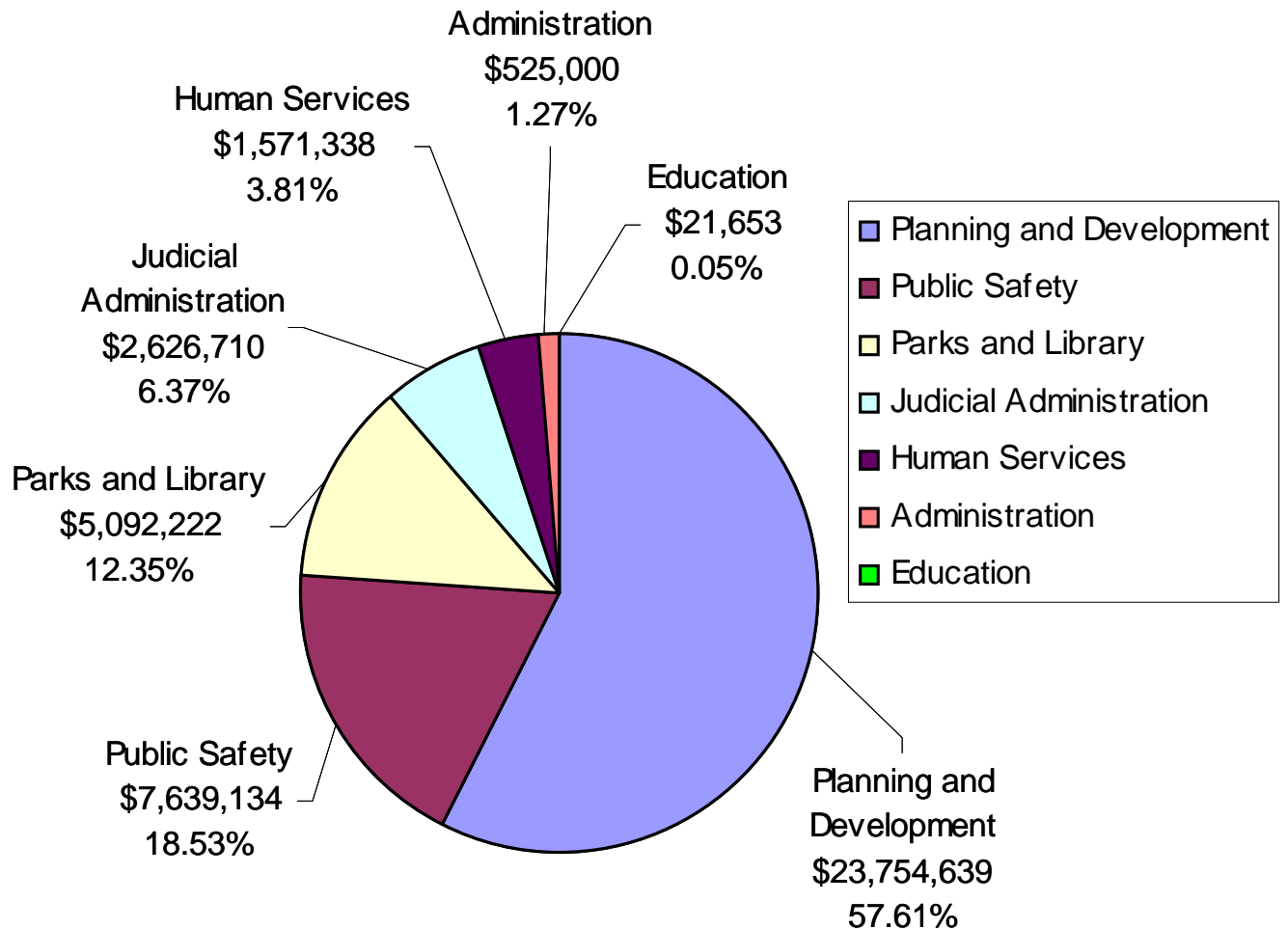


FY 04 General Debt and CIP Cash Investment by Functional Area (Excludes School Transfer Budget)



\$41,230,696

Debt Management in Prince William County

General Debt

The County's General Debt budget includes principal and interest payments on outstanding debt repaid from the General Fund. Debt service payments of the school system and self-supporting revenue bonds are included in the respective budgets of the school system and of the various enterprises.

General Fund debt maintenance expenditures will be higher in FY 04 than FY 03. Most General Debt obligations for the County are typically structured with level principal, thereby reducing the debt service payments annually. However, with new County debt issuance in FY 03 that is supported by the General Fund, the overall debt payments increase.

Expenditure By Program	FY 02 Approp.	FY02 Actual	FY 03 Adopted	FY04 Adopted	% Change Adopt 02/ Adopt 04
Total Expenditure	\$17,654,715	\$17,492,554	\$21,021,220	\$25,955,489	23.47%
Funding Sources					
Revenue From Use of Money	\$764,655	\$793,762	\$889,655	\$889,655	0.00%
Revenue From Commonwealth	\$0	\$0	\$0	\$0	0.00%
Non-Revenue Receipts	\$0	\$0	\$0	\$0	0.00%
Transfers In	\$93,349	\$93,349	\$112,482	\$1,011,477	799.23%
Total Designated Funding Sources	\$858,004	\$887,111	\$1,002,137	\$1,901,132	89.71%
Net General Tax Support	\$16,796,711	\$16,605,443	\$20,019,083	\$24,054,357	20.16%

I. Major Issues

A. Existing Debt - The amount of debt service on financing issued prior to FY 04 is \$19,157,696.

B. Other Debt Service Costs - Other debt service costs for FY 04 such as trustee fees are \$80,000.

C. Projects Planned for Debt Financing in FY 04

1. **Pfizer Stadium Replacement** - \$10,251,000 is scheduled to be sold in FY 04. Annual debt service payments will be equally shared between the County and the Park Authority.
2. **River Oaks Fire and Rescue Station** - \$2,600,000 is scheduled to be sold in FY 04. Annual debt service payments will be paid by the County-wide Fire Levy.
3. **1998 Road Bond Referendum** - \$13,156,775 will be sold in FY 04 to improve Wellington Road and Spriggs Road, which were approved by voters during the 1998 road bond referendum. An additional \$8,180,662 will be sold in FY 05 to finance the Spriggs Road project.
4. **Adult Detention Center Expansion** - \$41,110,000 will be sold in FY 04. The County will be reimbursed by the State for 50% of the total project costs (\$21,359,762) in FY 08.

II. New Debt Issuance Additions in the 2004-2009 Adopted CIP

A. Phase III Administration Building - \$19,160,000 is scheduled to be sold in FY 04. This is a new project in the FY 04-09 Adopted CIP.

B. Central District Police Station Land - \$7,000,000 will be sold in FY 04 to purchase land for the future Central District Police Station.

C. 2002 Road Bond Referendum – In November 2002, Prince William County voters approved an \$86.7 million road bond package for the following projects:

- a. Benita Fitzgerald Boulevard
- b. Minnieville Road (Cardinal Drive to Spriggs Road)
- c. Minnieville Road (Old Bridge Road to Caton Hill)
- d. Prince William Parkway Intersection Improvements
- e. Route 1 Improvements
- f. Route 15 Improvements
- g. Sudley Manor Drive Extended

In FY 04, \$38.3 million will be sold to finance these projects. Additional debt sales will occur in FY 05 (\$14.4 million), FY 06 (\$26.6 million) and FY 07 (\$7.4 million).

III. Debt Service Reserved for Future Capital Projects

A. Debt Service Reserve - \$4,125,000 in debt service is reserved in FY 08 for capital projects to be determined at a later date. Due to budgetary constraints in the FY 04-08 Five Year Plan, there is insufficient funding to do all the capital needs listed below.

B. Candidate Projects - The following projects have been identified by County staff as future needs in achieving the strategies and objectives identified in the County’s Strategic Plan or supporting level of service standards identified in the County’s Comprehensive Plan:

1. Adult Detention Center (ADC) Expansion - The Prince William-Manassas Adult Detention Center *Community-Based Corrections Plan* dated July 30, 2002 identified that the current 200 bed expansion funded in the FY 04-09 Capital Improvements Program (CIP) will not satisfy the current ten year forecasted need at the ADC. It further recommended planning for an additional expansion to meet the forecasted inmate population of 1,514 by 2015.

Design costs for the next 200 bed expansion is funded in the Adopted FY 04-08 Five Year Plan with \$1.5 million programmed in FY 06. The next 200 bed expansion at the ADC is estimated to cost \$42,600,000. The resulting debt service, assuming a 50% State reimbursement in FY 10 is as follows:

FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
\$0	\$0	\$0	\$1,171,500	\$3,376,050	\$3,312,150

2. Public Safety Training Center (PSTC) Expansion – The PSTC expansion includes the construction of approximately 177,000 square feet to accommodate the growing needs of public safety agencies. The current facility has insufficient space to effectively train new police, sheriff and fire and rescue recruits as well as provide valuable in-service training to existing personnel. The expansion includes additional classrooms, a multi-purpose facility for large training exercises, a high bay for fire and rescue vehicles, firearms range expansion, an auditorium for training conferences, and administrative space.

The Phase II expansion at the PSTC is estimated to cost \$37,500,000 as planning and design activities would begin in FY 05 and conclude in FY 06. The resulting debt service is as follows:

FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
\$0	\$0	\$0	\$0	\$4,125,000	\$4,012,500

General Debt	DEBT SERVICE		
	FY 03 Adopted	FY 04 Adopted	Difference
Existing Debt by Project:			
234 Bypass	\$760,130	\$731,527	(\$28,603)
Ashton Avenue	321,018	312,277	(8,741)
ATCC	1,324,735	1,321,915	(2,820)
BMX Facility	34,955	34,056	(899)
Bull Run Library	324,506	313,150	(11,356)
Cardinal Drive	781,077	759,810	(21,267)
Chinn Aquatics Center	732,526	733,261	735
Chinn Library	521,087	497,810	(23,277)
Henderson & Springwood Schools (County Share)	23,485	21,586	(1,899)
Courthouse	345,086	0	(345,086)
Ferlazzo Building	827,432	783,804	(43,628)
Garfield Police Sub-station	528,640	513,492	(15,148)
INNOVATION Infrastructure - VR	112,482	175,477	62,995
INNOVATION @ Prince William Enterprise Fund	10,000	0	(10,000)
INNOVATION Loop Road	207,668	200,735	(6,933)
Judicial Center Expansion	1,992,266	1,731,711	(260,555)
Juvenile Detention Home Expansion	205,548	199,658	(5,890)
Juvenile Detention Home Expansion Phase II	639,568	583,048	(56,520)
Liberia Avenue	423,373	411,845	(11,528)
Old Bridge Road	62,080	60,390	(1,690)
Owens Building	187,072	183,360	(3,712)
Owens Building Expansion	555,891	483,189	(72,702)
Park Projects (1988 Referendum)	459,848	439,306	(20,542)
Police/Fire Training Facility	774,630	749,759	(24,871)
Prince William Parkway	6,541,067	6,337,781	(203,286)
Bike Trail	60,973	58,804	(2,169)
Moore Drive	117,392	113,217	(4,175)
Prince William Parkway Extension to Route 1	72,904	71,028	(1,876)
Ridgefield Road	329,373	320,898	(8,475)
Rippon Lodge Acquisition	190,624	190,624	0
Sudley Park Land Acquisition	15,329	14,935	(394)
Sudley Road	386,998	374,106	(12,892)
Sports Field Improvements	21,090	20,548	(542)
Spriggs Road	123,515	120,337	(3,178)
Valley View Park Fields	221,545	215,845	(5,700)
Wellington Station Road	81,415	78,407	(3,008)
Subtotal Existing Projects	\$20,317,328	\$19,157,696	(\$1,159,632)

