



July 1, 2013

Prince William County Citizens:

On behalf of the Prince William Board of County Supervisors, I am pleased to present the Prince William County FY 2014 Budget, including the FY 2014-2019 Capital Improvement Program and the FY 2014-2018 Five Year Budget Plan. The adopted budget provides resources to allow Prince William County to pursue our community vision and our strategic goals:

Prince William County is a community of choice with a strong, diverse economic base, where families and individuals choose to live and work and businesses choose to locate.

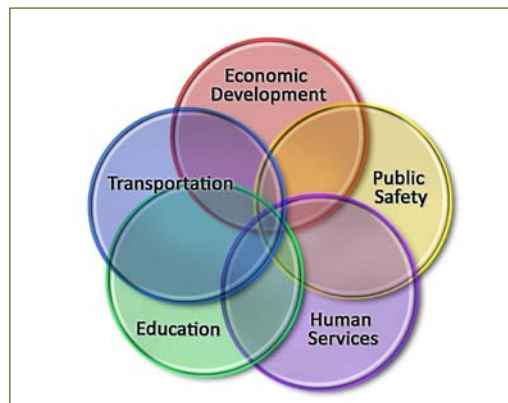
Economic Development - *The County will provide a robust, diverse economy with more quality jobs and an expanded commercial tax base.*

Education - *The County will provide an educational environment rich in opportunities to increase educational attainment for workforce readiness, post-secondary education, and lifelong learning.*

Human Services - *The County will provide human services to individuals and families most at risk, through innovative and effective leveraging of state and federal funds and community partnerships.*

Public Safety - *The County will maintain safe neighborhoods and business areas and provide prompt response to emergencies.*

Transportation - *The County will provide a multi-modal transportation network that supports County and regional connectivity.*





There is clear and convincing evidence that we are already becoming a community of choice:

- Our population grew 48% from 2000 to 2012. Families are choosing to live in Prince William, measured by our annual growth in student population of 2,500 students.
- Businesses are choosing to locate in Prince William. At place employment grew by 48% since 2000 (7% during the recession) and targeted employment – high paying jobs – increased by 61%, with over 15% growth during the recession.
- Wages have increased by 50% since 2000, and by 11% through the recession, with the highest wage increases in targeted areas – Finance/Insurance, Manufacturing, Company Management, Real Estate and Information Technology.
- For the third year in a row, Prince William County was named as one of the 100 best places in the nation for young people.
- Our citizens give us high marks – 90% say their quality of life meets their expectations, 85% say our government can be trusted to do the right thing, and 90% believe the County organization is effective and efficient.

I want to thank all the community members who have participated in the development of this budget. You stated your concerns about tax rates, road congestion, the need to grow our public safety staff as population increases, the need to decrease class sizes in our schools, the need to serve our fragile, at-risk residents, and the need to invest in community infrastructure. The Board has worked throughout the budget development process to balance the services desired by the community with what they are willing to pay in taxes. The FY 2014 Budget includes many initiatives identified by the community to make progress toward each of the strategic goals while maintaining the lowest tax bills and lowest tax burden in Northern Virginia:

- We continue to invest in economic development initiatives that promote quality jobs and commercial tax base.
- We have increased our commitment to quality education through a revised County/School revenue agreement.
- We continue to invest in human services that protect our most vulnerable populations and support their self-sufficiency.
- We have increased our commitment to a safe community by shifting resources to the Police and Fire staffing plans, the Central District Police Station, and the Bacon Race Fire and Rescue Station.
- We have consistently maintained our efforts to complete the 2006 Road Bond projects.

The entire Board looks forward to working with the community and staff to implement this budget and achieve our vision – Prince William County as a community of choice.

Sincerely,

Corey A. Stewart

Prince William Board of County Supervisors Chairman



FY 2014 Budget Highlights

The FY 2014 Budget, including the FY 2014-2019 Capital Improvement Program (CIP) and the FY 2014-2018 Five Year Budget Plan, implements the guidance found in the Strategic Plan, the County/School revenue agreement and the Principles of Sound Financial Management. The \$2.61 billion all funds budget addresses the longstanding strategic priorities of public safety, schools and roads while addressing more recent and pressing issues such as school safety, long lines during Presidential voting, mandated services for the intellectually disabled, and the desire to provide more recreational activities for our community.

Revenues

Prince William County continues to see economic improvements as it comes out of the recession, allowing a decreased tax rate that relieves the tax burden on homeowners. In many cases we are recovering faster than either Virginia or the nation as a whole:

- 4.7% growth in residential assessments was realized, rather than the projected 3.5%;
- 5% growth in commercial assessments was realized, rather than the projected 2%;
- 12.7% growth in apartment assessments was realized, rather than the projected 5%;
- 4.5% growth in sales tax was realized, rather than the projected 2.5%, giving Prince William County 35 months of continued sales tax growth; and
- 7.6% growth in personal property tax was realized, rather than the projected 3.9%.

Efficiencies and Service Level Reductions

All County agencies vigorously review their activities in search of savings through efficiencies or service level reductions. Efficiencies are gained when agencies supplant County funds with the use of non-County revenue, when community partners, contracts and volunteers provide services at lower costs, and when technology upgrades save time or resources. Additionally, service levels can be reduced when service demand decreases or services are eliminated.

Efficiencies and service level reductions can be found in all areas of the organization (details can be found in the individual agency pages):

- One time five year plan savings in FY 14 total \$6.2 million
- Ongoing base budget savings total \$9.2 million
- Ongoing five year plan savings total \$1.5 million
- Total ongoing annual savings in the Five Year Plan - \$10.7 million

Community Investments

The FY 2014 Budget includes operating and capital community investments in the four functional areas of the organization, as well as investment in Schools (details can be found in the individual agency pages and the CIP):

- **Public Safety**
 - 14 Police officers for the staffing plan
 - 15 Police officers to fully staff the Middle School Resource Officer program (an officer in every middle school)
 - Continuation of the Central District Police Station and the Bacon Race Fire and Rescue Station construction projects



- A 24-hour Advanced Life Support unit stationed in the western part of the county
- A 24-hour ladder truck stationed in the eastern part of the county
- A community corrections study to conduct a needs assessment for the expansion of the Adult Detention Center
- Replacement of the County's 800 MHz radio system and the computer-aided dispatch (CAD) system

- **Community Development**
 - Upgrading the field maintenance of all 70 middle school fields used by the community
 - Continuation of the Montclair and Gainesville library projects, to include associated materials acquisition
 - Continuation of the Fuller Heights and Catharpin parks
 - Continuation of the 2006 Road Bond projects – Route 1 North, Rollins Ford Road, Minnieville Road, Route 28 and University Boulevard
 - Lake Jackson and Silver Lake dam improvements

- **General Government**
 - Increased voter elections office staffing and equipment replacement
 - Technology Improvement Plan, to include a new financial management system

- **Human Services**
 - Five case management staff to address the Virginia settlement with the US Department of Justice requiring community-based services to intellectually disabled residents

- **Schools**
 - Adjustment to the County/Schools revenue agreement, increasing the Schools share of general revenue, excluding recordation tax revenues, from 56.75% to 57.23%
 - 2 administrative facilities
 - 8 new schools
 - 3 replacement/renewal schools
 - 8 additions to existing schools

Community Partners

The FY 2014 Budget includes a more robust community partners section, outlining the mission of each partner receiving County funds and anticipated performance. An annual review of each partner's financial statements is performed to ensure compliance with County policy and proper categorization in the budget as a donation, pass-through, membership, interjurisdictional agreement or grant.

Capital Improvement Program

The \$1.2 billion CIP addresses the community's capital infrastructure needs over the next six years. The economic recovery experienced by the County is reflected in these investments. 87% of the CIP is debt financed; 5% comes from state and federal grants, 2.6% is cash to capital from the general fund; another 2.6% is cash to capital from solid waste fees, with the remainder supplied by several local tax sources and developer paid proffers.



The CIP continues to implement the County’s fiscal policies regarding cash to capital and debt management:

- Invest a minimum of 10% of general revenues in the CIP
- Annual debt service expenditures as a percentage of annual revenues will be capped at 10%
- Total bonded debt will not exceed 3% of net assessed valuation of taxable real and personal property in the County

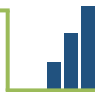
Five Year Budget Plan

County policy states that no additions shall be included in the annual budget unless they can be afforded throughout the life of the five year budget plan, and the five year budget plan must be balanced in all five years.

General Fund Resource and Expenditure Projection					
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<u>Revenue and Resources:</u>					
General Revenue	\$829,561,500	\$861,833,750	\$895,142,750	\$929,206,500	\$965,914,500
Agency Revenue	\$107,468,475	\$105,299,823	\$104,249,085	\$104,194,640	\$104,014,678
County Resources	\$25,536,069	\$18,396,824	\$24,151,896	\$27,764,352	\$19,589,568
Total Revenue & Resources Available	\$962,566,044	\$985,530,397	\$1,023,543,731	\$1,061,165,492	\$1,089,518,746
<u>Expenditures:</u>					
County Government	\$491,738,554	\$496,272,987	\$515,302,558	\$533,510,901	\$540,938,578
Transfer To Schools	\$470,827,490	\$489,257,410	\$508,241,173	\$527,654,591	\$548,580,168
Total Expenditures	\$962,566,044	\$985,530,397	\$1,023,543,731	\$1,061,165,492	\$1,089,518,746
Total Revenue & Resource Balance	\$0	\$0	\$0	\$0	\$0

