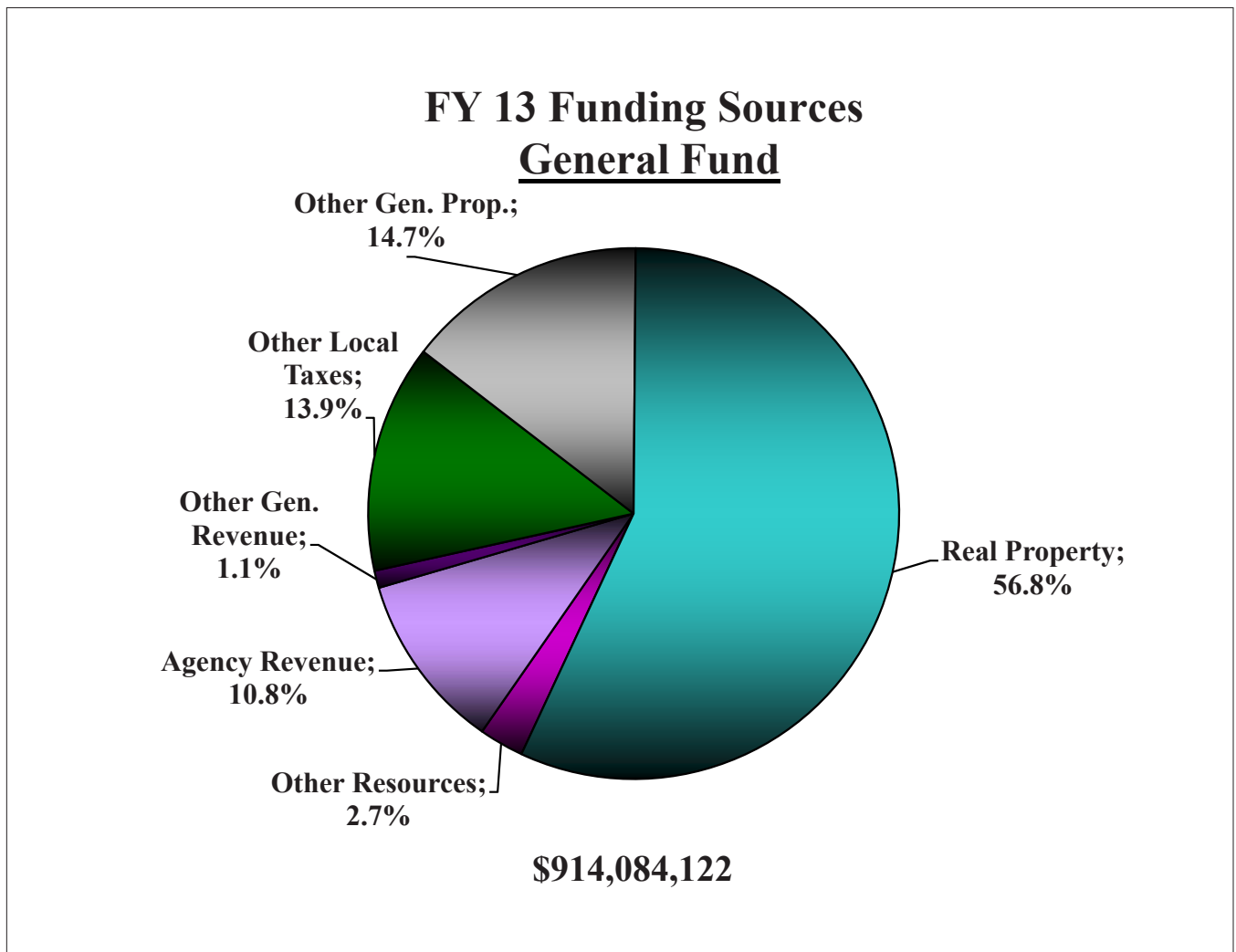
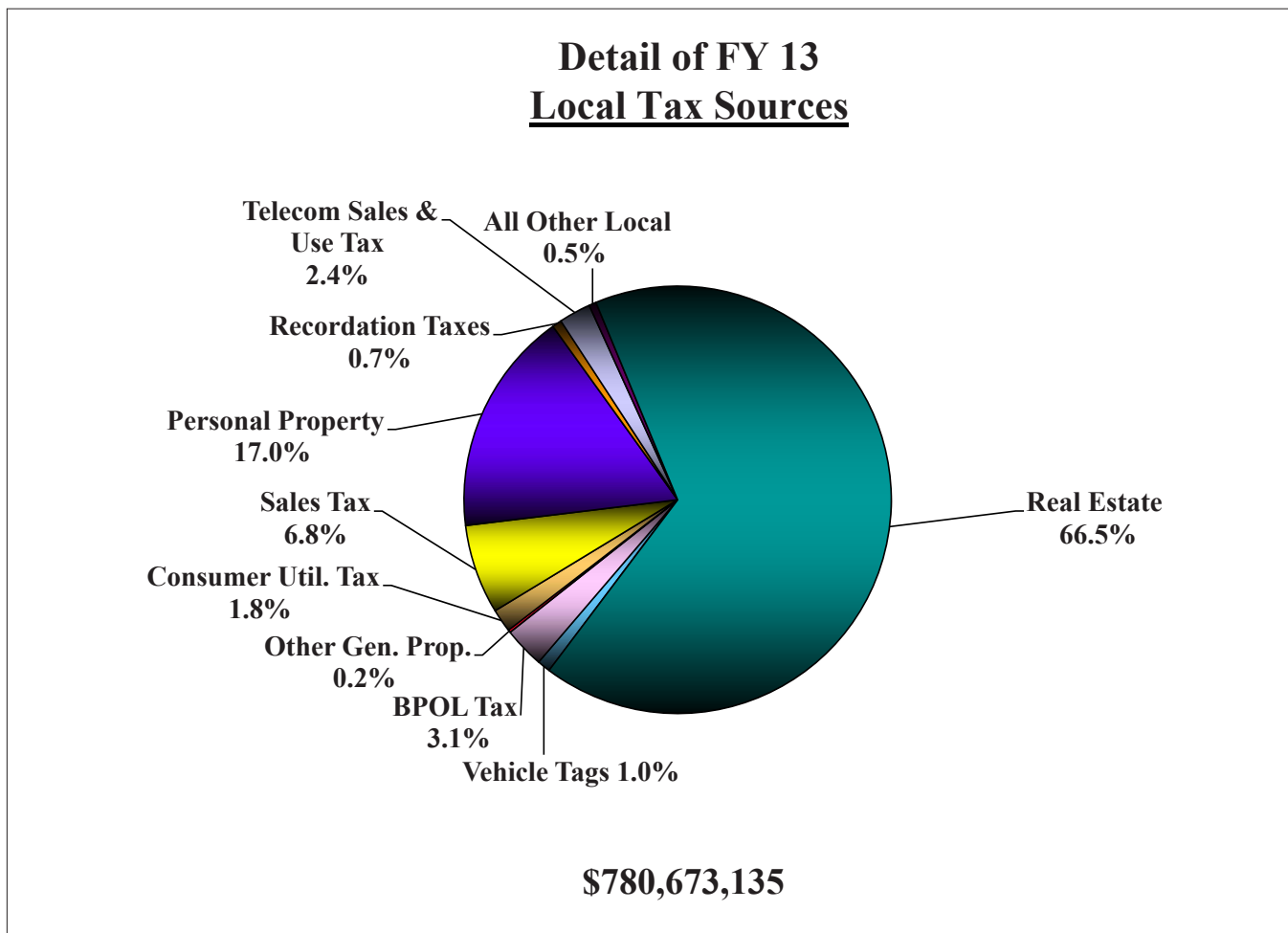


The general fund accounts for all financial transactions and resources in Prince William County other than those required to be accounted for in another fund. Thus, the general fund is the largest and most important fund used by the County. The general fund is divided into revenues and expenditures. This pie chart shows all FY 13 adopted funding sources contained within Prince William County's general fund. In other words, the chart shows where the money comes from to support the County's expenditures. The largest slice of this pie (56.8%) comes from Real Property Taxes. This source contains revenues received from the County's real estate. The next largest sources are other General Property (14.7%) and other local taxes (13.9%). 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 (10.8%) 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 96.2% of total funding sources in the general fund.

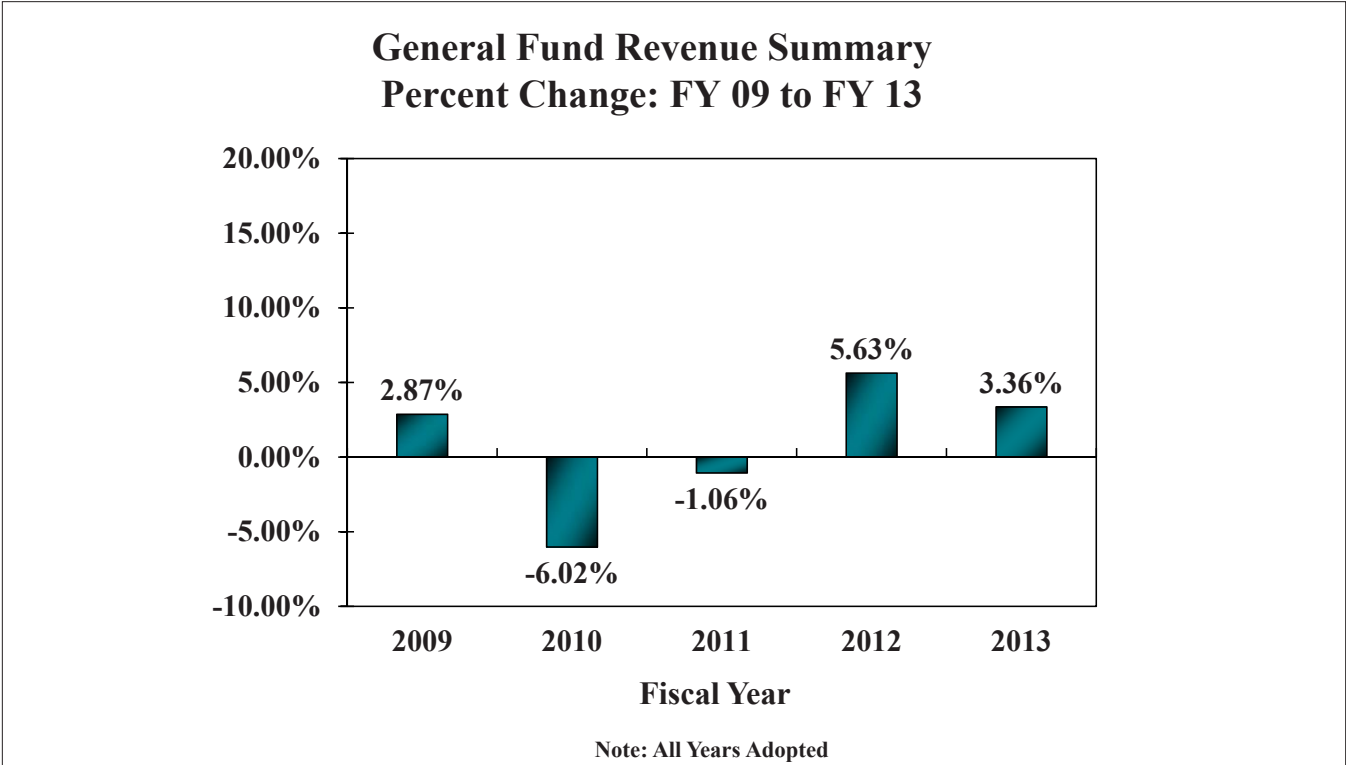
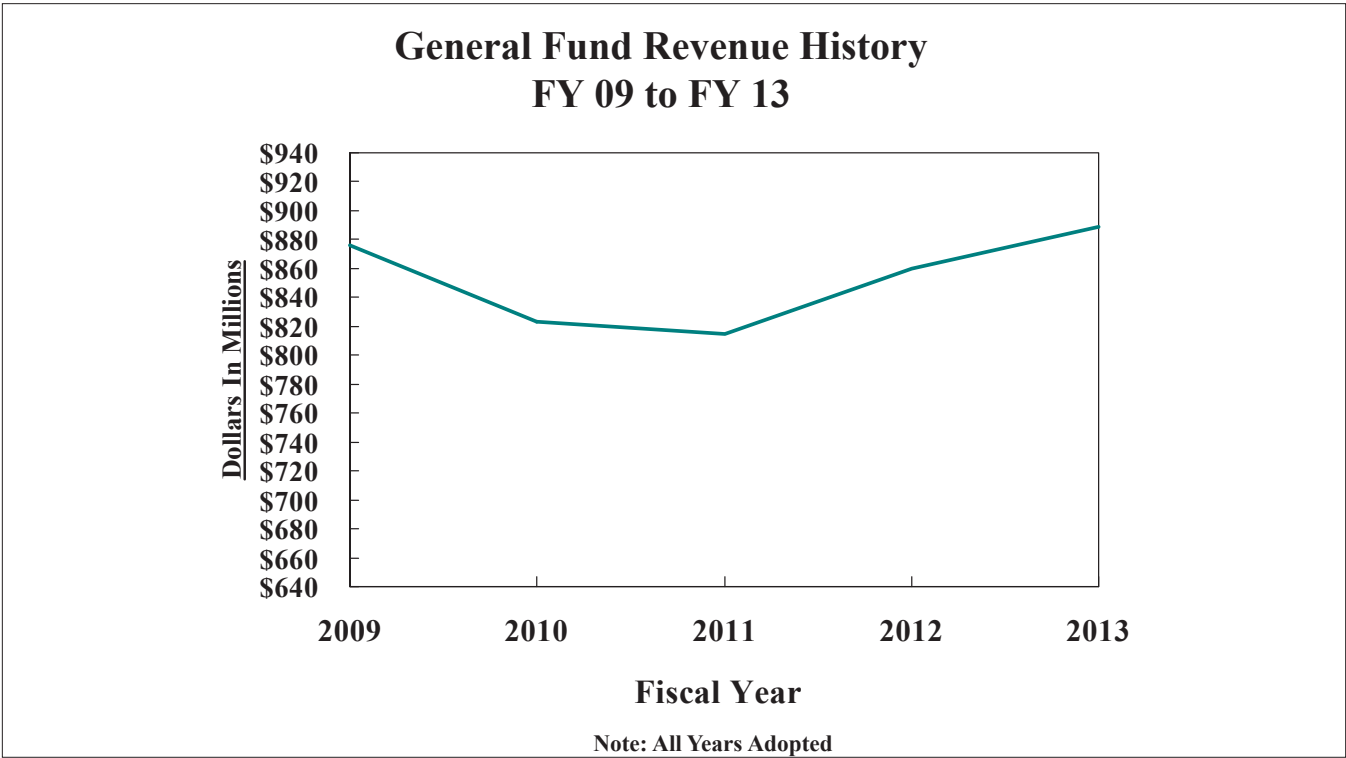