(Table continued on next page)

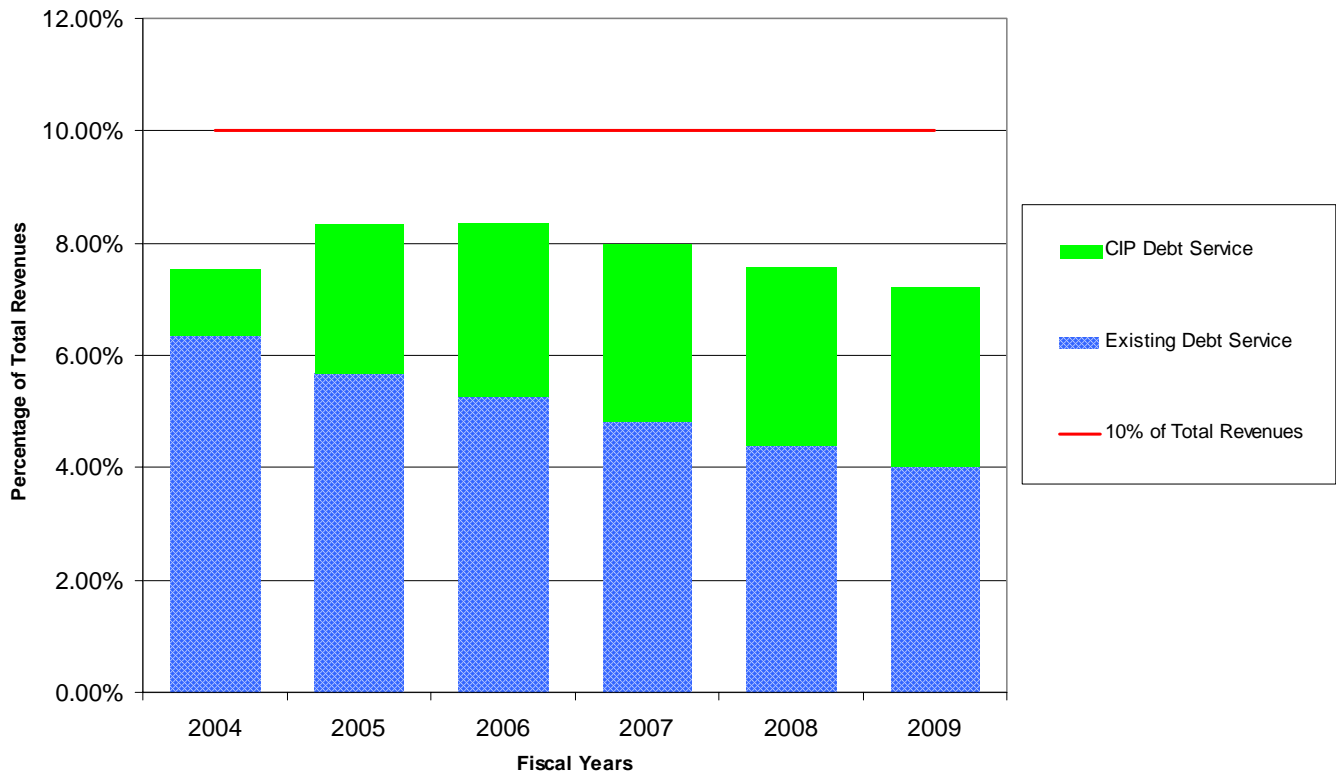
General Debt

	DEBTSERVICE		
	FY 03 Adopted	FY 04 Adopted	Difference
CIP Debt:			
1998 Park Project Bond Issuance/Admin. Costs	\$0	\$5,858	5,858
Adult Detention Center (County Portion)	0	469,063	469,063
Adult Detention Center (State Portion)	0	417,865	417,865
BMX Facility	0	836	836
Central District Police Station Land	0	166,250	166,250
Linton Hall Fire and Rescue Station	0	408,500	408,500
Minnieville Road (Cardinal Drive to Spriggs Road)	0	225,604	225,604
Minnieville Road (Old Bridge Road to Caton Hill)	0	404,357	404,357
Pfitzner Stadium	341,000	0	(341,000)
Phase III Administration Building	0	455,050	455,050
Prince William Parkway Extension to Route 1	25,936	464,084	438,148
Prince William Parkway Intersection Improvements	0	134,621	134,621
Ridgefield Road	72,520	259,235	186,715
Route 1 Improvements	0	145,122	145,122
Sports Fields Improvements	60,106	184,376	124,270
Sudley Park Land Acquisition	14,403	56,335	41,932
Valley View Park Fields	19,514	114,475	94,961
Veterans Park Improvements	32,977	120,650	87,673
Wellington Road	57,436	218,256	160,820
Western District Police Station	0	2,039,756	2,039,756
Yorkshire Fire and Rescue Station	0	427,500	427,500
Subtotal CIP Debt	\$623,892	\$6,717,793	6,093,901
Total County Debt Service	\$20,941,220	\$25,875,489	\$4,934,269
Other Debt Service Costs (Trustee Fees, Etc)	\$80,000	\$80,000	\$0
Total General Debt Expenditures	\$21,021,220	\$25,955,489	\$4,934,269
Funding Sources:			
Rent from ATCC	\$685,042	\$685,042	\$0
Transfer In from INNOVATION Enterprise Fund	112,482	175,477	62,995
Transfer In from Fire Levy	0	836,000	836,000
Debt Service Reserve Fund Interest Earned	204,613	204,613	0
Total Funding Sources	1,002,137	1,901,132	898,995
Net General Tax Support	\$20,019,083	\$24,054,357	\$4,035,274

Debt Capacity

The Debt Service Capacity chart highlights the County’s current debt service obligations with the addition of the County Capital Improvement Program (CIP) projects. The County’s future debt service averages 7.83% of total revenues in FY 04 -FY 09, with a high of 8.35% in FY 05 and a low of 7.21% in FY 09. The CIP is projecting issuance of both County and school debt throughout FY 04-09. Therefore, as the graph below shows, CIP projects’ debt service as a percent of revenues gradually declines beginning in FY 06.

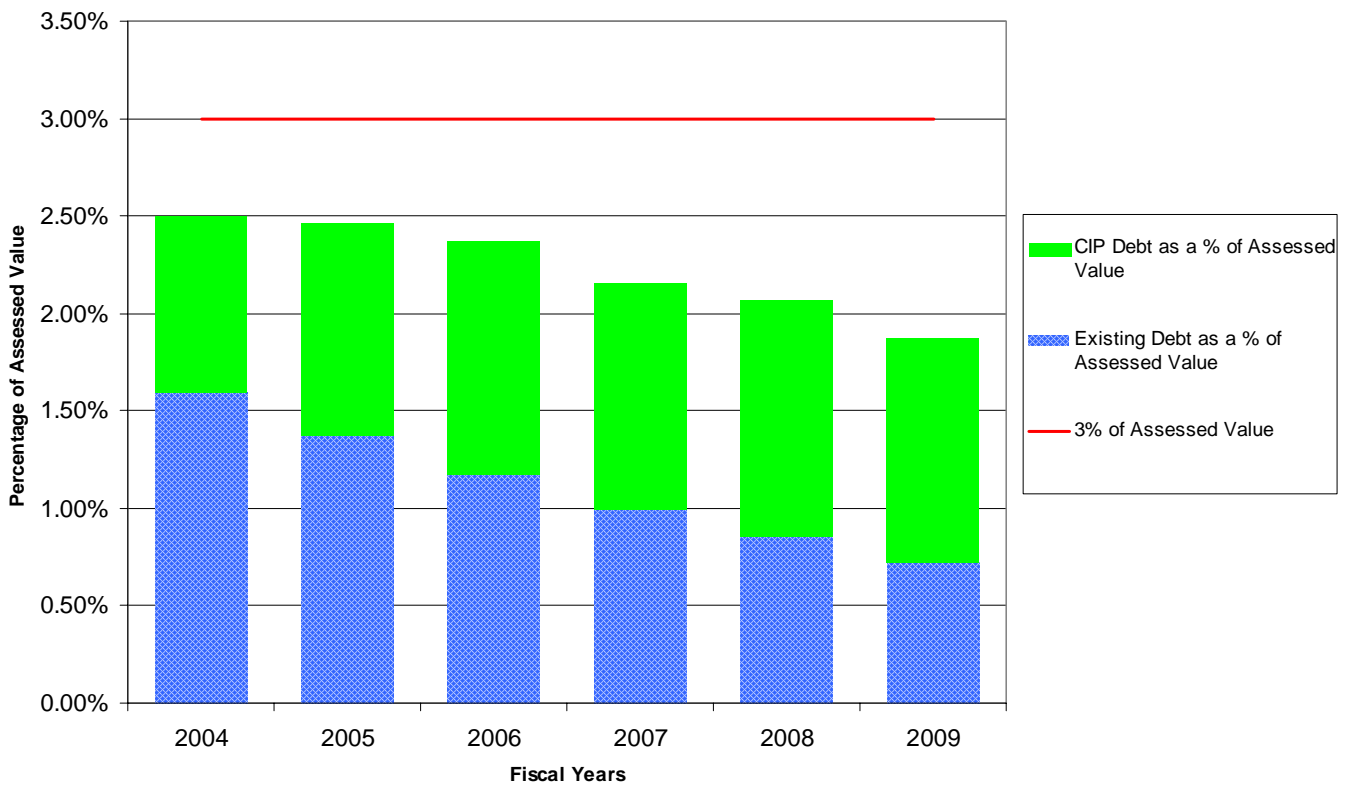
Debt Service Capacity - County & Schools



Debt as a Percentage of Assessed Value

The graph below illustrates the County's success in maintaining the debt level below 3% of the net assessed valuation of taxable property in the County as set forth in the County's Principles of Sound Financial Management.

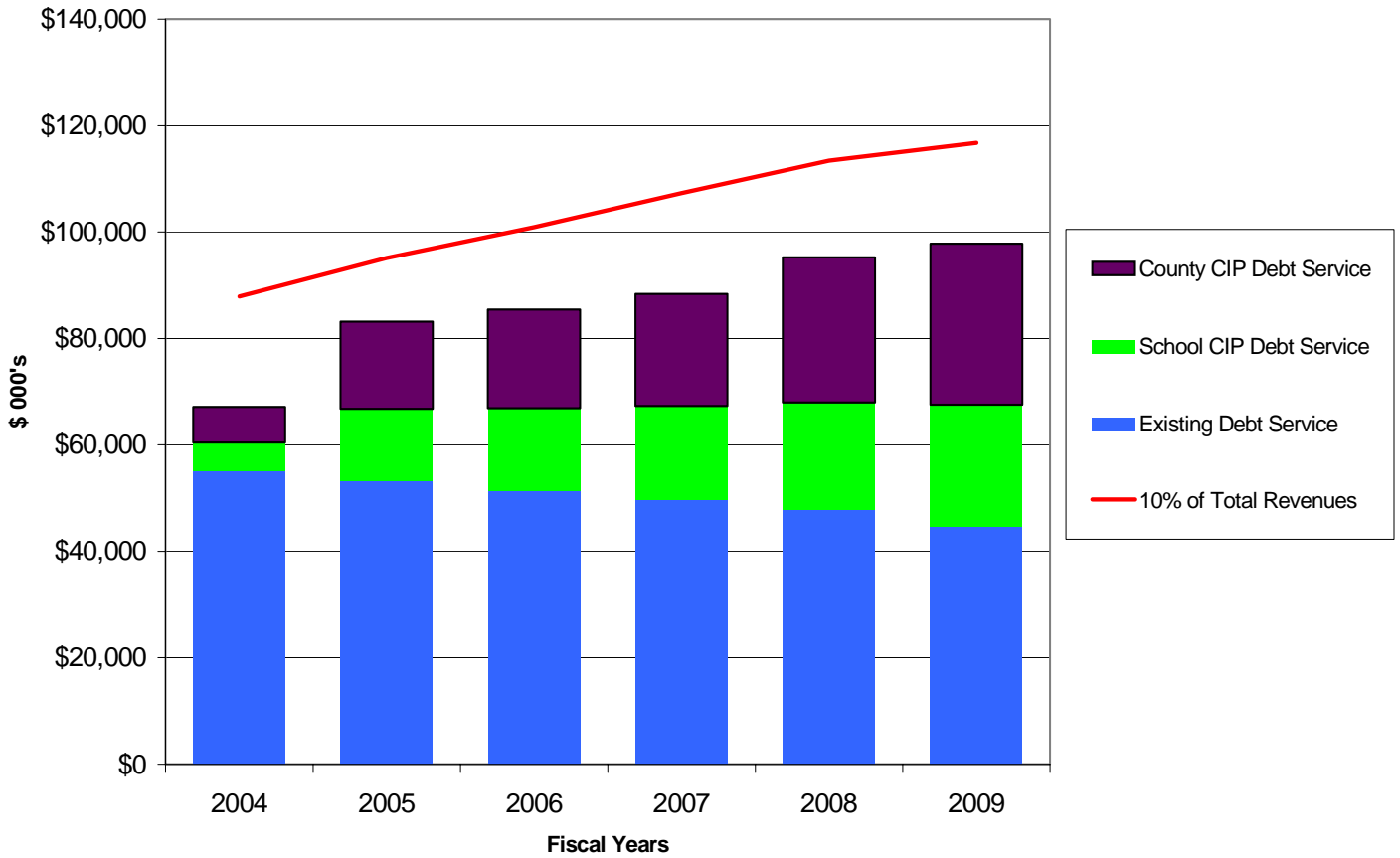
Debt Outstanding as Percent of Assessed Value



