue years 1982 through 2008 is shown in Figure 1.

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

The forecast for the residential market is to gradually stabilize over the course of the next twelve to twenty-

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

Forecast Revenue	Tax Rate	Revenue Estimate	Percent Change
FY2008	$0.787	$441,747,000	5.3%
FY2009	0.787	456,784,000	3.4%
FY2010	0.793	479,253,000	4.9%
FY2011	0.813	516,209,000	7.7%
FY2012	0.817	554,757,000	7.5%

four months. Residential properties in Prince William County are expected to further decline in value by 2% during calendar year 2007 (fiscal year 2009). Key drivers in the Washington area's forecast are low unemployment, strong job growth, shrinking supply of land available for development inside the Capital Beltway, and relatively low mortgage interest rates. At the national level, unemployment is expected to remain stable and the Gross Domestic Product (GDP) is expected to sustain growth in 2007.

The forecast for residential appreciation beyond fiscal year 2009 reflects these market insights. Values are expected to be unchanged in fiscal year 2010 and increase 1% and 3% for fiscal years 2011 and 2012 respectively. Forecasters expect the current supply and demand imbalance to resolve

Figure 1. Average Annual Residential Real Estate Appreciation, 1982-2012

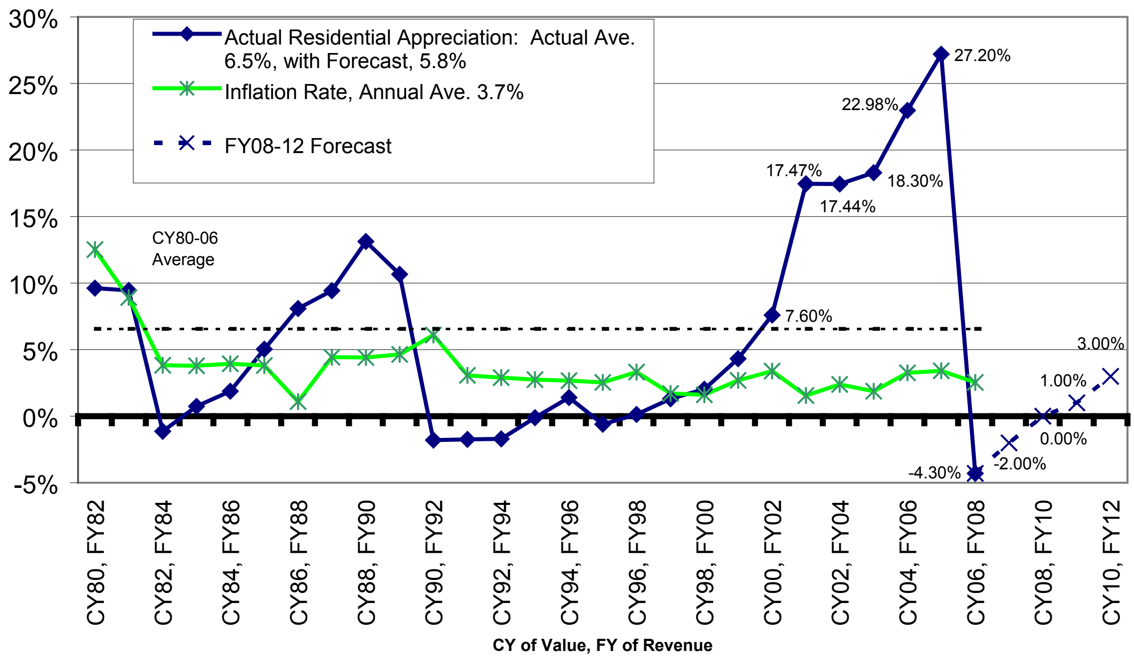


Table 3. Residential Market Value Changes

Revenue Year	Single-Family, Townhouse, and Condominium	Apartments
FY2008 (actual)	-4.30%	6.0%
FY2009	-2.00%	4.0%
FY2010	0.00%	3.0%
FY2011	1.00%	2.0%
FY2012	3.00%	1.0%

Table 4. Comparison of Estimated Residential Market Value Changes from 2006 to 2007

	Prince William County	Loudoun County	Fairfax County	City of Alexandria	Arlington County
All Residential (Excluding Rental Apartments)	-4.30%	-5.25%	-0.33%	-0.82%	-0.80%

itself over the next two years and appreciation to resume at normal long-term levels.

Residential appreciation in Prince William County is comparable to neighboring Northern Virginia jurisdictions, as shown in Table 4.

Apartments Market Value Change

Favorable conditions in the County's apartment market translated into an average increase in market value of approximately 10.0% in calendar year 2006. This increase is largely attributable to higher apartment rents and lower capitalization rates. Demand for apartment units remained strong during calendar year 2006. Appreciation is estimated to continue at a lower rate of approximately 4% during calendar year 2007 (fiscal year 2009), 3% in fiscal year 2010, 2% in 2011 and 1% in fiscal year 2012.

Residential New Construction Units

Growth is defined as the change in assessed value due to the subdivision of land and the construction of new residential units. Construction taking place in one calendar year affects real estate revenues two fiscal years later. For example, construction that occurs in calendar year 2006 affects revenues beginning in fiscal year 2008. Table 5 summarizes the expected number of newly constructed residential units during the forecast period, and the previous five year's activity.

Construction of 3,969 residential units and 451 apartment units was completed during calendar year 2006 which will generate revenue for fiscal year 2008. There were 1,672 fewer single family, townhouse, and condominium units constructed in 2006 than 2005 while 86 fewer apartment units were constructed. The volume of new home starts is expected to decrease as developers adjust to the current real estate market. However, new home starts will remain relatively stable during the forecast period with 3,000 units estimated for fiscal year 2009 and 3,175 units in fiscal year 2010, 2011, and 2012. Construction of new apartment units is forecast to decrease to 300 units for fiscal year 2009 and stabilize at around 200 units for fiscal years 2010 through 2012. 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 2006 was $527,846, a 3.7% decrease over the average assessed value of homes built in 2005 which was $548,355.

The average assessed value of a new single family home was $598,400 in 2006, a 3.0% decrease over the average assessed value of $616,954 in 2005.

In 2006, the average assessed value of a new condominium unit was $366,000 compared to $377,304 in 2005 and the average value of a townhouse unit declined from $421,251 to $408,600. There has been a trend in recent years toward the construction of larger townhouse style condominium units and luxury waterfront mid-rise condominium units. The average selling price of these units has typically exceeded the average selling price of townhouses.

Table 5. Residential Growth – Number of Units

Revenue Year	Total Residential Units	Single-Family	Townhouse	Condominium	Apartments
FY2003(a)	5,051	3,059	941	43	1,008
FY2004(a)	4,824	3,166	1,297	111	250
FY2005(a)	4,859	3,231	1,219	31	378
FY2006(a)	5,644	3,619	1,107	254	664
FY2007(a)	6,178	3,780	1,343	518	537
FY2008(a)	4,420	2,556	1,135	278	451
FY2009	3,300	2,000	600	400	300
FY2010	3,400	2,200	550	425	225
FY2011	3,375	2,200	550	425	200
FY2012	3,325	2,250	550	375	150

(a) - actual

The assessed value per new unit of apartment properties built in 2006 was approximately $99,600, as shown in Table 6.

Commercial Real Estate

Calendar year 2006 market activity in Prince William County resulted in commercial properties appreciating approximately 9% on average for fiscal year 2008 revenues. The industrial and office sectors experienced the greatest level of appreciation followed by retail properties. The assessed values of hotels and special purpose properties showed similar increases to general commercial appreciation.

The commercial property outlook for calendar year 2007 (fiscal year 2009) is expected to bring 5% appreciation overall. Vacant commercial land, retail and industrial properties are expected to show the highest appreciation rates. Office and hotels will show moderate rates of appreciation. Commercial appreciation for fiscal year 2010 is forecast at 3% and appreciation in fiscal years 2011 and 2012 is expected to be 5% and 8% per year respectively.

Average assessed values per square foot for fiscal year 2008 are determined based on the added building value resulting from new construction completed during calendar year 2006.[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).

Table 6. New Residential Assessed Value per New Unit

Revenue Year	Overall Residential (Excluding Apts.)	Single-Family	Townhouse	Condominium	Apartment
FY2003(a)	$287,903	$318,832	$192,801	$168,769	$68,026
FY2004(a)	327,671	372,654	226,622	224,565	65,235
FY2005(a)	382,442	430,374	258,473	261,470	80,000
FY2006(a)	447,974	493,565	332,477	301,754	84,400
FY2007(a)	548,355	616,954	421,251	377,304	94,000
FY2008(a)	527,846	598,400	408,600	366,000	99,600
FY2009	524,140	592,400	404,500	362,300	103,600
FY2010	539,593	604,200	412,600	369,500	106,700
FY2011	561,201	628,400	429,100	384,300	108,800
FY2012	593,289	659,800	450,600	403,500	109,900

(a) - actual

Table 7. Commercial Market Value Changes

Revenue Year	Commercial
FY2003(a)	6.7%
FY2004(a)	3.8%
FY2005(a)	11.9%
FY2006(a)	15.1%
FY2007(a)	17.3%
FY2008(a)	9.0%
FY2009	5.0%
FY2010	3.0%
FY2011	5.0%
FY2012	8.0%

(a) - actual

Commercial properties are categorized into five property types: retail, office, hotel, industrial, and special purpose. For fiscal year 2008 (calendar year 2006 market activity), a total of 2,731,438 commercial square feet was added to the assessment rolls. Growth is expected to decrease slightly in fiscal year 2009 to 2,059,501 square feet and gradually decrease to approximately 925,000 square feet at the end of the forecast period.