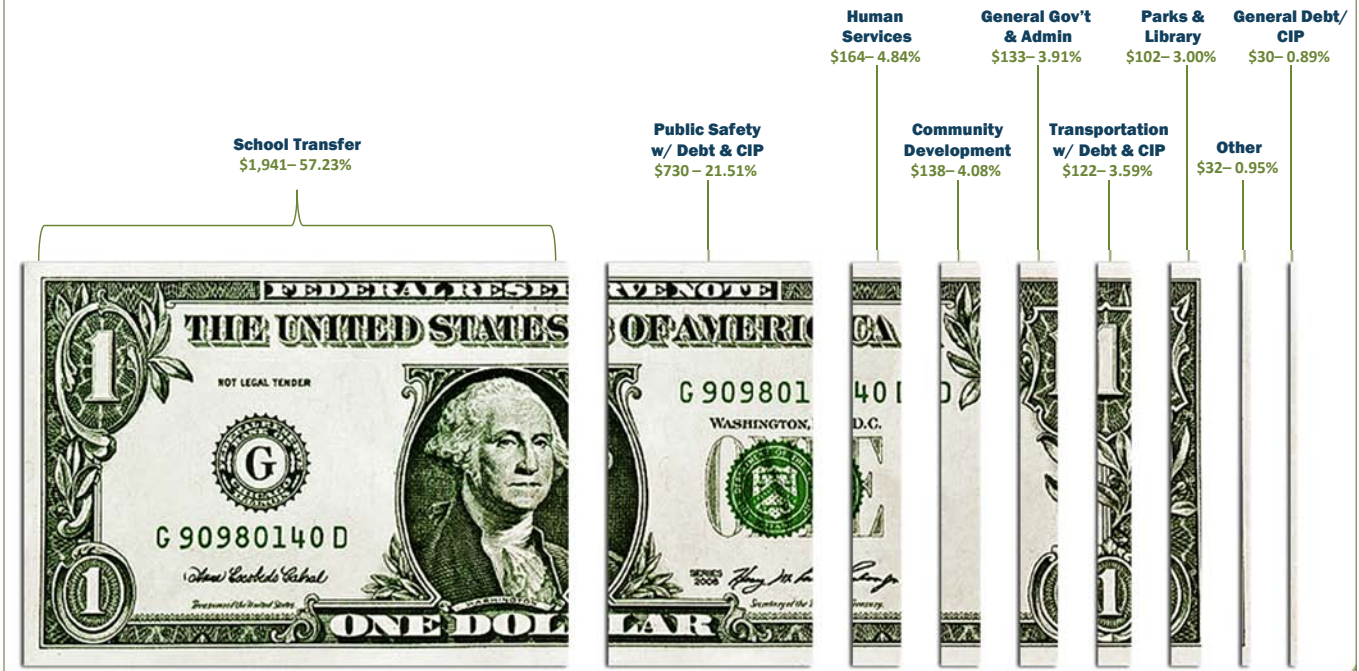
The general fund appropriations for capital throughout the life of the five year budget plan total \$41.9 million in cash investment and \$242.7 million in debt service.

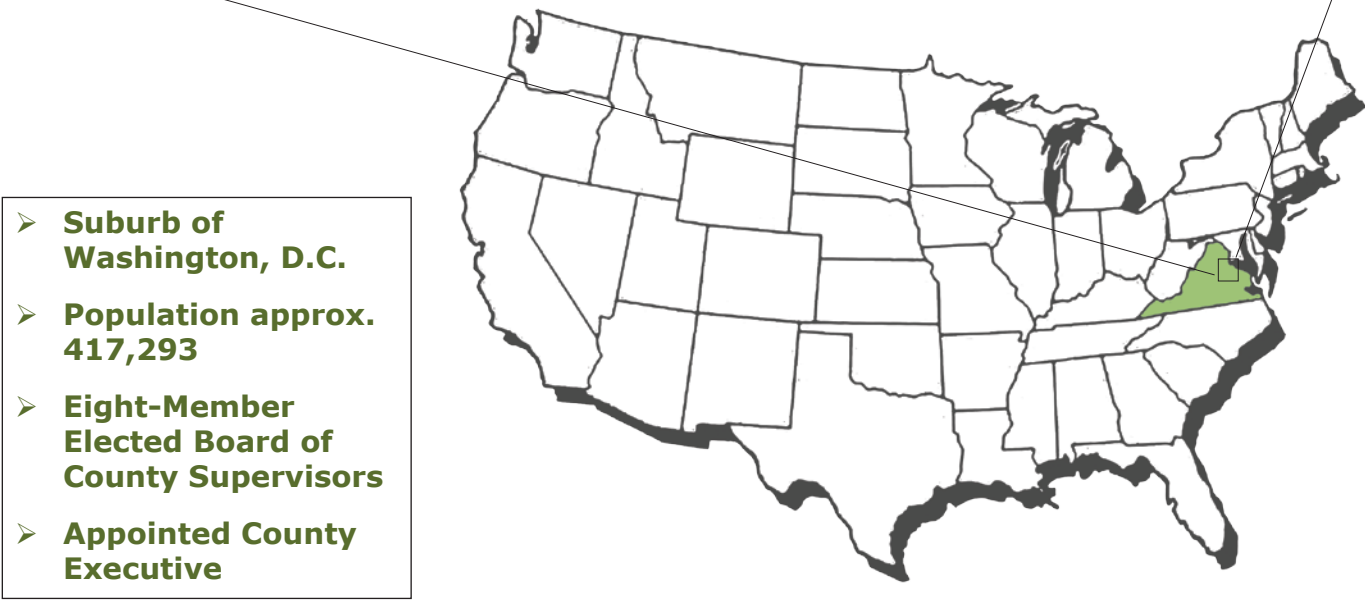
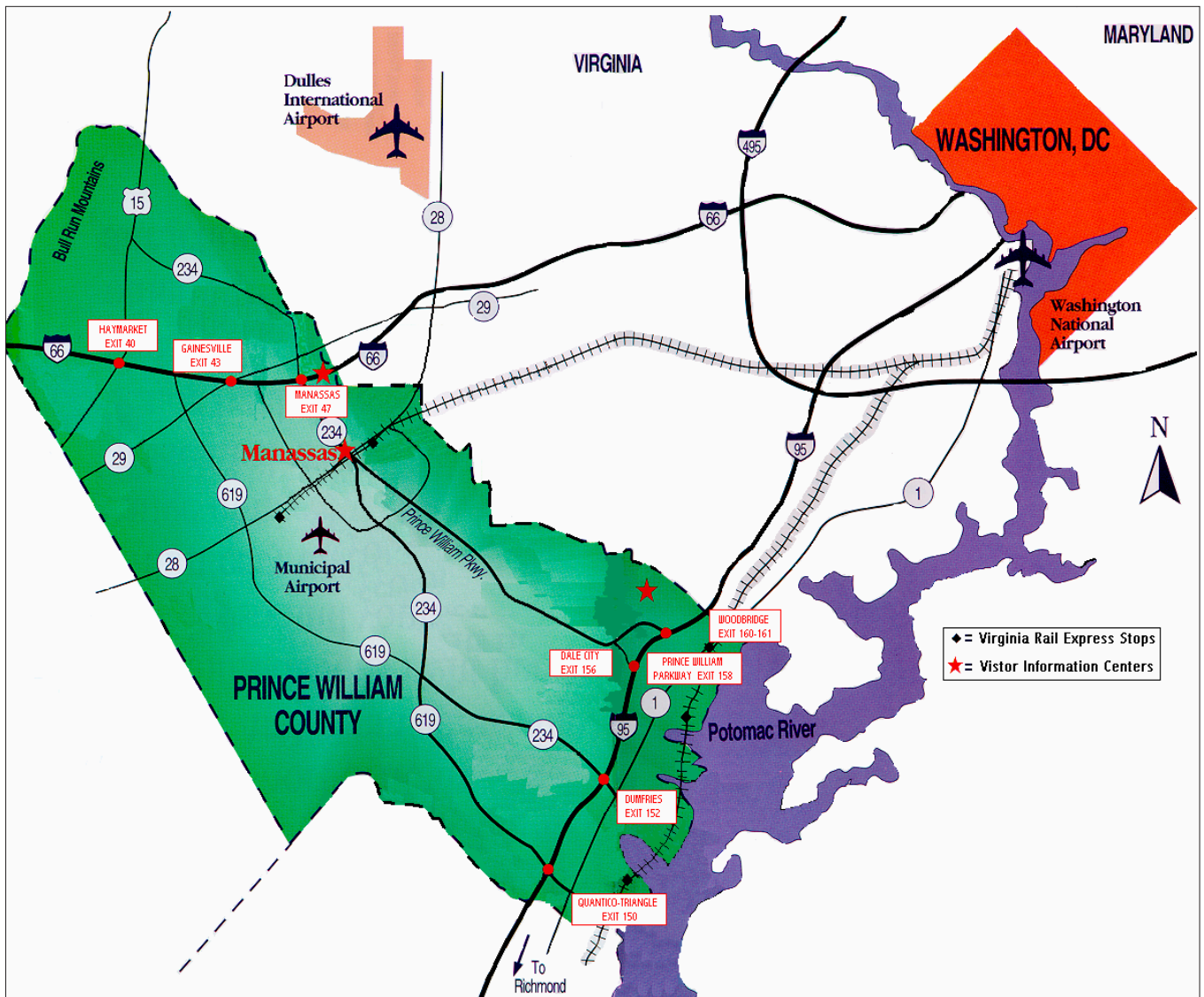
The five year budget plan also maintains the planned compensation adjustments – a 2% market adjustment in FY 14, 16 and 18, and a 3% pay-for-performance increase in FY 15 and 17.



FY 2014 Average Real Estate Tax Bill - \$3,392

By Dollar Amount with Functional Areas





- **Suburb of Washington, D.C.**
- **Population approx. 417,293**
- **Eight-Member Elected Board of County Supervisors**
- **Appointed County Executive**



Regional Perspective

The second largest county in the Commonwealth of Virginia, Prince William County lies at the center of Northern Virginia's 1.5 million workers. PWC is located just 20 minutes from Dulles International Airport, less than 30 miles from the heart of Washington, DC. Prince William County is the community of choice offering unmatched access to workforce and unparalleled quality of place. The County encompasses an area of 348 square miles, 19% of which is federally owned land.

Prince William County was ranked #1 in Virginia and #3 nationwide for job growth by the U.S. Bureau of Labor Statistics from 2010 – 2011, and was ranked #8 nationally for job growth from 2000 – 2011 by CNN Money. Over the last 10 years at-place employment in Prince William County has grown by nearly 37%, adding an average of 2,704 net new jobs annually. In 2012, the County was named one of the “100 Best Communities for Young People” for the 3rd year in a row by America's Promise Alliance.

Prince William carries AAA status from all three of the major credit ratings agencies (Fitch, Moody's and S&P) – a measure that only 72 out of the 17,669 (or 0.4%) local governments throughout the country have achieved. Prince William's location in the Metropolitan Washington, D.C. area and the availability of excellent transportation in the region is a catalyst for growth in the County which continues to provide numerous economic advantages. Interstate 95 and U.S. Highway 1 connect the County with Washington, D. C. to the north and Richmond, Virginia to the south. Interstate 66 connects the western portion of the County with Washington, D.C. to the east and Interstate 81 to the west. The Route 234 Bypass links Interstate 66 in the west with 7,000 acres designated for industrial and commercial growth. Prince William Parkway extends from Interstate 95 through prime development locations in the eastern portion of the County.