This pie chart provides detail regarding the County's FY 13 adopted local tax sources. These taxes make up a majority of the funding sources contained in the County's general fund. The largest source of local tax dollars (66.5%) comes from the real estate tax (\$1.209 per \$100 of assessed value) assessed on citizen's homes and real estate properties. The next largest source (17.0%) is Personal Property Taxes (\$3.70 per \$100 of assessed value) assessed on individual and business personal property. The next source (6.8%) is Sales Tax (a tax rate of 1%) levied on the retail sale or rent of most tangible property. These three tax sources taken together provide 90.3% of total local tax dollars coming into the County. The smaller sources of tax dollars include:

- Vehicle Tags (1.0%) received from the annual sale of automobile decals;
- All Other Local (0.5%) include miscellaneous tax sources such as Transient Occupancy Tax;
- Other General Property (0.2%) is interest earned on all taxes;
- Business, Professional, Occupational License tax (3.1%) levied on the gross receipts of County businesses;
- Consumer Utility Tax (1.8%) levied on the consumers of telephone, electric and natural gas.
- Recordation Taxes (0.7%) is levied when a deed or deed of trust is recorded with the clerk of the circuit court
- Telecommunication Sales and Use Tax (2.4%) is 5% levied on the following services; Landline telephones, wireless telephone, cable TV, satellite TV, VOIP service and paging services.



As the following graphs show, total Prince William County general fund revenues have increased 1.5% from FY 09 adopted to FY 13 adopted (from \$875.88 million to \$889.13 million).



## FY 2013 Adopted Real Estate Tax Rate and Average Tax Bill

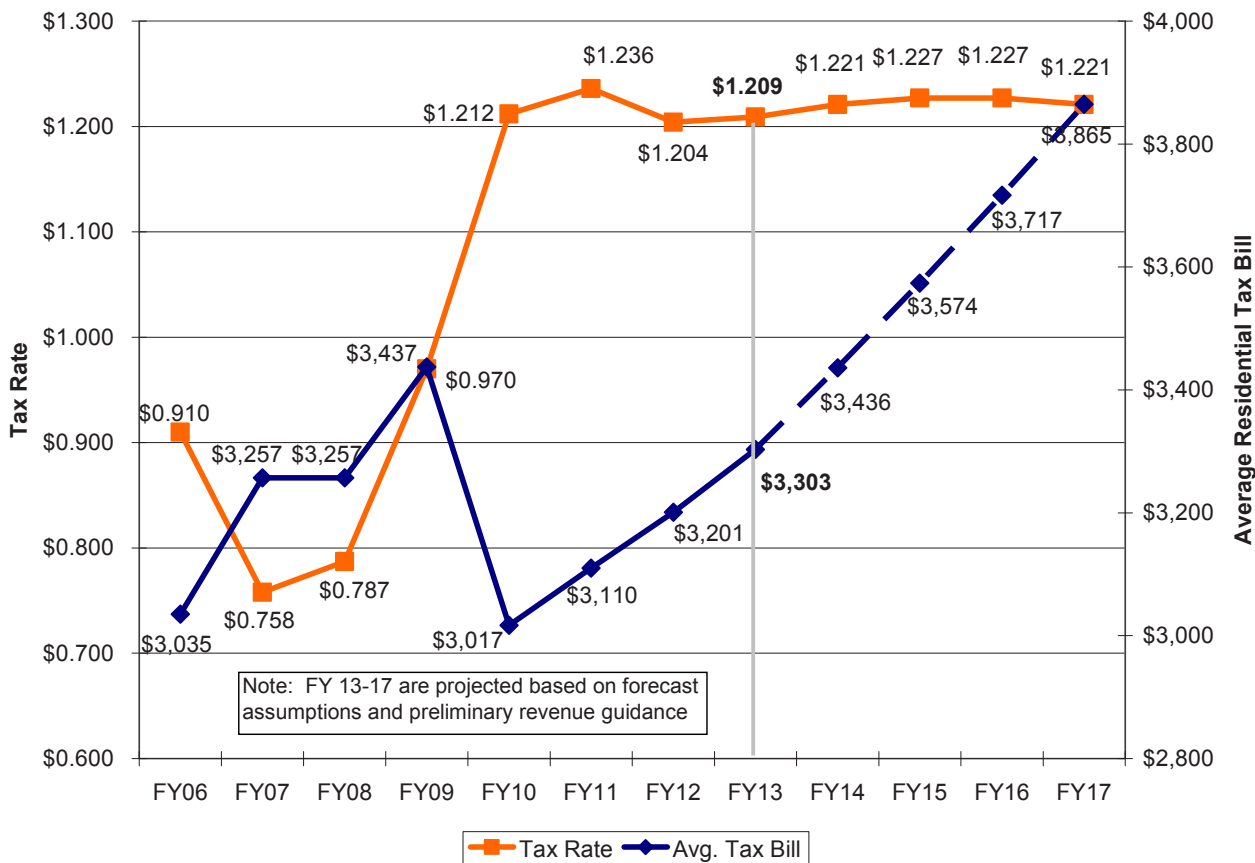
During calendar year 2011, the real estate market in the County stabilized in terms of prices but lost momentum as reflected in sales volume and inventory. The commercial real estate market in Prince William County bottomed out during 2010 and saw some improvement in 2011, though vacancy rates continue elevated from historic levels.

On April 24, 2012, the Board of County Supervisors adopted the FY 2013 Budget. The adopted real estate tax rate of \$1.209 has the following tax bill impacts on property owners:

- the “average” real estate tax bill on existing, residential properties will increase \$102 or 3.2%;
- the “average” real estate tax bill on existing, commercial properties will increase 4.0%.

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

**Figure 1. FY 2013-2017 Adopted Real Estate Tax Rates and Average Tax Bill**



The real estate tax rate was moderately increased to \$1.209 in FY 13. This is an increase of \$0.451 from the tax rate of \$0.758 adopted in FY 07. During that same period, the average residential tax bill will have increased minimally by \$46 or 1.41% (from \$3,257 to \$3,303). The average tax bill is proposed to increase beyond FY 13 based on the projected inflation rates of 4.0% annually in FY 14-17. (See Table 1)

### General Fund

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

#### Real Estate Revenues

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

**Table 1. Revenue Estimates by Category**

OBJ LVL 3	GENERAL REVENUE SOURCE	FY 2013 ESTIMATE	FY 2014 ESTIMATE	FY 2015 ESTIMATE	FY 2016 ESTIMATE	FY 2017 ESTIMATE
0010	REAL ESTATE TAXES	\$508,061,000	\$537,418,000	\$568,733,000	\$602,196,000	\$636,850,000
	ROLLBACK SUPPLEMENT	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
0020	REAL ESTATE TAX EXONERATIONS	(9,274,000)	(9,810,000)	(10,381,000)	(10,992,000)	(11,624,000)
	SUBTOTAL	\$498,887,000	\$527,708,000	\$558,452,000	\$591,304,000	\$625,326,000
0041	R/E TAXES - PUBLIC SERVICE	\$17,982,000	\$18,342,000	\$18,616,000	\$18,803,000	\$18,898,000
0021	REAL ESTATE TAX DEFERRAL	\$0	\$0	\$0	\$0	\$0
0025	LAND REDEMPTION	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000
0160	REAL ESTATE PENALTIES	\$2,185,000	\$2,311,000	\$2,446,000	\$2,590,000	\$2,739,000
	<b>TOTAL -- REAL ESTATE</b>	<b>\$519,369,000</b>	<b>\$548,676,000</b>	<b>\$579,829,000</b>	<b>\$613,012,000</b>	<b>\$647,278,000</b>
0071	PERSONAL PROPERTY TAXES	\$131,410,000	\$136,580,000	\$141,880,000	\$147,350,000	\$153,000,000
0072	P/P - PRIOR YEAR	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
0081	P/P TAX DEFERRAL	(\$85,000)	\$100,000	\$100,000	\$100,000	\$100,000
0170	P/P PENALTIES	\$1,310,000	\$1,360,000	\$1,410,000	\$1,470,000	\$1,520,000
	<b>TOTAL -- PERSONAL PROPERTY</b>	<b>\$132,685,000</b>	<b>\$138,090,000</b>	<b>\$143,440,000</b>	<b>\$148,970,000</b>	<b>\$154,670,000</b>
0210	<b>LOCAL SALES TAX</b>	<b>\$52,673,000</b>	<b>\$53,990,000</b>	<b>\$55,339,000</b>	<b>\$56,723,000</b>	<b>\$58,141,000</b>
0220	<b>CONSUMER UTILITY TAX</b>	<b>\$13,740,000</b>	<b>\$14,110,000</b>	<b>\$14,500,000</b>	<b>\$14,890,000</b>	<b>\$15,290,000</b>
0223	<b>COMMUNICATIONS SALES TAX</b>	<b>\$18,850,000</b>	<b>\$18,850,000</b>	<b>\$18,850,000</b>	<b>\$18,850,000</b>	<b>\$18,850,000</b>
0235	<b>BPOL TAXES - LOCAL BUSINESSES</b>	<b>\$22,878,135</b>	<b>\$23,558,135</b>	<b>\$24,258,135</b>	<b>\$25,218,135</b>	<b>\$26,218,135</b>
0510	<b>INVESTMENT INCOME</b>	<b>\$9,011,000</b>	<b>\$12,032,000</b>	<b>\$15,992,000</b>	<b>\$19,841,000</b>	<b>\$22,557,000</b>
0140	INTEREST ON TAXES	\$1,513,000	\$1,594,000	\$1,681,000	\$1,773,000	\$1,868,000
0215	DAILY EQUIPMENT RENTAL TAX	185,000	190,000	195,000	200,000	205,000
0230	BANK FRANCHISE TAX	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
0236	BPOL TAXES - PUBLIC SERVICE	1,185,000	1,221,000	1,258,000	1,296,000	1,335,000
0250	MOTOR VEHICLE LICENSE FEE	\$7,770,000	\$7,930,000	\$8,070,000	\$8,220,000	\$8,360,000
0260	RECORDATION TAX	\$5,615,000	\$5,671,000	\$5,728,000	\$5,842,000	\$5,959,000
0261	TAX ON DEEDS	1,460,000	1,470,000	1,480,000	1,510,000	1,540,000
0270	TRANSIENT OCCUPANCY TAX	1,250,000	1,265,000	1,280,000	1,300,000	1,325,000
0520	INTEREST PAID TO VENDORS	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
0521	INTEREST PAID ON REFUNDS	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
1303	ROLLING STOCK TAX	95,000	97,000	99,000	101,000	103,000
1304	PASSENGER CAR RENTAL TAX	795,000	820,000	845,000	870,000	895,000
1305	MOBILE HOME TITLING TAX	27,500	25,000	25,000	25,000	25,000
1700	FED PAYMENT IN LIEU OF TAXES	94,500	99,000	103,750	108,750	114,000
1150	UNDISTRIBUTED & MISCELLANEOUS	7,000	7,000	7,000	7,000	7,000
	<b>ALL OTHER REVENUE</b>	<b>21,092,000</b>	<b>21,484,000</b>	<b>21,866,750</b>	<b>22,347,750</b>	<b>22,831,000</b>
	<b>TOTAL GENERAL REVENUE</b>	<b>790,298,135</b>	<b>830,790,135</b>	<b>874,074,885</b>	<b>919,851,885</b>	<b>965,835,135</b>





## Real Estate Taxes - 010 / 020

The real estate tax is the single largest revenue source for Prince William County contributing approximately 65.7% of general revenues (FY 13 forecast). It is levied on all land, improvements and leasehold interests on land or improvements (collectively called “real property”) except that which has been legally exempted from taxation by the Prince William County Code and the Code of Virginia. The revenue summary for the general real estate tax applies only to real property assessed locally, which includes residential, commercial and industrial and agricultural and resource land property types. Table 2 show a five-year history of this revenue source and the five-year revenue forecast:

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

## Residential Real Estate

During calendar year 2010, a stable but appreciating residential market was marked by a stronger first half

due to the first time home buyer tax credit. In 2011 the residential market was relatively flat despite record low mortgage rates. Following a 5.4% increase in values in 2010, average existing home value increased approximately 2.77% in 2011. Factors contributing to the appreciation of values included the continued low mortgage rates, lower foreclosure rates and low levels of inventory for sale. In 2011, there were 1,408 foreclosures of residential properties compared to 2,078 in 2010, a decrease of 32%.