Commercial real estate is still an attractive investment option despite low capitalization rates (as low as 4%). The return on investment still exceeds those of other investment options. Overall, the commercial/industrial real estate market is expected to remain solid through calendar year 2007 as strong demand and attractive lending options are still present. A 5% increase in assessed value is expected for fiscal year 2009 followed by 3% in fiscal year 2010, 5% in fiscal year 2011 and 8% in 2012.

Retail

New construction in the retail sector accounted for 20.7% of all commercial/industrial growth for fiscal year 2008, adding approximately 566,000 square feet to the tax base. Dominion Valley Shopping Center was completed in 2006. Also completed were general retail properties such as banks, restaurants, daycare centers, garages and service stations, miscellaneous retail and additions to existing properties. Growth in retail properties forecast for fiscal years 2009 to 2012 includes several large retail projects. Significant growth in the residential real estate market has spurred corresponding retail construction. In addition, commercial real estate has remained attractive to investors. The retail properties in the County are still experiencing strong income growth and low vacancy. Shopping center capitalization rates have been declining and continued to do so in 2006. Capitalization rates for premium shopping centers are approximately 6%.

Nearly half of the assessed value within the commercial/industrial tax base is within the retail sector. Shopping center properties showed approximately 13% appreciation on average for fiscal 2008. The retail sector is anticipated to remain strong throughout the forecast period.

Industrial

Over 30% of commercial/industrial new construction for fiscal year 2008 occurred within the industrial sector adding approximately 915,000 square feet to the commercial/industrial base. New construction completed during 2006 within the industrial sector included several new storage facilities, industrial condominiums, and various other types of industrial buildings. Growth within the industrial sector is expected to remain strong throughout the forecast period with approximately 1,000,000 square feet being added to the tax base for fiscal year 2009.

Existing industrial properties appreciated approximately 15% for fiscal year 2008. This rate of appreciation is expected to level off somewhat, but still remain strong throughout the forecast period as Prince William County continues to be in high demand by transportation-based businesses and support service companies seeking space of 3,000 to 20,000 square feet.

Hotels

Two new hotels were completed during 2006, adding 115,000 square feet to the commercial base. Currently, a Country Inn & Suites near Potomac Mills, a Hampton Inn in Gainesville, and a Holiday Inn in Dumfries are under construction. Over the next several years several hotels are planned for Prince William County. These include an Extended Stay America in Manassas, and a luxury hotel for the Cherry Hill area.

The existing hotel market showed a healthy increase in valuation for 2007. Assessed values of hotels are expected to rise moderately during the later years of the forecast period.

Office Buildings

Construction of several new office buildings and condominiums completed during calendar year 2006 added approximately 1,000,000 square feet to the commercial base. The overall appreciation for office buildings was approximately 18%. Growth within the office sector is expected to be sustained at a lower rate during the forecast period with the addition of approximately 300,000 square feet for fiscal year 2009.

The forecast includes office properties already under construction or planned office properties such as the

[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.

Mosaic Medical Office building, Quantico Center-Building 2, Quantico Gateway II, as well Linden Business Center office condos.

The growing percentage of speculative building within the office sector is likely to increase vacancy rates, thereby exerting pressure on rents. Nevertheless, lower capitalization rates are forecast to counterbalance the possible negative impact on vacancies and drive moderate increases in assessed value for office properties for fiscal year 2009.

Special Use

Properties within the special use category comprise taxable schools, healthcare facilities, high-technology data center type properties and others that have no foreseeable alternate uses. Assessed values are expected to remain stable during the forecast period.

Nearly 100,000 square feet of miscellaneous commercial properties such as golf course improvements and taxable schools were constructed in calendar year 2006 (fiscal year 2008).

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

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.

Table 8. Commercial New Construction Value per Square Foot

Revenue Year	Retail	Office	Hotel	Industrial	Special Use Properties
FY2003(a)	$74	$75	$91	$39	$291
FY2004(a)	67	94	n/a	43	n/a
FY2005(a)	95	83	92	56	n/a
FY2006(a)	109	96	106	60	n/a
FY2007(a)	81	105	84	66	n/a
FY2008(a)	85	110	88	69	119
FY2009	89	116	92	72	125
FY2010	94	121	97	76	131
FY2011	98	127	102	80	138
FY2012	103	134	107	84	145

Table 9. New Commercial Construction Square Footage

Revenue Year	Total Commercial	Retail	Office	Hotel	Industrial	Special Use Properties
FY2003(a)	1,391,510	475,668	106,916	96,610	464,763	247,553
FY2004(a)	491,590	147,059	61,250	0	283,281	0
FY2005(a)	1,026,817	393,109	78,062	29,492	526,154	0
FY2006(a)	1,807,573	661,639	170,153	197,911	644,456	0
FY2007(a)	1,732,978	563,714	106,775	0	1,040,984	0
FY2008(a)	2,731,438	566,090	1,028,850	115,002	915,098	106,398
FY2009	2,059,501	400,000	300,000	294,480	994,021	70,000
FY2010	1,460,000	350,000	100,000	100,000	850,000	60,000
FY2011	1,300,000	325,000	200,000	75,000	650,000	50,000
FY2012	925,000	300,000	75,000	50,000	450,000	50,000

(a) - actual

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 the following eligibility requirement changes, which enables more households to participate in the Tax Relief Program for Elderly and Disabled Persons:

- the net worth limitation was increased from $240,000 to $340,000 which excludes the residence for which the exemption is sought and up to 25 acres of land which it occupies;
- the amount of income that can be earned by relatives and not included in the income calculation was raised from $8,500 to $10,000;
- the base income definition was changed from 84% of the low income family income limit based upon a family of two to the low income family income limit based upon a family of two. For FY2007 (tax year 2006), the gross household income from all sources may not exceed $67,300.

Public Service Taxes

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

Historically, all market value changes within the public service classification have been attributable to new construction growth. Growth during fiscal year 2005 was significantly higher than in past years due to the completion of Virginia Power's facility at Possum Point. Growth within the public service properties is expected to stabilize at a rate of 1% per year for fiscal years 2008 to 2012. Public service market values are not subject to the same market changes as other real estate properties. (See Table 11).

Real Estate Tax Deferrals

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

If unpaid real estate taxes at the end of a fiscal year are more than at the beginning of that fiscal year, the amount

Table 10. Revenue Summary – Public Services Taxes

Forecast Revenue		Revenue Estimate	Percent Change
FY2008	$0.787	$10,777,000	4.9%
FY2009	0.787	10,885,000	1.0%
FY2010	0.793	11,078,000	1.8%
FY2011	0.813	11,471,000	3.5%
FY2012	0.817	11,643,000	1.5%

Table 11. Public Service – Changes in Assessed Value

	FY08	FY09	FY10	FY11	FY12
Public Service Growth	1.00%	1.00%	1.00%	1.00%	1.00%

Table 12. Revenue Summary – Real Estate Tax Deferrals

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$ (150,000)	14.3%
FY2009	(125,000)	16.7%
FY2010	(125,000)	0.0%
FY2011	(175,000)	(40.0%)
FY2012	(175,000)	0.0%

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).

The forecast reflects the initiative approved by the Board of County Supervisors on December 10, 1996 to decrease the percentage of unpaid property taxes at fiscal year end, as compared to the current year levy, from 11% in FY1996 to 6% in FY2003. With the adoption of the FY2002 budget, additional collection resources were provided to the Finance Department and the amount of unpaid property taxes as a percentage of the total levy was revised to 5.5% by FY2005.

At the end of FY2006, the percentage of unpaid property taxes compared to the FY2006 levy was 2.3%. The unpaid property tax percentage is anticipated to remain at 2.3% for FY2007 and FY2008. This is the County's best unpaid property tax rate since data was first collected in 1971.

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

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

Land Redemption

Land redemption is the recognition of real estate taxes collected after being more than three years delinquent. The *Code of Virginia* allows the County to pursue the collection of delinquent real estate taxes for twenty years. (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 FY2008 to FY2012 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.