Debt Service

The graph below illustrates the County’s and the School’s total debt service obligation in principal and interest payments over the next six years. The tables on the next two pages include debt service payments for the County’s and the Schools’ debt service projections through FY 09.

Debt Service Capacity - County & Schools



General Debt

FUNDING BY PROJECT, 6 YEAR PROJECTION

General Debt	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Existing Debt by Project:						
234 Bypass	\$731,527	\$703,287	\$674,708	\$645,799	\$614,691	\$583,579
Ashton Avenue	312,277	303,905	295,394	281,855	273,444	264,944
ATCC	1,321,915	1,322,235	1,325,375	1,321,000	1,321,700	1,325,000
BMX Facility	34,056	33,156	32,257	31,358	30,458	29,559
Bull Run Library	313,150	301,836	290,366	278,742	267,071	255,355
Cardinal Drive	759,810	739,439	718,732	685,790	665,325	644,642
Chinn Aquatics Center	733,261	732,943	730,570	731,958	732,837	730,554
Chinn Library	497,810	475,180	452,400	429,482	406,614	383,805
Henderson & Springwood Schools (County Share)	21,586	0	0	0	0	0
Courthouse	0	0	0	0	0	0
Ferlazzo Building	783,804	740,830	689,083	645,239	592,576	560,771
Garfield Police Sub-station	513,492	498,038	482,279	465,907	449,076	432,245
INNOVATION Infrastructure - Variable Rate	175,477	258,333	262,888	224,388	185,888	180,652
INNOVATION @ Prince William Enterprise Fund	0	0	0	0	0	0
INNOVATION Loop Road	200,735	195,500	190,264	185,029	179,793	174,558
Judicial Center Expansion	1,731,711	1,808,844	1,684,500	1,656,630	1,662,602	1,591,860
Juvenile Detention Home Expansion	199,658	193,649	187,521	181,156	174,611	168,067
Juvenile Detention Home Expansion Phase II	583,048	609,017	567,152	557,768	559,780	535,961
Liberia Avenue	411,845	400,803	389,579	371,724	360,631	349,420
Old Bridge Road	60,390	58,771	57,125	54,507	52,880	51,236
Owens Building	183,360	179,434	175,292	171,566	0	0
Owens Building Expansion	483,189	504,711	470,156	462,239	463,906	444,167
Park Projects (1988 Referendum)	439,306	419,335	399,233	379,008	358,828	338,699
Police/Fire Training Facility	749,759	724,733	699,289	673,429	647,402	621,209
Prince William Parkway	6,337,781	6,132,782	5,923,971	5,711,370	5,473,970	5,235,545
Bike Trail	58,804	56,647	54,462	52,249	50,027	47,798
Moore Drive	113,217	109,064	104,857	100,595	96,318	92,026
Prince William Parkway Extension to Route 1	71,028	69,153	67,277	65,401	63,525	61,649
Debt Service Savings from Refinancings	0	(238,661)	(237,513)	(240,575)	(238,093)	(239,061)
Ridgefield Road	320,898	312,423	303,948	295,473	286,999	278,524
Rippon Lodge Acquisition	190,624	190,624	190,624	190,624	190,624	190,624
Sports Field Improvements	20,548	20,005	19,462	18,920	18,377	17,834
Spriggs Road	120,337	117,159	113,981	110,802	107,624	104,446
Sudley Park Land Acquisition	14,935	14,541	14,146	13,752	13,357	12,963
Sudley Road	374,106	361,190	348,074	334,761	321,376	307,920
Valley View Park Fields	215,845	210,144	204,444	198,744	193,043	187,343
Wellington Station Road	78,407	76,290	74,172	72,055	69,938	67,820
Subtotal County Existing Debt	\$19,157,696	\$18,635,340	\$17,956,068	\$17,358,745	\$16,647,198	\$16,031,714
Schools Existing Debt	\$36,027,715	\$34,592,313	\$33,408,073	\$32,261,337	\$31,076,303	\$28,638,619
Total Existing Debt	\$55,185,411	\$53,227,653	\$51,364,141	\$49,620,082	\$47,723,501	\$44,670,333

(Continued on Next Page)

	Debt Funded Projects in the CIP					
	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
New Debt, Current CIP Projects						
County						
Adult Detention Center (ADC) (County)	\$469,063	\$1,902,172	\$1,855,266	\$1,808,359	\$1,761,453	\$1,714,547
Adult Detention Center (State)	417,865	1,068,000	1,068,000	1,068,000	0	0
Central District Police Station	0	0	0	0	0	2,499,560
Gainesville Area Library	0	0	0	0	0	881,744
Linton Hall Road	0	0	0	233,767	227,644	221,522
Montclair Area Library	0	0	0	0	881,744	857,696
Prince William Parkway Extension to Route 1	464,084	453,093	442,101	431,110	420,119	409,127
Ridgefield Road	\$259,235	\$253,095	\$246,955	\$240,815	\$234,676	\$228,536
Spriggs Road	0	1,008,920	1,802,410	1,757,382	1,712,354	1,667,326
Wellington Road	218,256	486,952	475,112	463,272	451,431	439,591
Western District Police Station	2,039,756	1,991,446	1,943,136	1,894,826	1,846,516	1,798,206
Subtotal County	\$3,868,259	\$7,163,678	\$7,832,980	\$7,897,531	\$7,535,937	\$10,717,855
Parks						
1998 Bond Issuance/Admin. Costs	5,858	5,718	5,577	5,437	5,296	5,156
BMX Facility	836	816	796	777	757	737
Pfitzer Stadium Replacement	\$0	\$999,521	\$975,174	\$950,827	\$926,479	\$902,132
Sports Field Improvements	184,376	180,009	175,642	171,276	166,909	162,542
Sudley Park Land Acquisition	56,335	55,001	53,667	52,332	50,998	49,664
Valley View Park Fields	114,475	111,764	109,053	106,341	103,630	100,919
Veterans Park	120,650	117,793	114,935	112,078	109,220	106,363
Subtotal Parks	\$482,530	\$1,470,622	\$1,434,844	\$1,399,068	\$1,363,289	\$1,327,513
County Debt (Current Projects)	\$4,350,789	\$8,634,300	\$9,267,824	\$9,296,599	\$8,899,226	\$12,045,368
Schools						
10th High School (Woodbridge)	\$1,945,125	\$3,895,369	\$3,800,672	\$3,705,975	\$3,611,278	\$3,516,581
9th High School (Dominion)	1,945,125	3,895,369	3,800,672	3,705,975	3,611,278	3,516,581
Bel Air Elementary School Addition	0	0	0	0	0	130,240
Bristow Run Elementary School Addition	0	191,100	186,445	181,790	177,135	172,480
Alvey Elementary School	1,092,500	1,066,625	1,040,750	1,014,875	989,000	963,125
Ashton Avenue Elementary	0	1,179,750	1,151,013	1,122,275	1,093,538	1,064,800
Elementary School (Traditional)	0	1,179,750	1,151,013	1,122,275	1,093,538	1,064,800
Four Year Trail Elementary	0	1,433,250	1,398,338	1,363,425	1,328,513	1,293,600
Mountain View Elementary Addition	114,000	111,300	108,600	105,900	103,200	100,500
Occoquan Elementary School Addition	114,000	111,300	108,600	105,900	103,200	100,500
Transportation Center (Mid-County)	0	468,000	456,600	433,800	422,400	411,000
Subtotal Schools	\$5,210,750	\$13,531,813	\$13,202,703	\$12,862,190	\$12,533,080	\$12,334,207
Grand Total (Current Projects)	\$9,561,539	\$22,166,113	\$22,470,527	\$22,158,789	\$21,432,306	\$24,379,575
New Debt, New CIP Projects						
2004 Parks Referendum	\$0	\$0	\$0	\$315,000	\$1,534,900	\$1,777,505
Benita Fitzgerald Boulevard	0	0	187,886	183,189	178,492	173,795
Central District Police Station Land	166,250	674,188	657,563	640,938	624,313	607,688
Linton Hall Fire and Rescue Station	408,500	398,825	389,150	379,475	369,800	360,125
Minnieville Rd. (Old Bridge to Caton Hill)	404,357	1,639,775	1,599,340	1,558,904	1,518,468	1,478,033
Minnieville Road (Cardinal to Spriggs)	225,604	914,885	892,325	869,764	847,204	824,643
Montclair and Gainesville Library Books	0	0	0	0	1,000,000	960,000
Phase III Administrative Building	455,050	1,845,348	1,799,843	1,754,338	1,708,833	1,663,328
Prince William Parkway Intersections	134,621	545,924	532,462	518,999	505,537	492,075
Public Safety Driver Training Facility	0	165,750	161,713	157,675	153,638	149,600
Debt Service Reserved for Next ADC Expansion or Public Safety Training Center Expansion	0	0	0	0	4,125,000	4,012,500
River Oaks Fire and Rescue Station	0	253,500	247,325	241,150	234,975	228,800
Route 1 Improvements	145,122	588,506	573,994	1,178,263	1,147,545	1,116,827
Route 15 Improvements	0	167,702	937,415	1,681,873	1,637,603	1,593,334
Sudley Manor Drive	0	146,161	871,704	1,892,932	2,427,123	2,360,972
Yorkshire Fire and Rescue Station	427,500	417,375	407,250	397,125	387,000	376,875
Total County (New Projects)	\$2,367,004	\$7,757,939	\$9,257,970	\$11,769,625	\$18,400,431	\$18,176,100