The average number of days on the market increased from 48 days to 60 days from December 2010 to December 2011. The inventory of homes on the market remained around the same level as 2010. Bank owned properties and short sales made up approximately 17.3% of all sales in CY 2011.

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

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

Revenue History	Tax Rate	Actual Revenue	Percent Change
FY 2007	\$0.758	\$419,468,402	10.3%
FY 2008	0.787	438,809,461	4.6%
FY 2009	0.970	493,304,534	12.4%
FY 2010	1.212	459,343,128	-6.9%
FY 2011	1.236	458,409,233	-0.2%
Current Estimate	Tax Rate	Adopted/Revised Revenue	Percent Change
FY 2012 (Adopted Budget)	\$1.204	\$474,793,000	3.6%
FY 2012 (Revised Estimate)	1.204	474,114,000	3.4%
Forecast Revenue	Tax Rate	Revenue Estimate	Percent Change
FY 2013	\$1.209	\$498,887,000	5.2%
FY 2014	1.221	527,708,000	5.8%
FY 2015	1.227	558,452,000	5.8%
FY 2016	1.227	591,304,000	5.9%
FY 2017	1.221	625,326,000	5.8%



### Residential Market Value Changes

Figure 2 shows a history of actual residential appreciation (excluding rental apartments) from calendar year 1981 through 2011 and the General Revenue Committee's estimates thereafter.

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

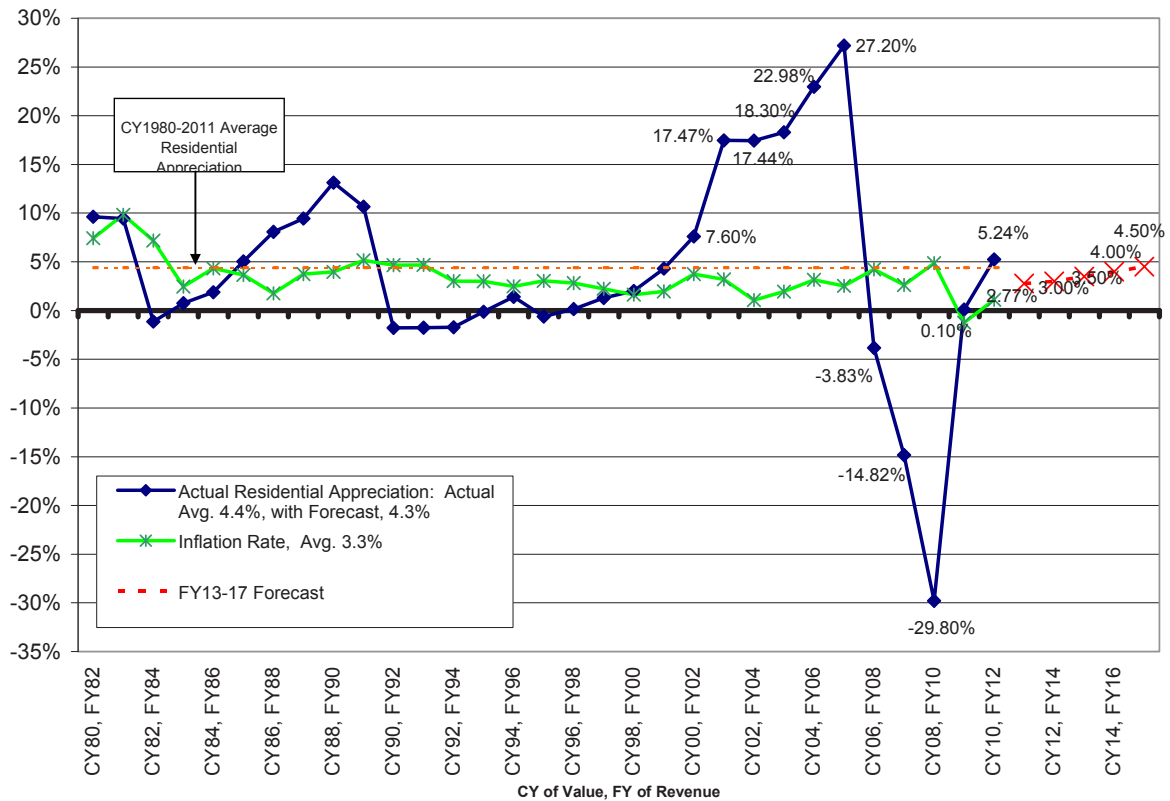
The strengths of the Washington D.C. area, which are relatively low unemployment (compared to national and state unemployment rates) and stable job growth expectations, are countered by improving, but still

elevated, foreclosure rates in Prince William County and consumer confidence, that while showing improvement, is still at low levels.

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

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

**Figure 2. Average Annual Residential Real Estate Appreciation**



**Table 3. Residential Market Value Changes**

Revenue Year	Single-Family, Townhouse and Condominium	Apartments
FY 2013	2.8%	14.0%
FY 2014	3.0%	5.0%
FY 2015	3.5%	5.0%
FY 2016	4.0%	5.0%
FY 2017	4.5%	5.0%







## Apartments Market Value Change

The apartment market has seen increases in both rent and occupancy levels in Prince William County. Apartment values experienced a healthy increase mainly due to an annualized 86 basis point reduction in overall capitalization rates according to the Fourth Quarter 2011 Korpacz Real Estate Investor Survey. The reason for this sharp decline is the relative strength of apartments as investment properties, as well as easier availability of capital. Appreciation is projected to continue throughout FY 14-17 at a rate of approximately 5%.

## Residential New Construction Units

Growth is defined as the change in assessed value due to the subdivision of land and the construction of new residential units. Construction taking place in one calendar year affects real estate revenues two fiscal years later. For example, construction that occurred in calendar year 2011 will be reflected in the County's January 1, 2012, landbook which provides the basis for

real estate tax revenue received in fiscal year 2013. Table 5 summarizes the expected number of newly constructed residential units during the forecast period.

Construction of single family, townhouse and condominium units that were completed during calendar year 2011 will generate revenue for FY 13. The volume of new home starts is expected to rise as the economy stabilizes and the inventory of foreclosed homes diminishes during the remainder of the forecast period. Construction of new apartment units is expected to go up to 310 units in FY 14 and during the remainder of the forecast period as demand for apartments continues.

## Residential Values Per New Unit

The average assessed value of a new home constructed during CY 2011 was approximately \$376,736 a 10.0% increase over the average assessed value of homes built in 2010 which was \$342,200. It should be noted that the overall assessed value of a new home is affected by the mix of single family, townhouse and condominium units constructed in any given year.

**Table 4. Comparison of Estimated Residential Market Value Changes from 2011 to 2012**

	Prince William County	Loudoun County	Fairfax County	City of Alexandria	Arlington County
All Residential (Excluding Rental Apartments)	2.77%	1.1%	0.71%	1.16%	1.80%

**Table 5. Residential Growth - Number of Units**

Revenue Year / Calendar Year	Total Residential Units	Single-Family	Townhouse	Condominium	Apartments
FY 2007 /CY 05	6,178	3,780	1,343	518	537
FY 2008 /CY 06	4,420	2,556	1,135	278	451
FY 2009 /CY 07	2,889	1,406	531	768	184
FY 2010 /CY 08	1,978	1,060	278	456	184
FY 2011 /CY 09	1,957	1,112	293	552	0
FY 2012/CY 10	2,216	1,018	263	461	474
FY 2013 /CY 11 (est.)	1,499	860	164	275	200
FY 2014 /CY 12	1,910	1,000	290	310	310
FY 2015 /CY 13	1,970	1,000	330	320	320
FY 2016 /CY 14	2,030	1,000	370	330	330
FY 2017/CY 15	2,090	1,000	410	340	340





The average assessed value of a new single family home is estimated to be approximately \$436,984 in 2013.

In 2013, the average assessed value of a new condominium unit is estimated to be approximately \$233,334 and the average value of a new townhouse unit is estimated to be \$301,260. (See Table 6)

**Commercial Real Estate**

The dynamics of the commercial real estate market remains rooted in the same reasons as last year - over-development and a still uncertain economic outlook. Calendar year 2011 market activity in Prince William County resulted in commercial properties appreciating 3.6%. All property types with the exception of vacant commercial land experienced appreciation. Vacant land was unchanged. Office properties were affected by excess inventory as a result of recent construction, as well as weak demand. Commercial appreciation for FY 14 is

forecast at 3.0% followed by increases in FY 15 through FY 17.

Average assessed values per square foot for FY 12 are determined based on the added building value resulting from new construction completed during calendar year 2010.<sup>1</sup> These unit values are then adjusted to reflect the general appreciation of commercial properties during the remainder of the forecast period. (See Table 7)

Commercial properties are categorized into five property types: retail, office, hotel, industrial, and special purpose. For FY 13 (calendar year 2011 market activity),

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

**Table 6. New Residential Assessed Value per New Unit**

Revenue Year	Overall Residential (Excludes Apts.)	Single-Family	Townhouse	Condominium	Apartments
FY 2007	\$548,355	\$616,954	\$421,251	\$377,304	\$92,237
FY 2008	531,957	610,977	408,275	343,586	97,017
FY 2009	427,378	525,384	344,824	305,035	106,202
FY 2010	330,995	387,959	258,170	242,976	99,885
FY 2011	323,949	380,728	262,254	242,317	93,600
FY 2012	342,180	406,733	279,724	235,262	88,203
FY 2013 (est.)	376,736	436,984	301,260	233,334	111,979
FY 2014	397,092	460,800	316,900	266,600	89,100
FY 2015	406,172	474,600	326,400	274,600	90,000
FY 2016	415,599	488,800	336,200	282,800	90,900
FY 2017	425,443	503,500	346,300	291,300	91,800

**Table 7. Commercial Market Value Changes**

Revenue Year	Commercial
FY 2007	17.3%
FY 2008	10.9%
FY 2009	4.3%
FY 2010	-14.9%
FY 2011	-15.2%
FY 2012	0.7%
FY 2013 (est.)	3.6%
FY 2014	3.0%
FY 2015	4.0%
FY 2016	5.0%
FY 2017	5.0%





approximately 437,000 square feet of commercial space was added to the assessment rolls. Even so, growth is expected to be slow during the forecast period.

## Retail

New construction in the retail sector accounted for approximately 14% of all commercial/industrial growth during CY 11, adding nearly 61,000 square feet to the tax base. The turmoil in the residential market undoubtedly caused retail growth to remain tame in 2010 as the sector tends to lag residential markets by one to two years. Shopping center capitalization rates decreased 47 basis points in CY 2011. Capitalization rates for premium shopping centers in 2011 are approximately 7.00%. Lower capitalization rates translate to higher real estate values.

Appreciation in neighborhood shopping centers is anticipated to remain modest to flat until residential new construction increases and valuation trends turn positive.

## Industrial

Construction of industrial properties accounted for approximately 35% of all new commercial construction during CY 11, adding approximately 154,000 square feet to the commercial/industrial base. Although this represents an increase from CY 10, it still is a decline from previous years and is directly linked to the level of inventory. Both rents and occupancy levels of industrial properties in general experienced sharp declines in 2009,

but stabilized in 2010 and improved further in 2011. The existing inventory of warehouse space in all submarkets suggests that growth within the sector will likely remain weak for the foreseeable future.

Existing industrial properties, with the exception of self storage, are forecast to appreciate approximately 5% for fiscal year 2013. Self storage properties are forecast to appreciate approximately 15%. This translates to an overall industrial appreciation of approximately 6%.

## Hotels

In CY 2011, no new hotels were added to Prince William County's hotel inventory.

The hotel market valuation for 2012 increased roughly 3% mainly attributed to downward pressure on cap rates due to pent-up demand for investment properties.