The County has a number of freight and passenger rail service alternatives available to its citizens and businesses. CSX and Norfolk Southern Railway provide freight service to the County. Amtrak passenger trains provide inter-city service to points up and down the Eastern seaboard from stations in the Town of Quantico and the City of Manassas. The Virginia Railway Express provides passenger service thirty-two times a day to and from the District of Columbia from four stations within the County.

Dulles International Airport, Reagan National Airport, and Manassas Municipal Airport, a regional facility, provide air transportation within easy access of Prince William County.

Local Government

For 282 years, Prince William County Government has exercised local governing powers granted by the Virginia General Assembly. Since 1972, Prince William County has had the County Executive form of government. Under this form of government, an eight member Board of County Supervisors has full power to determine the policies covering the financial and business affairs of the County government. The Board appoints a County Executive to act as the County government's chief administrative officer and to execute the Board's policies. The Board also appoints a County Attorney and several separate Boards and Authorities to administer the operations of certain services. The County provides a full range of local government services including police, fire and rescue, court services, education, development administration, library, water and sewer services, park and recreational services, health and social services, public improvements, planning and general administration.



History

Captain John Smith first discovered Prince William County during an expedition up the Potomac River in 1608. The first known colonial settlement was founded in 1722. In 1730, the Virginia General Assembly carved out an area approximately 2,000 square miles in size and named it Prince William County, after the second son of England’s King George II. At that time Prince William County comprised all of “Northern Virginia” but by 1759, the General Assembly substantially reduced the County’s size. Fairfax County was formed in 1742 and Fauquier County was formed in 1759, both from the original Prince William County area.

Economic and political displeasure with the British government reached the breaking point for Prince William colonists in 1773. Pro-colony groups such as the Prince William Resolvers voiced protest against the erosion of colonial liberties. The Independent Company of Prince William was a volunteer unit comprised of 40 plus infantrymen. Many troops from Independent Company of Prince William joined others from around the state to form two [Colony] regiments sanctioned by the third Virginia Convention in 1775. After the start of the Revolutionary War, the remaining troops of the “Company” became known as the Prince William District Battalion in 1776. Although there was heavy troop movement through the County from all sides during the Revolutionary War, it escaped the massive destruction leveled against Richmond. The County wasn’t as fortunate, however, during the Civil War.



Before the Civil War, the population of Prince William County reached 11,000 and African American population was 43.4 percent. Many African Americans in Virginia at this time were free from slavery and indentured servitude. Virginia legislators passed a law in 1782 permitting

the freeing of slaves; however, colonies further south did not participate in similar legislation. The County thrived through the early and mid-1800s. The railroad era began in Virginia around 1811 and in 1851 the railroad reached Manassas. Manassas Junction brought a new form of shipping and travel to the area. It also became a crucial stratagem for cutting off supplies to either side throughout the war. First Manassas at Bull Run was the first major land battle of Union and Confederate armies in Virginia after the Confederate takeover of Fort Sumter in South Carolina. The Union objective was to seize the Manassas Junction Railroad. Thomas J. Jackson earned his very famous nickname “Stonewall” Jackson towards the end of this battle.



Manassas became a town in 1873. In 1892 Manassas became the County Seat for Prince William. Rebuilding the area to its former glory was almost an impossible task for locals. Grand manors and local businesses blighted during the War were replaced by modern inventions and post war architecture. The railroad was reconstructed and expanded westward. Many schools and colleges opened in the County including the Manassas Industrial School for Colored Youth and Eastern College. The Manassas Industrial School for Colored Youth was founded by Jennie Dean in 1894. The purpose of the school was to improve the moral and intellectual condition of the youth placed under its care. The Quantico Marine Base became an official training facility for the Navy before World War I, and was one of the first Marine training centers not housed on a naval base. The Town of Quantico, surrounded by the training center, was incorporated in 1927.



After two World Wars and the incorporation of the cities of Manassas and Manassas Park in 1975, present day Prince William County is a thriving and diverse community. The County has an estimated population of 417,293 people and boasts a median household income of \$95,531,146 as indicated by the Census Bureau's 2011 American Community Survey (2011 ACS). It is also a "young" County with 28.5% of its population below eighteen years of age as of the 2011 ACS. Prince William County was the birthplace or home of many notable personalities including George Mason II, Henry Lee III (the father of General Robert E. Lee), William Grayson, John Ballentine, Parson Mason Locke Weems, Benita Fitzgerald-Brown, the Chinn Family, Simon Kenton, Jennie Dean, James Robinson, Wilmer McLean, and many more. From pre-colonial times to modern day, Prince William County continues to be a dynamic community.



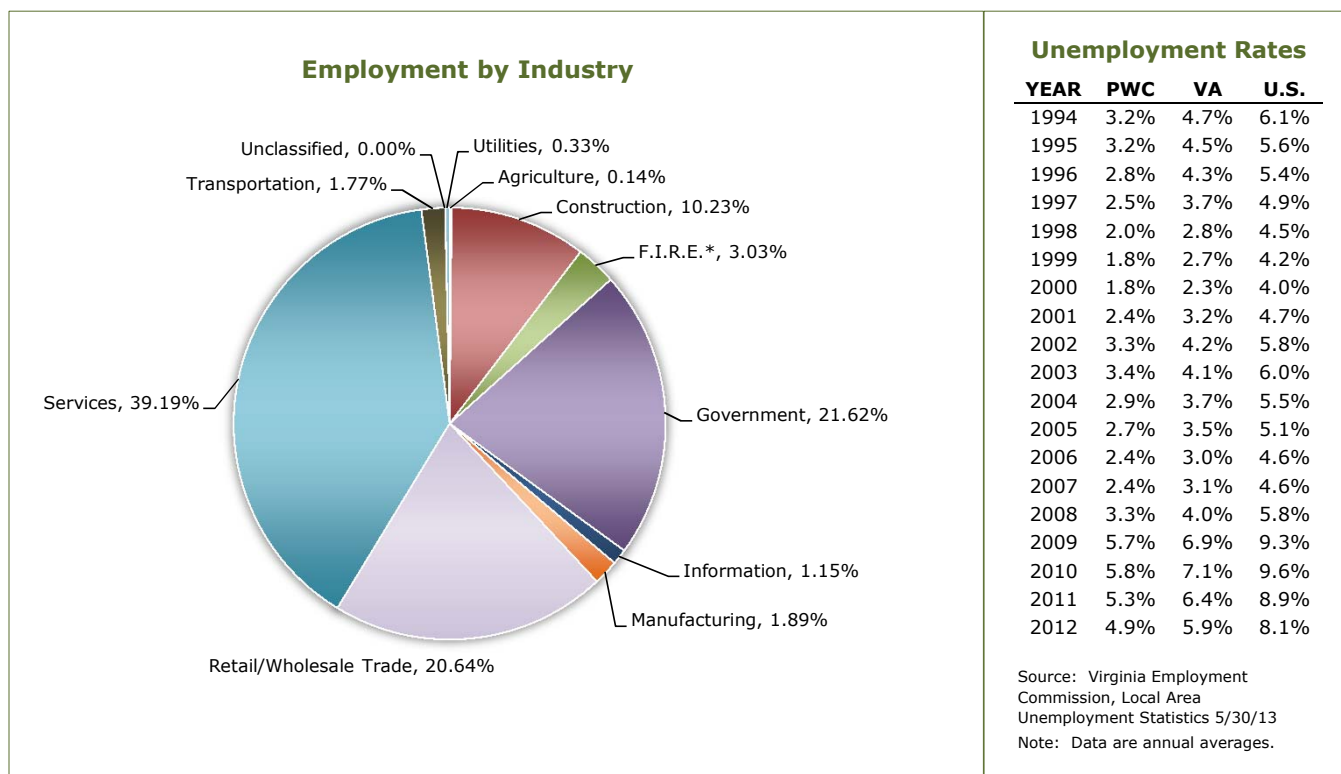
Background and Supplemental Statistical Information

Economic Indicators

Employment

Prince William County's average annual 2012 unemployment rate was 4.9%. The unemployment rate continues to remain below national and state averages. The annual average unemployment rate in Virginia in 2012 was 5.9%, and in the United States, the overall rate was 8.1%.

The services, government and retail sectors reflect the greatest sources of employment within Prince William County. Employment in the retail/wholesale industry represents 20.64% in 2012, the latest year of available data. The services sector has shown the greatest rate of increase, moving from 15.0% of the labor market in 1986 to 39.19% in 2012. Employment in the government sector shifted from 23.71% in 2010 to 21.62% in 2012, a 2.09% decrease. The construction sector showed a slight increase from the previous year, shifting from 9.81% in 2010 to 10.23% in 2012, a 0.42% increase.



	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Agriculture	0.14%	0.12%	0.12%	0.12%	0.10%	0.10%	0.15%	0.17%	0.20%	0.20%	0.20%
Construction	10.23%	9.71%	9.81%	9.62%	11.40%	12.88%	14.78%	15.11%	14.00%	12.70%	12.90%
F.I.R.E.*	3.03%	2.93%	3.00%	2.95%	2.98%	3.13%	3.39%	3.46%	3.40%	3.50%	3.40%
Government	21.62%	23.53%	23.71%	23.45%	21.35%	20.45%	21.57%	No Data	21.30%	21.30%	22.00%
Information	1.15%	1.10%	1.21%	1.28%	1.33%	1.45%	1.39%	1.55%	1.30%	1.40%	1.50%
Manufacturing	1.89%	1.94%	1.67%	1.68%	1.92%	2.05%	2.27%	2.24%	2.40%	2.70%	3.00%
Retail/Wholesale Trade	20.64%	21.23%	21.43%	21.70%	21.59%	20.78%	19.64%	20.93%	20.50%	20.50%	20.30%
Services	39.19%	37.19%	36.61%	36.81%	37.01%	36.83%	34.47%	35.54%	34.70%	35.40%	34.40%
Transportation	1.77%	1.87%	2.06%	2.00%	1.81%	1.84%	1.92%	2.32%	1.70%	1.80%	1.80%
Unclassified	0.00%	0.00%	0.00%	0.00%	0.10%	0.11%	0.08%	No Data	0.10%	0.00%	0.10%
Utilities	0.33%	0.36%	0.38%	0.40%	0.41%	0.37%	0.34%	0.63%	0.40%	0.40%	0.50%
Total Employment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	81.95%	100.00%	100.00%	100.00%

* F.I.R.E. = Finance, Insurance, and Real Estate

Source: Virginia Employment Commission, *Economic Information Services Division, Prince William County Community Profile. June 5, 2012*
Quarterly Census of Employment and Wages (QCEW), 4th Quarter (October, November, December) 2009.