Real Estate Penalties

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

Table 13. Revenue Summary – Land Redemption

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$ 330,000	(29.6%)
FY2009	324,000	(1.8%)
FY2010	319,000	(1.5%)
FY2011	315,000	(1.3%)
FY2012	315,000	0.0%

Table 14. Unpaid Land Redemption Taxes

FY2006	$1,685,000
FY2007	1,648,000
FY2008	1,618,000
FY2009	1,595,000
FY2010	1,576,000
FY2011	1,561,000

Revenue from real estate penalties is estimated by applying a fixed percentage (approximately 0.36%) to the real estate revenue forecast excluding public service properties. The fixed percentage is based on recent historical data of real estate penalty revenues as a percentage of total real estate revenues excluding public service properties.

Personal Property Revenue

The personal property tax is assessed on vehicles, mobile homes, and business personal property. Approximately 86% of personal property tax revenue is forecast in FY2008 to be generated by motor vehicles, trailers, and motor homes. The remaining 14% is forecast to be received from taxes levied on business equipment.

Certain classifications of property do not generate a tax bill because of their extremely low tax rate, such as farm equipment, vehicles that qualify for elderly tax relief, vanpool vans, handicapped-equipped vehicles, and vehicles used by fire and rescue volunteers to answer emergency calls. In addition, some vehicles are tax exempt such as those used as daily rentals, vehicles owned by certain military personnel, and vehicles owned by non-profit organizations. (See Table 16).

Personal Property Tax on Vehicles

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

Car Tax Relief

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

During the 2004 State budget sessions, legislation was enacted that changes how the amount of car tax relief is calculated under the PPTRA. The legislation caps the amount reimbursed to the County beginning in tax year 2006 (fiscal year 2007). Capping the car tax at a set dollar amount ($950 million state-wide) will reduce the percentage of the tax on qualifying vehicles paid by the Commonwealth in each successive year. To compensate, Prince William County must increase the share of the tax paid by the taxpayer or face declining revenue. The five-year revenue forecast assumes the County will increase the share paid by taxpayers so that overall personal property tax revenue from qualifying vehicles remains the same as it would under the current PPTRA program. The percentage of tax relief for qualifying vehicles in fiscal year 2008 is 60.0%.

Table 15. Revenue Summary – Real Estate Penalties

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$1,589,000	4.2%
FY2009	1,633,000	2.8%
FY2010	1,713,000	4.9%
FY2011	1,845,000	7.7%
FY2012	1,983,000	7.5%

Table 16. Revenue Summary – Personal Property Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$125,630,000	3.8%
FY2009	136,748,000	8.9%
FY2010	148,590,000	8.7%
FY2011	161,199,000	8.5%
FY2012	174,619,000	8.3%

Change in Average Vehicle Value

The average assessed value per vehicle increased by 1.9% between FY2006 and FY2007. The FY2008 (calendar year 2007) forecast assumes a 0.75% decrease in average assessed value. After continuous years of dealership incentives on new vehicles and high gasoline costs during summer and fall 2006, 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 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.

Change in Number of Vehicle Units Billed

The percentage change in the number of vehicle units billed increased by 4.2% between FY2006 and FY2007. Over the prior six years, the increase has averaged 6.0%, ranging from a low of 4.2% to a high of 8.3%. The FY2008 (calendar year 2007) forecast assumes an increase of 4.0% which is less than the long-term average due to slower population growth resulting from the downturn in the residential real estate market. Despite the current real estate market, the increase in units is due to population growth, growth in the number of businesses and business vehicles, and an upward trend in the average number of vehicles per household. (See Table 17, Table 18 and Figure 2).

Business Personal Property Tax

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

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

1. **General Business Equipment** - Assessed at 85% of its original cost in the year acquired. Thereafter, the percentage decreases by 10% increments. If still held after eight years, its assessed value remains constant at 10% of the original cost.
2. **Heavy Equipment** - Assessed at 80% of its original cost in the year acquired. Thereafter, the percentage decreases by 15% increments. If still held after five years, its assessed value remains constant at 10% of original cost.
3. **Computer Equipment and Peripherals** - Assessed at 50% of cost in the first year, 35% the second year, 20% the third year, 10% the fourth year, and 5% the fifth and subsequent years.

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

For the forecast period, taxes from business equipment are expected to increase by 7.0%.

Table 17. Average Assessed Value per Vehicle

	Dollar Value	Percent Increase
FY2003(a)	$ 8,242	0.9%
FY2004(a)	8,740	6.0%
FY2005(a)	8,610	(1.5%)
FY2006(a)	9,420	9.4%
FY2007(a)	9,596	1.9%
FY2008	9,524	(0.8%)
FY2009	9,924	4.2%
FY2010	10,340	4.2%
FY2011	10,774	4.2%
FY2012	11,226	4.2%

(a) – actual

Personal Property Prior Year

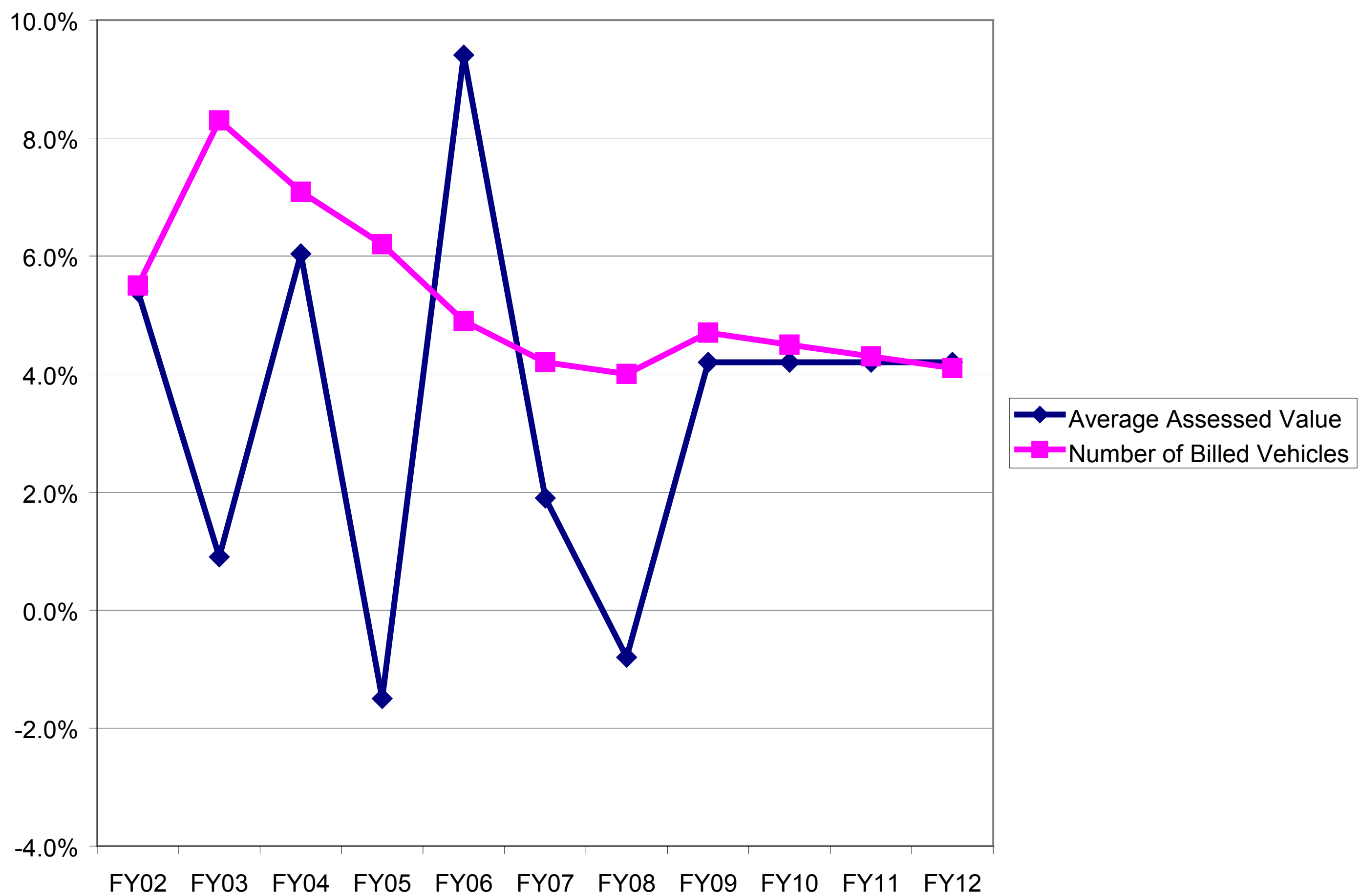
This account records changes to prior year personal property taxes as a result of changes in estimated allowance for uncollectible taxes. These revenues are slightly less than $100,000 a year, and are therefore not addressed in as much detail as the major revenue sources. (See Table 19).