General Debt

	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Schools						
Glenkirk Road Elementary School	\$0	\$0	\$1,270,000	\$1,238,250	\$1,206,500	\$1,174,750
Four Year Trail Middle School	0	0	1,072,000	2,170,800	2,114,520	2,058,240
Pembroke Elementary School (East)	0	0	0	1,399,650	1,362,993	1,326,335
Somerset Elementary School (West)	0	0	0	0	1,538,900	1,496,930
Middle School (To Be Determined)	0	0	0	0	1,461,900	2,883,930
Cherry Hill Elementary School						
Belmont Area Elementary School	0	0	0	0	0	1,614,800
Total Schools (New Projects)	\$0	\$0	\$2,342,000	\$4,808,700	\$7,684,813	\$10,554,985
Grand Total (New Projects)	\$2,367,004	\$7,757,939	\$11,599,970	\$16,578,325	\$26,085,244	\$28,731,085
Est. All New County Debt	\$6,717,793	\$16,392,239	\$18,525,794	\$21,066,224	\$27,299,657	\$30,221,468
Est. All New School Debt	\$5,210,750	\$13,531,813	\$15,544,703	\$17,670,890	\$20,217,893	\$22,889,192
Est. All County Debt	\$25,875,489	\$35,027,579	\$36,481,862	\$38,424,969	\$43,946,855	\$46,253,182
Est. All School Debt	\$41,238,465	\$48,124,126	\$48,952,776	\$49,932,227	\$51,294,196	\$51,527,811
Grand Total All Debt Service	\$67,113,954	\$83,151,705	\$85,434,638	\$88,357,196	\$95,241,051	\$97,780,993
Other Debt Service Costs	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Total General Debt	\$67,193,954	\$83,231,705	\$85,514,638	\$88,437,196	\$95,321,051	\$97,860,993
Funding Sources:						
Rent from ATCC	\$685,042	\$685,042	\$685,042	\$685,042	\$685,042	\$685,042
Transfer - Innovation Enterprise Fund	175,477	258,333	262,888	224,388	185,888	185,888
Transfer In From Fire Levy	836,000	1,069,700	1,043,725	1,017,750	991,775	965,800
Transfer In From Park Authority (Share of Pfitzner Stadium)	0	499,760	487,587	475,414	463,239	451,066
Debt Service Reserve Interest Earned	204,613	204,613	204,613	204,613	204,613	204,613
Total Funding Sources	\$1,901,132	\$2,717,448	\$2,683,855	\$2,607,207	\$2,530,557	\$2,492,409
Net General Tax Support	\$65,292,822	\$80,514,257	\$82,830,783	\$85,829,989	\$92,790,494	\$95,368,584

Bond Rating

Efforts have been made over the past several years to enhance the County's rating for general obligation bonds. In May 2000, Moody's and Fitch Investors Services upgraded the County's ratings to Aa1 and AA+ respectively. These bond ratings serve as a statement of a locality's economic, financial, and managerial condition and represents the business community's assessment of the investment quality of a local government. Highly rated bonds are more attractive and are more competitive in the market, and thereby help lower interest costs paid by County residents.

Debt Management Policy Statement

Proper Debt Management provides a locality and its citizens with fiscal advantages. The violation of the debt policy would place an undue burden on the County and its taxpayers. The following administrative policies provide the framework to limit the use of debt in Prince William County:

- 5.01 Prince William County will not use long-term debt to fund current operations.
- 5.02 Prince William County will not use tax revenue anticipation notes (TRANs) to fund current operations.
- 5.03 Prince William County does not intend to issue bond anticipation notes (BANs) for a period longer than two years. If the BAN is issued for a capital project, the BAN will be converted to a long term bond or redeemed at its maturity.
- 5.04 The issuance of variable rate debt by Prince William County will be subject to the most careful review and will be issued only in a prudent and fiscally responsible manner.
- 5.05 Whenever Prince William County finds it necessary to issue tax supported bonds, the following policy will be adhered to:
 - a) Tax supported bonds are bonds for which funds used to make annual debt service expenditures are derived from tax revenue of the County.
 - b) Average weighted maturities for general obligation bonds of the County (except for those issued through the Virginia Public School Authority) will be maintained at ten and one half (10 1/2) years.
 - c) General obligation bond issues (except for those issued through the Virginia Public School Authority) will be structured to allow an equal principal amount to be retired each year over the life of the issue thereby producing a total debt service with an annual declining balance.
 - d) Annual debt service expenditures for all County debt as a percentage of annual revenues will be capped at 10%.
 - e) Annual debt service expenditures in excess of 10%, but under no circumstances greater than 12.5%, will be allowed only to accommodate a decline in annual General Fund and Special Fund revenue or to achieve long term debt service or operational savings.

Annual debt service expenditures and total bonded debt are defined as follows:

Includes annual debt service payments and total outstanding principal amount, respectively for:

- General Obligation Bonds of the County;
- Literary Fund Loan Notes;
- Bonds issued to the Virginia Public School Authority;
- Lease appropriation debt to the extent that it is supported by tax revenue;
- Excludes: Revenue Bonds to the extent they are paid by non tax revenues.

Annual revenue is defined as general fund and special revenue funds (excluding general property tax revenue for fire levy districts and revenues pledged to pay debt service expenditures of revenue bonds) for the fiscal year in which the debt service expenditures occur.

- f) Total Bonded debt will not exceed 3% of the net assessed valuation of taxable property in the County.
- g) Reserve funds, when required, will be provided to adequately meet debt service requirements in subsequent years.
- h) Interest earnings on the reserve funds balances will only be used to pay debt service on bonds.
- i) Bond financing will be confined to projects which would not otherwise be financed from current revenues.
- j) The term of any bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.

5.06 Whenever Prince William County finds it necessary to issue revenue bonds, the following guidelines will be adhered to:

- a) Revenue bonds are defined as a bond on which the debt service is payable solely from the revenue generated from the operation of the project being financed or a category of facilities, or from other non-tax sources of the County.
- b) Revenue bonds of the County and any of its agencies will be analyzed carefully by the Department of Finance for fiscal soundness. The issuance of County revenue bonds will be subject to the most careful review and must be secured by covenants sufficient to protect the bondholders and the name of the County.
- c) Revenue bonds will be structured to allow an approximately equal annual debt service amount over the life of the issue.
- d) Reserve funds, when required, will be provided to adequately meet debt service requirements in the subsequent years.
- e) Interest earnings on the reserve fund balances will only be used to pay debt service on the bonds.
- f) The term of any revenue bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.

5.07 Prince William County shall comply with all Internal Revenue Service arbitrage rebate requirements for bonded indebtedness.

5.08 Prince William County shall comply with all requirements of Title 15.1 Code of Virginia and other legal requirements regarding the issuance of bonds and certificates of the County or its debt issuing authorities.

5.09 Prince William County shall establish Memorandums of Understanding with the School Board, the Prince William County Park Authority and any agency prior to the issuance of debt, establishing guidelines regarding the issuance of debt which would be included in policy No. 5.05 (e) on previous page.

FY 04-09 Adopted Capital Improvements Program

Overview of the Development of the Capital Improvements Program in Prince William County

The Prince William County financial and program planning ordinance requires that the County Executive prepare a capital plan annually. The Capital Improvements Program (CIP) is guided by the Board of County Supervisors (BOCS) adopted Strategic Plan, the Comprehensive Plan and the Principles of Sound Financial Management. Together these policy documents require that the CIP:

- (A) incorporate the goals and strategies of the Strategic Plan;
- (B) demonstrate an identifiable revenue source for each project;
- (C) meet the debt financing policies in the Principles of Sound Management; and,
- (D) integrate County government projects with school projects making up one affordable plan.

In Prince William County, the capital planning process begins in late summer when agencies are requested to provide capital project submissions. The submissions are evaluated by the Finance Department, Department of Public Works, the Office of Information Technology and the Office of Executive Management staff. Once evaluated, the recommendations are reviewed, modified and sanctioned by the County Executive.

After the projects are approved by the County Executive, the CIP is forwarded, to the Board of County Supervisors (BOCS) for review in the month of December. In the spring, worksessions and public hearings are held with the BOCS as part of the annual budget process. In late April, the BOCS considers and adopts a capital plan for six years and a capital budget for the ensuing year.

Annual Capital Review

In order to provide the Board of County Supervisors and the County Executive with a status report, capital project updates are reported in the Quarterly Project Report (QPR). The QPR highlights each project, major milestones to be met by the project, completion dates for each milestone, a map of the site, the name of the project manager, and a narrative explaining the current project status.

In the spring, prior to the start of year-end activity, the Finance Department conducts a review of activity in the capital fund. Relevant findings are forwarded to each of the project managers which provides an opportunity for feedback. This layer of review provides foresight necessary for the planning process in the ensuing fiscal year.

The Capital Budget

The Adopted FY 04 capital budget for the County is \$203,337,089 including \$139,088,089 for the General Government and \$64,249,000 for Schools. Funding sources for these projects include the general fund, debt, fire levy, solid waste fees, stormwater management fees, proffers, State and Federal funds.

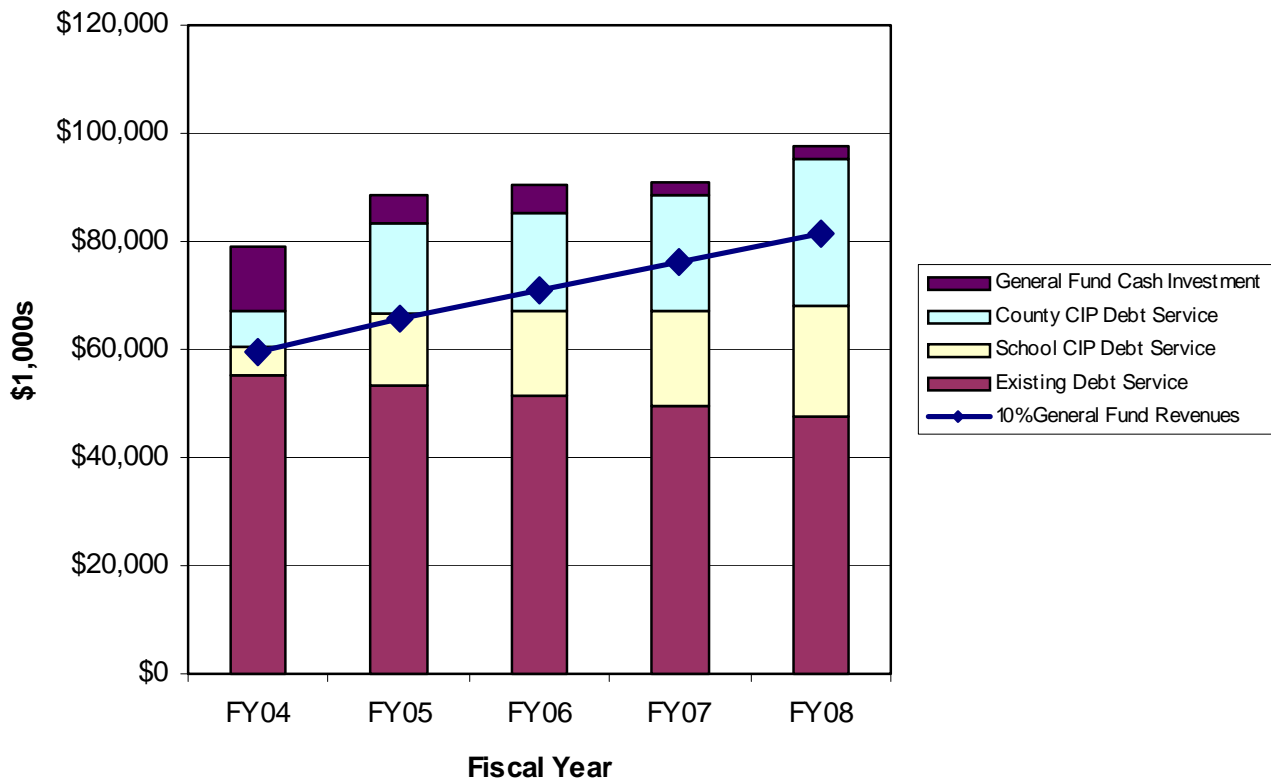
Capital Improvements Program

General Fund Investment in the CIP

The Principles of Sound Financial Management identify that the County will invest a minimum of 10% of annual General Fund revenues allocated in the operating budget in the Capital Improvement Program. The amount invested may be in the form of debt service or some other form such as cash.