Note: Data are annual averages.

Note: Educational Employment was undisclosed in the 2005 QCEW data resulting in no data for Government and Unclassified.



Real Estate Development

The total inventory of commercial and industrial space (excluding hotels) is approximately 56.6 million square feet. The make-up of the commercial and industrial space in Prince William is 45.8% retail, 29.3% industrial, and 24.9% office. The table below shows new office, industrial and retail space construction from 1989 through 2012.

Commercial/Industrial Space (In Square Feet)				
Calendar Year	Office	Industrial	Retail	Total
Before 1989	4,376,200	6,915,956	9,311,065	20,603,221
1989	620,408	834,320	1,008,303	2,463,031
1990	306,222	461,345	1,071,688	1,839,255
1991	25,331	133,887	552,428	711,646
1992	141,464	79,598	765,374	986,436
1993	62,760	32,460	1,145,925	1,241,145
1994	34,323	36,796	166,089	237,208
1995	12,826	128,260	822,584	963,670
1996	35,277	16,175	580,266	631,718
1997	77,806	64,400	556,700	698,906
1998	65,334	128,498	958,953	1,152,785
1999	494,480	30,263	322,083	846,826
2000	808,478	261,301	642,983	1,712,762
2001	242,582	537,834	222,921	1,003,337
2002	410,694	751,041	1,048,255	2,209,990
2003	581,246	791,577	1,622,797	2,995,620
2004	957,548	1,075,727	807,717	2,840,992
2005	1,065,229	505,740	624,096	2,195,065
2006	1,207,623	1,049,435	828,687	3,085,745
2007	1,283,011	1,457,177	1,189,497	3,929,685
2008	439,691	109,795	866,053	1,415,539
2009	143,812	0	2,260	146,072
2010	87,256	356,098	56,960	500,314
2011	175,054	352,032	541,432	1,068,518
2012	411,686	496,393	242,262	1,150,341
Total	14,066,341	16,606,108	25,957,378	56,629,827

Real Estate Tax Base

Between 2012 and 2013, the total valuation of residential real estate, including apartments, increased 6.58%; attributable to 5.14% increase from appreciation and 1.43% increase from growth. Of the new housing units constructed in 2012, 83.2% were assessed at over \$300,000. The total real estate assessments in Prince William County, including Public Service parcels, increased from \$43.4 billion in tax year 2012 to \$46.2 billion in tax year 2013.

2012 - 2013 Tax Year Comparisons		
	2012	2013
Commercial Property as a % of Total Real Estate Tax Base	14.25%	14.32%
Average Assessed Value Existing Residential Property	\$273,275	\$287,174
Average Real Estate Tax Existing Residential Property tax year 2012 rate is \$1.209; tax year 2013 rate is \$1.181	\$3,304	\$3,392
Average Change Existing Residential Property Value Assessment	2.80%	4.66%
Average Change Existing Commercial Property Value Assessment	3.59%	5.00%

Source: Prince William County Real Estate Assessments Office

The FY 14 adopted rate for current real estate taxes uses the \$1.181 per \$100 of assessed value real estate tax adopted by the Board of County Supervisors. Each penny on the rate generates approximately \$4.544 million in real estate revenue in FY 14.

Prince William County continues to have a heavy reliance on residential real estate. In 2013, the commercial and industrial property represented 14.32% of the real estate tax base. However, through the County's economic development plan and

its on-going aggressive implementation of that plan, the County anticipates the expansion and diversification of its economic base. Expansion and further diversification of the tax base through commercial and industrial development will provide further employment stability and reduce the County's reliance on residential real estate tax revenue.



Housing Characteristics

There were 98,052 housing units in the County as of April 1, 2000, according to the Census 2000. In 1990, there were 74,759 units. The number of housing units in the County grew more than 31% from 1990 to 2000.

The Census Bureau's 2011 American Community Survey reported 135,777 housing units in Prince William County. This represents an additional 37,725 units since April 2000.

Of the total number of housing units in the County, it is estimated that 77,011 (56.7%) are single-family detached; 37,747 (27.8%) are townhouses; and 19,772 (14.6%) are units in multi-family structures. Some 1,247 (0.9%) are reported as "mobile home" or "boat, RV, van, etc."

According to the Census Bureau's 2011 American Community Survey, the estimated median value of owner-occupied housing units in Prince William County was approximately \$353,300, a decrease of \$81,800 since 2007, when the median value of owner-occupied units was \$435,100. By comparison, the 2011 Virginia median value of owner-occupied housing units was \$254,600 (down from \$262,100 in 2007) and the U.S. median in 2011 was \$186,200 (up from \$181,800 in 2007).

According to the 2011 American Community Survey there are 127,177 households (occupied housing units) in Prince William County and 77.6% of the County's households are occupied by families. Approximately 42.9% of the County's households are family households occupied by parents with their own children under 18 years old living in them. Prince William County's 2000 average household size was 2.94 persons, which is down from 3.04 persons per household in 1990. The 2011 American Community Survey reports an average household size of 3.08 for Prince William County.

Year	Housing Units	Growth Over Past Decade
1950	5,755	62.3%
1960	13,207	129.5%
1970	29,885	126.3%
1980	46,490	55.6%
1990	74,759	60.8%
2000	98,052	31.2%
2010	137,115	39.8%

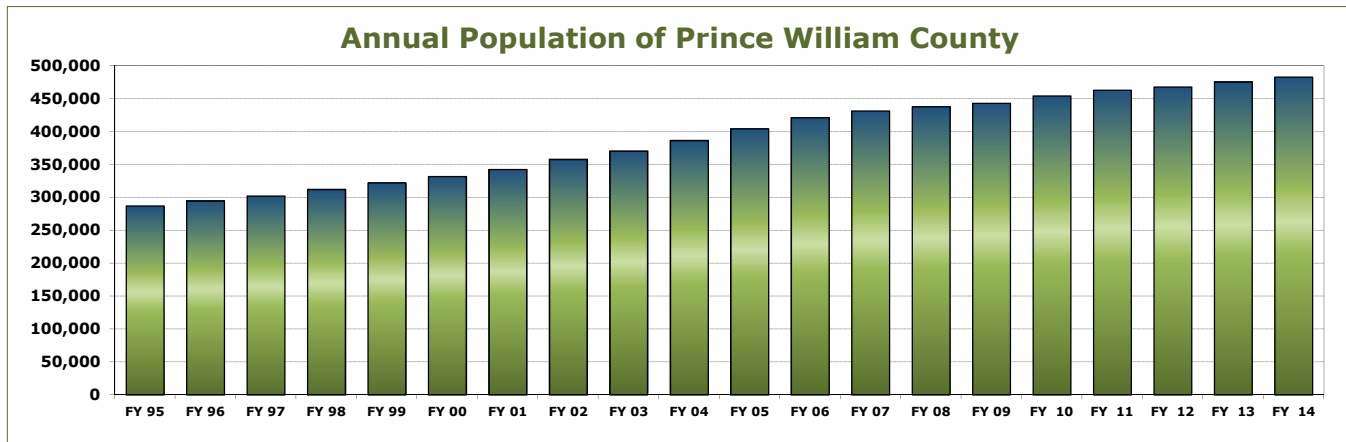
Source: U.S. Department of Commerce, Bureau of the Census, Census 1950 - Census 2010

Household Types: 1990, 2000, 2010						
Household Type	1990	1990	2000	2000	2010	2010
		(% of total)		(% of total)		(% of total)
Total Households	69,709	100.0%	94,570	100.0%	130,785	100.0%
Family Households	56,289	80.7%	72,737	76.9%	100,598	76.9%
Non-Family Household	13,420	19.3%	21,833	23.1%	30,187	23.1%

Sources: U.S. Department of Commerce, Bureau of the Census, 1990 Census of Population and Housing, STF 1A; Census 2000 Summary File 1, Census 2010



Population Characteristics



Population and CPI Information

	Prince William (including towns)	Manassas	Manassas Park	Total
Fiscal Year 1993	231,537	31,294	7,798	270,629
Fiscal Year 1994	240,237	31,933	7,971	280,141
Fiscal Year 1995	246,595	32,304	8,291	287,190
Fiscal Year 1996	253,487	32,557	8,616	294,660
Fiscal Year 1997	260,313	33,043	8,954	302,310
Fiscal Year 1998	268,894	33,656	9,546	312,096
Fiscal Year 1999	277,359	34,577	10,002	321,938
Fiscal Year 2000 ^(1,2)	285,871	35,388	10,472	331,731
Fiscal Year 2001	294,798	36,400	11,200	342,398
Fiscal Year 2002	309,351	36,600	11,900	357,851
Fiscal Year 2003	321,570	36,600	12,300	370,470
Fiscal Year 2004	336,820	37,000	12,700	386,520
Fiscal Year 2005	354,383	36,510	13,369	404,262
Fiscal Year 2006	371,178	36,228	13,845	421,251
Fiscal Year 2007	381,221	36,197	13,861	431,279
Fiscal Year 2008 ⁽³⁾	388,269	35,604	13,884	437,757
Fiscal Year 2009	392,900	36,213	14,026	443,139
Fiscal Year 2010 ⁽⁴⁾	402,002	37,821	14,273	454,096
Fiscal Year 2011 ⁽⁵⁾	409,345	39,060	14,540	462,945
Fiscal Year 2012 ⁽⁵⁾	413,396	39,776	14,710	467,882
Fiscal Year 2013 ⁽⁶⁾	419,678	40,819	14,916	475,413
Fiscal Year 2014 ⁽⁶⁾	425,960	41,862	15,123	482,944

Source PWC population figures:

Estimates and projections are from the Prince William County Finance Department - Prince William County Standard Data Set as of June 15, 2011.