Table 18. Percent Change in Number of Vehicle Units Billed

FY2003(a)	8.3%
FY2004(a)	7.1%
FY2005(a)	6.2%
FY2006(a)	4.9%
FY2007(a)	4.2%
FY2008	4.0%
FY2009	4.7%
FY2010	4.5%
FY2011	4.3%
FY2012	4.1%

(a) – actual

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



Personal Property Deferrals

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

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

The forecast includes the initiative approved by the Board of County Supervisors on December 10, 1996 to decrease the percentage of unpaid property taxes at fiscal year end as compared to the current year levy from 11% in FY 1996 to 6% in FY2003. With the adoption of the FY2002 budget, additional collection resources were provided to the Finance Department and the amount of unpaid property taxes as a percentage of the total levy was revised to 5.5% by FY2005.

At the end of FY2006, the percentage of unpaid property taxes compared to the FY2006 levy was 2.3%. The unpaid property tax percentage is anticipated to be maintained at 2.3% for FY2007 and FY2008. This is the County's best unpaid property tax rate since data was first collected in 1971.

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

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

Personal Property Penalties - Current Year

The County assesses a 10% penalty on the late payment of personal property taxes. (See Table 21).

Table 19. Revenue Forecast – Personal Property Prior Year

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$75,000	0.0%
FY2009	75,000	0.0%
FY2010	75,000	0.0%
FY2011	75,000	0.0%
FY2012	75,000	0.0%

Table 20. Revenue Summary – Personal Property Deferrals

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$ (900,000)	2.7%
FY2009	(1,050,000)	(16.7%)
FY2010	(1,050,000)	0.0%
FY2011	(1,175,000)	(11.9%)
FY2012	(1,175,000)	0.0%

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

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$1,067,855	6.7%
FY2009	1,230,732	15.3%
FY2010	1,411,605	14.7%
FY2011	1,611,990	14.2%
FY2012	1,754,921	8.9%

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

Local Sales Tax Revenue

Local Sales Tax

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

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

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

Prince William County's sales tax revenue in the first half of FY2007 has plateaued at virtually the same amount of tax revenue that was generated during the first half of FY2006. This trend of level sales tax revenue is expected to continue during the rest of FY2007. Gradual increases are projected in FY2008 and beyond due principally to population growth. This is in direct contrast with Prince William County's two to three most recent years' experience with sales tax which reflected a notably faster than normal pattern of annual growth. During the period of recession, in fiscal years 2000 through 2002, the County's sales tax grew at rates varying between 6% and 10%.

During the beginning of FY2007, the various surrounding jurisdictions started seeing either decelerating or ending

Table 22. Revenue Summary – Local Sales Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$48,629,229	4.1%
FY2009	50,092,969	3.0%
FY2010	51,595,758	3.0%
FY2011	53,143,631	3.0%
FY2012	54,737,940	3.0%

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

	2006			
	QTR 1	QTR 2	QTR 3	QTR 4
Alexandria	4.19%	9.40%	5.98%	0.58%
Arlington	2.85%	8.96%	1.22%	1.46%
Fairfax County	3.32%	6.17%	2.67%	4.89%
Prince William County	9.30%	1.67%	4.68%	(3.89%)

[2] Virginia Department of Taxation, Monthly Sales Tax Reports

sales tax revenue growth. Most of the other Northern Virginia jurisdictions' 2007 sales tax revenue displayed little or no growth when compared to the same period in the prior year, see Table 23.

Two of 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,
- An increase in vehicle fuel and home heating prices which diminishes resident's spending power

Population Growth

The retail sales tax estimate is based on the population change in the County. The population increase is determined by the anticipated increase in new housing units for the forecast period as well as the average household size for each type of new housing unit constructed. The five-year projection includes population increases ranging from

Table 24. Population Growth

Fiscal Year	Population Change	Estimated Population	Percent Change
FY2005		354,383	5.2%
FY2006	16,795	371,178	4.7%
FY2007	18,891	390,069	5.1%
FY2008	13,051	403,120	3.4%
FY2009	9,642	412,762	2.4%
FY2010	10,026	422,788	2.4%
FY2011	9,973	432,760	2.4%
FY2012	9,918	442,678	2.3%

Table 25. Revenue Summary – Consumer Utility Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$12,720,000	(31.2%)
FY2009	13,300,000	4.6%
FY2010	13,950,000	4.9%
FY2011	14,690,000	5.3%
FY2012	15,470,000	5.3%

Table 26. Percent Change in Revenue Growth from Electricity and Gas Utilities

	Electric Utilities	Gas Utilities
FY2002(a)	1.4%	2.8%
FY2003(a)	4.5%	10.7%
FY2004(a)	5.3%	5.9%
FY2005(a)	4.6%	7.1%
FY2006(a)	5.7%	5.0%
FY2007	3.4%	6.2%
FY2008	4.0%	6.0%
FY2009	4.0%	6.0%
FY2010	4.5%	6.0%
FY2011	5.0%	6.0%
FY2012	5.0%	6.0%

approximately 13,000 to 12,200 new residents in each year of the projection period. Population changes are expected to decline over the five-year period as fewer new housing units are constructed in the County. Nevertheless, this is a significant level of growth which has a definite impact on sales tax growth. (See Table 24).

Consumer Utility Revenue

Consumer Utility Tax

The 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 the County to convert its existing tax on purchasers of natural gas and electricity from a dollar-based tax to a consumption-based tax.

The levy for electricity consumption based on kilowatt hours (kWh)[3] 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)[4] 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.

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 37 for details), the County's consumer utility tax will no longer be levied on telecommunication services. The consumer utility tax will remain levied on electric and natural gas utilities. (See Table 25)

Electricity and Gas Revenue Growth

Table 26 shows the history of electric and gas utility growth in the County as well as the projected growth rates included in the five year revenue forecast for FY 08-12.

Communications Sales and Use Tax Revenue

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:

Services Previously Taxed Locally:

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

Services Not Previously Taxed:

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

[3] 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.

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

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
- 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 will be collected by the Virginia Department of Taxation and will be distributed to the 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 FY2006. In FY2006, Prince William County accounted for 4.64% of statewide telecommunications and cable television tax revenue. Therefore, the County will receive 4.64% of the statewide telecommunications sales and use tax each month beginning on January 1, 2007. It is important to note that the revised estimate for FY2007 represents only a half-year levy of the new tax. (See Table 27).

In preparation for the new State legislation, the Auditor of Public Accounts collected telecommunication and cable television tax revenue data from localities for a period of three years (FY 04, FY 05, and FY 06). The data revealed that statewide revenue from telecommunication and cable television services increased approximately 6.1% from FY 05 to FY 06.

The FY 08 forecast was determined by projecting statewide revenues based on actual data collected during FY 06. A significant challenge in the forecast is determining the impact of telecommunication services not previously taxed by localities such as satellite television and VOIP. The forecast assumes that satellite television has a market saturation rate of 40% in the Commonwealth. Prince William County's allocation rate of 4.64% was applied to the projected statewide revenue forecast to develop the County's share of revenue.

BPOL Tax Revenue

The Business, Professional, and Occupational License (BPOL) tax is imposed on commercial and home occupational businesses operating in the County. The County has adopted a multiple tax rate schedule according to the type of business activity subject to the tax. Existing businesses are taxed on their prior calendar year gross receipts of $100,000 and above. New businesses are taxed on an estimate of gross receipts $100,000 and above for the current year. The BPOL tax is levied on both full-time as well as part-time businesses, as long as the business meets or exceeds the $100,000 threshold.

The basis for fiscal year 2007 is gross revenue receipts from calendar year 2006. Therefore, forecasting 2007 gross receipts (FY2008) has a one-year lag in which actual prior year figures on which to base an estimate are unavailable. (See Table 28).

During the past seven years (FY2000 – FY2006), business license revenue has increased an average of 15.2% per year due to residential and commercial growth. However, FY 2007 revenue is forecast to grow at a much smaller rate

Table 27. Revenue Summary – Communications Sales and Use Tax

Current Estimate	Adopted/Revised Revenue	Percent Change
FY2007 (adopted budget)	$0	--
FY2007 (revised estimate)	10,500,000	--
Forecast Revenue	**Revenue Estimate**	**Percent Change**
FY2008	$22,719,000	116.4%
FY2009	24,103,000	6.1%
FY2010	25,582,000	6.1%
FY2011	27,164,000	6.2%
FY2012	28,855,000	6.2%

(5.2%) compared to FY 2006 due to the slowdown in the real estate market.

Building contractors and developers represent approximately 30% of business license revenue. The County's declining real estate market has an adverse impact on a significant portion of the BPOL tax base. The impact of the real estate market is not limited to developers and contractors. Mortgage lending institutions and realtors are also impacted by lower gross receipts which is the basis of BPOL taxes. The growth rate for FY2008 BPOL revenue (0.0%) reflects the real estate market's impact on County businesses.