## Office Buildings

Construction of new office buildings accounted for approximately 21% of all new commercial construction during calendar year 2011, adding approximately 93,000 square feet to the commercial base. Growth within the office sector is expected to be sustained only at a low rate during the forecast period since there are very few projects in the pipeline. This should allow the market to slowly absorb existing vacant space. The net effects of over-building and the recession have been higher office vacancies and naturally lower rents. The

**Table 8. Commercial New Construction Value per Square Foot**

Revenue Year	Retail	Office	Hotel	Industrial	Misc. Properties
FY 2007	\$81	\$105	\$84	\$66	n/a
FY 2008	85	110	88	69	n/a
FY 2009	98	110	108	89	n/a
FY 2010	102	114	112	93	n/a
FY 2011	105	82	101	64	95
FY 2012	140	91	121	33	132
FY 2013 (est.)	133	148	121	48	132
FY 2014	133	148	121	48	132
FY 2015	134	149	122	48	133
FY 2016	136	151	123	49	135
FY 2017	137	152	125	49	136



calendar year 2011 vacancy rate for office space in Woodbridge/Dumfries area was unchanged from 2010 at approximately 15%.

**Special Use**

Properties within the special use category comprise taxable schools, healthcare facilities, high-technology data center properties and other types of properties that have no foreseeable alternate uses. Approximately 129,000 square feet of miscellaneous commercial properties were constructed in calendar year 2011, accounting for approximately 30% of all commercial growth.

Tables 8 and 9 show a summary of commercial growth and assessed values per square foot during the forecast period.

**Real Estate Exonerations**

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

Exonerations are decreases in revenue due to assessment reductions, changes in tax liability, or tax relief programs. Assessment reductions are typically caused by appeals of assessed values and account for the majority of exonerations. Changes in tax liability occur when a

property changes from a taxable to a tax-exempt status. Taxes are also exonerated for properties whose owners qualify for the Tax Relief Program for the Elderly and Disabled or the Tax Relief Program for Disabled Veterans.

**Public Service Taxes - 041**

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

Historically, all market value changes within the public service classification have been attributable to new construction growth. Revenue growth during fiscal year 2005 was significantly higher than in past years (despite a reduction in the real estate tax rate) due to the completion of Virginia Power’s facility at Possum Point. Growth within public service properties is expected to stabilize at a rate of 1.0% per year for fiscal years 2013-2017. Public service market values are not subject to the same market changes as other real estate properties.

**Real Estate Tax Deferrals - 021**

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

**Table 9. New Commercial Construction Square Footage**

Revenue Year	Total Commercial	Retail	Office	Hotel	Industrial	Misc. Properties
FY 2007	1,711,473	563,714	106,775	-	1,040,984	-
FY 2008	2,731,438	566,090	1,028,850	115,002	915,098	106,398
FY 2009	3,572,737	644,119	948,518	174,793	1,623,988	181,319
FY 2010	2,833,958	1,295,731	276,813	56,013	1,175,139	30,262
FY 2011	925,785	534,842	216,832	95,362	68,557	10,192
FY 2012	378,922	156,377	65,352	73,926	37,800	45,467
FY 2013 (est.)	436,882	60,559	93,060	-	154,308	128,955
FY 2014	350,000	100,000	100,000	50,000	50,000	50,000
FY 2015	475,000	150,000	125,000	50,000	100,000	50,000
FY 2016	600,000	200,000	150,000	50,000	150,000	50,000
FY 2017	725,000	250,000	175,000	50,000	200,000	50,000



## Revenue Summary

If unpaid real estate taxes at the end of a fiscal year are more than at the beginning of that fiscal year, the amount of the increase is recorded as negative revenue in real estate tax deferrals. Real estate taxes collected after becoming more than three years delinquent are accounted for as land redemption revenue. (See Table 11)

On December 10, 1996, the Board of County Supervisors approved an initiative to decrease the percentage of

unpaid property taxes at fiscal year end. The BOCS has continued to support this initiative and at the end of FY 11, the percentage of unpaid property taxes compared to the FY 11 levy was 1.8%. 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

**Table 10. Revenue Summary - Public Services Taxes - 041**

Revenue History	Tax Rate	Actual Revenue	Percent Change
FY 2007	\$0.758	\$10,277,509	-10.0%
FY 2008	0.787	11,401,499	10.9%
FY 2009	0.970	14,275,190	25.2%
FY 2010	1.212	16,518,811	15.7%
FY 2011	1.236	18,129,083	9.7%
<b>Current Estimate</b>			
FY 2012 (Adopted Budget)	\$1.204	\$17,835,000	-1.6%
FY 2012 (Revised Estimate)	1.204	17,730,000	-2.2%
<b>Forecast Revenue</b>			
FY 2013	\$1.215	\$17,982,000	1.4%
FY 2014	1.227	18,342,000	2.0%
FY 2015	1.233	18,616,000	1.5%
FY 2016	1.233	18,803,000	1.0%
FY 2017	1.227	18,898,000	0.5%

**Table 11. Revenue Summary - Real Estate Tax Deferrals**

Revenue History	Actual Revenue
FY 2007	\$(244,825)
FY 2008	483,032
FY 2009	(715,210)
FY 2010	628,146
FY 2011	537,177
<b>Current Estimate</b>	
FY 2012 (Adopted Budget)	\$(1,000,000)
FY 2012 (Revised Estimate)	(400,000)
<b>Forecast Revenue</b>	
FY 2013	\$0
FY 2014	0
FY 2015	0
FY 2016	0
FY 2017	0



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.

**Land Redemption - 025**

Land redemption is the recognition of real estate taxes collected after being more than three years delinquent. The Code of Virginia allows Prince William County to pursue the collection of delinquent real estate taxes for twenty years. (See Table 12)

This revenue category varies depending on the amount of unpaid taxes three years and older, and the level of

success in collecting these past due amounts. The FY 13-17 forecast estimates approximately 25% of the prior year's unpaid land redemption taxes will be collected annually. A variety of methods is used to enforce the collection of those taxes, including filing suit to force the sale of the property for unpaid taxes. Unpaid land redemption taxes, at the end of each fiscal year, are estimated in Table 13.

**Real Estate Penalties - 160**

Prince William County assesses a 10% penalty on the late payment of real estate taxes. If taxes are not paid in full by the due date, a late penalty of 10% will be assessed on the unpaid original tax balance. Interest at the rate of 10% per annum is added to any unpaid balance beginning on the first day of the month following the original due date. (See Table 14)

**Table 12. Revenue Summary - Land Redemption - 021**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$245,304	-25.0%
FY 2008	237,913	-3.0%
FY 2009	128,418	-46.0%
FY 2010	138,641	8.0%
FY 2011	256,929	85.3%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$200,000	-22.2%
FY 2012 (Revised Estimate)	200,000	-22.2%
<b>Forecast Revenue</b>		
FY 2013	\$315,000	57.5%
FY 2014	315,000	0.0%
FY 2015	315,000	0.0%
FY 2016	315,000	0.0%
FY 2017	315,000	0.0%

**Table 13. Unpaid Land Redemption Taxes**

FY 2011	\$1,265,111
FY 2012	1,500,000
FY 2013	1,500,000
FY 2014	1,500,000
FY 2015	1,500,000
FY 2016	1,500,000
FY 2017	1,500,000





Revenue from real estate penalties is estimated by applying a fixed percentage (approximately 0.40% - 0.44%) to the real estate revenue forecast excluding public service properties. The fixed percentage (approximately 0.40% - 0.44%) is based on recent historical data of real estate penalty revenues as a percentage of total real estate revenues excluding public service properties.

## Personal Property Revenue

The personal property tax is assessed on vehicles, mobile homes and business personal property. Approximately 85% of personal property tax revenue is forecast in FY 13 to be generated by motor vehicles, trailers and motor homes. The remaining 15% is forecast to be received from taxes levied on business equipment.

Certain classifications of property do not generate a tax bill because of their extremely low tax rate, such as farm equipment, vehicles that qualify for elderly tax relief, vanpool vans, handicapped-equipped vehicles

and vehicles owned by certain fire and rescue volunteer company members and fire and rescue volunteer company auxiliary members. In addition, some vehicles and property are tax exempt, such as vehicles used as daily rentals, vehicles owned by certain military personnel and vehicles or business. (See Table 15)

## Personal Property Tax on Vehicles - 071 / 079 / 1308

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

**Table 14. Revenue Summary - Real Estate Penalties - 160**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$1,842,422	18.8%
FY 2008	1,952,229	6.0%
FY 2009	2,160,303	10.7%
FY 2010	1,651,847	-23.5%
FY 2011	1,365,811	-17.3%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$2,080,000	52.3%
FY 2012 (Revised Estimate)	2,077,000	52.1%
<b>Forecast Revenue</b>		
FY 2013	\$2,185,000	5.2%
FY 2014	2,311,000	5.8%
FY 2015	2,446,000	5.8%
FY 2016	2,590,000	5.9%
FY 2017	2,739,000	5.8%





**Car Tax Relief**

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

During the 2004 State budget sessions, legislation was enacted that changes how the amount of car tax relief is calculated under the PPTRA. The legislation capped the amount reimbursed to the County, which began in tax year 2006 (fiscal year 2007). Capping the car tax at a set dollar amount (\$950 million state-wide) will typically

reduce the percentage of the tax on qualifying vehicles paid by the Commonwealth in each successive year. To compensate, the County must increase the share of the tax paid by the taxpayer or face declining revenue, and so the five-year revenue forecast assumes the County will increase the share paid by taxpayers as the total assessed value of qualifying vehicles grows so that revenues do not decline. The percentage of tax relief for qualifying vehicles in fiscal year 2013 (tax year 2012) is 57%.

**Change in Average Vehicle Value and Units Billed**

The FY 13 (tax year 2012) forecast assumes an increase of 2.5% in average assessed values. The forecast for FY 14

**Table 15. Revenue Summary - Personal Property Tax - 071 / 079 / 1308**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$124,238,439	9.8%
FY 2008	126,770,945	2.0%
FY 2009	129,389,732	2.1%
FY 2010	116,116,765	-10.3%
FY 2011	120,606,698	
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$124,370,000	3.1%
FY 2012 (Revised Estimate)	125,800,000	4.3%
<b>Forecast Revenue</b>		
FY 2013	\$131,410,000	4.5%
FY 2014	136,580,000	3.9%
FY 2015	141,880,000	3.9%
FY 2016	147,350,000	3.9%
FY 2017	153,000,000	3.8%

**Table 16. Percentage Change in Average Assessed Value and Vehicle Units Billed**

	Assessed Value		Billable Units
	Dollar Value	Percent Increase	Percent Increase
FY 2007	\$9,998	5.2%	2.40%
FY 2008	9,843	-1.6%	1.50%
FY 2009	10,070	2.3%	1.30%
FY 2010	8,798	-12.6%	0.60%
FY 2011	8,965	1.9%	2.90%
FY 2012	9,200	2.6%	2.43%
FY 2013 (est.)	9,430	2.5%	2.25%
FY 2014	9,651	2.3%	2.05%
FY 2015	9,877	2.3%	1.80%
FY 2016	10,108	2.3%	1.77%
FY 2017	10,345	2.3%	1.73%







-17 is for the average vehicle value to increase 2.3% per year (the historical average is 2.3%). The FY 13 (tax year 2012) forecast assumes a 2.25% increase in the number of vehicle units billed due mainly to population growth. The increase in vehicle units billed during FY 13-17 is due to gradual population growth and slow growth in the number of businesses and business vehicles as the economy continues to recover. (See Table 16)

**Business Personal Property Tax**

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

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

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

General business equipment and heavy equipment account for 78% and 7% of taxes on business equipment respectively. Taxes on computer equipment comprise 14% and taxes from machinery and tools account for the remaining 1%.

Taxes from business equipment are expected to remain flat in FY 13, increase by 1.0% in FY 14 and then increase by 2% per year for FY 15 - 17. Businesses had been deferring purchases of new equipment during the most recent economic recession. Heavy equipment, in particular, had decreased dramatically due to the decline in residential and commercial construction. However, there is some evidence that the economy and the economic condition of local businesses has stabilized. They still are not replacing equipment or adding significant amounts of new equipment, but the downward trend seems to have stopped, thus we are forecasting a modest increase for each of the years in the forecast.

**Personal Property Prior Year - 072**

This account records changes to prior year personal property taxes as a result of changes in estimated allowance for uncollectible taxes. These revenues are less than \$100,000 a year, and are therefore not addressed in as much detail as the major revenue sources. (See Table 17)

**Personal Property Deferrals - 081**

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

If unpaid personal property taxes at the end of a fiscal year are more than at the beginning of that fiscal year, the amount of the increase is recorded as negative revenue in personal property tax deferrals. (See Table 18)

**Table 17. Revenue Forecast - Personal Property Prior Year - 072**

	<b>Revenue Estimate</b>	<b>Percent Change</b>
FY 2013	\$50,000	0.0%
FY 2014	50,000	0.0%
FY 2015	50,000	0.0%
FY 2016	50,000	0.0%
FY 2017	50,000	0.0%



On December 10, 1996, the Board of County Supervisors approved an initiative to decrease the percentage of unpaid property taxes at fiscal year end, as compared to the current year levy, from 11% in FY 96 to 6% in FY 03. With the adoption of the FY 2002 Budget, additional collection resources were provided to the Finance Department and the amount of total unpaid property taxes as a percentage of the total levy was revised to 5.5% by FY 05.

taxes compared to the FY 11 levy was 1.8%, and is the County's best unpaid property tax rate since data was first collected in 1971. This is an improvement over the FY 09 and FY 10 unpaid property tax percentage of 2.2%.