- ⁽¹⁾ The FY 2000 (June 15, 2000) County population estimate is from the OIT Policy presentation on 8/30/2004 (page 18 of the handout, dated 8/27/2004).
- ⁽³⁾ FY 2008 for PWC: PWC population revised 2nd Quarter 2008 from 390,844 to 388,269 in PWC Demographic Fact Sheet.
- ⁽⁴⁾ FY2010: PWC and Cities: U.S. Census Bureau, Census 2010 for population as of April 1, 2010
- ⁽⁵⁾ FY 2011-12: PWC population based on estimate from the Prince William County Finance Department - Prince William County Standard Data Set; cities population estimates based on the average annual change during the previous 4 years (from 2007 - 2011).
- ⁽⁶⁾ FY 2013-14 for PWC and cities: Based on the average annual change during the previous 4 years (from 2008 - 2012).

Source city population figures:

FY 1993 - FY 1999: Table CO-EST2001-12-51 - Time Series of Virginia Intercensal Population Estimates by County: April 1, 1990 to April 1, 2000; Source: Population Division, U.S. Census Bureau; Release Date: April 17, 2002.

- ⁽²⁾ FY 2000 (July 1, 2000): Interpolated from the Census 2000 figure for April 1, 2000, and the Weldon Cooper Center figure for July 1, 2001.
- FY 2001 - FY 2009: Weldon Cooper Center for Public Service, University of Virginia, Final Population Estimates Tables 2009.
- ⁽⁴⁾ FY2010: PWC and Cities: U.S. Census Bureau, Census 2010 for population as of April 1, 2010
- ⁽⁵⁾ FY 2011-12: PWC population based on estimate from the Prince William County Finance Department - Prince William County Standard Data Set; cities population estimates based on the average annual change during the previous 4 years (from 2007 - 2011).
- ⁽⁶⁾ FY 2013-14 for PWC and cities: Based on the average annual change during the previous 4 years (from 2008 - 2012).

Note: County figures are as of June 15 through 2011; starting 2012, County figures are as of June 30 (Example: June 15, 2001 population used for FY 2001).

Note: City figures are as of July 1 (Example: July 1, 2001 population used for FY 2001).

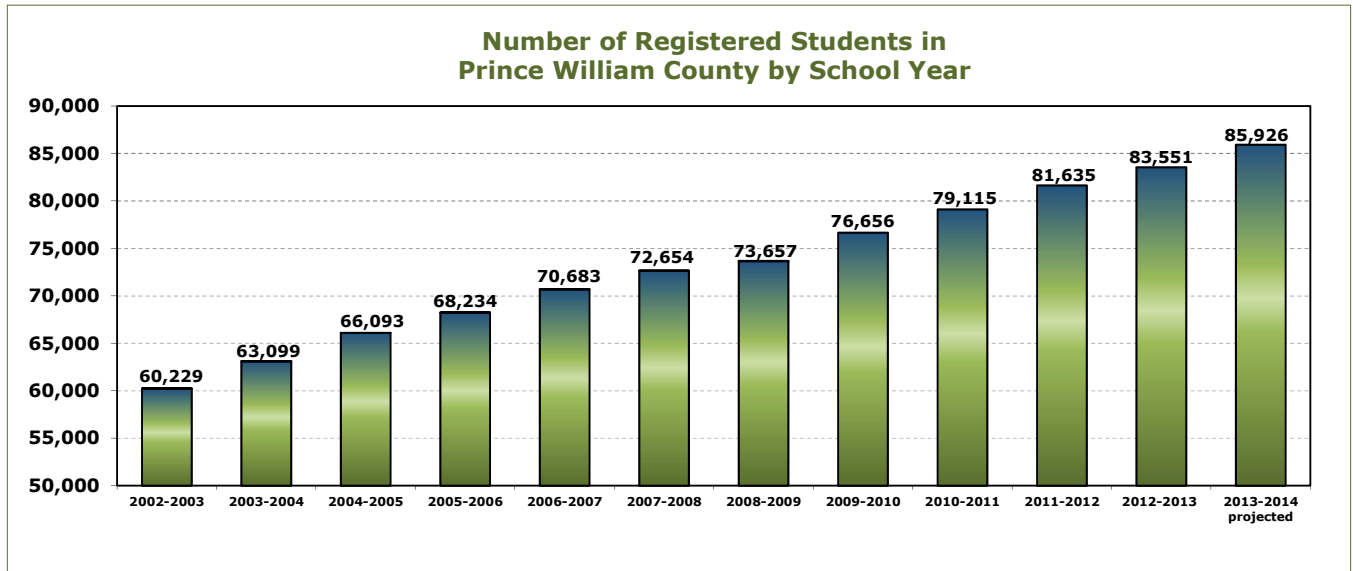


Population Growth

The County has experienced one of the most rapid population growths in the nation for the last quarter century. Between the 2000 and 2010 Censuses, the County grew 43.2%, from 280,813 to 402,002 (population figures as of April 1, 2010). Please note that for budget purposes, the FY 00 population total used is 283,224 and is based on a June 15, 2000 estimate. The current projected population statistics are listed in the tables on the previous page.

According to the U.S. Census Bureau's 2011 American Community Survey, 31.4% of Prince William County's population is 19 years of age or under. School enrollment in Prince William County's public schools has increased each year from 2000 to the present. In the 2001/2002 school year 60,541 students were enrolled in public schools in the County. For the school year 2011/2012, 81,635 students were anticipated, and a total of 82,692 students were actually enrolled in County public schools, as reported by the Prince William County Public School System.

County residents comprise one of the best educated and most highly skilled work forces in the nation. According to the Census Bureau's 2011 American Community Survey, 14.8% of County residents 25 or older hold a graduate or professional degree; 23.0% of adults have a Bachelor's degree, 7.0% of adults hold an Associate's degree, and 22.0% have some college but no degree.



Median Income

According to the U.S. Census Bureau's 2011 American Community Survey, the estimated median household income for Prince William County was \$95,531, a 93.5% increase from 1990 when the median income was \$49,370. The 2011 median income estimate for the Commonwealth of Virginia was \$63,602. The 2011 per capita income estimate for Prince William County was \$36,842, 11.5% greater than that of the Commonwealth of Virginia.



Indicators of Financial Condition

The County’s revenues have remained strong and have accommodated continued growth in population and school enrollment. A few indicators of financial condition are presented in the table below. More detailed financial information is available in the Comprehensive Annual Financial Report (CAFR) and the FITNIS, or Financial Trends Report, available from the Finance Department and online through the County website, www.pwcgov.org/finance.

One key financial factor is the amount of funds unexpended and available to finance future operations or to provide for unforeseen expenditures. There are restrictions on all of these funds except the undesignated fund balance. The County’s FY 12 unassigned general fund balance is 7.5% as a percent of general fund revenues.

A second measure of financial condition is the County’s debt ratios. The amount of debt service as a percent of annual revenues is shown in the table below. Debt service as a percent of revenue has begun increasing due to acceleration in Road and School project construction. County policies require that the amount of debt service not exceed 10.0% of annual revenues. The ratio of actual revenues to revenue estimates highlights the accuracy of the County’s revenue estimates. Accurate estimates enable the County to better plan its expenditures and provide consistent services to its citizens.

The bond rating is reflective of the commercial financial marketplace’s perception of the economic, administrative, and character strengths of the County. The County maintains an AAA from Fitch Ratings and Standard and Poors on its general obligation bonds. AAA is the highest rating awarded by a credit rating agency and certifies the County’s sound, consistent, and excellent financial management practices. The County also maintains a general obligation bond rating of Aaa from Moody’s Investors Service.

Trends in Selected Financial Indicators

	Ratio of Debt Service to Revenues (1)	Unassigned Fund Balances as a Percent of Revenue (2)	Actual Revenues as a Percent of Revenue Estimate (3)	Bond Rating (Fitch/Moody's/ Standard and Poors) (4)
FY 98	6.5%	4.6%	101.4%	Aa/Aa2
FY 99	6.5%	4.5%	99.5%	AA/Aa2
FY 00	6.3%	4.8%	103.9%	AA+/Aa1
FY 01	6.1%	5.9%	105.9%	AA+/Aa1
FY 02	6.1%	6.5%	105.8%	AA+/Aa1
FY 03	6.7%	6.6%	102.9%	AA+/Aa1
FY 04	6.3%	7.0%	103.0%	AA+/Aa1
FY 05	6.4%	7.3%	104.8%	AAA/Aa1
FY 06	6.8%	7.5%	101.6%	AAA/Aa1
FY 07	6.6%	7.5%	98.9%	AAA/Aa1
FY 08	7.3%	7.5%	98.4%	AAA/Aa1
FY 09	7.1%	7.5%	102.2%	AAA/Aa1
FY 10	9.7%	7.5%	100.5%	AAA/Aaa
FY 11	7.6%	7.5%	102.5%	AAA/Aaa
FY 12	8.1%	7.5%	99.7%	AAA/Aaa

1 - Department of Finance, Fiscal Year 2012 CAFR, Table 14, Pages 178-179

2 - Department of Finance, Fiscal Year 2012 CAFR, Page 40 & 42, Exhibit 3 & 5

3 - Department of Finance, Fiscal Year 2012 CAFR, Page 42 & 112

4 - Department of Finance, Fiscal Year 2012 CAFR, Page 31



Past Trends in County Service Efforts

Spending Adjustment for Inflation

It is widely recognized that inflation reduces the purchasing power of a dollar, and growth in the population of a community increases demands for services. The table below illustrates the per capita less inflation expenditures between FY 94 and FY 14 for the General Fund.

For FY 14, budgeted expenditures per capita decreased in the majority of the service areas, including judicial administration (\$0.44), general government (\$5.27), administration (\$9.34), parks and library (\$22.45), planning and development (\$23.17), and human services (\$36.30). Overall budgeted expenditures per capita, adjusted for inflation, have increased \$291.54 between FY 00 and FY 14.