The graph below illustrates Prince William County's General Fund investment in the Capital Improvement Program (CIP). Obligating resources to capital investment is appropriate for a growing community as Prince William County strives to meet level of service standards identified in the Comprehensive Plan and community outcomes identified in the Strategic Plan.

10% Minimum Investment of Annual General Fund Revenues in the CIP



FY 04-09 Adopted CIP Projects

The 2001-2005 Strategic Plan establishes goals and community outcomes for Economic Development, Education, Human Services, Public Safety, and Transportation; and the strategies and objectives to achieve them. The following CIP projects support the current Strategic Plan goals.

I. Economic Development

- A. Ben Lomond Manor House
- B. Brentsville Courthouse
- C. Historic Property Acquisitions
- D. INNOVATION @ Prince William Infrastructure
- E. Rippon Lodge
- F. TEA-21 Local Match Assistance for Towns
- G. Tourism and Performing Arts Partnerships

II. Education

- A. Alvey Elementary School
- B. Bel Air Elementary School Addition
- C. Bristow Run Elementary School Addition
- D. Elementary School (Ashton Avenue)
- E. Elementary School (East)
- F. Elementary School (Four-Year Trail)
- G. Elementary School (Linton Hall Area)
- H. Elementary School (To Be Determined)
- I. Elementary School (West)
- J. Middle School (Four-Year Trail)
- K. Middle School (West)
- L. Ninth High School (West)
- M. Occoquan Elementary School Addition
- N. School Repairs and Renewals
- O. Tenth High School (East)
- P. Traditional School (Blackburn Road)
- Q. Transportation Center (Mid-County)

III. Public Safety

- A. Adult Detention Center Expansion
- B. Adult Detention Center Phase II Expansion
- C. Courthouse Complex Master Plan
- D. Fire and Rescue Stations
 - 1. Birchdale Station Reconstruction
 - 2. Dominion Club Fire and Rescue Station
 - 3. Lake Jackson Fire and Rescue Station Renovation
 - 4. Linton Hall Fire and Rescue Station
 - 5. River Oaks Fire and Rescue Station
 - 6. Wellington Fire and Rescue Station
 - 7. Yorkshire Fire and Rescue Station
- E. Judicial Center Expansion
- F. Police Stations
 - 1. Central District Police Station
 - 2. Western District Police Station
- G. Public Safety Driver Training Facility
- H. Public Safety Mobile Data System
- I. Public Safety Training Center Improvements

IV. Transportation

- A. Road Construction and Improvements
 - 1. Benita Fitzgerald Drive
 - 2. James Madison Highway (Route 15 Improvements)
 - 3. Linton Hall Road
 - 4. Minnieville Road (Cardinal Drive to Spriggs Road)
 - 5. Minnieville Road (Old Bridge Road to Caton Hill Road)
 - 6. Prince William Parkway Extension to Route 1
 - 7. Prince William Parkway Intersection Improvements
 - 8. Revenue Sharing Program
 - 9. Route 1 Improvements
 - 10. Route 1/Route 123 Interchange
 - 11. Six Year Secondary Road Plan
 - 12. Spriggs Road
 - 13. Sudley Manor Drive Extended
 - 14. Wellington Road
- B. Transit
 - 1. Cherry Hill Commuter Rail Station
 - 2. Woodbridge Commuter Rail Station Improvements

Non Strategic Plan Projects

Although the following projects do not directly assist the County in achieving its Strategic Plan goals, they are included in the adopted CIP because they fulfill a community need beyond the scope of the strategic plan, are funded through non -general tax sources such as user fees and special revenue funds, or in some cases both.

I. Administration and Capital Maintenance

- A. Capital Maintenance
 - 1. Capital Maintenance and Improvements
 - 2. Information Technology Upgrades
 - 3. Park Authority Capital Maintenance/Renovation
- B. Capital Construction
 - 1. Bennett School Renovations
 - 2. Garfield Fleet Facility Renovation
 - 3. Government Administration Space
 - 4. Phase III Administration Building
 - 5. Space Reconfigurations

II. Parks and Recreation

- A. Libraries
 - 1. Gainesville Area Library
 - 2. Montclair Area Library
- B. Park Authority
 - 1. Forest Greens Golf Course Expansion
 - 2. Hammill Mill Pool and Park Renovations
 - 3. Park Authority Proffers
 - 4. Parks Bond Referendum
 - 5. Pfitzner Stadium Replacements
 - 6. Prince William Golf Course Renovation
 - 7. Sports Field Improvements

III. Watershed Management

- A. Broad Run Watershed
- B. Bull Run Watershed
- C. Cedar Run Watershed
- D. County-wide Watersheds
- E. Flat Branch Flood Control
- F. Marumsco Creek Watershed
- G. Neabsco Creek Watershed
- H. Occoquan River Watershed
- I. Powell's Creek Watershed
- J. Quantico Creek Watershed

IV. Solid Waste Administration

- A. Landfill Caps
- B. Landfill Liners
- C. Western Citizen Convenience Center Expansion

FY 04-09 Adopted CIP Strategic Goal Summary

The following table indicates FY 04-09 Adopted CIP expenditures by Strategic Goal for both general County government and the Schools. The total plan is \$840,133,506. Of this amount, \$377,320,000 represents new construction and capital maintenance for the schools. The County portion of this CIP is \$462,813,506.

	FY04	FY05	FY06	FY07	FY08	FY09	Total
Economic Development							
Innovation Infrastructure	\$2,495,000	\$2,692,000	\$0	\$0	\$0	\$0	\$5,187,000
Ben Lomond Manor House	\$272,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$872,000
Brentsville Courthouse	\$632,500	\$323,400	\$157,471	\$120,000	\$120,000	\$120,000	\$1,473,371
Historic Property Acquisitions	\$1,507,000	\$0	\$0	\$0	\$0	\$0	\$1,507,000
Rippon Lodge	\$960,190	\$404,810	\$70,000	\$70,000	\$70,000	\$70,000	\$1,645,000
TEA-21 Towns Local Match Assistance	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000
Tourism & Performing Arts Partnerships	\$750,000	\$200,000	\$440,000	\$220,000	\$0	\$0	\$1,610,000
Total Economic Dev. Strategic Goal	\$6,666,690	\$3,790,210	\$837,471	\$580,000	\$360,000	\$360,000	\$12,594,371
Education							
Alvey Elementary School	\$11,500,000	\$0	\$0	\$0	\$0	\$0	\$11,500,000
Occoquan Elementary School Addition	\$1,200,000	\$0	\$0	\$0	\$0	\$0	\$1,200,000
Ninth High School (West)	\$20,475,000	\$20,475,000	\$0	\$0	\$0	\$0	\$40,950,000
Tenth High School (East)	\$20,475,000	\$20,475,000	\$0	\$0	\$0	\$0	\$40,950,000
Elementary School (Four-Year Trail)	\$0	\$14,700,000	\$0	\$0	\$0	\$0	\$14,700,000
Elementary School (Ashton Avenue)	\$0	\$12,100,000	\$0	\$0	\$0	\$0	\$12,100,000
Traditional School (Blackburn Road)	\$0	\$12,100,000	\$0	\$0	\$0	\$0	\$12,100,000
Bristow Run Elementary School Addition	\$0	\$1,960,000	\$0	\$0	\$0	\$0	\$1,960,000
Transportation Center (Mid-County)	\$0	\$5,800,000	\$0	\$0	\$0	\$0	\$5,800,000
Elementary School (Linton Hall Area)	\$0	\$0	\$12,700,000	\$0	\$0	\$0	\$12,700,000
Elementary School (East)	\$0	\$0	\$0	\$13,330,000	\$0	\$0	\$13,330,000
Middle School (Four-Year Trail)	\$0	\$0	\$0	\$21,440,000	\$0	\$0	\$21,440,000
Elementary School (West)	\$0	\$0	\$0	\$0	\$13,990,000	\$0	\$13,990,000
Elementary School (To Be Determined)	\$0	\$0	\$0	\$0	\$0	\$14,680,000	\$14,680,000
Middle School (West)	\$0	\$0	\$0	\$0	\$0	\$26,580,000	\$26,580,000
Bel Air Elementary School Addition	\$0	\$0	\$0	\$0	\$0	\$1,184,000	\$1,184,000
School Repairs and Renewals	\$10,599,000	\$26,744,000	\$22,369,000	\$31,094,000	\$14,344,000	\$27,006,000	\$132,156,000
Total Education Strategic Goal	\$64,249,000	\$114,354,000	\$35,069,000	\$65,864,000	\$28,334,000	\$69,450,000	\$377,320,000

Capital Improvements Program

FY 04-09 Adopted CIP Strategic Goal Summary (continued)

	FY04	FY05	FY06	FY07	FY08	FY09	Total
Public Safety							
Birchdale Station Reconstruction	\$79,310	\$394,384	\$3,431,865	\$0	\$0	\$0	\$3,905,559
Dominion Club Fire and Rescue Station	\$11,330	\$81,689	\$84,138	\$418,399	\$4,944,649	\$0	\$5,540,205
Lake Jackson Station Renovation	\$0	\$1,960,000	\$0	\$0	\$0	\$0	\$1,960,000
Linton Hall Fire and Rescue Station	\$6,922,236	\$0	\$0	\$0	\$0	\$0	\$6,922,236
River Oaks Fire and Rescue Station	\$226,600	\$3,760,043	\$1,207,981	\$0	\$0	\$0	\$5,194,624
Wellington Fire and Rescue Station	\$0	\$0	\$0	\$300,493	\$1,671,368	\$4,107,161	\$6,079,022
Yorkshire Station	\$3,772,161	\$1,423,758	\$0	\$0	\$0	\$0	\$5,195,919
Adult Detention Center (ADC) Expansion	\$18,331,518	\$14,798,595	\$6,503,790	\$89,135	\$0	\$0	\$39,723,038
ADC Phase II (2nd 200 Bed) Expansion	\$0	\$200,000	\$1,500,000	\$0	\$0	\$0	\$1,700,000
Courthouse Complex Master Plan	\$107,400	\$0	\$0	\$0	\$0	\$0	\$107,400
Judicial Center Expansion	\$5,413,769	\$818,539	\$0	\$0	\$0	\$0	\$6,232,308
Central District Police Station	\$7,000,000	\$0	\$0	\$3,081,598	\$906,231	\$7,299,706	\$18,287,535
Public Safety Driver Training Facility	\$127,500	\$0	\$0	\$0	\$0	\$0	\$127,500
Public Safety Training Center	\$1,665,848	\$659,827	\$550,000	\$0	\$0	\$0	\$2,875,675
Western District Police Station	\$15,058,273	\$3,096,936	\$0	\$0	\$0	\$0	\$18,155,209
Public Safety Mobile Data System	\$842,241	\$877,831	\$57,822	\$0	\$0	\$0	\$1,777,894
Total Public Safety Strategic Goal	\$59,558,186	\$28,071,602	\$13,335,596	\$3,889,625	\$7,522,248	\$11,406,867	\$123,784,124
Transportation							
Benita Fitzgerald Drive	\$242,746	\$1,360,789	\$291,828	\$0	\$0	\$0	\$1,895,363
Cherry Hill Commuter Rail Station	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Linton Hall Road	\$1,067,039	\$1,109,334	\$1,050,457	\$0	\$0	\$0	\$3,226,830
Minnieville Rd (Cardinal Dr - Spriggs Rd)	\$1,040,301	\$4,518,834	\$3,884,035	\$0	\$0	\$0	\$9,443,170
Minnieville Rd (Old Bridge Rd - Caton Hill)	\$6,930,221	\$7,800,000	\$1,581,352	\$0	\$0	\$0	\$16,311,573
Prince William Parkway Extension	\$2,181,773	\$500,000	\$0	\$0	\$0	\$0	\$2,681,773
Prince William Parkway Improvements	\$912,433	\$4,669,140	\$0	\$0	\$0	\$0	\$5,581,573
Revenue Sharing	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$6,000,000
Route 1 Improvements	\$3,120,035	\$3,000,000	\$3,000,000	\$2,893,157	\$0	\$0	\$12,013,192
Route 1/Route 123 Interchange	\$10,150,000	\$10,274,000	\$10,500,000	\$10,500,000	\$7,915,000	\$0	\$49,339,000
Route 15 Improvements	\$1,058,000	\$6,306,360	\$9,999,712	\$0	\$0	\$0	\$17,364,072
Six Year Secondary Road Plan	\$8,593,619	\$8,239,277	\$8,130,527	\$8,147,324	\$8,139,698	\$8,139,698	\$49,390,143
Spriggs Road	\$7,545,795	\$8,180,662	\$0	\$0	\$0	\$0	\$15,726,457
Sudley Manor Drive	\$1,335,000	\$4,804,468	\$10,704,227	\$7,291,001	\$0	\$0	\$24,134,696
Wellington Road	\$1,947,373	\$2,808,878	\$0	\$0	\$0	\$0	\$4,756,251
Woodbridge Commuter Rail Station	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transportation Strategic Goal	\$47,124,335	\$64,571,742	\$50,142,138	\$29,831,482	\$17,054,698	\$9,139,698	\$217,864,093
Grand Total Strategic Goal Areas	\$177,598,211	\$210,787,554	\$99,384,205	\$100,165,107	\$53,270,946	\$90,356,565	\$731,562,588