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:

At the end of FY 11, the percentage of unpaid property

**Table 18. Revenue Summary - Personal Property Deferrals - 081**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$(88,148)	-102.3%
FY 2008	(620,783)	604.3%
FY 2009	(771,845)	24.3%
FY 2010	360,212	-146.7%
FY 2011	1,032,739	186.7%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$(1,000,000)	-196.8%
FY 2012 (Revised Estimate)	(400,000)	-138.7%
<b>Forecast Revenue</b>		
FY 2013	\$(85,000)	-78.8%
FY 2014	100,000	-217.6%
FY 2015	100,000	0.0%
FY 2016	100,000	0.0%
FY 2017	100,000	0.0%

**Table 19. Revenue Summary - Personal Property Penalties - Current Year - 170**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$1,153,220	-37.0%
FY 2008	1,223,942	6.1%
FY 2009	1,442,088	17.8%
FY 2010	1,180,234	-18.2%
FY 2011	1,152,677	-2.3%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$1,250,000	8.4%
FY 2012 (Revised Estimate)	1,250,000	8.4%
<b>Forecast Revenue</b>		
FY 2013	\$1,310,000	4.8%
FY 2014	1,360,000	3.8%
FY 2015	1,410,000	3.7%
FY 2016	1,470,000	4.3%
FY 2017	1,520,000	3.4%





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

## Personal Property Penalties - Current Year - 170

Prince William County assesses a 10% penalty on the late payment of personal property taxes. *(See Table 19)*

A significant decrease in personal property penalty revenue occurred in FY 07 due to the revised PPTRA legislation enacted during the 2004 State budget sessions. The 10% personal property penalty on late payments applies only to the local share of what is delinquent. The penalty is not applied to the portion paid by the Commonwealth.

Personal property penalty revenue is projected to increase in each year of the FY 13 through FY 17 forecast period due to the increase in the estimate of personal property taxes billed each year.

## Local Sales Tax Revenue

### Local Sales Tax - 210

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

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

The four incorporated towns within Prince William County share in the local sales tax based on the ratio of school age population in the towns to the school age population of the entire County based on the latest state-wide school census. The current formula deducts

**Table 20. Revenue Summary - Local Sales Tax - 210**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$47,921,402	2.7%
FY 2008	46,155,437	-3.7%
FY 2009	45,055,466	-2.4%
FY 2010	46,155,153	2.4%
FY 2011	49,554,397	7.4%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$50,810,000	2.5%
FY 2012 (Revised Estimate)	51,089,000	3.1%
<b>Forecast Revenue</b>		
FY 2013	\$52,673,000	3.1%
FY 2014	53,990,000	2.5%
FY 2015	55,339,000	2.5%
FY 2016	56,723,000	2.5%
FY 2017	58,141,000	2.5%



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 20)

Prince William County's sales tax revenue in the first six months of FY 12 is 2.4% higher than the amount of sales tax revenue that was generated during the same period in FY 11. On a year-to-date basis, this increase is running slower than the previously anticipated 4% sales tax revenue increase that was projected in the FY 12 adopted forecast. This will be monitored carefully to confirm that the remainder of the year's sales tax will accelerate to meet the projected FY 12 sales tax revenue amount. The increase in this revenue appears to reaffirm the end to the decline in this revenue source that was caused by the great recession. The County has now had an unprecedented pattern of 24 straight months in which the monthly sales tax revenue has exceeded the sales tax revenue in the same month of the prior year. The FY 12 forecast anticipates a continued upward trend resulting in a normal rate of increase in the projected FY 13 and FY 14 Prince William County sales tax revenue. Most prior years' growth in the County's sales tax revenue normally ranges between 5% and 8%.

During calendar 2011, for the first time since the recession began, our neighboring jurisdictions generally experienced a period of steady growth in sales tax revenue. All three of Prince William County's neighboring Northern Virginia jurisdictions' calendar 2011 sales tax revenues overall reflect increases in sales tax revenue when compared to the same period in the prior year. In addition Alexandria, Fairfax and Prince William all had higher than normal growth rates (as a percent of their prior year's revenue) in sales tax revenues. (See Table 21)

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

- An improving local economy;
- Increase in retail establishments;
- High level of household income in the County;
- Improving employment picture has increased consumer confidence and,
- Continued population growth.

## Consumer Utility Revenue

### Consumer Utility Tax - 220

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

The levy for electricity consumption based on kilowatt hours (kWh)<sup>2</sup> 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.

<sup>2</sup> 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.

**Table 21. Percent of Sales Tax Change in Neighboring Jurisdictions, Compared to Same Period in Prior Year<sup>2</sup>**

	Calendar Year 2011			
	QTR 1	QTR 2	QTR 3	QTR 4
Alexandria	6.9%	6.7%	3.8%	3.3%
Arlington	-1.2%	4.5%	3.1%	4.9%
Fairfax County	6.5%	6.9%	5.0%	3.9%
Prince William County	12.0%	4.2%	1.3%	3.5%

<sup>2</sup> Virginia Department of Taxation, Monthly Sales Tax Reports



## Revenue Summary

The levy for natural gas consumption based on 100 units of cubic feet (CCF)<sup>3</sup> 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.

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

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

Prior to January 1, 2007, Prince William County's consumer utility tax was also levied on wired and cellular telephone service. With the advent of the Virginia communications sales and use tax, the County's consumer utility tax is no longer levied on telecommunication services. This change occurred during the second half of FY 07. Fiscal year 08 was the first full-year the consumer utility tax was levied only on electric and natural gas utilities. (See Table 22)

**Table 22. Revenue Summary - Consumer Utility Tax - 220**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$18,521,861	-29.6%
FY 2008	12,353,990	-33.3%
FY 2009	12,595,964	2.0%
FY 2010	12,839,866	1.9%
FY 2011	13,190,410	2.7%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$13,440,000	1.9%
FY 2012 (Revised Estimate)	13,395,000	1.6%
<b>Forecast Revenue</b>		
FY 2013	\$13,740,000	2.6%
FY 2014	14,110,000	2.7%
FY 2015	14,500,000	2.8%
FY 2016	14,890,000	2.7%
FY 2017	15,290,000	2.7%

**Table 23. Percent Change in Revenue Growth from Electricity and Gas Utilities**

	Utilities	
	Electric	Gas
FY 2007	3.15%	5.95%
FY 2008	2.21%	0.54%
FY 2009	1.38%	3.19%
FY 2010	1.86%	2.46%
FY 2011	2.95%	2.18%
FY 2012 (projected)	2.00%	3.00%
FY 2013	2.25%	3.25%
FY 2014	2.50%	3.25%
FY 2015	2.50%	3.25%
FY 2016	2.50%	3.25%
FY 2017	2.50%	3.25%





**Electricity and Gas Revenue Growth**

Table 23 shows the history of electric and gas utility growth in Prince William County as well as the projected growth rates included in the five year revenue forecast for FY 13-17. The growth rates reflect the projected increase in new, residential housing units during the forecast period as well as the belief that the inventory of foreclosed properties will continue to decrease.

**Communications Sales and Use Tax**

**Communications Sales and Use Tax Revenue - 223**

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

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

**Services Previously Taxed Locally:**

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

**Services Not Previously Taxed:**

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

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

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

Similar to general sales tax revenue, telecommunications sales and use tax revenue is collected by the Virginia Department of Taxation and distributed to Prince William County monthly. As enumerated in Section 58.1-662 of the Code of Virginia, the telecommunications revenue will be distributed to localities according to the percentage of telecommunications and cable television tax revenue each locality received relative

**Table 24. Revenue Summary - Communications Sales and Use Tax - 223**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$9,132,861	--
FY 2008	20,475,575	124.2%
FY 2009	18,770,086	-8.3%
FY 2010	18,893,157	0.7%
FY 2011	18,878,231	-0.1%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$19,610,000	3.9%
FY 2012 (Revised Estimate)	18,850,000	-0.1%
<b>Forecast Revenue</b>		
FY 2013	\$18,850,000	0.0%
FY 2014	18,850,000	0.0%
FY 2015	18,850,000	0.0%
FY 2016	18,850,000	0.0%
FY 2017	18,850,000	0.0%





to the statewide total. It is important to note that the FY 07 actual represented only a half-year levy of the new communications tax. Fiscal year 2008 represented the first full-year the tax was implemented. In FY 12, the County received 4.63% of the statewide telecommunications sales and use tax. (See Table 24)

During FY 09 and FY 10, the Department of Taxation granted a total of \$19.5 million in communication tax refunds and accrued interest statewide. The refunds occurred because telecommunication service providers incorrectly applied the tax on services that were exempt from the tax. These refunds were issued to service providers in the form of credits towards future taxes over a four month period, thereby reducing monthly distributions to localities during FY 09 and FY 10. The impact of these refunds to Prince William County's revenue was \$0.5 million in FY 09 and \$0.4 million in FY 10.

The FY 13 forecast was determined by examining actual monthly revenue received over the last twelve months. During FY 12, the Department of Taxation refunded three large claims totaling \$12.9 million in communication tax refunds. In addition, the Commonwealth has reported that Communication Tax (CT) revenue is down approximately 3.5% due to a loss of landline services. The impact of both has resulted in a decrease in the projected revenue for FY 12 and a

flattening of the FY 13-17 revenue forecast until further revenue streams can be evaluated.

## BPOL Revenue

### BPOL Tax Revenue - 235

The Business, Professional and Occupational License (BPOL) tax is imposed on commercial and home occupational businesses operating in Prince William County. The County has adopted a multiple tax rate schedule according to the type of business activity subject to the tax.

On April 26, 2011, the Board of Supervisors directed staff to prepare an amendment to the Business Professional and Occupational License Ordinance to change the gross receipts threshold from \$100,000 to \$200,000 in an effort to support small business development within the County. On November 22, 2011, the BOCS unanimously voted to amend the Prince William County code and change the license requirement threshold for businesses with gross receipts of \$100,000 or higher to businesses with gross receipts of \$200,000 or higher.

On April 24, 2012, the Board of County Supervisors directed staff to prepare an amendment to the Business Professional and Occupational License Ordinance to change gross receipts threshold from \$200,000 to \$250,000 in order to support small business development

**Table 25. Revenue Summary - BPOL Tax Revenue - 235**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$22,808,968	-1.1%
FY 2008	21,173,489	-7.2%
FY 2009	19,930,513	-5.9%
FY 2010	20,268,908	1.7%
FY 2011	20,965,419	3.4%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$22,130,000	5.6%
FY 2012 (Revised Estimate)	21,960,000	4.7%
<b>Forecast Revenue</b>		
FY 2013	\$22,878,135	4.2%
FY 2014	23,558,135	3.0%
FY 2015	24,258,135	3.0%
FY 2016	25,218,135	4.0%
FY 2017	26,218,135	4.0%





within the County. This amendment is scheduled to go before the BOCS in calendar year 2012. The FY 13 revenue forecast reflects the estimated impact of this amendment.

The BPOL tax is levied on:

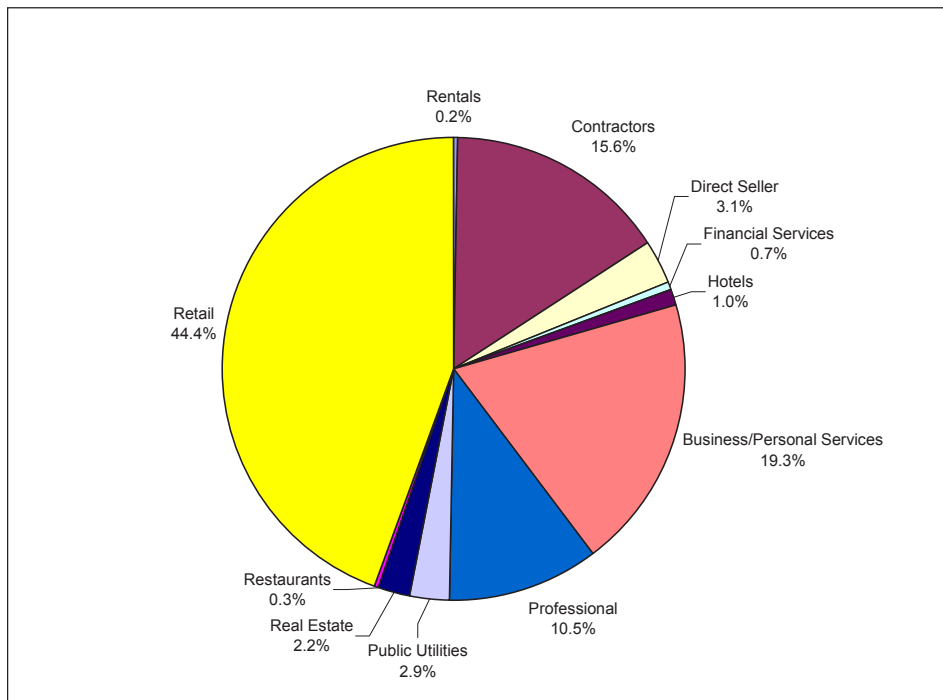
- Businesses with annual gross receipts (from the prior calendar year) greater than \$200,000;
- New businesses based on an estimate if gross receipts are greater than \$200,000 for the current year.
- Both full-time as well as part-time businesses, as long as the business meets or exceeds the \$200,000 threshold.