	Cost Per Capita	Capita Less Inflation
FY 94	\$1,243	\$1,189
FY 95	\$1,242	\$1,154
FY 96	\$1,307	\$1,194
FY 97	\$1,317	\$1,163
FY 98	\$1,331	\$1,153
FY 99	\$1,370	\$1,157
FY 00	\$1,419	\$1,164
FY 01	\$1,478	\$1,165
FY 02	\$1,541	\$1,173
FY 03	\$1,689	\$1,251
FY 04	\$1,814	\$1,292
FY 05	\$1,922	\$1,310
FY 06	\$2,062	\$1,305
FY 07	\$2,249	\$1,361
FY 08	\$2,217	\$1,265
FY 09	\$2,275	\$1,175
FY 10	\$2,103	\$1,102
FY 11	\$2,062	\$1,054
FY 12	\$2,153	\$1,027
FY 13	\$2,178	\$979
FY 14	\$2,260	\$980

General Government	(\$5.27)
Planning and Development	(\$23.17)
Debt/CIP	\$59.36
Administration	(\$9.34)
Judicial Administration	(\$0.44)
Public Safety	\$151.28
Human Services	(\$36.30)
Parks and Library	(\$22.45)
Other	(\$5.47)
School Transfer	\$183.34
Total	\$291.54

General County Government Staffing

Prince William County has 9.79 employees per 1,000 residents for FY 14, reflecting an increase from the FY 13 statistic of 8.85. This increase reflects the creation of the Department of Parks and Recreation by merging the functions of the Prince William County Park Authority into the County government. This increase also reflects agency recommended and BOCS approved staff adjustments to respond to the needs of the community. Employees



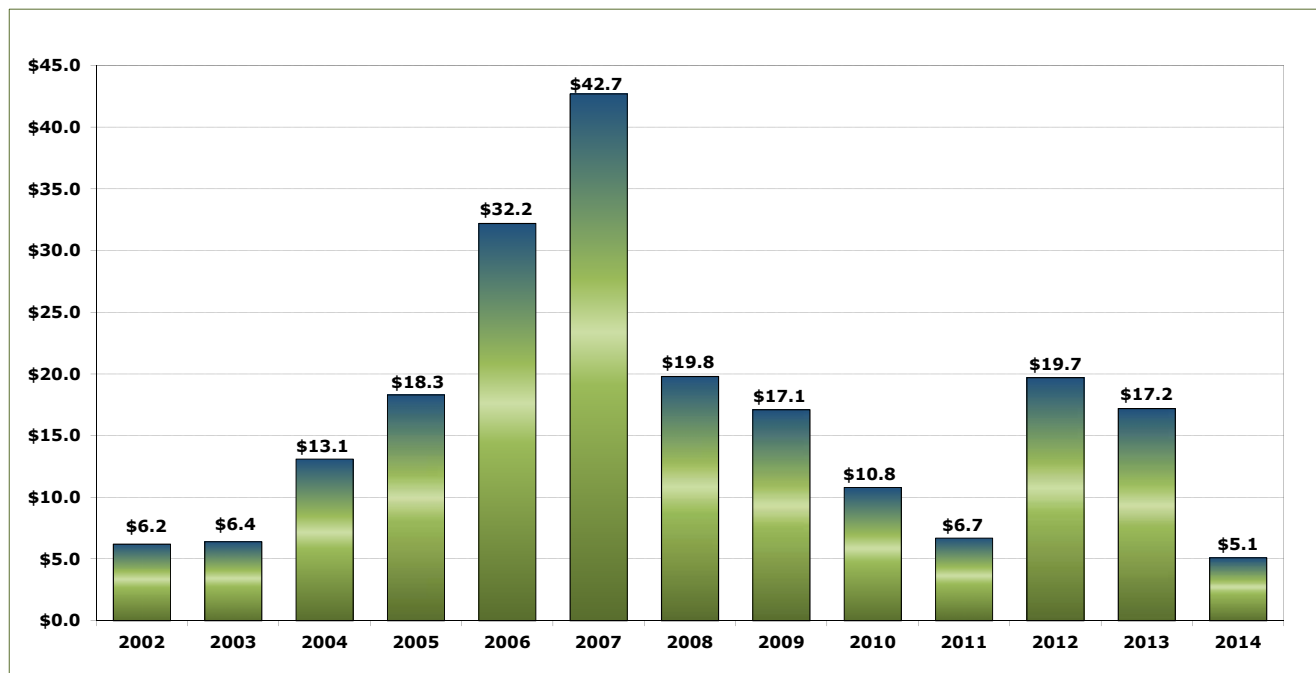
per 1,000 residents declined in the mid and late 1990's due to County population rising much faster than staffing. Staffing had been increasing since FY 01, due in large part to public safety initiatives.

Authorized Staffing and Employees Per 1,000 Residents

	Staffing	Employees Per 1,000 Residents
FY 96	2,411.60	9.51
FY 97	2,469.21	9.49
FY 98	2,536.30	9.43
FY 99	2,631.69	9.49
FY 00	2,729.86	9.55
FY 01	2,829.04	9.60
FY 02	2,928.88	9.47
FY 03	3,043.33	9.46
FY 04	3,131.19	9.30
FY 05	3,242.16	9.15
FY 06	3,393.21	9.14
FY 07	3,552.27	9.32
FY 08	3,586.42	9.24
FY 09	3,700.72	9.42
FY 10	3,570.03	8.88
FY 11	3,600.96	8.80
FY 12	3,645.43	8.82
FY 13	3,714.37	8.85
FY 14	4,171.60	9.79

Capital Improvement Program

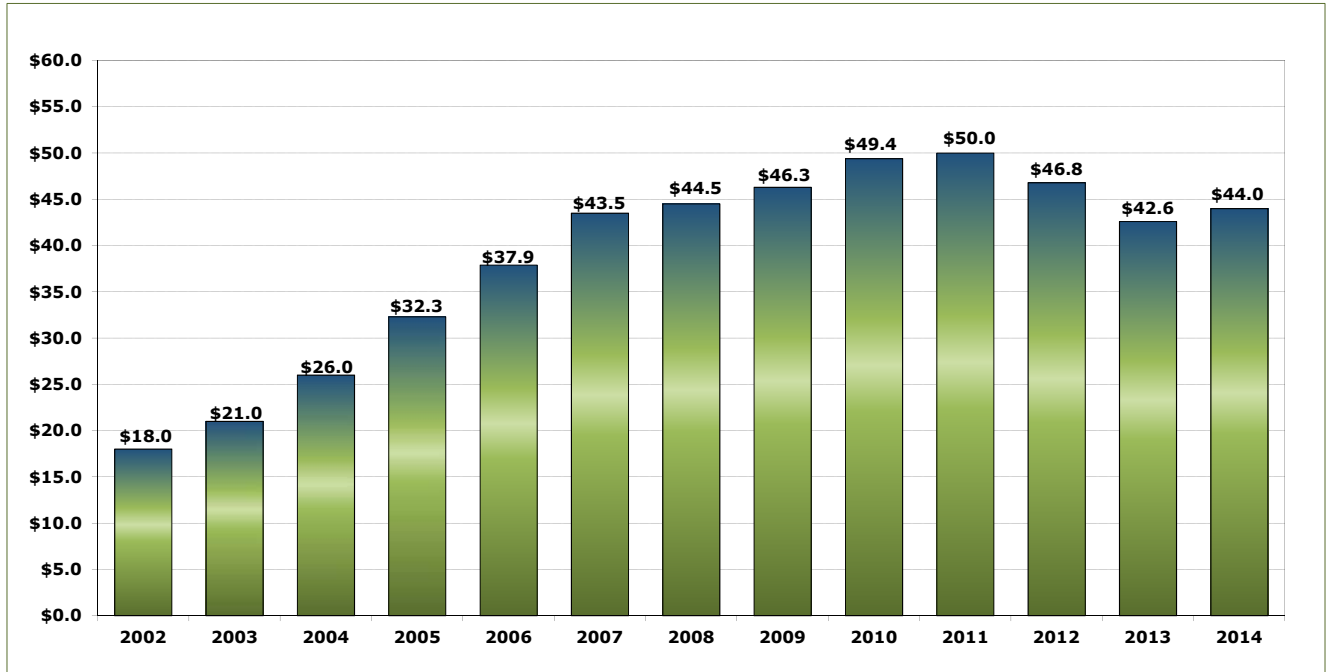
The County has continued to invest in capital improvements. Since 2002, general fund cash to capital expenditures, exclusive of Schools, increased to a peak of \$42.7 million in 2008, decreasing to \$5.1 million in 2014.