Capital Improvements Program

FY 04-09 Adopted CIP Strategic Goal Summary (continued)

	FY04	FY05	FY06	FY07	FY08	FY09	Total
General Government							
Facilities/Facilities Maintenance							
Capital Maintenance	\$924,300	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$3,424,300
Information Technology Upgrades	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000	\$3,150,000
Park Authority Capital Maint./Renovation	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$5,700,000
Bennett School Renovation	\$478,521	\$1,526,303	\$0	\$0	\$0	\$0	\$2,004,824
Garfield Fleet Facility Renovation	\$202,368	\$0	\$0	\$0	\$0	\$0	\$202,368
Government Administration Space	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase III Administration Building	\$7,133,645	\$17,320,326	\$1,369,666	\$0	\$0	\$0	\$25,823,637
Space Reconfigurations	\$127,744	\$127,744	\$127,744	\$127,744	\$127,744	\$127,744	\$766,464
Subtotal Facility/Facility Maintenance	\$10,341,578	\$20,949,373	\$3,472,410	\$2,102,744	\$2,102,744	\$2,102,744	\$41,071,593
Libraries							
Gainesville Area Library	\$0	\$293,375	\$212,232	\$369,274	\$5,676,364	\$3,514,605	\$10,065,850
Montclair Area Library	\$0	\$293,375	\$515,419	\$5,343,451	\$3,913,605	\$0	\$10,065,850
Subtotal Libraries	\$0	\$586,750	\$727,651	\$5,712,725	\$9,589,969	\$3,514,605	\$20,131,700
Parks and Recreation							
Forest Greens Golf Course Expansion	\$0	\$0	\$2,850,000	\$0	\$0	\$0	\$2,850,000
Hammill Mill Pool and Park Renovations	\$500,000	\$0	\$0	\$0	\$0	\$0	\$500,000
Park Authority Proffers	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$600,000
Parks Referendum	\$400,000	\$0	\$5,000,000	\$5,000,000	\$10,000,000	\$0	\$20,400,000
Pfizer Stadium Replacement	\$10,451,500	\$200,000	\$0	\$0	\$0	\$0	\$10,651,500
Prince William Golf Course Renovation	\$2,222,000	\$0	\$0	\$0	\$0	\$0	\$2,222,000
Sports Field Improvements	\$467,000	\$0	\$0	\$0	\$0	\$0	\$467,000
Subtotal Parks and Recreation	\$14,140,500	\$300,000	\$7,950,000	\$5,100,000	\$10,100,000	\$100,000	\$37,690,500
Solid Waste Administration							
Landfill Caps	\$0	\$0	\$340,000	\$290,000	\$290,000	\$0	\$920,000
Landfill Liners	\$530,000	\$2,000,000	\$115,000	\$2,310,000	\$0	\$0	\$4,955,000
Western Convenience Center Expansion	\$0	\$92,400	\$848,925	\$0	\$0	\$0	\$941,325
Subtotal Solid Waste Administration	\$530,000	\$2,092,400	\$1,303,925	\$2,600,000	\$290,000	\$0	\$6,816,325
Watershed Management							
Broad Run Watershed	\$17,737	\$17,737	\$17,737	\$17,737	\$17,737	\$17,737	\$106,422
Bull Run Watershed	\$20,636	\$20,636	\$20,636	\$20,636	\$20,636	\$20,636	\$123,816
Cedar Run Watershed	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$30,000
County-wide Watersheds	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000
Flat Branch Flood Control	\$52,458	\$52,458	\$52,458	\$52,458	\$52,458	\$52,458	\$314,748
Marumsco Creek Watershed	\$58,458	\$58,458	\$58,458	\$58,458	\$58,458	\$58,458	\$350,748
Neabsco Creek Watershed	\$409,900	\$109,900	\$109,900	\$109,900	\$109,900	\$109,900	\$959,400
Occoquan River Watershed	\$81,234	\$81,234	\$81,234	\$81,234	\$81,234	\$81,234	\$487,404
Powells Creek Watershed	\$26,131	\$26,131	\$26,131	\$26,131	\$26,131	\$26,131	\$156,786
Quantico Creek Watershed	\$5,246	\$5,246	\$5,246	\$5,246	\$5,246	\$5,246	\$31,476
Subtotal Watershed Management	\$726,800	\$426,800	\$426,800	\$426,800	\$426,800	\$426,800	\$2,860,800
Grand Total General Government	\$25,738,878	\$24,355,323	\$13,880,786	\$15,942,269	\$22,509,513	\$6,144,149	\$108,570,918
Grand Total (All Areas)	\$203,337,089	\$235,142,877	\$113,264,991	\$116,107,376	\$75,780,459	\$96,500,714	\$840,133,506

New Capital Projects

Of the projects listed on the preceding pages, the following are new in the FY 04-09 Adopted CIP.

I. Economic Development

- A. Historic Property Acquisitions
- B. Tourism and Performing Arts Partnerships

II. Education

- A. Elementary School (To Be Determined)
- B. Middle School (West)
- C. Bel Air Elementary Addition

III. Public Safety

- A. Adult Detention Center Phase II Expansion (Second 200 Bed Expansion)
- B. Wellington Fire and Rescue Station
- C. Public Safety Training Center Improvements

IV. Transportation

- A. Benita Fitzgerald Drive
- B. James Madison Highway (Route 15 Improvements)
- C. Minnieville Road (Cardinal Drive to Spriggs Road)
- D. Minnieville Road (Old Bridge Road to Caton Hill Road)
- E. Prince William Parkway Intersection Improvements
- F. Route 1 Improvements
- G. Six Year Secondary Road Plan
- H. Sudley Manor Drive Extended

V. General Government

- A. Bennett School Renovations
- B. Phase III Administration Building
- C. Western Citizen Convenience Center Expansion
- D. County-wide Watersheds

Completed Capital Projects

The following projects from the FY 03-08 Adopted CIP are complete or are expected to be completed by the end of FY 03:

I. Human Services - Juvenile Detention Home Expansion Phase II

II. Public Safety

- A. Spicer Fire and Rescue Station Renovation
- B. Owens Building Expansion
- C. Public Safety Radio Communications System
- D. Non-Public Safety Radio Communications System

III. Transportation - Ridgefield Road

IV. General Government

- A. Fleet Facility
- B. Sudley Park Land Acquisition
- C. Valley View Park Fields
- D. Veterans Park Improvements

Operating Impacts of the Adopted Capital Improvements Program

The development and implementation of capital projects in Prince William County is accompanied by significant operating costs throughout the life of the six year capital plan. As illustrated in the following chart, the FY 04 construction fund operating impact including debt service of the CIP is \$13,998,801.

Fiscal 2004 Adopted CIP Operating Impacts

Project	Debt Service	Facility Operating	Program Cost	Total
Bennett School Renovation (Utilities)	\$0	\$8,856	\$0	\$8,856
Central District Police Station Land	\$166,250	\$0	\$0	\$166,250
Garfield Fleet Facility (Utilities)	\$0	\$1,500	\$0	\$1,500
Government Center Administration Space Lease Costs	\$0	\$450,000	\$0	\$450,000
Information Technology Upgrades Voice/Data Maintenance	\$0	\$0	\$97,080	\$97,080
Minnieville Rd. (Old Bridge Rd. - Caton Hill Rd.) Debt Service	\$404,357	\$0	\$0	\$404,357
Minnieville Road (Cardinal Dr. to Spriggs Rd.) Debt Service	\$225,604	\$0	\$0	\$225,604
Pfizer Stadium Replacement (Staffing, Materials and Supplies)	\$0	\$0	\$65,800	\$65,800
Phase III Administration Building Debt Service	\$455,050	\$0	\$0	\$455,050
Prince William Parkway Extension to Route 1 Debt Service	\$535,112	\$0	\$0	\$535,112
Prince William Pkwy Intersection Improvements Debt Service	\$134,621	\$0	\$0	\$134,621
Route 1 Improvements Debt Service	\$145,122	\$0	\$0	\$145,122
Spriggs Road Debt Service	\$120,337	\$0	\$0	\$120,337
Wellington Road Debt Service	\$218,256	\$0	\$0	\$218,256
Yorkshire Fire Station Debt Service	\$427,500	\$0	\$0	\$427,500
Adult Detention Center Expansion:				
Debt Service	\$886,928	\$0	\$0	\$886,928
Advanced Staffing (7 Jail Officers & 1 Health Asst.)	\$0	\$0	\$338,044	\$338,044
Total Adult Detention Center Expansion	\$886,928	\$0	\$338,044	\$1,224,972
Ben Lomond Manor House:				
Telecommunications	\$0	\$1,200	\$0	\$1,200
Maintenance	\$0	\$18,000	\$0	\$18,000
Custodial	\$0	\$5,000	\$0	\$5,000
Grounds	\$0	\$5,000	\$0	\$5,000
Utilities	\$0	\$13,000	\$0	\$13,000
Security	\$0	\$1,200	\$0	\$1,200
Total Ben Lomond Manor House	\$0	\$43,400	\$0	\$43,400
Brentsville Courthouse:				
Telecommunications	\$0	\$5,000	\$0	\$5,000
Maintenance	\$0	\$18,000	\$0	\$18,000
Custodial	\$0	\$5,000	\$0	\$5,000
Grounds	\$0	\$5,000	\$0	\$5,000
Utilities	\$0	\$8,000	\$0	\$8,000
Security	\$0	\$3,000	\$0	\$3,000
Total Brentsville Courthouse	\$0	\$44,000	\$0	\$44,000
INNOVATION Infrastructure:				
Debt Service	\$175,477	\$0	\$0	\$175,477
Landscaping/Maintenance	\$0	\$89,995	\$0	\$89,995
Streetlight Electricity	\$0	\$11,040	\$0	\$11,040
INNOVATION Association Fees	\$0	\$48,000	\$0	\$48,000
Total INNOVATION Infrastructure	\$175,477	\$149,035	\$0	\$324,512