Investment Income

Investment income represents interest receipts, interest accrual, and gains or losses from the sale of investments for the County's share of earnings on the "general" cash investment portfolio. The general portfolio consists of those funds that are not restricted. The general fund available cash constitutes approximately 65.3% of the total pooled investments. All funds are invested in accordance with the County's investment guidelines of legality, safety, liquidity, and yield. (See Table 29)

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

Portfolio Yield

The Federal Reserve Board (FRB) pursued an exceptionally aggressive monetary policy throughout 2001 as a recession unfolded, which was led by plunges in business profits and capital spending. The Federal Reserve decreased the Fed Funds target rate by 550 basis points through June 2003 thus reducing the Fed Funds target rate to 1.00% - the lowest level since 1958. Beginning June 2004, the Federal Reserve has been just as aggressive in increasing the Fed Funds rate 17 times through January 2006 by 425 basis points to 5.25%. The Federal Reserve, in making these rate increases, is trying to maintain economic stability while limiting the impact of inflation. Figure 3 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. Figure 4 presents a history of the County's

Table 28. Revenue Summary – BPOL Tax Revenue

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$24,280,000	0.0%
FY2009	24,770,000	2.0%
FY2010	25,760,000	4.0%
FY2011	27,820,000	8.0%
FY2012	30,040,000	8.0%

Table 29. Revenue Summary – Investment Income

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$18,949,428	(0.1%)
FY2009	21,759,668	14.8%
FY2010	22,292,223	2.4%
FY2011	21,240,323	(4.7%)
FY2012	24,415,667	14.9%

portfolio yield as well as the projected yield for FY08-12 juxtaposed against the Fed Funds rate target.

Most forecasting sources provide interest rate information up to four quarters beyond current dates. Therefore, the final half of FY2008 is an estimate without authoritative source data as a basis for projection. The County's portfolio yield projection for the final half of FY2008 and beyond is based on reasonable expectations that the Federal Funds rate will remain between 5.0% and 5.5% for the next six to twelve months as the economy continues to stabilize. While there are diverse opinions regarding the economy's final outcome, current economic forecasts indicate that the Federal Reserve will hold the Fed Funds steady at 5.25% through the first and second quarter of calendar year 2007. The forecast for FY2008 and beyond is based on the assumption that the Federal Reserve Board will moderate its rate target over time to avert inflationary growth yet provide the necessary stimulus to combat any slowing of the economy.

Portfolio Size

The average total dollar value of the portfolio is affected by the increase in County revenues and the fund balance. Therefore, the revenue forecast itself becomes a key determinate of interest income. The percentage growth in the size of the portfolio is based on 30% of the percentage increase in all general revenues since a portion of the revenue increase is spent as a normal part of the County's cash flow during the year and is not available to invest. The portfolio size is also increased annually to reflect the stated policy minimum required for the fund balance by the Principals of Sound Financial Management. The following tables show the forecasted growth rate of revenues and 30% of that growth as the determining factor for the growth rate of the portfolio size. (See Table 30 and Table 31)