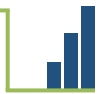




General Debt Service

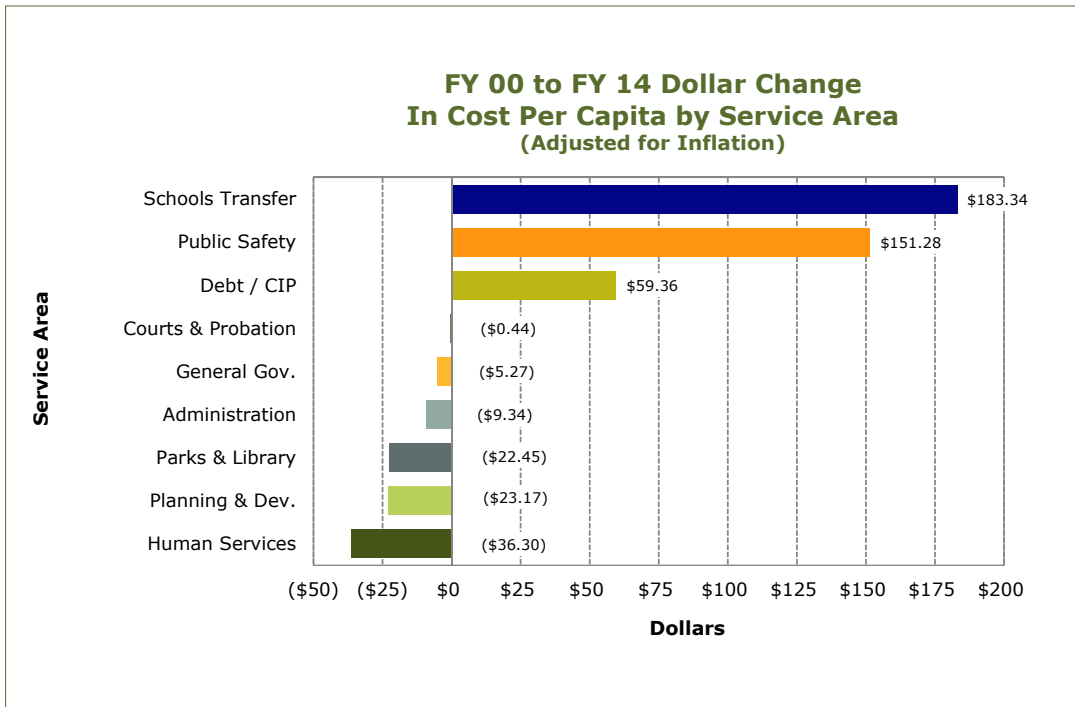
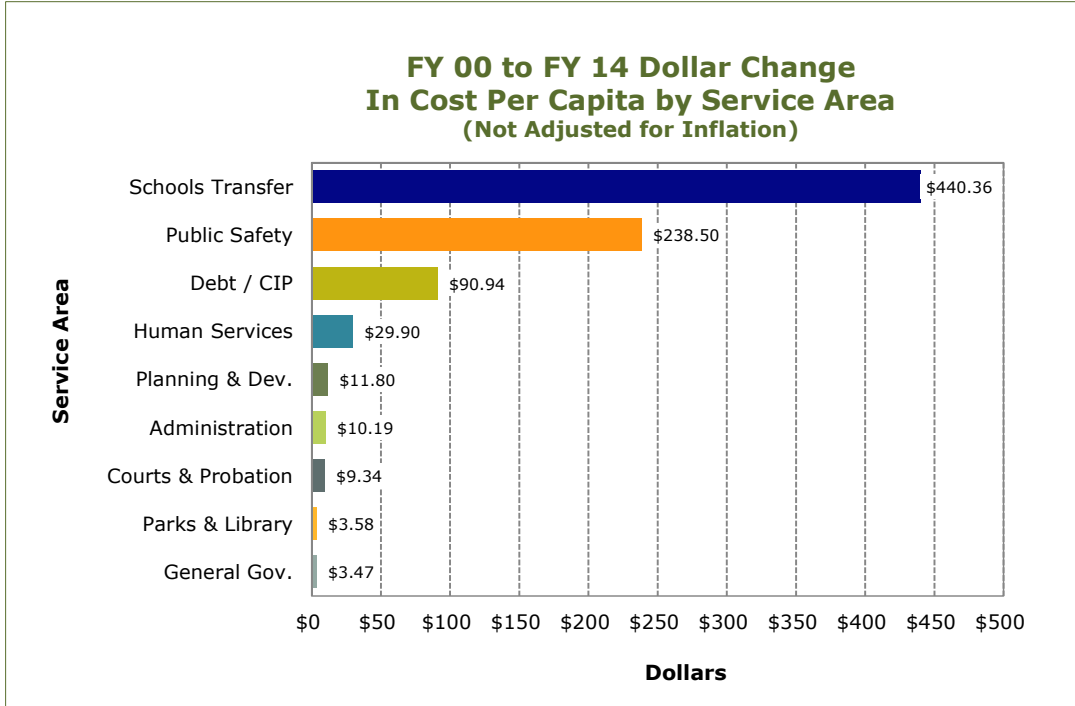
General debt service has increased since 2002 as a result of increased capital investment, but remains below the 10% limit established by the Principles of Sound Financial Management.





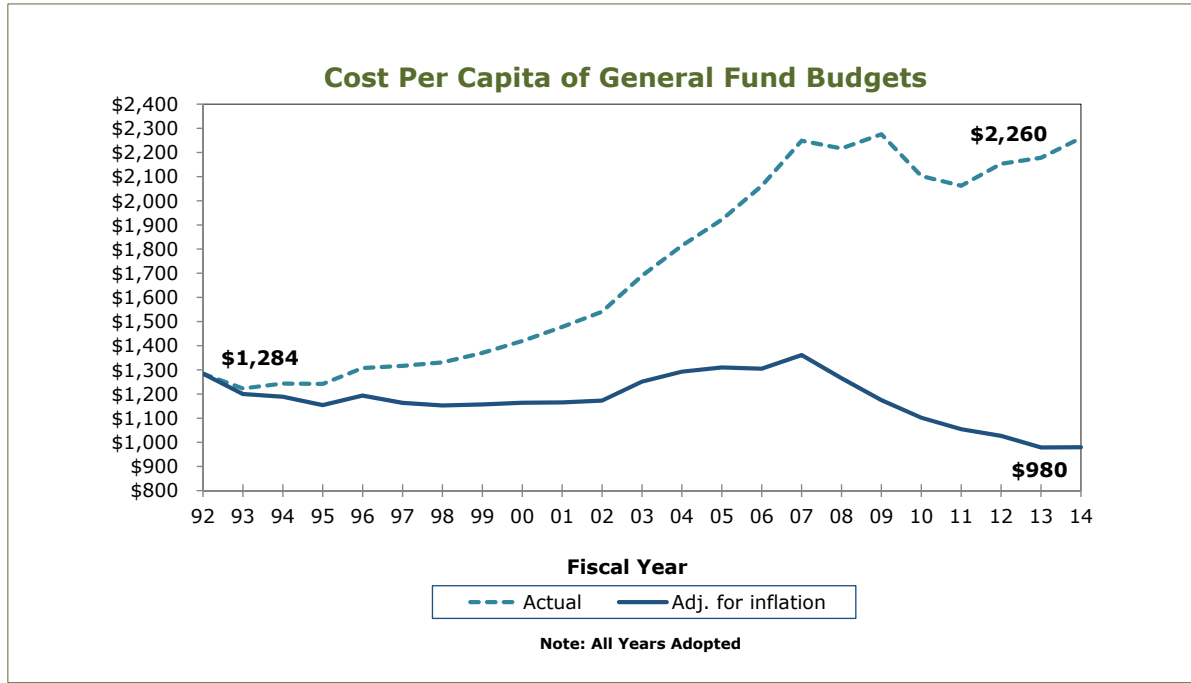
Cost Per Capita

The following graphs show the change in cost per capita between the FY 00 and FY 14 budgets by County service area. The first graph shows these changes not adjusted for inflation; the second graph shows the same information with the numbers adjusted for inflation.

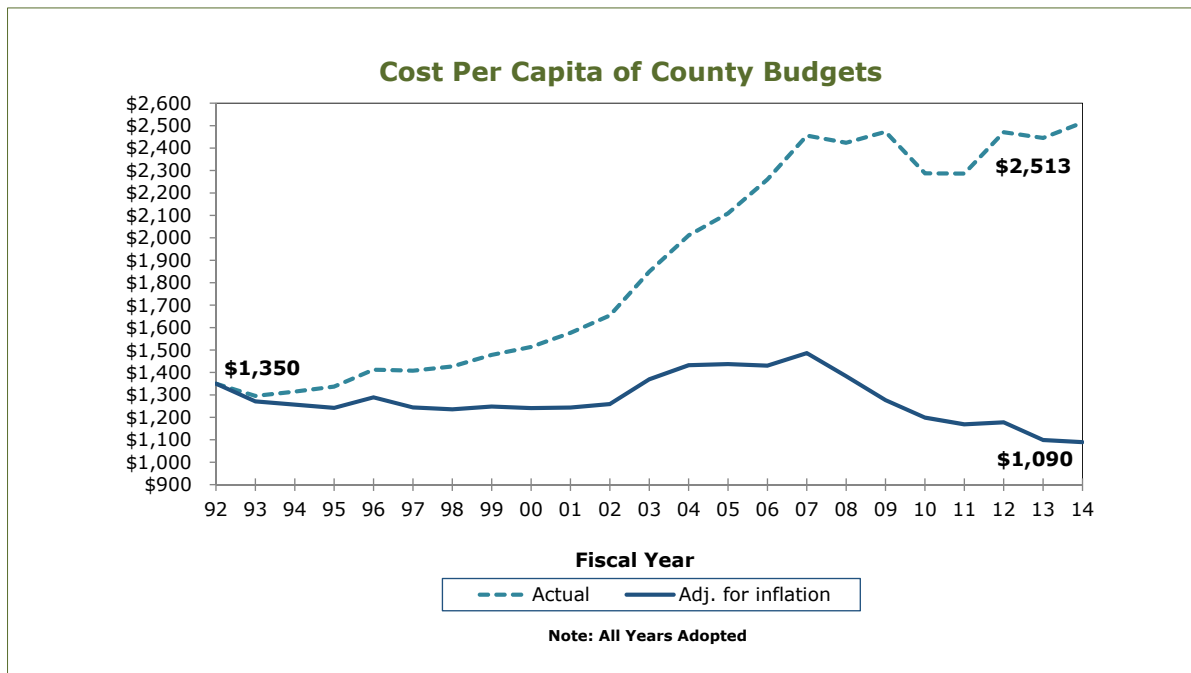




The following graph shows that the cost per capita of the general fund budget for FY 14 when adjusted for inflation is 23.7% less than the cost per capita in FY 92. This is an average decrease of 1.1% per year over the past 22 fiscal years. During that same period the population in the County increased from 225,735 in FY 92 to a projected 425,960 in FY 14 for an 88.7% increase. This is an average rate of increase of 4.0% per year over the past 22 fiscal years.