Capital Improvements Program

Project	Debt Service	Facility Operating	Program Cost	Total
Judicial Center Expansion:				
Debt Service	\$1,731,711	\$0	\$0	\$1,731,711
Telecommunications	\$0	\$0	\$18,633	\$18,633
Utilities	\$0	\$49,522	\$0	\$49,522
Facility Staffing (Mechanics, Custodians, Grounds)	\$0	\$205,795	\$0	\$205,795
Maintenance	\$0	\$75,878	\$0	\$75,878
Custodial	\$0	\$6,518	\$0	\$6,518
Grounds	\$0	\$9,018	\$0	\$9,018
Total Judicial Center Expansion	\$1,731,711	\$346,731	\$18,633	\$2,097,075
Linton Hall Fire and Rescue Station:				
Debt Service	\$408,500	\$0	\$0	\$408,500
Career Staffing (Salaries and Benefits - 28 FTEs)	\$0	\$0	\$1,790,230	\$1,790,230
Training	\$0	\$0	\$138,000	\$138,000
Ambulance and Equipment	\$0	\$0	\$207,985	\$207,985
Fire and Rescue Equipment/Gear	\$0	\$0	\$202,922	\$202,922
Computers/Technology	\$0	\$0	\$52,418	\$52,418
Telecommunications	\$0	\$0	\$21,220	\$21,220
Operating Supplies/Misc.	\$0	\$0	\$161,469	\$161,469
Total Linton Hall Fire and Rescue Station	\$408,500	\$0	\$2,574,244	\$2,982,744
Public Safety Mobile Data System:				
Replacement Costs (Laptops/Message Switch)	\$0	\$0	\$420,877	\$420,877
Seat Management/Network Charges	\$0	\$0	\$296,106	\$296,106
T-1/Router Port Monitoring Fees	\$0	\$0	\$9,729	\$9,729
Cellular Digital Packet Data Annual Fee	\$0	\$0	\$119,364	\$119,364
Total Public Safety Mobile Data System	\$0	\$0	\$846,076	\$846,076
Public Safety Training Center Improvements:				
Facility Rental	\$0	\$66,000	\$0	\$66,000
Telecommunications	\$0	\$14,000	\$0	\$14,000
Utilities	\$0	\$53,220	\$0	\$53,220
Custodial	\$0	\$30,000	\$0	\$30,000
Total Public Safety Training Center Improvements	\$0	\$163,220	\$0	\$163,220
Rippon Lodge:				
Staffing (Archivist/Collections Manager)	\$0	\$0	\$58,727	\$58,727
Telecommunications	\$0	\$5,000	\$0	\$5,000
Maintenance	\$0	\$20,000	\$0	\$20,000
Custodial	\$0	\$5,000	\$0	\$5,000
Grounds	\$0	\$5,000	\$0	\$5,000
Utilities	\$0	\$10,000	\$0	\$10,000
Security	\$0	\$3,000	\$0	\$3,000
Total Rippon Lodge	\$0	\$48,000	\$58,727	\$106,727
Sports Field Improvements:				
Debt Service	\$204,924	\$0	\$0	\$204,924
Field Maintenance Costs	\$0	\$406,729	\$0	\$406,729
Total Sports Field Improvements	\$204,924	\$406,729	\$0	\$611,653
Western District Police Station:				
Debt Service	\$2,039,756	\$0	\$0	\$2,039,756
Telecommunications	\$0	\$0	\$59,221	\$59,221
Total Western District Police Station	\$2,039,756	\$0	\$59,221	\$2,098,977
Grand Total:	\$8,279,505	\$1,661,471	\$4,057,825	\$13,998,801

Please Note: Debt service for the Linton Hall Fire and Rescue Station (\$408,500) and the Yorkshire Fire Station (\$427,500) is paid by the County-wide Fire Levy through a transfer to the County's General Fund.

Expenditure and Revenue Summary

	FY 02	FY 02	FY 03	FY 04	% Change
Expenditure by Program	Approp	Actual	Adopted	Adopted	Adopt 03/ Adopt 04
Administration	\$9,542,691	\$9,722,960	\$10,551,733	\$10,837,276	2.71%
Medical Insurance - (Internal Serv.)	\$0	\$0	\$14,218,000	\$17,343,000	21.98%
Total Expenditures	\$9,542,691	\$9,722,960	\$24,769,733	\$28,180,276	13.77%
Expenditure by Classification					
Personal Services	\$115,992	\$0	\$215,828	\$942,742	336.80%
Fringe Benefits	\$0	\$0	\$0	\$508,580	--
Contractual Services	\$0	\$0	\$735,000	\$963,000	31.02%
Internal Services	\$1,211,263	\$1,211,263	\$9,165,674	\$9,128,667	-0.40%
Other Services	\$132,537	\$428,798	\$13,702,763	\$16,637,287	21.42%
Transfers	\$8,082,899	\$8,082,899	\$950,468	\$0	-100.00%
Total Expenditures	\$9,542,691	\$9,722,960	\$24,769,733	\$28,180,276	13.77%
Funding Sources					
Other Local Taxes	\$1,233,000	\$1,281,223	\$1,597,500	\$1,894,500	18.59%
Rev From Use of Money & Property	\$0	\$413,856	\$6,000	\$109,000	1716.67%
Charges for Services	\$0	\$0	\$14,205,000	\$17,234,000	21.32%
Miscellaneous Revenue	\$6,742,074	\$6,801,580	\$957,468	\$1,867,535	95.05%
Rev From Other Localities	\$0	\$75,000	\$0	\$0	--
Rev From Commonwealth	\$50,000	\$0	\$50,000	\$50,000	0.00%
Transfers	\$746,904	\$746,904	\$741,966	\$825,323	11.23%
Total Designated Funding Sources	\$8,771,978	\$9,318,563	\$17,557,934	\$21,980,358	25.19%
Net General Tax Support	\$770,713	\$404,397	\$7,211,799	\$6,199,918	-14.03%

AGENCY LOCATOR

Non-Departmental
Unclassified Administrative <

I. Major Issues

A. General Overview of Unclassified Administrative

The Unclassified Administrative area of the budget includes those budget areas representing general expenditures which cannot be assigned appropriately to specific agency budgets. During the course of the fiscal year, many of these dollars are allocated against agency budgets to properly account for where the expenditures actually occur. Actual expenditure for the previous year in Unclassified Administrative will always be greatly less than the next years proposed budget because the previous years expenditures have been assigned to other departmental areas. As a program becomes established, it will often be assigned to an agency area on a permanent basis. The funds, once established, would then be transferred from Unclassified Administrative to the agency budget on a permanent basis. Due to the many items coming into and out of the Unclassified Administrative budget area between budget years, it becomes very difficult to compare different fiscal year totals in the Unclassified Administrative area with any expectation that the totals that are being compared contain the same items. The items in the Fiscal 04 Adopted Budget for Unclassified Administrative are discussed below:

B. Data Processing Support - \$5,681,697

The Data Processing Internal Service Fund budget, which is part of the Office of Information Technology, requires Unclassified Administrative general fund support for data processing applications, as well as major capital and program expansions not associated with a particular agency. As agency requirements become known, these funds will be transferred from Unclassified Administrative to the agency budgets.

C. Self-Insurance Support - \$2,528,958

The Unclassified Administrative area includes funds to support the Self-Insurance internal service fund portion of the Prince William County Self-Insurance Group. Included in this group are the Self-Insurance Workers Compensation, and the Self-Insurance Casualty Pool. These funds are budgeted in Non-Departmental until the expenditures are associated with a particular agency. As agency requirements become known, these funds will be transferred from Unclassified Administrative to the agency budgets. The total for the Fiscal 04 Adopted Budget is unchanged from the Fiscal 03 Adopted level of \$2,528,958.

D. Transient Occupancy Tax for Tourism - \$1,894,500

The portion of the County's Transient Occupancy Tax revenue designated to support tourism-related expenditures (60 percent of the total) is included under Other Local Taxes within the Funding Sources area. Existing Board of County Supervisors policy (reenacted by Board Resolution No. 01-405) allocates 75 percent of these revenues, less the amount committed for the acquisition of Rippon Lodge, to the operating transfer to the Convention and Visitors Bureau (CVB). The policy allocates the remaining 25 percent of the revenue for grants and matching funds for other tourism-related purposes. For FY 04, designated Transient Occupancy Tax funds are allocated as follows (by purpose, agency/program responsible for expenditures, and amount):

I. Major Issues (continued)

D. Transient Occupancy Tax for Tourism - \$1,894,500 (continued)

Purpose	Agency/Program	Amount
Rippon Lodge Acquisition	General Debt	\$190,624
Operating Transfer to CVB	Convention and Visitors Bureau	\$1,230,251
Grants and Matching Funds:		
Weems-Botts Museum	Public Works/Historic Preservation	\$35,000
Occoquan Mill House Museum	Public Works/Historic Preservation	\$5,000
Brentsville Historic Centre	Capital Improvements Program	\$50,000
Ben Lomond Manor House	Public Works/Historic Preservation	\$50,000
Other Capital Improvements Grants	Public Works/Historic Preservation	\$14,340
Purpose		
Advertising and Promotions Grants	Convention and Visitors Bureau	\$97,260
Public Events at Historic Properties	Non-Departmental	\$222,025

The Board of County Supervisors will authorize the transfer of the \$222,025 set aside under Non-Departmental to support public events at historic properties as opportunities emerge during the fiscal year.

E. The FY 03 Transfer of \$950,468 Under the Expenditures by Classification Area was a transfer to the Capital Programs Fund to support capital projects. This was a one-time item supported from Proffer Revenues and has been removed from the FY 04 Adopted Budget.

F. Fleet Maintenance Support - \$918,011

The Fleet Maintenance Internal Service Fund budget, which is part of the Department of Public Works, requires Non-Departmental General Fund support for general governmental and unanticipated program expansions not associated with a particular agency. As agency requirements become known, these funds will be transferred from Unclassified Administrative to the agency budgets.

G. Transfer From Adult Detention Center Fund - \$825,323

The transfer of \$825,323 to the General Fund from the Adult Detention Center is a yearly transfer required to compensate the general fund for the general fund support of the cost to implement the Law Enforcement Officers' Supplemental retirement program (LEOS) for Jail Officers and the Jail Superintendent. The funds show up under Transfers within the Funding Sources area of Unclassified Administrative since there is no specific General Fund Agency to associate these resources against.

H. Pay Plan Market Adjustment Implementation Date - \$122,576

An additional \$122,576 is included to implement the Pay Plan Market Adjustment at the beginning of the pay period in which July 1 falls.

I. Major Issues (continued)

I. Grant Application Program - \$50,000

- 1. **Grants Management Policy** - The present County grants management policy requires County agencies to receive Board of County Supervisors authorization on a case-by-case basis to apply for and budget and appropriate new grant funding not included in the County’s adopted budget. Each year multiple unforeseen opportunities arise for agencies to seek grant funds, but ordinarily only one of many is actually received. The present policy results in a resource intensive process of seeking Board of County Supervisors authorization for many grant submissions which are not funded.
- 2. **Budget for Future Grant Funding** - This Non-Departmental budget item provides the authority for agencies to apply for up to \$50,000 in future unforeseen grant opportunities. If funds are awarded, grant budgets would be established in the respective agency by transferring the unallocated revenue and expenditure budget from the Non-Departmental budget in an amount not to exceed the individual grant award.

J. Properties Receiving Tax Reimbursement - \$20,262

Funds are included in the Fiscal 04 Adopted Budget to relieve the following non-profit organizations of the burden of tax year 2003 real estate taxes.