Figure 3. History of the Federal Funds Rate Target

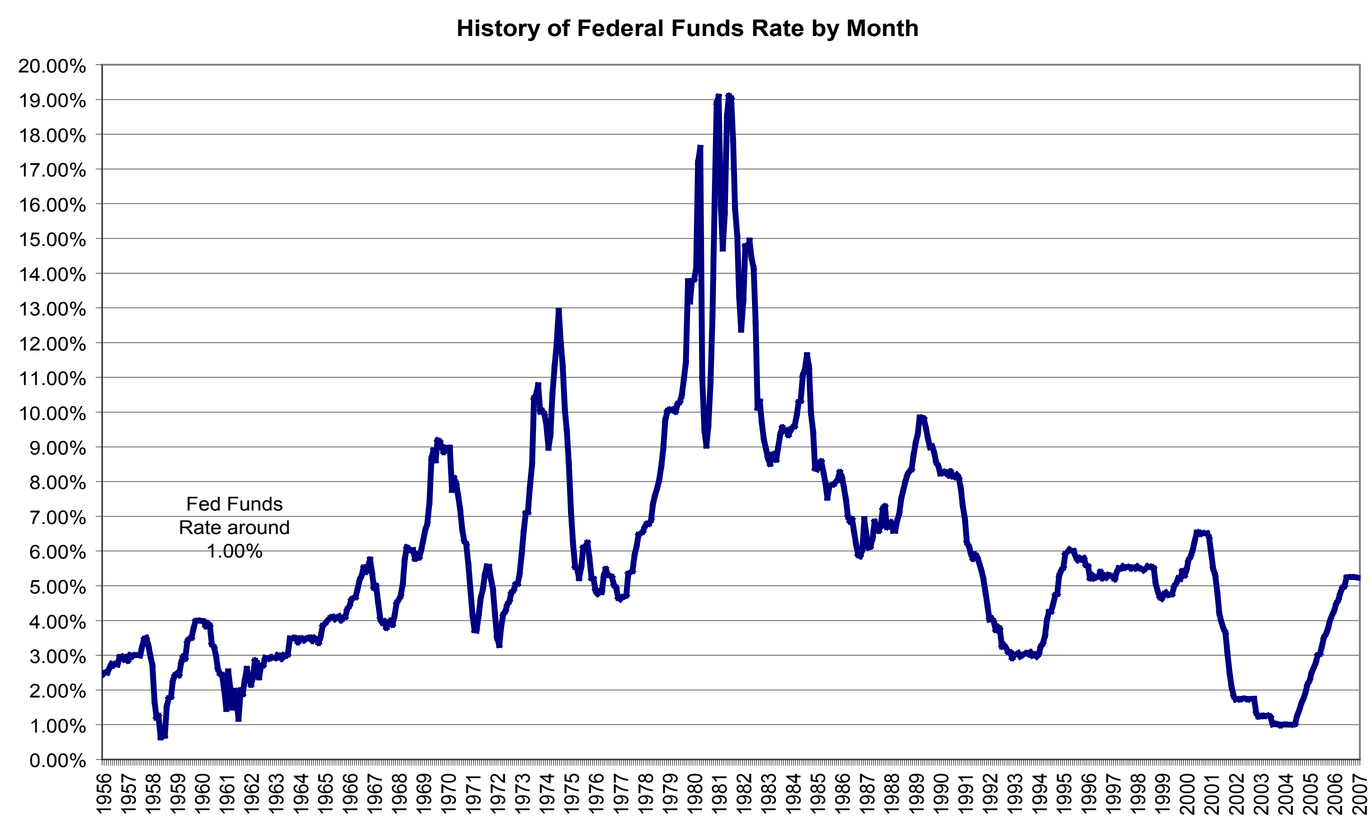


Figure 4. Prince William County's Portfolio Yield

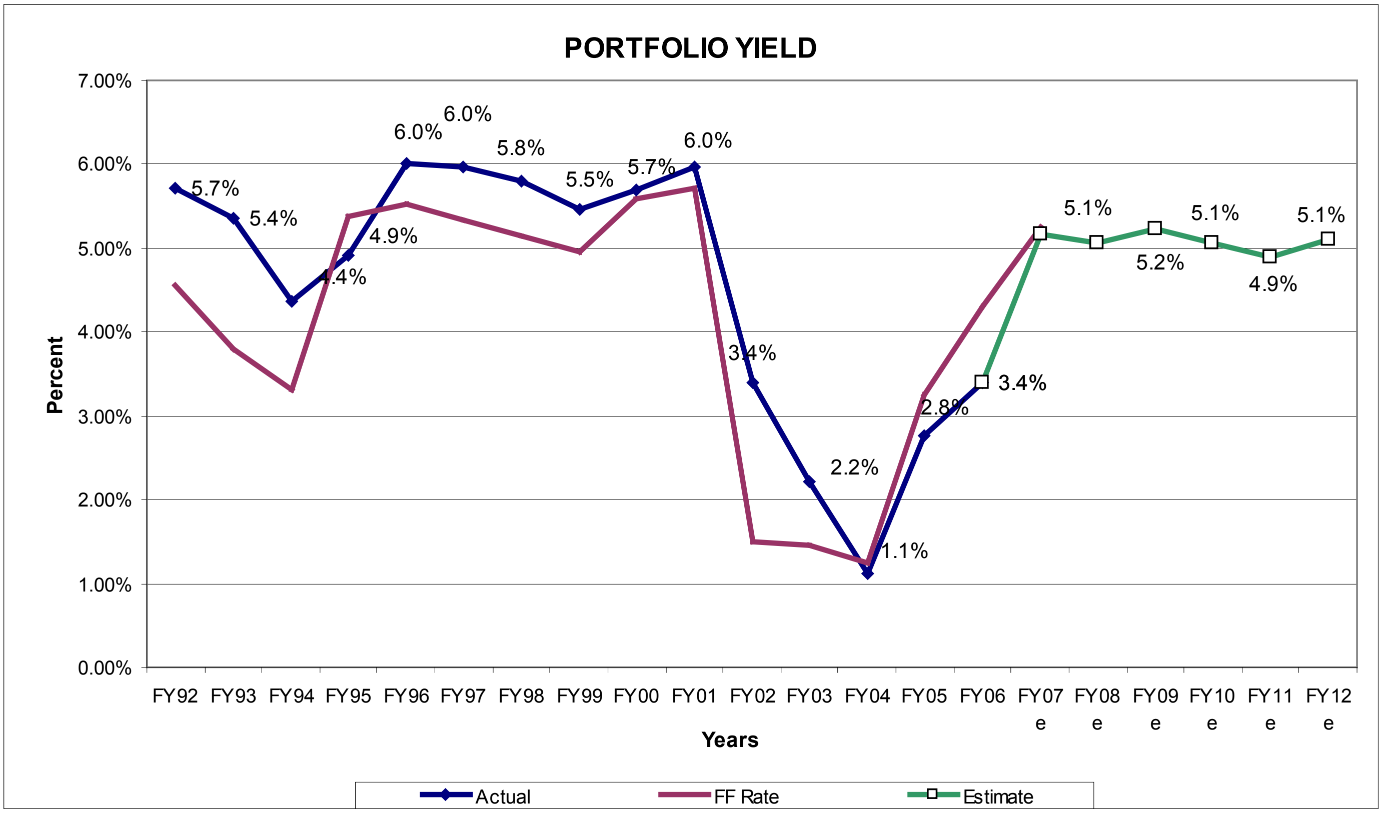


Table 30. Growth Rate of Revenues and 30% Thereof for the Portfolio

	Growth Rate	30% of Growth Rate
FY2008	2.32%	0.70%
FY2009	4.68%	1.40%
FY2010	4.91%	1.47%
FY2011	5.40%	1.62%
FY2012	7.08%	2.12%

Table 31. Portfolio Size

	Value
FY2008	$683,124,727
FY2009	717,880,602
FY2010	759,209,227
FY2011	804,435,602
FY2012	852,454,726

All Other Revenue Sources

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

Revenue Sources Over $1.5 Million

Interest on Taxes

Delinquent personal property and real estate tax accounts incur interest at 10% of the unpaid amount the first year. Subsequent years are incurred at 10% or the Internal Revenue Service (IRS) delinquent tax rate, whichever is greater. (See Table 32)

The revenue estimate is computed by multiplying the fixed percentage of 0.20% 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 0.66% in FY 02, 0.56% in FY03, 0.32% in FY 04, 0.27% in FY 05, and 0.20% in FY 06.

Motor Vehicle License Fee

The County levies a vehicle license fee of $24 per year for each vehicle normally garaged or parked in the County. The decal must be renewed by October 5th and must be displayed no later than November 15th. (See Table 33)

The vehicle decal fees dropped 43% in FY99 due to the change in the decal due date and a $10.00 decrease in the decal fee for FY 99. After the transition period ended in FY 99, the decal 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 decal fee revenue forecast is derived by multiplying the decal fee by the estimated billable units in the County.

Table 32. Revenue Summary – Interest on Taxes

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$1,140,750	(26.3%)
FY2009	1,187,064	4.1%
FY2010	1,255,686	5.8%
FY2011	1,354,816	7.9%
FY2012	1,458,752	7.7%

Table 33. Revenue Summary – Motor Vehicle License Fee

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$7,017,750	4.0%
FY2009	7,347,741	4.7%
FY2010	7,677,731	4.5%
FY2011	8,007,722	4.3%
FY2012	8,337,713	4.1%

Table 34. Revenue Summary – Recordation Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$14,210,000	0.9%
FY2009	14,640,000	3.0%
FY2010	15,370,000	5.0%
FY2011	16,300,000	6.1%
FY2012	17,600,000	8.0%

Recordation Tax

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

On April 28, 2004, the Commonwealth of Virginia increased the State recordation tax rate from $0.15 per $100 of value to $0.25 per $100 of value effective September 1, 2004. Section 58.1-814 of the Virginia Code grants Prince William County the authority to levy an optional, local recordation tax rate equal to one-third of the State recordation tax rate. Therefore, the local recordation tax rate increased from $0.05 per $100 of value to $0.083 per $100 of value. The forecast depicted below reflects only Prince William County's share of recordation tax revenue and does not include the state portion of recordation revenue. (See Table 34)

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

Fiscal Year2007 recordation tax revenue is projected to decrease nearly 25% from FY2006 revenue. Through the first half of FY2007, residential sales volume (unit sales and price appreciation) is approximately 50% less than the same period in FY2006. The second half of FY2007 is expected to improve since the residential real estate market first showed early signs of decline in November 2005 (FY2006). Refinance activity has remained consistent as reasonable mortgage rates (6.0% - 6.25%) has encouraged homeowners with adjustable rate and interest only mortgages to lock in on a fixed rate.

The FY2008 revenue forecast anticipates that refinance activity will remain flat as homeowners will continue to be driven by the desire to refinance out of non-conventional loans and into safer, fixed rate loans. The forecast also reflects the belief that home sale price depreciation (-4%) will be offset by a 5% increase in homes sold during FY2008. The inventory of homes available for sale relative to monthly sales is expected to slowly decrease from the January2007 level of ten months. The Prince William Association of Realtors reported to the Revenue Committee that real estate market activity during spring 2007 will be critical to sales volume during the remainder of the calendar year.

On October 26, 2004, the Board of County Supervisors adopted Resolution 04-1034, which earmarks a portion of recordation tax revenues for transportation purposes in the County. Beginning in FY 06, 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.

Table 35. 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
FY2008	$10,510,000	$3,700,000	$14,210,000
FY2009	10,830,000	3,810,000	14,640,000
FY2010	11,370,000	4,000,000	15,370,000
FY2011	12,050,000	4,250,000	16,300,000
FY2012	13,020,000	4,580,000	17,600,000

Table 36. Revenue Summary – Tax on Deeds

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$2,959,000	1.0%
FY2009	3,048,000	3.0%
FY2010	3,200,000	5.0%
FY2011	3,392,000	6.0%
FY2012	3,663,000	8.0%

The remaining amount of recordation tax revenue is retained by the County government as general revenue. Table 35 identifies the portion of recordation tax revenues designated for transportation and general revenue use in each year of the five-year forecast.

Tax on Deeds

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

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

The tax on deeds rate is $1.00 per $1,000 of value. The State and locality each receive half of the revenue generated by this tax (equal to $0.50 per $1,000 of value). The revenue forecast depicted below reflects only Prince William County's share of revenues. (See Table 36)

Revenue growth attributed to tax on deeds is expected to remain flat in FY 08 as mortgage rates are projected to hold steady in the range of 6.0% - 6.5%. The FY 08 forecast assumes a small increase in sales volume from the prior year as the residential real estate market slowly begins its recovery from the declines experienced during the second half of FY2006 and FY2007.

Cable Franchise Tax

The cable franchise tax is based on cable company gross receipts. This fee is not a regulatory fee, but a general revenue tax authorized by Congress in 1984. On July 1, 1996, the Board of County Supervisors adopted a 3% cable television franchise fee for the FY 97 budget. The Code of Virginia (§ 58.1-3818.3) authorizes the County to adopt by ordinance a franchise fee at a maximum rate of 5%. The Board of County Supervisors approved an increase from 3% to 5% effective July 1, 1997.

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 37 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 37)

Revenue Sources Under $1.5 Million

Listed below are several County general revenue sources estimated to be less than $1.5 million each. Even though these sources sometimes have large changes in revenue on a percentage basis, such changes have an insignificant impact on revenues throughout the forecast period. For fiscal years 2007 – 2011, most revenue categories are increased annually except as noted in the individual revenue sources. The forecast and a description of each revenue source follows, is shown in table 38.

Daily Rental Equipment Tax

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

Bank Franchise Tax

The County levies a bank franchise tax on the net capital of each bank, trust, or bank holding company, excluding savings banks, which operate in the County. The tax is based on 0.8% of the net capital multiplied by the percentage of

Table 37. Revenue Summary – Cable Franchise Tax

Forecast Revenue	Revenue Estimate	Percent Change
FY2008	$0	(100.0%)
FY2009	0	–
FY2010	0	–
FY2011	0	–
FY2012	0	–

deposits on hand at that branch compared to its statewide deposits. The Virginia Department of Taxation audits the tax.

BPOL Taxes - Public Service

The Business, Professional, and Occupational License (BPOL) tax is imposed on public utility companies that operate in the County. The tax of $0.29/$100 of assessed value was identical to the County's BPOL tax on other businesses, but is authorized under separate statutes. The Commonwealth repealed the tax for electric companies and replaced 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

The County levies a transient occupancy tax of 5% of the amount charged for the occupancy of hotels, motels, boarding houses and travel campgrounds. However, charges for rooms rented by the same individual or group for thirty or more days are exempt. This tax also does not apply to miscellaneous charges such as in room telephone usage, movie rentals, etc. The tax is remitted directly to the County on a quarterly basis in August, November, February, and May by hotels, motels and campgrounds. The general revenue share of this tax is 40%. The remaining 60% is budgeted for tourism-related purposes such as the Convention Visitors' Bureau (CVB). Board appropriation is based on requirements submitted by the CVB. The Transient Occupancy tax is based on forecasts for number of hotel rooms in the County, occupancy rates, and room rates.