The basis for FY 12 BPOL tax revenue is gross revenue receipts from calendar year 2011. Therefore, forecasting 2012 gross receipts (FY 13) has a one-year lag in which actual prior year figures on which to base an estimate are unavailable. (See Table 25)

Figure 3 shows the sources of BPOL revenue during FY 11:

Almost 90% of FY 11 BPOL revenue was generated by four sectors of the County’s local economy: retail, contractors, personal services and professional services. Table 26 summarizes the FY 11 actual and projected growth rates in FY 12 and FY 13 for each of these economic sectors.

**Figure 3. FY 2011 BPOL Composition**



**Table 26. FY 2012 and FY 2013 Growth Forecasts by Major BPOL Category**

	FY 11 Actual	FY 12 Projected	FY 13 Projected
Contractors	-10.1%	-5.0%	0.0%
Business/Personal Services	1.3%	3.0%	5.0%
Professional	6.1%	6.3%	6.5%
Retail	5.8%	4.1%	2.0%
Overall Percentage Change	1.4%	2.3%	2.9%





BPOL revenue is being lead by the Business, Personal and Professional service sectors. Due to the slowdown in the real estate market, particularly commercial construction BPOL revenue from contractors is anticipated to further decrease in FY 13.

The BPOL forecast for the retail sector (on a calendar year basis) is consistent with the retail sales tax forecast for FY 13 because over 75% of sales tax revenue is derived from retail sales, which includes food and household goods purchases.

## Investment Income

### Investment Income - 0510

Investment income represents interest receipts, interest accrual and gains or losses from the sale of investments for Prince William County's share of earnings on the "general" cash investment portfolio. The general portfolio consists of those funds that are not restricted. The general fund available cash constitutes 55-58% of the total pooled investments. All funds are invested in accordance with the County's investment guidelines of legality, safety, liquidity and yield. (See Table 27)

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

## Portfolio Yield

In December, 2008, the Federal Open Market Committee (FOMC) reduced the target Federal Funds rate to a range of between 0.00% and 0.25%. The FOMC has maintained that record low target rate and has announced its intention to continue this accommodative monetary policy well into calendar year 2014. It is unlikely that the FOMC will move the target Federal Funds rate higher until there is substantial evidence of sustained economic growth and it clearly does not expect such growth within the next 18 months.

Figure 4 presents a history of the Federal Funds rate target since 1958, when the rate stood at record lows.

The Federal Funds rate trend is a significant driver for the average yield of Prince William County's portfolio. Additionally, the timing of securities purchases, cash flow requirements, the general interest rate environment at the time of purchasing securities and the securities' duration are also major factors affecting 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 portfolio's total return and yield changes to reflect swings in the market price of securities and to reflect the replacement, at current market prices and yields, of securities that are sold or mature.

**Table 27. Revenue Summary - Investment Income - 510 / 515**

Revenue History	Actual Revenue	% Change
FY 2007	\$20,970,386	64.6%
FY 2008	24,125,140	15.0%
FY 2009	18,383,224	-23.8%
FY 2010	16,553,096	-10.0%
FY 2011	11,507,416	-30.5%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$11,020,000	-4.2%
FY 2012 (Revised Estimate)	7,016,662	-39.0%
<b>Forecast Revenue</b>		
FY 2013	\$9,011,000	28.4%
FY 2014	12,032,000	33.5%
FY 2015	15,992,000	32.9%
FY 2016	19,841,000	24.1%
FY 2017	22,557,000	13.7%



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 5 presents a history of the County's portfolio yield as well as the projected yield for FY 13-17 juxtaposed against the Fed Funds average target rate history.

Most forecasting sources provide interest rate projections up to four quarters beyond current dates. Therefore, estimates after the final half of FY 13 are made without authoritative source data as a basis for the projections. U.S. unemployment levels remain stubbornly high and the national housing market is still seriously troubled. Credit appears to be marginally more available as banks

Figure 4. History of the Federal Funds Rate Target

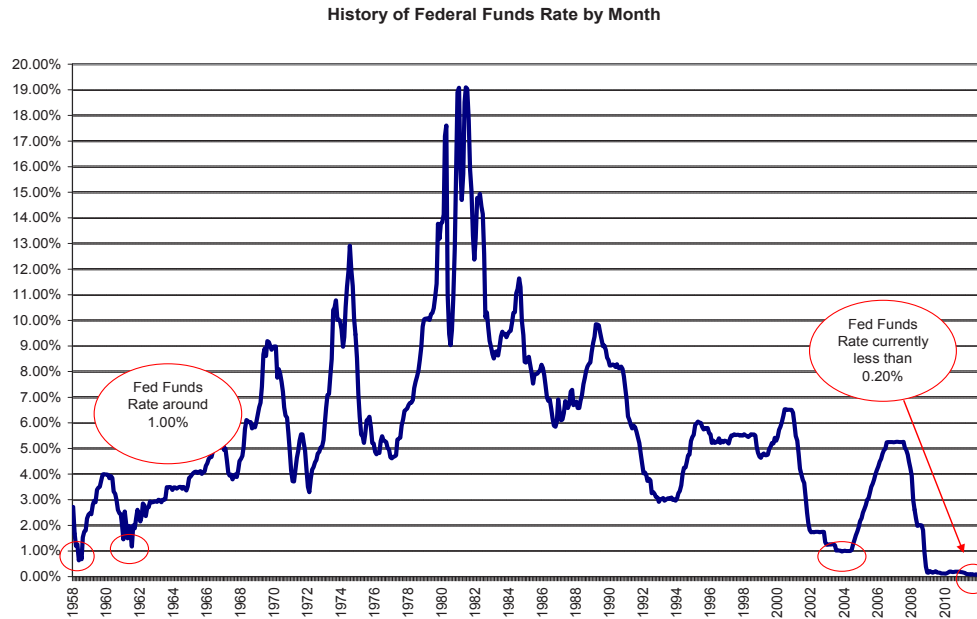
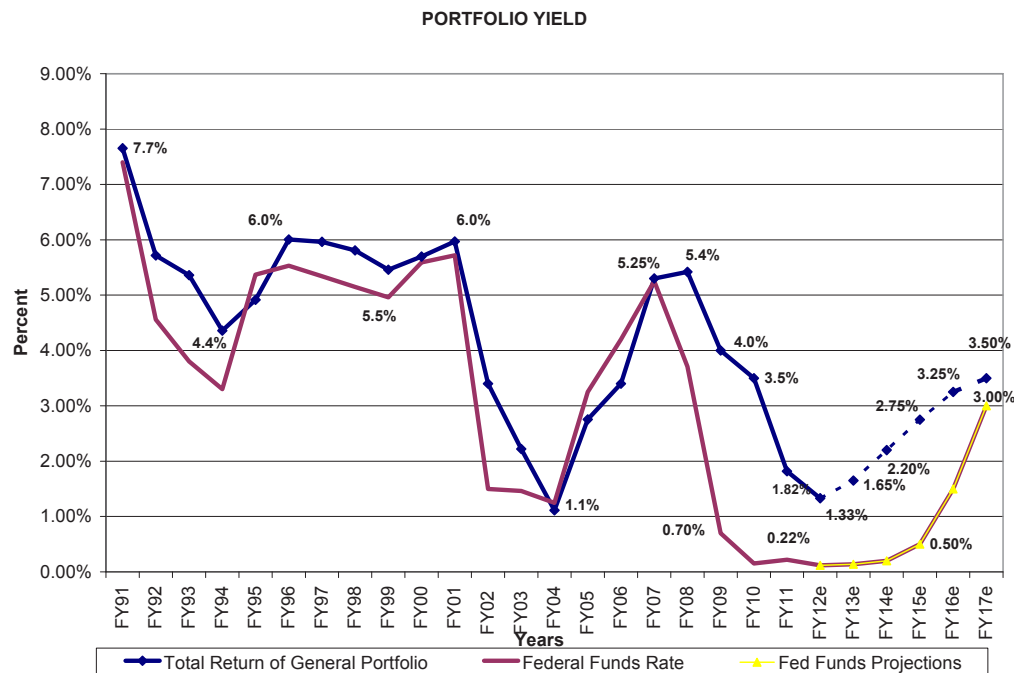


Figure 5. Prince William County's Portfolio Yield





are demonstrating a greater willingness to lend than in prior years. That being said, credit standards remain high and demand for credit, generally, is very low. In this environment, interest rates should continue low for the near term consistent with stated Federal Open Market Committee policy to hold short-term rates at current levels well into 2014. The low interest rates should have little additional stimulative impact on the economy since this “sub 1% Fed Funds” rate environment has been the status quo for over four years. Longer term expectations, however, are for higher interest rates on both the short and long ends of the interest rate curve. The difficulty, of course, is predicting exactly when interest rates will begin to turn higher.

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

The portfolio management process has been challenged over the last several years due to unprecedented occurrences in the debt and equity markets. In spite of those hurdles, the County has managed to maintain its attention to safety and liquidity as well as produce good, if not excellent, returns. The County expects those challenges to continue. Going forward the risks of volatile interest rates and, ultimately, inflation will be areas around which the portfolio must be managed. The County continues to invest in step-up agency securities as well as floating rate corporate bonds as a hedge against rising interest rates. The general portfolio mix is expected to move toward greater diversification of its shorter-term maturities to provide additional flexibility, modest yield enhancement and to reduce sector concentrations. Longer term maturities will continue

to be invested primarily in Federal agency securities, corporate and municipal bonds.

**Portfolio Size**

The average total dollar value of the portfolio is affected by the increase in County revenues and fund balance. Therefore, the revenue forecast itself becomes a key determinate of interest income. Table 28 shows the forecasted growth in the portfolio. Increases in portfolio size typically come from additions to fund balance as well as a portion of annual revenue growth.

**All Other Revenue Sources**

All other revenue is detailed as follows in “All Other Revenues” in Tables 1 and 2.

**Interest on Taxes - 140**

Delinquent personal property and real estate tax accounts incur interest at 10% of the unpaid amount the first year. Subsequent years are incurred at 10% or the Internal Revenue Service (IRS) delinquent tax rate, whichever is greater. (See Table 29)

The revenue estimate is computed by multiplying the fixed percentage of 0.24% by the combined estimate for gross current year real estate tax revenue and personal property tax revenue (excluding public service revenue). Recent history suggests the collection rate has improved, thereby decreasing interest on taxes revenue.

Interest on tax revenue is projected to increase 13.2% in FY 12 due to an increase in real estate and tax revenue.

**Motor Vehicle License Fee - 250**

Section 46.2-752 Virginia Code Annotated authorizes the County to levy a vehicle license fee. The amount of the license tax cannot be greater than the annual or one-year fee imposed by the Commonwealth on

**Table 28: Projected Average Portfolio Size**

	Value (in 000s)
FY 2013	\$968,000
FY 2014	1,011,000
FY 2015	1,052,000
FY 2016	1,094,000
FY 2017	1,138,000



motor vehicles. The adopted, local fee is \$24 per year for each passenger car and truck normally garaged or parked in the County. The adopted fee per year for each motorcycle is \$12.

conjunction with the personal property tax. The license fee revenue forecast is derived by multiplying the decal fee by the estimated billable units in the County. (See Table 30)

In May 2009, the Board of County Supervisors eliminated the distribution of vehicle decals to County residents as part of FY 10 budget reductions. However, the motor vehicle license fee continues to be levied in

**Recordation Tax - 260**

A recordation tax is levied when a legal instrument regarding real property such as a deed or deed of trust is

**Table 29: Revenue Summary - Interest on Taxes**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$1,252,785	1.8%
FY 2008	1,476,714	17.9%
FY 2009	1,495,957	1.3%
FY 2010	1,443,824	-3.5%
FY 2011	1,272,419	-11.9%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$1,438,000	13.0%
FY 2012 (Revised Estimate)	1,440,000	13.2%
<b>Forecast Revenue</b>		
FY 2013	\$1,513,000	5.1%
FY 2014	1,594,000	5.4%
FY 2015	1,681,000	5.5%
FY 2016	1,773,000	5.5%
FY 2017	1,868,000	5.4%

**Table 30: Revenue Summary - Motor Vehicle License Fee**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$6,533,798	-1.6%
FY 2008	6,650,854	1.8%
FY 2009	6,874,316	3.4%
FY 2010	7,220,928	5.0%
FY 2011	7,503,626	3.9%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$7,560,000	0.8%
FY 2012 (Revised Estimate)	7,600,000	1.3%
<b>Forecast Revenue</b>		
FY 2013	\$7,770,000	2.2%
FY 2014	7,930,000	2.1%
FY 2015	8,070,000	1.8%
FY 2016	8,220,000	1.9%
FY 2017	8,360,000	1.7%





recorded with the Clerk of the Circuit Court. This tax is charged for transfers in ownership of property, deeds of trust and mortgage refinancing.