• Good Shepherd Housing Foundation	\$11,023
• Northern Virginia Family Service	\$9,239
Total	\$20,262

II. Compensation Budget Adjustments

ATTRACTING AND RETAINING QUALITY COUNTY EMPLOYEES

- **Prince William County Compensation Policy** - The compensation policy is as follows:

Prince William County will have a combination of salaries, benefits, employee development, and work-place environment that will attract and retain the most qualified employees in order to implement our vision. To accomplish this, the County recognizes the importance of maintaining salaries that are competitive with other Northern Virginia jurisdictions. Our success in implementing this strategy will be measured by our ability to attract quality applicants, our ability to retain quality employees, and our ability to maintain employee satisfaction.

To implement this compensation policy, we will make every effort, within our position classification structure, to maintain salaries comparable to salaries of similar positions in Fairfax and Arlington counties and the City of Alexandria. The County will annually benchmark its starting salaries with the average starting salaries for these three jurisdictions. Since the County’s pay grades are built off of the starting salary figure, increases in the starting salary will result in increases throughout the pay grade.

II. Compensation Budget Adjustments (continued)

- **Implementing the Compensation Policy** – The County’s policy will be implemented through the following:

A. Market Pay Adjustment/Reclassifications

Total Cost - \$6,031,182
 Supporting Revenue - \$665,363
 Total PWC Cost - \$5,365,819

1. Market Pay Adjustment - \$5,804,140

This funding request is included and discussed in each agencies supplemental budget and provides for a 3.0%, across-the-board market pay adjustment for all County employees. This adjustment continues to address the elimination of the “lag” between Prince William and the other Northern Virginia jurisdictions.

2. Reclassifications of Targeted Positions - \$156,839

Administrative Support Study Implementation - \$44,237 - The approval of this request will eliminate the lag for the entire clerical and administrative series. Forty classifications were reviewed affecting 542 employees.

County’s Annual Benchmark Survey - \$112,602 - This annual survey showed that, even with the sub market adjustments in FY 02 and FY 03 some positions were still below comparable salaries in the other jurisdictions.

3. Sunday and Holiday Pay Increase - \$70,203

This funding request is included and discussed in each agencies supplemental budgets which pay out Sunday and Holiday Pay and provides for a 3.0% increase. This is necessitated by increasing the pay plan through this year’s and subsequent year’s market pay adjustment.

4. Five-Year Plan Impact

The Five-Year Plan includes the following market pay adjustments which represent changes from the FY 03 - FY 07 Five-Year Plan adopted by the Board in April 2002.

	FY 04	FY 05	FY 06	FY 07	FY 08
FY 03 Adopted Market Plan Adj.	3.0%	3.0%	3.0%	3.0%	N/A
FY 04 Adopted Market Plan Adj.	3.0%	2.0%	2.0%	2.5%	2.5%

Market pay adjustments are a moving target, however, and may need to be adjusted based on actions taken by other Northern Virginia jurisdictions. The total Five-Year Cost for these salary initiatives is as follows:

- Market Pay Adjustment \$65,371,594
- Reclassifications in FY 04 \$ 729,752
- Holiday Pay Increase \$ 759,148
- TOTAL \$66,860,494**

II. Compensation Budget Adjustments (continued)

B. Merit Pay Increase

Total Cost - \$2,525,544
 Supporting Revenue - \$282,873
 Total PWC Cost - \$2,242,671

1. Four Step Merit Pay Increase - \$2,525,544

This funding request is included and discussed in each agencies supplemental budget. The County’s pay for performance system was established in 1981 and allows managers to reward employee performance by giving a merit pay increase from 1-7 steps (a step is 1% of the base pay within an employee’s pay grade) each year until an employee reaches the maximum salary for his/her grade. This funding supports an average four-step merit pay increase for eligible employees. However, on-average, County employees receive a 5.1 step merit. This 5.1 step merit provides a 4.1% increase to employees in the bottom half of their salary range and a 3.3% increase in the top half of the salary range.

2. Compensation “Roll-Over” - \$2,456,646 in the base budget, and has been spread to agency budgets, due to the following:

- Each year the County’s budget funds the roll-over of compensation actions in the current year into the next budget year. Primarily, this is due to merit pay increases necessary because all employees do not receive their merit increases at the beginning of the fiscal year. Therefore, a merit increase given half-way through a fiscal year needs to be funded for the entire next fiscal year. This roll-over increases the cost of providing a merit pay increase to all employees.

3. Five-Year Plan Impact - The total Five-Year cost for annual merit pay and compensation roll-over is as follows:

• Merit Pay Increase	\$30,312,482
• Compensation Roll-Over	\$20,288,304
TOTAL	\$50,600,786

C. Health Insurance / Delta Dental Rate Increase

Total Cost - \$2,264,061
 Supporting Revenue - \$264,059
 Total PWC Cost - \$2,000,002

- 1. Description** - This funding of \$2,264,061 is included and discussed in each agencies supplemental budget. Last year the County moved primarily to self-insurance for Health Insurance with the creation of a new Medical Insurance Self Insurance Internal Service account which was set up for FY 03 with a revenue and expenditure budget of \$14,218,000. The FY 04 amount for the Medical Insurance Self Insurance Internal Service account increases to \$17,343,000.

II. Compensation Budget Adjustments (continued)

2. **Starting on July 1, 2002**, all full-time, regular and eligible part-time employees were offered two new health insurance plans administered through Trigon Blue Cross/Blue Shield. All Aetna coverage was terminated on June 30, 2002. During the open enrollment period all Aetna members switched to one of two Trigon plans if they intend to continue County health insurance coverage. Membership in Kaiser Permanente is limited to current Kaiser members only.
3. **For FY 04** an additional \$2,264,061 contribution to the Medical Insurance Self Insurance Internal Service account is requested to maintain the stability of the Counties self-insurance for Health Insurance. This increase amounts to approximately a 20% increase over the prior year budgeted amount for the Counties Health Insurance.

D. Classification and Compensation Adjustments of Targeted Series

Total Cost - \$100,000

Supporting Revenue - \$0

Total PWC Cost - \$100,000

1. **Description** - Funding is included to continue the Board of County Supervisors direction to eliminate the “lag” between Prince William and the other Northern Virginia jurisdictions. These funds will target individual series of classifications for review and adjustment during FY 04. The targeted series which are proposed to be evaluated during FY 04 are:
 - Accounting / Financial / Budget Series
 - Social / Human Services Series
 - Engineering Series
 - Planner Series
 - Library Series
 - Senior Management Series

III. Other Budget Adjustments

A. County Proffer

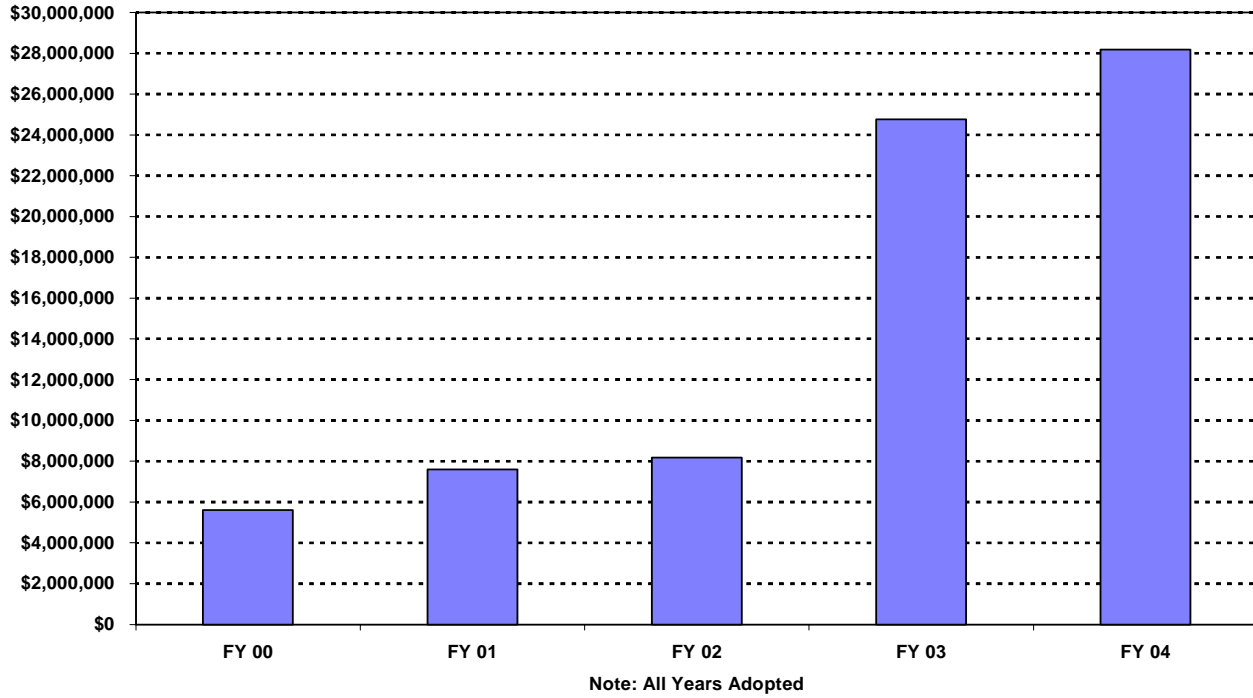
Total Cost - \$1,867,535

Supporting Revenue - \$1,867,535

Total PWC Cost - \$0

1. **Description** - Funding from proffer accounts are budgeted to support the transfer of \$1,867,535 to Capital Project accounts for FY 04. These funds are identified in the FY 04 CIP and additional detail concerning these transfers can be found in the Capital Improvements Program section of the budget.

Expenditure Budget History



I. Major Issues

A. The School Budget is handled independently from those budgets reviewed by the County Executive. The School Board, which is elected by the citizens of Prince William County, submits its budget request directly to the Board of County Supervisors (BOCS). The BOCS then reviews the proposed budget through work sessions with the School Board. The adopted FY 04 budget for the Prince William County Public Schools is shown below and includes a local transfer of \$292,610,666, an increase of 13.06% over the FY 03 adopted transfer.

Prince William County Schools All Funds Budget

	FY 01 Adopted	FY 02 Adopted	FY 03 Adopted	FY 04 Adopted	% Change FY 03 To FY 04
Operating Fund	\$392,329,706	\$416,627,748	\$467,912,755	\$517,193,909	10.53%
Debt Service Fund	\$26,578,581	\$29,323,092	\$33,407,009	\$38,677,720	15.78%
Construction Fund	\$68,893,316	\$120,944,600	\$77,764,668	\$64,083,000	-17.59%
Food Service Fund	\$14,200,275	\$16,004,105	\$17,669,206	\$19,507,155	10.40%
Warehouse Fund	\$2,600,000	\$3,125,000	\$3,125,000	\$3,600,000	15.20%
Facilities Use Fund	\$386,577	\$408,402	\$466,471	\$510,331	9.40%
Self Insurance Fund	\$4,086,647	\$4,199,412	\$4,585,397	\$4,778,572	4.21%
Health Insurance Fund	\$19,142,863	\$22,762,612	\$24,897,608	\$34,485,421	38.51%
Regional School Fund	\$13,446,459	\$15,004,397	\$18,760,167	\$19,797,400	5.53%
Total Schools	\$541,664,424	\$628,399,368	\$648,588,281	\$702,633,508	8.33%
Local Transfer To Schools*	\$205,040,086	\$225,236,210	\$258,818,590	\$292,610,666	13.06%

*Note: The local transfer to Prince William County Schools is included as part of the total Schools budget shown above.

MISSION STATEMENT

The County will provide a quality educational environment that enables the School Board, in partnership with the higher education community and the private sector, to provide students with job readiness skills and/or the academic background for post-secondary education.

AGENCY LOCATOR

Schools

*Prince William County
Public Schools* ↩