Miscellaneous Business Licenses

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

Interest Paid to Vendors

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

Interest Paid on Refunds

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

Table 38. Miscellaneous Revenue Sources

Revenue Source	Actual FY2004	Actual FY2005	Actual FY2006	Revised Estimate FY2007	Estimated 2008
Daily Rental Equipment Tax – 215	$ 181,105	$ 161,188	$ 324,819	$ 200,000	$ 220,000
Bank Franchise Tax – 230	554,317	573,132	707,787	814,000	936,000
BPOL Taxes- Public Service–236	1,029,124	1,068,691	1,117,859	1,163,000	1,210,000
Transient Occupancy Tax – 270	942,967	1,117,549	1,179,767	1,409,725	1,540,738
Misc. Business Licenses – 380	4,800	4,600	0	0	0
Interest Paid to Vendors – 520	(230,455)	(185,440)	(402,617)	(275,429)	(300,000)
Interest Paid on Refunds – 521	(20,116)	(39,113)	(31,928)	(40,501)	(35,000)
ABC Profits – 1301	340,042	160,440	160,440	160,440	160,440
State Wine Tax – 1302	258,705	168,172	168,172	168,172	168,172
Rolling Stock Tax – 1303	74,142	74,435	80,308	88,561	91,218
Passenger Car Rental Tax – 1304	480,919	697,901	781,949	787,500	811,125
Mobile Home Titling Tax – 1305	79,836	44,360	44,269	60,239	45,000
Federal Pymt in Lieu of Taxes – 1700	66,679	114,438	49,924	109,071	85,000
Other Revenue – 1150, 514	(357)	6,445	5,336	8,469	8,700
Total Miscellaneous Revenue	$3,761,708	$3,966,798	$4,186,085	$4,653,247	$4,941,393

ABC Profits

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

State Wine Tax

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

Rolling Stock Tax

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

Passenger Car Rental Tax

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

Mobile Home Titling Tax

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

Federal Payment in Lieu of Taxes

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

County Agency Revenues

Revenues collected by county agencies are used to support the delivery of services by those agencies to county citizens. County agency revenues are described below:

General Property Taxes

Revenues received from taxes levied against 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. Amount projected is based on 5 year historical trend adjusted for local economic conditions.

Other Local Taxes

Revenue collected from transit occupancy and E-911 taxes. Amount projected is based on 5 year historical trends adjusted for local economic conditions.

Permits Privilege Fees and Regulatory Licenses

Revenues received from entities or persons engaged in an activity or enterprise which is regulated by the County government to ensure the public's health, safety and welfare. Amount projected is based on 5 year historical trends adjusted for local economic conditions.

Fines and Forfeitures

Revenues received from persons guilty of infractions of the law. Amount projected is based on 5 year historical trend.

Revenue from the Use of Money and Property

Monies received from interest income or proceeds from the sale, lease, or rental of an agency's property. Amount projected is based on 5 year historical trend.

Charges for Services

Fees that agencies charge the users of their products or services to recover some or all of the cost of the product or service rendered by the agency. Amount projected is based on 5 year historical trends adjusted for local economic conditions.

Miscellaneous Revenue

Various recovered costs, expenditure reimbursements and gifts and donations. Amount projected is based on 5 year historical trend.

Revenue from Other Localities

Funds received from other units of local government. Amount projected is based on 5 year historical trend.

Revenue from the Commonwealth

Funds received from the Commonwealth of Virginia. Amount projected is based on 5 year historical trend

Revenues from the Federal Government

Funds received from the government of the United States of America. Amount projected is based on 5 year historical trend.

Projected Revenue And Other Financing Sources For The FY 2008 Adopted Fiscal Plan

	Governmental Fund Types								Enterprise Fund Type	Fiduciary Fund Type	Internal Service Fund Type		Total Adopted
			Special Revenue										
	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 08
Projected Revenues:													
General Property Taxes	$581,626,117	$0	$0	$26,648,237	$0	$0	$3,999,930	$0	$0	$0	$0	$0	$612,274,284
Other Local Taxes	$141,829,944	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$141,829,944
Permits, Priv. Fees and Reg Lic	$14,463,690	$0	$0	$0	$0	$0	$2,057,627	$0	$8,000	$0	$0	$0	$16,529,317
Fines & Forfeitures	$2,435,012	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,435,012
Rev From Use of Money & Prop	$19,447,557	$0	$695,000	$0	$0	$0	$540,100	$0	$1,336,000	$0	$1,650,000	$0	$23,668,657
Charges for Services	$9,458,638	$0	$23,748,765	$0	$470,219	$2,147,190	$4,511,408	$101,823	$15,074,000	$0	$84,903,359	$24,413,314	$164,828,716
Miscellaneous	$10,144,627	$7,000,000	$1,000,000	$0	$57,020	$0	$96,404	$0	$86,000	$0	$0	$0	$18,384,051
Rev From Other Localities	$6,640,202	$0	$0	$0	$2,817,273	$0	$0	$1,524,494	$0	$25,296,670	$0	$0	$36,278,639
Rev From the Commonwealth of Va	$41,181,958	$2,250,000	$366,055,686	$0	$8,715,480	$38,000	$0	$0	$0	$0	$0	$0	$418,241,124
Rev from the Federal Gov	$17,361,907	$0	$33,935,705	$0	$300,000	$24,656,332	$0	$0	$0	$0	$0	$0	$76,253,944
Total Revenues	$844,589,652	$9,250,000	$425,435,156	$26,648,237	$12,359,992	$26,841,522	$11,205,469	$1,626,317	$16,504,000	$25,296,670	$86,553,359	$24,413,314	$1,510,723,688
Other Financing Sources (Uses):													
Operating Transfers In **	$12,124,850	$25,201,490	$412,598,965	$357,000	$20,608,609	$11,082	$0	$700,000	$0	$0	$6,294,021	$0	$477,896,017
Proceeds From Loans And Bonds	$0	$79,634,960	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$79,634,960
Total Other Financing Sources (Uses)	$12,124,850	$104,836,450	$412,598,965	$357,000	$20,608,609	$11,082	$0	$700,000	$0	$0	$6,294,021	$0	$557,530,977
Total Revenue & Other Financing Sources	$856,714,502	$114,086,450	$838,034,121	$27,005,237	$32,968,601	$26,852,604	$11,205,469	$2,326,317	$16,504,000	$25,296,670	$92,847,380	$24,413,314	$2,068,254,665

Notes:

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

** The Operating Transfer In for the Convention and Vistors Bureau ($1,463,921) and the Park Authority ($15,960,937) are adopted and reported by a separate board and are excluded from this revenue report.