On April 28, 2004, the Commonwealth of Virginia increased the State recordation tax rate from \$0.15 per \$100 of value to \$0.25 per \$100 of value effective September 1, 2004 (FY 05). Section 58.1-814 of the Virginia Code grants Prince William County the authority to levy an optional, local recordation tax rate equal to one-third of the State recordation tax rate. Therefore, the local recordation tax rate increased from \$0.05 per \$100 of value to \$0.083 per \$100 of value.

The forecast depicted in Table 32 reflects only Prince William County's share of recordation tax revenue and does not include the state portion of recordation revenue.

Recordation tax revenue is driven by home sale activity, home sale price appreciation, and refinance activity. Fiscal Year 2012 recordation tax revenue is projected to

decrease 6.8% from FY 11 revenue. Unit sales decreased 12.0% in CY 11 (January through November) compared to the same period in CY 10. The average sales price of the homes have sold during that period increased an average of 13.5% compared to average purchase prices a year ago. Thirty-year fixed rate mortgages remain below 4.0% and refinance activity remains attractive yet challenging for homeowners due to tighter underwriting standards.

The FY 13 forecast reflects the belief that sales prices, on average, have stabilized, and will continue to appreciate. However, declines in refinance activity and moderate unit sales results in a flat projection of revenue with no increase in recordation tax revenue in FY 13.

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

**Table 31: Revenue Summary - Recordation Tax**

Revenue History	Actual Revenue	Percent Change
FY 2007	12,525,249	-32.7%
FY 2008	8,897,108	-29.0%
FY 2009	7,975,907	-10.4%
FY 2010	6,065,426	-24.0%
FY 2011	6,021,787	-0.7%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$5,800,000	-3.7%
FY 2012 (Revised Estimate)	5,615,000	-6.8%
<b>Forecast Revenue</b>		
FY 2013	\$5,615,000	0.0%
FY 2014	5,671,000	1.0%
FY 2015	5,728,000	1.0%
FY 2016	5,842,000	2.0%
FY 2017	5,959,000	2.0%



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. The remaining amount of recordation tax revenue is retained by the County government as general revenue.

Table 32 identifies the portion of recordation tax revenues designated for transportation and general revenue use in each year of the forecast.

**Tax on Deeds - 261**

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

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

**Table 32. Revenue Summary - Recordation Tax Designated for Transportation and General Revenue Use**

	County Revenue	Transportation Fund	Recordation Tax Revenue
FY 2013	\$1,465,000	\$4,150,000	\$5,615,000
FY 2014	1,476,000	4,195,000	5,671,000
FY 2015	1,490,000	4,238,000	5,728,000
FY 2016	1,520,000	4,322,000	5,842,000
FY 2017	1,549,000	4,410,000	5,959,000

**Table 33: Revenue Summary - Tax on Deeds**

Revenue History	Actual Revenue	Percent Change
FY 2007	\$2,618,084	-36.5%
FY 2008	2,630,427	0.5%
FY 2009	2,692,742	2.4%
FY 2010	1,747,353	-35.1%
FY 2011	1,540,221	-11.9%
<b>Current Estimate</b>		
FY 2012 (Adopted Budget)	\$1,650,000	7.1%
FY 2012 (Revised Estimate)	1,460,000	-5.2%
<b>Forecast Revenue</b>		
FY 2013	\$1,460,000	0.0%
FY 2014	1,470,000	0.7%
FY 2015	1,480,000	0.7%
FY 2016	1,510,000	2.0%
FY 2017	1,540,000	2.0%







The tax on deeds rate is \$1.00 per \$1,000 of value. The State and locality each receive half of the revenue generated by this tax (equal to \$0.50 per \$1,000 of value). The revenue forecast depicted in Table 33 reflects only Prince William County's share of revenues.

Consistent with the recordation tax forecast, revenue attributed to the tax on deeds is expected to remain flat in FY 13. It is important to note that the tax on deeds is not levied on mortgage refinancing.

Table 34 lists additional County general revenue sources estimated to be less than \$10 million each. Even though these sources sometimes have large changes in revenue on a percentage basis, such changes have an insignificant impact on revenues throughout the forecast period. The forecast and a description of each revenue source follows.

### Daily Rental Equipment Tax - 215

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

### Bank Franchise Tax - 230

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

### BPOL Taxes - Public Service - 236

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

**Table 34: Miscellaneous Revenue Sources**

REVENUE SOURCE		FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 Revised Estimate	FY 2013 Forecast
0215	DAILY EQUIPMENT RENTAL TAX	\$201,241	\$185,023	\$145,600	\$185,000	\$185,000
0230	BANK FRANCHISE TAX	793,541	1,239,685	1,734,616	1,750,000	1,500,000
0236	BPOL TAXES - PUBLIC SERVICE	1,225,482	1,236,435	1,326,883	1,150,000	1,185,000
0270	TRANSIENT OCCUPANCY TAX	1,275,384	1,205,796	1,267,486	1,238,000	1,250,000
0520	INTEREST PAID TO VENDORS	(618,822)	(323,991)	(52,692)	(350,000)	(350,000)
0521	INTEREST PAID ON REFUNDS	(49,024)	(51,964)	(214,303)	(50,000)	(55,000)
1150	UNDISTRIBUTED & MISCELLANEOUS	8,954	1,018	587	7,000	7,000
1303	ROLLING STOCK TAX	101,088	92,415	83,528	93,590	95,000
1304	PASSENGER CAR RENTAL TAX	792,475	751,751	829,328	772,000	795,000
1305	MOBILE HOME TITLING TAX	37,568	38,495	34,513	30,000	27,500
1700	FED PAYMENT IN LIEU OF TAXES	85,419	104,531	53,947	90,000	94,500
<b>TOTAL MISCELLANEOUS REVENUE</b>		<b>\$3,853,306</b>	<b>\$4,479,194</b>	<b>\$5,209,493</b>	<b>\$4,915,590</b>	<b>\$4,734,000</b>



**Transient Occupancy Tax - 270**

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

**Miscellaneous Business Licenses - 380**

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

**Interest Paid to Vendors - 520**

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

**Interest Paid on Refunds - 521**

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

**Rolling Stock Tax - 1303**

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

**Passenger Car Rental Tax - 1304**

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

**Mobile Home Titling Tax - 1305**

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

**Federal Payment in Lieu of Taxes - 1700**

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





**Projected Revenue And Other Financing Sources For The FY 2013 Adopted Fiscal Plan**

	Governmental Fund Types						Enterprise Fund Type	Fiduciary Fund Type	Internal Service Fund Type	Total Adopted FY 13						
	General	Capital Projects	Special Revenue								Solid Waste	School Age Child Care	Innovation @ Prince William	Reg. School Prog. Fund	Self Insurance	All Others *
			Schools	Fire And Rescue Levy	Regional Jail	Housing & Comm. Dev.										
Projected Revenues:																
General Property Taxes	\$654,905,915	\$0	\$0	\$31,806,000	\$0	\$0	\$3,707,314	\$0	\$0	\$0	\$0	\$0	\$690,419,229			
Other Local Taxes	\$130,431,135	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$130,431,135			
Permits, Priv. Fees and Reg Lic	\$1,648,859	\$0	\$0	\$0	\$0	\$0	\$10,793,923	\$8,000	\$0	\$0	\$0	\$0	\$12,450,782			
Fines & Forfeitures	\$2,586,271	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,586,271			
Rev From Use of Money & Prop	\$9,423,533	\$0	\$1,423,726	\$0	\$0	\$25,000	\$148,715	\$1,337,500	\$0	\$0	\$0	\$1,450,000	\$43,826	\$13,852,300		
Charges for Services	\$12,060,318	\$0	\$26,054,417	\$0	\$662,774	\$3,723,190	\$7,306,569	\$17,176,000	\$500,000	\$0	\$471,732	\$111,387,949	\$28,581,752	\$207,924,701		
Miscellaneous	\$6,529,872	\$5,000,000	\$1,412,105	\$0	\$57,020	\$25,000	\$261,867	\$155,000	\$0	\$0	\$0	\$4,037,000	\$0	\$17,477,864		
Rev From Other Localities	\$6,962,811	\$0	\$0	\$0	\$3,230,293	\$0	\$0	\$0	\$0	\$0	\$34,583,749	\$0	\$0	\$44,776,853		
Rev From the Commonwealth of Va	\$40,596,934	\$0	\$424,179,970	\$0	\$9,637,228	\$0	\$0	\$0	\$0	\$0	\$235,768	\$0	\$53,868	\$474,703,768		
Rev from the Federal Gov	\$13,207,332	\$0	\$46,994,165	\$0	\$482,500	\$29,048,844	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$89,733,041		
<b>Total Revenues</b>	<b>\$878,353,180</b>	<b>\$5,000,000</b>	<b>\$500,064,383</b>	<b>\$31,806,000</b>	<b>\$14,069,815</b>	<b>\$32,822,034</b>	<b>\$22,218,388</b>	<b>\$18,676,500</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$35,291,249</b>	<b>\$116,874,949</b>	<b>\$28,679,446</b>	<b>\$1,684,355,944</b>		
Other Financing Sources (Uses):																
Operating Transfers In**	\$18,450,724	\$17,846,714	\$448,303,355	\$6,454,787	\$24,123,180	\$21,082	\$3,802,627	\$0	\$0	\$35,000	\$0	\$5,803,886	\$8,566,072	\$533,407,427		
Proceeds From Loans And Bonds	\$0	\$109,139,850	\$0	\$0	\$0	\$0	\$0	\$66,000	\$0	\$0	\$0	\$0	\$0	\$109,205,850		
<b>Total Other Financing Sources (Uses)</b>	<b>\$18,450,724</b>	<b>\$126,986,564</b>	<b>\$448,303,355</b>	<b>\$6,454,787</b>	<b>\$24,123,180</b>	<b>\$21,082</b>	<b>\$3,802,627</b>	<b>\$66,000</b>	<b>\$0</b>	<b>\$35,000</b>	<b>\$0</b>	<b>\$5,803,886</b>	<b>\$8,566,072</b>	<b>\$642,613,277</b>		
<b>Total Revenue &amp; Other Financing Sources</b>	<b>\$896,803,904</b>	<b>\$131,986,564</b>	<b>\$948,367,738</b>	<b>\$38,260,787</b>	<b>\$38,192,995</b>	<b>\$32,843,116</b>	<b>\$26,021,015</b>	<b>\$18,742,500</b>	<b>\$500,000</b>	<b>\$35,000</b>	<b>\$35,291,249</b>	<b>\$122,678,835</b>	<b>\$37,245,518</b>	<b>\$2,326,969,221</b>		

Notes:

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

\*\* The Operating Transfer In for the Convention and Visitors Bureau (\$1,028,812) and the Park Authority (\$16,449,992) are adopted and reported by a separate board and are excluded from this revenue report.