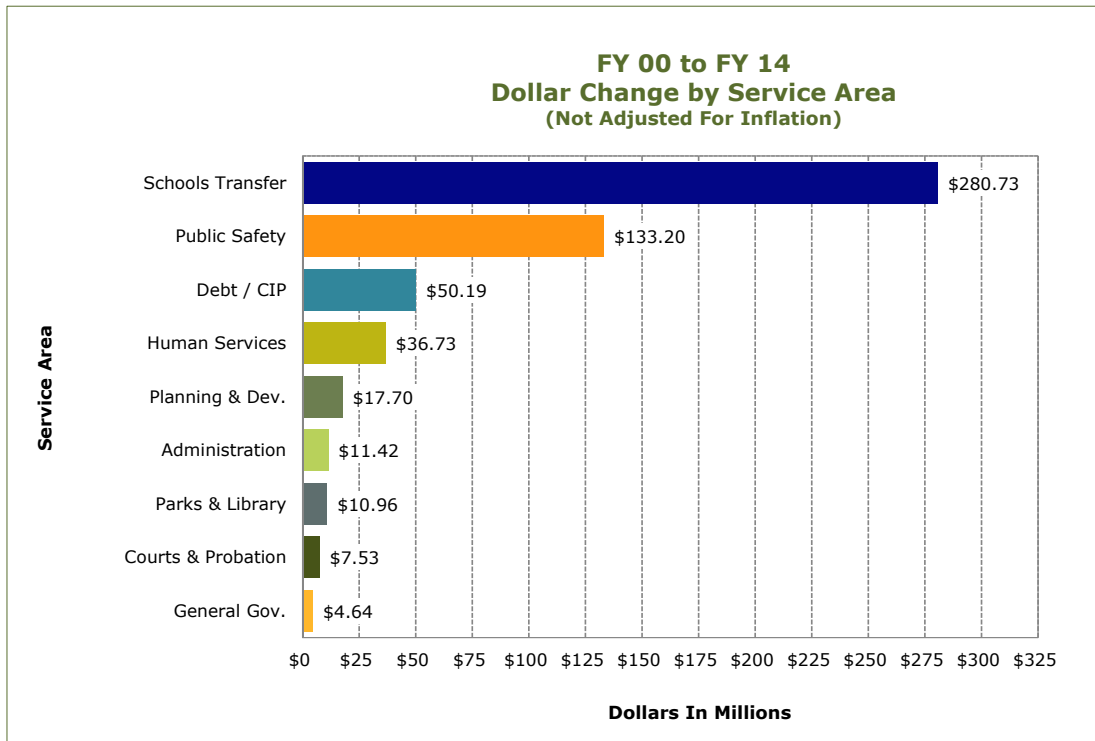


The following graph shows the cost per capita of County budgets for FY 14 when adjusted for inflation is a 19.3% less than the cost per capita in FY 92. This is an average rate of decrease of 0.9% per year over the past 22 fiscal years. During that same period the population in the County increased from 225,735 in FY 92 to a projected 425,960 in FY 14 for an 88.7% increase. This is an average increase of 4.0% per year over the past 22 fiscal years.





The following graph shows the actual dollar change by County service area from FY 00 through the FY 14 adopted budget. These figures are not adjusted for inflation. The largest growth areas correspond directly with the County’s adopted strategic goals: Economic Development, Transportation (these two areas are represented primarily in increases in Planning and Development and Debt / CIP), Public Safety, Human Services and Education, which has experienced the largest growth over this time period.





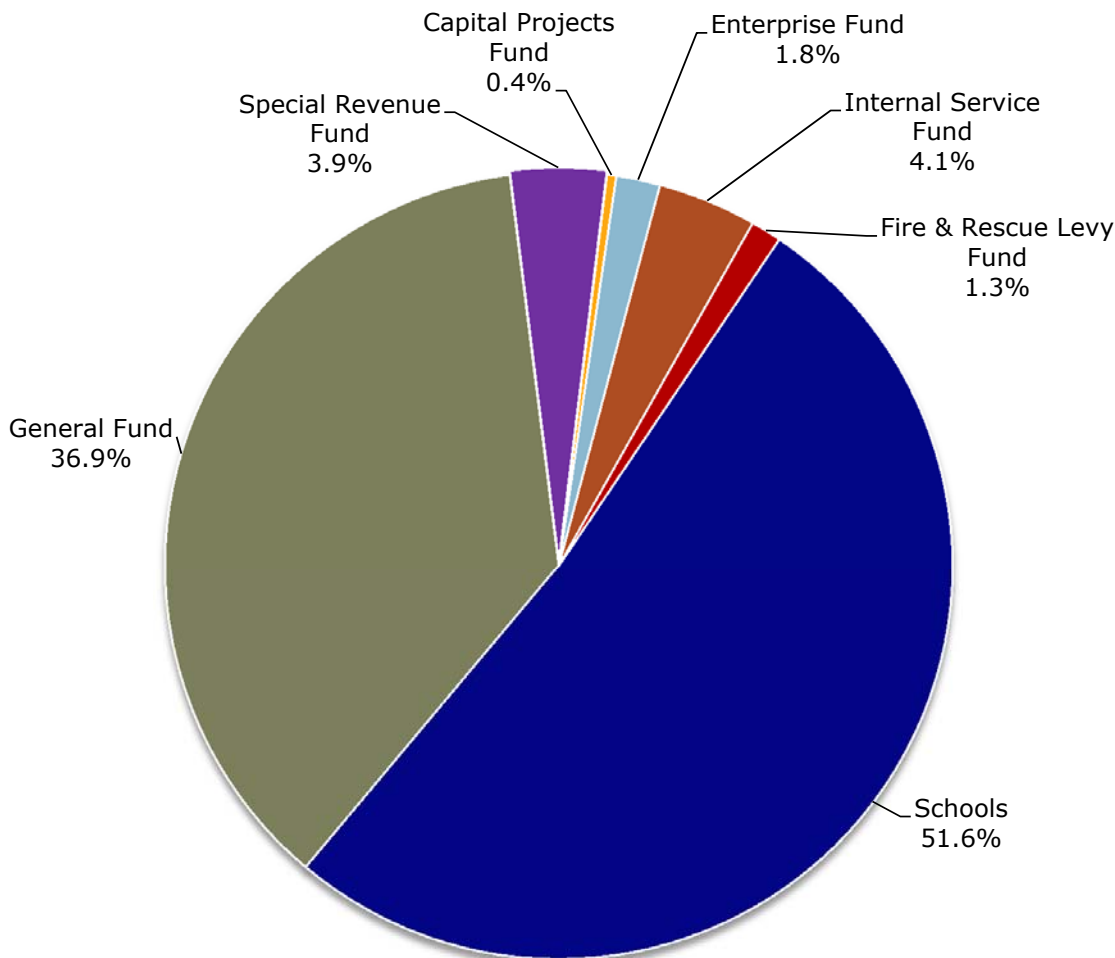
All Funds Expenditure and General Fund Expenditures

The total FY 14 adopted all funds budget is \$2.61 billion as shown below. This is an increase of 7.53% from the FY 13 adopted total.

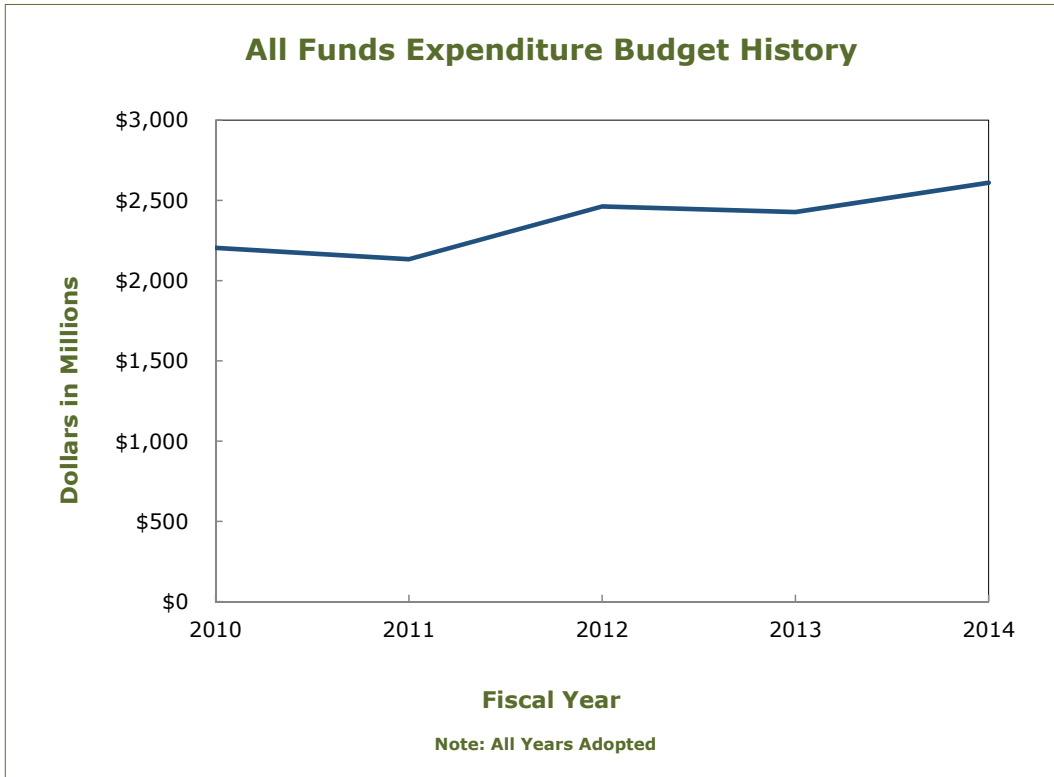
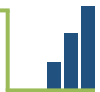
All Funds Expenditure Summary

Funding Area	FY 10 Adopted Budget	FY 11 Adopted Budget	FY 12 Adopted Budget	FY 13 Adopted Budget	FY 14 Adopted Budget	% Change 13 To 14 Adopted
General Fund	\$845,270,906	\$844,032,399	\$890,151,651	\$914,084,122	\$962,566,044	5.30%
Special Revenue Fund	\$91,442,271	\$92,333,014	\$95,295,934	\$101,501,857	\$102,501,378	0.98%
Capital Projects Fund	\$25,051,302	\$17,325,526	\$165,516,735	\$48,862,403	\$10,485,153	-78.54%
Enterprise Fund	\$16,569,928	\$29,527,597	\$25,487,567	\$29,520,686	\$47,347,100	60.39%
Internal Service Fund	\$66,827,351	\$71,852,714	\$101,266,872	\$88,286,902	\$105,706,467	19.73%
Fire & Rescue Levy Fund	\$23,344,302	\$26,594,565	\$67,516,135	\$40,346,600	\$32,799,632	-18.71%
Schools	\$1,135,794,538	\$1,051,710,928	\$1,116,903,580	\$1,204,524,999	\$1,348,461,310	11.95%
Total All Funds	\$2,204,300,598	\$2,133,376,743	\$2,462,138,474	\$2,427,127,568	\$2,609,867,085	7.53%

FY 14 Total County Budget By Fund Areas (Includes Operating Transfers Out)



\$2,609,867,085



General Fund Expenditures

Funding Area	FY 13 Adopted	FY 14 Adopted	Dollar Change	Percent Change
County Government	\$468,776,443	\$491,738,554	\$22,962,112	4.90%
Transfer To Schools	\$445,307,679	\$470,827,490	\$25,519,811	5.73%
Total General Fund	\$914,084,122	\$962,566,044	\$48,481,923	5.30%

The two major components of general fund expenditures are the Prince William County Government and the local share of the Prince William County Schools budget. Shown below are the expenditure levels adopted for FY 13 and adopted for FY 14 for those two areas.