All Funds Revenue Summary

Department / Agency	FY 04 Adopted Revenue Bud.	FY 05 Adopted Revenue Bud.	FY 06 Adopted Revenue Bud.	FY 07 Adopted Revenue Bud.	FY 08 Adopted Revenue Bud.	% Change FY 07 to FY 08
SECTION ONE: GENERAL FUND REVENUE SUMMARY:						
General Governmental:						
Office Of Executive Management	$0	$400,000	$692,000	$774,000	$0	-100.00%
County Attorney	$195,186	$195,186	$195,186	$195,186	$195,186	0.00%
Sub Total	$195,186	$595,186	$887,186	$969,186	$195,186	-79.86%
Administration:						
Finance	$1,086,099	$1,163,190	$1,190,332	$1,178,332	$1,302,560	10.54%
Human Rights Office	$61,000	$61,000	$61,000	$61,000	$61,000	0.00%
Off Of Information Technology	$132,400	$132,400	$132,400	$140,060	$140,060	0.00%
General Registrar	$71,092	$71,092	$104,168	$106,029	$112,963	6.54%
Sub Total	$1,350,591	$1,427,682	$1,487,900	$1,485,421	$1,616,583	8.83%
Judicial Administration:						
Clerk Of The Court	$3,685,841	$3,863,085	$5,288,370	$7,502,505	$5,252,089	-30.00%
Commonwealth's Attorney	$1,599,089	$1,635,589	$1,723,321	$1,770,737	$1,851,232	4.55%
Criminal Justice Services	$982,197	$995,955	$1,004,955	$1,088,123	$1,141,661	4.92%
Juvenile Court Service Unit	$94,189	$265,051	$180,026	$144,592	$138,660	-4.10%
General District Court	$1,584,500	$1,624,500	$1,717,930	$1,892,930	$1,892,930	0.00%
Juvenile & Domestic Relations Court	$51,943	$51,943	$51,943	$60,313	$60,313	0.00%
Law Library	$110,806	$110,806	$110,806	$110,806	$110,806	0.00%
Sub Total	$8,108,565	$8,546,929	$10,077,351	$12,570,006	$10,447,691	-16.88%
Planning And Development:						
Economic Development	$14,130	$14,130	$14,130	$14,130	$14,130	0.00%
Planning	$2,543,254	$2,908,463	$3,385,449	$2,525,293	$2,059,270	-18.45%
Transportation (1)	$2,428,530	$2,693,974	$3,059,029	$2,723,191	$1,442,964	-47.01%
Public Works (1)	$8,121,762	$9,458,051	$10,668,147	$11,591,409	$11,270,934	-2.76%
Sub Total	$13,107,676	$15,074,618	$17,126,755	$16,854,023	$14,787,298	-12.26%
Public Safety:						
Fire And Rescue	$527,572	$868,504	$1,094,791	$2,154,838	$2,269,432	5.32%
Public Safety Communications	$3,841,359	$3,888,488	$3,952,509	$3,952,509	$3,600,372	-8.91%
Sheriff	$2,315,686	$2,372,222	$2,472,061	$2,782,188	$2,912,765	4.69%
Police	$8,695,487	$9,025,615	$10,471,633	$12,209,032	$12,846,892	5.22%
Sub Total	$15,380,104	$16,154,829	$17,990,994	$21,098,567	$21,629,461	2.52%
Human Services:						
Community Services Board	$10,563,610	$11,169,283	$11,811,015	$13,454,854	$13,986,435	3.95%
Extension & Continuing Ed.	$479,858	$498,449	$368,736	$499,777	$361,550	-27.66%
Office On Youth (2)	$5,000	$5,000	$325,400	$356,100	$356,100	0.00%
School Age Care (2)	$292,181	$306,431	$0	$0	$0	---
Area Agency On Aging	$1,126,031	$1,237,099	$1,246,146	$1,266,173	$1,580,578	24.83%
At Risk Youth And Family Services	$4,538,941	$4,499,026	$4,914,075	$5,148,748	$5,273,398	2.42%
Public Health	$261,870	$251,962	$222,665	$220,384	$262,196	18.97%
Social Services	$19,467,875	$21,301,089	$21,121,178	$22,666,926	$23,351,882	3.02%
Sub Total	$36,735,366	$39,268,339	$40,009,215	$43,612,962	$45,172,139	3.58%
Library:						
Library	$2,760,530	$2,790,321	$2,962,389	$3,003,618	$3,094,268	3.02%
Sub Total	$2,760,530	$2,790,321	$2,962,389	$3,003,618	$3,094,268	3.02%

All Funds Revenue Summary (Cont.)

Department / Agency	FY 04 Adopted Revenue Bud.	FY 05 Adopted Revenue Bud.	FY 06 Adopted Revenue Bud.	FY 07 Adopted Revenue Bud.	FY 08 Adopted Revenue Bud.	% Change FY 07 to FY 08
Debt / CIP:						
General Debt	$1,901,132	$2,584,233	$2,530,757	$2,575,134	$3,478,735	35.09%
Sub Total	$1,901,132	$2,584,233	$2,530,757	$2,575,134	$3,478,735	35.09%
Non-Departmental:						
Unclassified Administrative	$4,637,358	$8,096,825	$12,730,878	$14,184,190	$13,327,821	-6.04%
General Revenues	$513,124,072	$572,064,427	$641,831,187	$728,636,545	$737,732,405	1.25%
Transfers In	$6,157,996	$3,405,700	$4,302,681	$4,188,947	$5,232,915	24.92%
Sub Total	$523,919,426	$583,566,952	$658,864,746	$747,009,682	$756,293,141	1.24%
Total General Fund Revenue	**$603,458,576**	**$670,009,089**	**$751,937,293**	**$849,178,599**	**$856,714,502**	**0.89%**
SECTION TWO: NON GENERAL FUND REVENUE SUMMARY:						
Special Revenue Funds:						
Trans. To P.R.T.C.	$2,417,808	$565,215	$2,000,800	$700,000	$700,000	0.00%
Commuter Rail Station Parking	$101,823	$101,823	$101,823	$101,823	$101,823	0.00%
Comm. parking lease rev bond debt	$1,518,023	$1,518,938	$1,526,522	$1,525,742	$1,524,494	-0.08%
Adult Detention Center	$21,576,582	$24,039,724	$26,307,488	$29,777,579	$32,968,601	10.72%
Lake Jackson Service Dist.	$60,550	$68,600	$88,550	$108,976	$143,920	32.07%
Bull Run Mountain Serv. Dist. (3)	$0	$100,000	$127,500	$170,391	$245,892	44.31%
Woodbine Forest Service District	$0	$0	$0	$0	$0	---
Foremost Court Service District	$5,346	$5,788	$0	$0	$0	---
Circuit Court Service District	$5,728	$5,963	$6,100	$6,100	$5,902	-3.25%
Spc tax dist;Gypsy Moth/Mosq ctrl	$1,107,534	$1,200,000	$1,037,745	$1,096,347	$1,465,840	33.70%
P. W. Parkway Trans Imprv Dst.	$1,151,420	$1,222,080	$1,477,920	$1,758,240	$2,015,800	14.65%
234 Bypass Trans Imprv Dst	$73,474	$87,932	$117,684	$131,898	$171,676	30.16%
Stormwater Management	$6,494,880	$7,039,644	$7,697,581	$8,184,798	$7,156,439	-12.56%
Housing & Community Dev.	$20,875,539	$23,753,022	$23,983,545	$26,723,315	$26,852,604	0.48%
Total Special Revenue Funds	$55,388,707	$59,708,729	$64,473,258	$70,285,209	$73,352,991	4.36%
Capital Projects Fund:						
Capital Improvement Projects	$149,506,389	$45,650,009	$107,556,646	$67,411,017	$53,428,450	-20.74%
Total Capital Projects Fund	$149,506,389	$45,650,009	$107,556,646	$67,411,017	$53,428,450	-20.74%
Enterprise Fund:						
Public Works; Solid Waste	$11,911,000	$13,842,000	$14,666,391	$15,752,176	$16,504,000	4.77%
Bull Run Mountain Serv. Dist. (A)	$83,500	$0	$0	$0	$0	---
Innovation @ Prince William	$0	$0	$0	$0	$0	---
Total Enterprise Fund	$11,994,500	$13,842,000	$14,666,391	$15,752,176	$16,504,000	4.77%
Internal Service Funds:						
Public Works; Fleet Management	$3,750,838	$4,082,069	$4,898,085	$5,842,290	$6,485,848	11.02%
OIT; Data Processing	$12,200,659	$12,954,432	$14,607,025	$15,498,492	$15,651,632	0.99%
Medical Insurance	$17,343,000	$21,183,000	$25,453,000	$28,105,000	$32,373,000	15.19%
Public Works; Small Proj. Const.	$1,832,345	$2,004,993	$2,150,574	$2,216,539	$2,275,834	2.68%
Total Internal Service Funds	$35,126,842	$40,224,494	$47,108,684	$51,662,321	$56,786,314	9.92%
Fire And Rescue Levy Funds:						
Fire and Rescue Levy Total	$19,320,516	$21,494,647	$24,345,689	$26,917,740	$27,005,237	0.33%
Total Fire & Rescue Levy Funds	$19,320,516	$21,494,647	$24,345,689	$26,917,740	$27,005,237	0.33%

All Funds Revenue Summary (Cont.)

Department / Agency	FY 04 Adopted Revenue Bud.	FY 05 Adopted Revenue Bud.	FY 06 Adopted Revenue Bud.	FY 07 Adopted Revenue Bud.	FY 08 Adopted Revenue Bud.	% Change FY 07 to FY 08
Schools:						
Operating Fund	$510,105,909	$562,364,753	$644,093,636	$727,707,085	$749,417,617	2.98%
School Debt Service Fund	$38,127,720	$44,344,057	$48,429,423	$52,183,029	$56,408,860	8.10%
Construction Fund	$96,285,000	$58,080,418	$73,500,000	$122,087,000	$60,658,000	-50.32%
Food Service Fund	$18,478,722	$21,097,174	$23,926,748	$25,706,341	$27,053,751	5.24%
Warehouse	$3,600,000	$4,250,000	$4,250,000	$4,100,000	$4,450,000	8.54%
Facilities Use Fund	$510,331	$505,666	$539,697	$578,165	$703,893	21.75%
Self Insurance Fund	$3,362,504	$3,601,101	$3,865,890	$4,052,951	$3,244,021	-19.96%
Health Insurance Fund	$34,485,421	$40,023,848	$46,072,631	$53,449,938	$57,230,359	7.07%
Regional School Fund	$19,936,393	$20,512,009	$23,931,294	$27,765,272	$25,296,670	-8.89%
Total Schools	$724,892,000	$754,779,026	$868,609,319	$1,017,629,781	$984,463,171	-3.26%
Grand Total All Funds	**$1,599,687,530**	**$1,605,707,994**	**$1,878,697,280**	**$2,098,836,843**	**$2,068,254,665**	**-1.46%**

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

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

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