**All Funds Revenue Summary**

Department / Agency	FY 09 Adopted Revenue Bud.	FY 10 Adopted Revenue Bud.	FY 11 Adopted Revenue Bud.	FY 12 Adopted Revenue Bud.	FY 13 Adopted Revenue Bud.	% Change FY 12 to FY 13
<b>SECTION ONE: GENERAL FUND REVENUE SUMMARY:</b>						
<b>General Governmental:</b>						
Office Of Executive Management	\$130,130	\$0	\$0	\$0	\$0	---
County Attorney	\$245,186	\$245,186	\$245,186	\$245,186	\$245,186	0.00%
<b>Sub Total</b>	<b>\$375,316</b>	<b>\$245,186</b>	<b>\$245,186</b>	<b>\$245,186</b>	<b>\$245,186</b>	<b>0.00%</b>
<b>Administration:</b>						
Finance	\$1,559,453	\$1,660,722	\$1,681,240	\$2,075,240	\$2,139,803	3.11%
Human Resources	\$0	\$0	\$0	\$0	\$20,000	---
Human Rights Office	\$61,000	\$64,580	\$64,580	\$64,580	\$28,580	-55.74%
Information Technology	\$226,331	\$226,331	\$249,331	\$249,331	\$160,591	-35.59%
General Registrar	\$114,324	\$109,641	\$87,051	\$79,854	\$79,854	0.00%
<b>Sub Total</b>	<b>\$1,961,108</b>	<b>\$2,061,274</b>	<b>\$2,082,202</b>	<b>\$2,469,005</b>	<b>\$2,428,828</b>	<b>-1.63%</b>
<b>Judicial Administration:</b>						
Clerk Of The Court	\$4,286,035	\$4,302,781	\$4,148,407	\$3,997,184	\$4,188,600	4.79%
Commonwealth's Attorney	\$1,875,537	\$1,839,274	\$1,742,500	\$1,772,306	\$1,838,664	3.74%
Criminal Justice Services	\$1,149,605	\$1,175,355	\$1,175,355	\$1,161,671	\$1,305,599	12.39%
Juvenile Court Service Unit	\$138,660	\$138,660	\$136,600	\$136,600	\$50,404	-63.10%
General District Court	\$1,892,930	\$1,892,930	\$1,892,930	\$1,892,930	\$1,892,930	0.00%
Juvenile & Domestic Relations Court	\$60,313	\$60,313	\$60,313	\$60,313	\$81,517	35.16%
Law Library	\$110,806	\$110,806	\$150,806	\$145,670	\$145,670	0.00%
<b>Sub Total</b>	<b>\$9,513,886</b>	<b>\$9,520,119</b>	<b>\$9,306,911</b>	<b>\$9,166,674</b>	<b>\$9,503,384</b>	<b>3.67%</b>
<b>Planning And Development:</b>						
Economic Development	\$14,130	\$14,130	\$14,130	\$14,130	\$14,130	0.00%
Planning (1)	\$99,013	\$93,095	\$293,095	\$312,501	\$235,400	-24.67%
Transportation (1)	\$0	\$0	\$0	\$0	\$0	---
Public Works (1)	\$2,011,247	\$1,969,187	\$2,931,793	\$2,966,368	\$3,039,468	2.46%
<b>Sub Total</b>	<b>\$2,124,390</b>	<b>\$2,076,412</b>	<b>\$3,239,018</b>	<b>\$3,292,999</b>	<b>\$3,288,998</b>	<b>-0.12%</b>
<b>Public Safety:</b>						
Fire And Rescue	\$2,570,823	\$2,226,739	\$6,216,555	\$9,333,059	\$10,002,024	7.17%
Public Safety Communications	\$2,023,252	\$2,023,252	\$1,973,252	\$2,285,235	\$2,295,235	0.44%
Sheriff	\$3,006,144	\$3,007,076	\$3,035,402	\$2,966,478	\$3,144,585	6.00%
Police	\$11,697,766	\$10,946,534	\$11,085,640	\$10,936,963	\$10,424,453	-4.69%
<b>Sub Total</b>	<b>\$19,297,985</b>	<b>\$18,203,601</b>	<b>\$22,310,849</b>	<b>\$25,521,735</b>	<b>\$25,866,297</b>	<b>1.35%</b>
<b>Human Services:</b>						
Community Services	\$14,646,576	\$15,139,067	\$15,728,416	\$15,538,315	\$16,438,812	5.80%
Extension & Continuing Ed.	\$400,373	\$517,727	\$535,255	\$496,964	\$531,051	6.86%
Office On Youth	\$464,780	\$0	\$0	\$0	\$0	---
Area Agency On Aging	\$1,501,454	\$1,120,132	\$1,101,783	\$1,377,779	\$1,735,063	25.93%
At Risk Youth And Family Services	\$5,504,244	\$5,317,823	\$5,317,823	\$5,193,327	\$5,276,365	1.60%
Public Health	\$267,786	\$287,343	\$298,115	\$135,526	\$137,996	1.82%
Social Services	\$25,529,617	\$24,270,775	\$22,759,463	\$21,648,342	\$15,824,715	-26.90%
<b>Sub Total</b>	<b>\$48,314,830</b>	<b>\$46,652,867</b>	<b>\$45,740,855</b>	<b>\$44,390,253</b>	<b>\$39,944,002</b>	<b>-10.02%</b>
<b>Library:</b>						
Library	\$3,137,758	\$3,133,955	\$3,178,966	\$2,928,717	\$2,857,049	-2.45%
<b>Sub Total</b>	<b>\$3,137,758</b>	<b>\$3,133,955</b>	<b>\$3,178,966</b>	<b>\$2,928,717</b>	<b>\$2,857,049</b>	<b>-2.45%</b>





## All Funds Revenue Summary (Cont.)

Department / Agency	FY 09 Adopted Revenue Bud.	FY 10 Adopted Revenue Bud.	FY 11 Adopted Revenue Bud.	FY 12 Adopted Revenue Bud.	FY 13 Adopted Revenue Bud.	% Change FY 12 to FY 13
<b>Debt / CIP:</b>						
General Debt	\$3,559,899	\$3,477,208	\$3,432,009	\$5,044,025	\$4,852,060	-3.81%
<b>Sub Total</b>	<b>\$3,559,899</b>	<b>\$3,477,208</b>	<b>\$3,432,009</b>	<b>\$5,044,025</b>	<b>\$4,852,060</b>	<b>-3.81%</b>
<b>Non-Departmental:</b>						
Unclassified Administrative	\$16,016,147	\$9,922,351	\$5,148,333	\$11,135,840	\$9,848,522	-11.56%
General Revenues	\$771,579,000	\$727,859,700	\$719,754,500	\$756,073,434	\$790,298,135	4.53%
Transfers In	\$7,780,850	\$11,081,663	\$9,193,367	\$8,009,057	\$7,671,443	-4.22%
<b>Sub Total</b>	<b>\$795,375,997</b>	<b>\$748,863,714</b>	<b>\$734,096,200</b>	<b>\$775,218,331</b>	<b>\$807,818,100</b>	<b>4.21%</b>
<b>Total General Fund Revenue</b>	<b>\$883,661,169</b>	<b>\$834,234,336</b>	<b>\$823,632,196</b>	<b>\$868,276,925</b>	<b>\$896,803,904</b>	<b>3.29%</b>
<b>SECTION TWO: NON GENERAL FUND REVENUE SUMMARY:</b>						
<b>Special Revenue Funds:</b>						
Trans. To P.R.T.C.	\$0	\$0	\$0	\$0	\$0	---
Commuter Rail Station Parking	\$0	\$0	\$0	\$0	\$0	---
Comm. parking lease rev bond debt	\$1,520,656	\$1,519,867	\$1,516,464	\$0	\$0	---
Adult Detention Center	\$39,201,356	\$35,935,194	\$36,251,895	\$37,071,717	\$38,192,995	3.02%
Lake Jackson Service Dist.	\$147,758	\$151,460	\$152,530	\$152,530	\$152,530	0.00%
Bull Run Mountain Serv. Dist.	\$231,522	\$238,170	\$240,542	\$240,542	\$232,500	-3.34%
Circuit Court Service District	\$3,973	\$0	\$0	\$0	\$0	---
Spc tax dist;Gypsy Moth/Mosq ctrl	\$1,585,835	\$1,585,835	\$1,585,835	\$1,049,847	\$1,078,928	2.77%
P. W. Parkway Trans Imprv Dst.	\$2,146,640	\$2,163,860	\$1,884,120	\$2,025,840	\$2,096,360	3.48%
234 Bypass Trans Imprv Dst	\$213,456	\$215,800	\$182,274	\$186,274	\$195,246	4.82%
Stormwater Management (1)	\$4,956,624	\$4,956,624	\$4,956,624	\$5,175,669	\$7,221,199	39.52%
Public Works; Building Dev. (1, 2)	\$8,856,841	\$0	\$0	\$0	\$0	---
Public Works- Site Dev. Fee Supp. (1)	\$2,430,270	\$1,227,965	\$1,227,965	\$1,274,146	\$1,453,197	14.05%
Planning- Site Dev. Fee Supported (1)	\$1,880,389	\$1,278,440	\$1,440,575	\$1,489,895	\$1,481,017	-0.60%
Transportation- Site Dev Fee Supp (1, 2)	\$1,403,105	\$963,361	\$963,361	\$1,045,252	\$1,160,104	10.99%
Development Serv. - Dev Fee (2)	\$0	\$7,422,727	\$7,987,613	\$14,009,643	\$10,949,935	-21.84%
Housing & Community Dev.	\$25,453,313	\$28,293,120	\$28,351,891	\$29,887,106	\$32,843,116	9.89%
<b>Total Special Revenue Funds</b>	<b>\$90,031,738</b>	<b>\$85,952,423</b>	<b>\$86,741,689</b>	<b>\$93,608,461</b>	<b>\$97,057,127</b>	<b>3.68%</b>
<b>Capital Projects Fund:</b>						
Capital Improvement Projects	\$68,627,588	\$20,251,302	\$14,325,526	\$143,146,735	\$44,208,103	-69.12%
<b>Total Capital Projects Fund</b>	<b>\$68,627,588</b>	<b>\$20,251,302</b>	<b>\$14,325,526</b>	<b>\$143,146,735</b>	<b>\$44,208,103</b>	<b>-69.12%</b>
<b>Enterprise Fund:</b>						
Public Works; Solid Waste	\$16,779,000	\$16,779,000	\$18,145,244	\$18,426,866	\$18,742,500	1.71%
Innovation @ Prince William	\$0	\$0	\$0	\$0	\$35,000	---
<b>Total Enterprise Fund</b>	<b>\$16,779,000</b>	<b>\$16,779,000</b>	<b>\$18,145,244</b>	<b>\$18,426,866</b>	<b>\$18,777,500</b>	<b>1.90%</b>
<b>Internal Service Funds:</b>						
Public Works; Fleet Management	\$6,336,397	\$6,335,075	\$6,353,693	\$6,955,056	\$8,008,678	15.15%
OIT; Data Processing	\$15,843,834	\$15,271,132	\$14,556,613	\$43,254,796	\$27,416,488	-36.62%
Medical Insurance	\$31,358,000	\$34,372,000	\$39,623,000	\$40,705,000	\$43,578,000	7.06%
Public Works; Small Proj. Const.	\$2,323,719	\$2,478,144	\$2,281,407	\$2,155,770	\$1,820,351	-15.56%
<b>Total Internal Service Funds</b>	<b>\$55,861,950</b>	<b>\$58,456,351</b>	<b>\$62,814,713</b>	<b>\$93,070,622</b>	<b>\$80,823,517</b>	<b>-13.16%</b>
<b>Fire And Rescue Levy Funds:</b>						
Fire and Rescue Levy Total	\$31,464,455	\$29,610,000	\$29,410,000	\$48,812,757	\$38,260,787	-21.62%
<b>Total Fire &amp; Rescue Levy Funds</b>	<b>\$31,464,455</b>	<b>\$29,610,000</b>	<b>\$29,410,000</b>	<b>\$48,812,757</b>	<b>\$38,260,787</b>	<b>-21.62%</b>



**All Funds Revenue Summary (Cont.)**

Department / Agency	FY 09 Adopted Revenue Bud.	FY 10 Adopted Revenue Bud.	FY 11 Adopted Revenue Bud.	FY 12 Adopted Revenue Bud.	FY 13 Adopted Revenue Bud.	% Change FY 12 to FY 13
<b>Schools:</b>						
Operating Fund	\$791,017,635	\$771,655,350	\$752,762,281	\$783,521,780	\$833,819,720	6.42%
School Debt Service Fund	\$59,438,548	\$61,400,058	\$58,127,770	\$67,512,184	\$70,996,885	5.16%
Construction Fund	\$70,193,000	\$106,050,500	\$62,309,000	\$84,059,000	\$87,778,461	4.42%
Food Service Fund	\$28,896,472	\$29,763,365	\$32,100,111	\$34,783,797	\$36,812,137	5.83%
Warehouse	\$4,750,000	\$4,850,000	\$5,000,000	\$5,250,000	\$5,250,000	0.00%
Facilities Use Fund	\$975,077	\$1,026,800	\$1,084,375	\$1,409,976	\$1,488,996	5.60%
Self Insurance Fund	\$3,521,466	\$3,302,378	\$3,333,105	\$3,490,171	\$3,506,886	0.48%
Health Insurance Fund	\$56,991,037	\$59,725,747	\$67,680,601	\$73,985,554	\$75,593,949	2.17%
Regional School Fund	\$27,868,607	\$30,563,043	\$33,824,760	\$33,900,309	\$34,583,749	2.02%
Gov School @ Innovation Pk	\$0	\$0	\$0	\$900,743	\$707,500	-21.45%
SACC Program Fund	\$0	\$0	\$0	\$536,750	\$500,000	-6.85%
<b>Total Schools</b>	<b>\$1,043,651,842</b>	<b>\$1,068,337,241</b>	<b>\$1,016,222,003</b>	<b>\$1,089,350,264</b>	<b>\$1,151,038,283</b>	<b>5.66%</b>
<b>Grand Total All Funds</b>	<b>\$2,190,077,742</b>	<b>\$2,113,620,653</b>	<b>\$2,051,291,371</b>	<b>\$2,354,692,630</b>	<b>\$2,326,969,221</b>	<b>-1.18%</b>

- (1) For FY 09 the Development Fee supported portions of Public Works, Planning and Transportation that in prior years were included in the General Fund have been transferred to the Special Revenue Fund. The Site Development portion of Public Works has been broken out of the Stormwater Management total for FY 09.
- (2) After the adoption of the FY 2009 Budget, the BOCS approved the creation of the Department of Development Administration (DDS) by transferring development fee supported portions of Public Works and Planning to DDS.



